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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

# MARKING GUIDELINE

## NATIONAL CERTIFICATE

## FINANCIAL ACCOUNTING N5

## 21 NOVEMBER 2019

**This marking guideline consists of 7 pages.**

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## QUESTION 1

1.1 **INCOME STATEMENT OF SUGAR FAIRY – 31 JULY 2018**

| | | |
|---|---|---|
| Net profit | | R210 330✓ |
| Less: operating expenses | | (R44 000)✓ |
| Salary | R42 000✓✓ | |
| Interest on loan (Late) | R2 000✓✓ | |
| Net profit for the year | | R166 330✓✓ |

**APPROPRIATION STATEMENT**

| | | Choc | Late | Total |
|---|---|---|---|---|
| Interest on capital | | R9 750✓✓ | R3 750✓✓ | R13 500☑ |
| Interest on current | | (R690)✓✓ | R1 242✓✓ | R552☑ |
| Interest on drawings | | (R1 200)✓✓ | (R1 683)✓✓ | (R2 883) ☑ |
| Salary | | - | R54 000✓ | R54 000☑ |
| General reserve | R6 700✓ | - | - | R6 700☑ |
| Current account | | R62 974✓ | R31 487✓ | R94 461☑ |
| | R6 700✓ | R70 834✓ | R88 796✓ | R166 330☑ |

**NOTE:** ☑ principle marking (34)

1.2 **CURRENT ACCOUNT: CHOC**

| | | | |
|---|---|---|---|
| Balance b/d | R3 450✓ | Interest on capital | R9 750✓ |
| Interest on current | R690✓ | Salary | R7 000✓ |
| Drawings | R22 500✓ | Appropriation | R62 974☑ |
| Interest on drawings | R1 200✓ | | |
| Balance c/d | R51 884 | | |
| TOTALS | R79 724 | | R79 724 |
| | | Balance b/d | R51 884✓ |

**CURRENT ACCOUNT: LATE**

| | | | |
|---|---|---|---|
| Drawings | R31 550✓ | Balance b/d | R6 210✓ |
| Interest on drawings | R1 683✓ | Interest on current | R1 242✓ |
| | | Interest on capital | R3 750✓ |
| | | Interest on loan | R2 000✓ |
| Balance c/d | R11 456 | Appropriation | R31 87☑ |
| TOTALS | R44 689 | | R44 689 |
| | | Balance b/d | R11 456✓ |

(8 + 8) (16)
**[50]**

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## QUESTION 2

2.1. **BRANCH STOCK**

| | | | |
|---|---|---|---|
| Balance b/d | R144 000✓ | Goods to branch | R18 000✓ |
| Goods to branch | R880 000✓ | Branch bank | R240 000✓ |
| Branch adjustment | R1 500✓ | Branch debtors | R640 000✓ |
| | | Branch adjustment | R3 200✓ |
| | | Branch adjustment | R95 700✓ |
| | | Balance c/d | R28 600 |
| | R1 025 500 | | R1 025 500 |
| Balance b/d | R28 600✓ | | |

(9)

2.2 **BRANCH ADJUSTMENT**

| | | | |
|---|---|---|---|
| Goods to branch | R6 750✓ | Goods to branch | R330 000✓ |
| Branch stock | R3 200✓ | Balance b/d | R54 000✓ |
| | | Branch stock | R1 500✓ |
| Branch stock | R95 700✓ | | |
| Balance c/d | R10 725 | | |
| Branch profit and loss | R269 125✓ | | |
| | R385 500 | | R385 500 |
| | | Balance b/d | R10 725✓ |

(8)

2.3 **BRANCH DEBTORS**

| | | | |
|---|---|---|---|
| Branch stock | R640 000✓ | Branch bank | R356 000✓ |
| | | Branch discount | R4 800✓ |
| | | Branch bad debt | R276✓ |
| | | Balance c/d | R278 924 |
| | R640 000 | | R640 000 |
| Balance b/d | R278 924✓ | | |

(5)

2.4 **BRANCH BANK**

| | | | |
|---|---|---|---|
| Balance b/d | R1 000✓ | Branch water and electricity | R5 808✓ |
| Branch debtors | R356 000✓ | Branch repairs | R560✓ |
| Branch stock | R240 000✓ | Branch fuel | R700✓ |
| | | Head office | R588 932✓ |
| | | Balance c/d | R1 000 |
| | R597 000 | | R597 000 |
| Balance b/d | R1 000✓ | | |

(8)

2.5 **GOODS TO BRANCH**

| | | | |
|---|---|---|---|
| Branch stock | R18 000✓ | Branch stock | R880 000✓ |
| Branch adjustment | R330 000✓ | Branch adjustment | R6 750✓ |
| Head office trading account | R538 750✓ | | |
| | R88 6750 | | R88 6750 |

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2.6 **BRANCH PROFIT AND LOSS**

| | | | |
|---|---|---|---|
| Branch water and electricity | R6 336✓ | Branch adjustment | R269 125✓ |
| Branch repairs | R560 | | |
| Branch fuel | R700 | | |
| Branch salary | R65 400 | | |
| Branch telephone (6 773 + 231) | R7 004✓ | | |
| Branch stationery (2 472 – 389) | R2 083✓ | | |
| Branch bad debts | R276✓ | | |
| Head office profit and loss | R186 766 | | |
| | R269 125 | | R269 125 |

