higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

FINANCIAL ACCOUNTING N6

7 NOVEMBER 2013

This marking guideline consists of 6 pages.

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QUESTION 1

1.1	1.1.1	B		
	1.1.2	A		
	1.1.3	C		
	1.1.4	D		
	1.1.5	B		
	1.1.6	D		
	1.1.7	C		
	1.1.8	C		
	1.1.9	D		
	1.1.10	D		
			(10 × 3)	(30)
1.2	1.2.1	False		
	1.2.2	False		
	1.2.3	True		
	1.2.4	True		
	1.2.5	True		
			(5 × 2)	(10)
				[40]

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QUESTION 2

Balance sheet of Celia Limited on 30 June 2013

Assets		
Non-current assets		**27 504 000**
Property, Equipment, Vehicles		☑24 432 000
Other financial assets(1 200 000√+1 800 000√+72 000√)		3 072 000
Current assets		**4 308 000**
Inventory		2 682 000√
Trade and other debtors(1 800 000√-240 000√)		1 560 000
Cash and cash equivalent (60 000√+6 000√)		66 000
Total Assets		**31 812 000**
Equity and liabilities		
Capital and reserves		**27 519 600**
Share capital (10 800 000√+1 440 000√)		12 240 000
Share premium		480 000√
Reserves(1 440 000√+ 13 359 600√)		14 799 600
Non-current liabilities		
Loan(720 000√-72 000√)		648 000
Current liabilities		**3 644 400**
Trade and other creditors		1 597 200√
SARS (income tax)		780 000√
Shareholders for dividends(1080 000+*115 200)		1 195 200√
Short term loan		72 000√
		31 812 000

*0.10x1/4(0.04+0.20)

Notes to the Balance Sheet at 30 June 2013

Property, plant and equipment

	Cost price	Accumulated depreciation	Net carrying value
Land and buildings	19 680 000√		19 680 000√
Equipment	7 920 000√	3 168 000√	4 752 000√
	27 600 000	**3 168 000**	**24 432 000**

Trade and other Creditors

Creditors Control	1 440 000√
Expenses payable (48 000√ + 52 800√ + 48 000√ +8 400√)	157 200☑
	1 597 200

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QUESTION 3

SNA Ltd
Income statement for the year ended 28 February 2013

Sales (915 000√-12 000√)	903 000
Cost of sales	(450 000) √
Gross profit	**453 000**☑
+Other Income	**19 575**
Rent income(14 400√-1200√)	13 200
Commission Income (6675√-600√)	6 075
Bad debts recovered	300√
Gross operating income	**472 575**☑
Operating expenses	**(331 241)**
Provision for bad debts adjustment(1736√-1350√)	386
Salary :Jen	48 000√
Salaries and wages	214 500√
Bad debts(2550√+525√)	3 075
Packing material (6750√-660√)	6 090
Sundry expense (47 700√-570√)	45 780
Advertising	900√
Trading stock deficit(93 750-900√-88 950√)	3 900
Telephone	3 750√
Accounting officer remuneration	1 350√
Depreciation (1 260√+2 250√)	3 510
Operating profit	**141 334**☑
Interest income(1 200√+90√+5760)	7050
Profit before interest expense	**148 384**
Interest expense(28 500√+2 850√+1005)	(32 355)
Net profit before tax	**116 029**
Income tax	(46 500√)
Net profit after tax for the year	**69 529**☑

☑

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QUESTION 4

Cash flow statement of RN Ltd for the year ended 31 Dec 2013

Cash flow from operating activities	**219 300**
Cash generated from operations	368 700
Investment income	3 600√
Interest paid	(9 000) √
Taxation paid(21 600√+131 400√-36 000√)	(117 000)
Dividends paid(18 000√+30 600√-21 600√)	(27 000)
Cash flow from investing activities	**140 400**
Additions to land and buildings(252 000√-45 000√-324 000√)	117 000
Additions to machinery and equipment(342 000√-21 600√-392 40√)	72 000
Proceeds from sale of machinery and equipment	7 200√
Compensation from government with expropriation	59 400√
Preliminary expenses incurred	18 000√
Cash flow from financing activities	**54 000**
Proceeds from issuing of shares capital	126 000√
Long term loan redeemed	180 000√
Net increase in cash and cash equivalent	24 900
Cash and cash equivalent at the beginning of the year	7 500√
Cash and cash equivalent at the end of the year	**32 400√**

Note:
Reconciliation of net profit before tax with cash generated from operations

Profit before taxation	270 000√
Adjustment for:	
Loss on disposal of equipment	7 200√
Depreciation	54 000√
Interest expense	9 000√
Investment income	(3 600) √
Operating profit before working capital changes	**336 600**
Working capital changes	
Decrease in inventories	20 850√
Increase in debtors	4 050√
Increase in creditors	7 200√
Net cash generated from operations	**368 700**

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QUESTION 5

a	Bank	l	59 650
b	Hire purchases	m	83 400
c	Second hand trading	n	Bank
d	83 400	o	106 675
e	1 880 000	p	31 275
f	125 100	q	5 100
g	759 300	r	377 500
h	583 200	s	887 600
i	Hire purchases debtors	t	Sales
J	1 880 000	u	485 000
k	759 300	v	Closing stock

(22 × 2) **[44]**

QUESTION 6

6.1 True
6.2 True
6.3 False
6.4 True
6.5 True
6.6 False
6.7 True
6.8 False
6.9 True
6.10 True

(10 × 2) **[20]**

TOTAL: 200

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