(5)
**[40]**

## QUESTION 3

3.1 3.1.1 **LIFO method**

| Date | Receipts | | Issued | | Balances | | |
|---|---|---|---|---|---|---|---|
| | Units | Totals | Units | Totals | Units | Totals | Totals |
| 1 | | | | | 30 @ R10,80 | R324 | R324✓ |
| 4 | 45 @ R11,10 | R499,50✓ | | | 30 @ R10,80 | R324✓ | |
| | | | | | 45 @ R11,10 | R499,50✓ | R823,50✓ |
| 7 | | | 45 @ R11,10 | R499,50✓ | | | |
| | | | 10 @ R10,80 | R108✓ | 20 @ R10,80 | R216✓ | R216✓ |
| 18 | | | 15 @ R10,80 | R162✓ | 5 @ R10,80 | R54✓ | R54✓ |
| 28 | 20 @ R13,50 | R270✓ | | | 5 @ R10,80 | R54✓ | |
| | | | | | 20 @ R13,50 | R270✓ | R324✓ |

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3.1.2 **Average weighted method**

| Date | Receipts | | Issued | | Balances | |
|---|---|---|---|---|---|---|
| | Units | Totals | Units | Totals | Units | Totals |
| 1 | | | | | 30 @ R10,80✓ | R324✓ |
| 4 | 45 @ R11,10 | R499,50✓ | | | 75 @ R10,98✓ | R823,50✓ |
| 7 | | | 55 @ R10,98 | R603,90✓ | 20 @ R10,98✓ | R219,60✓ |
| 18 | | | 15 @ R10,98 | R164,70✓ | 5 @ R10,98✓ | R54,90✓ |
| 28 | 20 @ R13,50 | R270✓ | | | 25 @ R13✓ | R325✓ |

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3.2 Gross profit: Normal sales
R1 384 500 × 60/160 = R519 187,50✓✓✓ (3)

Gross profit: Wholesalers
R485 000 × 45/145 = R150 517,24✓✓✓ (3)

Gross profit: Staff
R910 500 × 10 / 110 = R82 772,73✓✓✓ (3)

Total gross profit = R752 477,47✓ (1)

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## QUESTION 4

4.1 **BALANCE SHEET OF ZENANI TRADERS – 28 FEBRUARY 2018**

| | Notes | | |
|---|---|---|---|
| **ASSETS** | | | |
| Noncurrent assets | | | R229 920☑ |
| Land, buildings and vehicles | 1 | R229 920✓✓ | |
| | | | |
| Current assets | | | |
| Inventory | 2 | R23 680✓✓ | |
| Debtor control | | R 9 443✓ | |
| Cash and cash equivalent | 3 | R12 627✓✓ | |
| | | | |
| Total assets | | | R275 670☑ |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| Owners' equity | | | R262 788☑ |
| Capital | 4 | R262 788 | |
| | | | |
| Noncurrent liabilities | | | |
| Current liabilities | | | R12 882☑ |
| Creditors | 5 | R12 882 | |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | | R275 670☑ |

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4.2 **Notes:**

1. **Land, buildings and vehicles**

| | Gross carrying amount | Accumulated depreciations | Net carrying amount |
|---|---|---|---|
| Land and buildings | R200 000✓ | - | R200 000✓ |
| Vehicles | R41 600✓✓ | (R11 680)✓✓ | R29 920✓ |
| | R241 600 | (R11 680) | R229 920 |

(7)

**Reconciliation of carrying amount**

| | Land and buildings | Vehicles |
|---|---|---|
| Balance at the beginning | R200 000✓ | R26 200☑ |
| Addition at cost price | - | R9 600☑ |
| Depreciation for the year | - | (R5 880)☑ |
| Balance at the end | R200 000✓ | R29 920☑ |

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2.

| | | | |
|---|---|---|---|
| **INVENTORY** | | | R23 680✓ |
| Trading stock | | R22 560✓ | |
| Consumable stores | | R1 120✓ | |
| Packaging | R 976 ✓ | | |
| Stationery | R144✓ | | |

(5)

3.

| | | | |
|---|---|---|---|
| **CASH AND CASH EQUIVALENTS** | | | R12 627✓ |
| Bank | R12 477✓ | | |
| Petty cash | R150✓ | | |

(3)

4.

| | | | |
|---|---|---|---|
| **CAPITAL** | | | R262 788✓ |
| Balance the beginning | R221 414✓ | | |
| Plus: Net profit | R81 594☑ | | |
| Less: Drawings | (R40 220)✓ | | |

(4)

5.

| | | | |
|---|---|---|---|
| **CREDITORS** | | | R12 882✓ |
| Balance | | R12 470✓ | |
| Add: expenses accrued | | R412✓ | |

(3)
**[40]**

## QUESTION 5

5.1 Gross profit percentage on cost of sales

$$\frac{\text{Gross profit}}{\text{Cost of sales}} \times 100\checkmark$$

$$= \frac{\text{R191 140}\checkmark}{\text{R262 500}\checkmark} \times 100$$

= 72,82%✓✓

5.2 Net profit percentage on sales

$$\frac{\text{Net profit}}{\text{Sales}} \times 100\checkmark$$

$$= \frac{\text{R91 890}\checkmark}{\text{R520 000}\checkmark} \times 100$$

= 17,67%✓✓

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5.3 Stock turnover rate

Cost of sales✓
Average stock

= R262 500✓
R52 500✓ (R40 000 + R65 000)/2

= 5 times✓✓

5.4 Solvency ratio

Total assets:Total liabilities✓

895 100✓:44 300✓

20.21:1✓✓

5.5 Debtors collection period (in days)

Average debtors × 365✓
Credit sales

= R74 125✓ × 365 (R60 150 + R88 100)/2
R520 000✓

= 52,03 days✓✓

5.6 Acid-test ratio

Current assets – inventory:Current liabilities✓

153 100 – R65 000✓:44 300✓

88 100:44 300

1,99:1✓✓

(6 × 5) **[30]**

**TOTAL: 200**

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