



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N4

4 June 2024

This marking guideline consists of 9 pages.

NOTE: Do not award a ☒ mark if the candidate does not have a description or has the wrong description.

All candidates must use the correct terminology as per the International Financial Reporting Standards (IFRS), as they will be required to apply their knowledge in the workplace during their 18 months of practical experience after their N4 – N6 studies.

QUESTION 1

1.1

AIR BRAKE TRADERS		
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR		
ENDING 31 MAY 2022		
	RAND	RAND
Revenue (2 054 000 – 54 000 – 50 000)		✓✓1 950 000
Less: Cost of sales		☒ (300 000)
Opening inventory	68 540	✓
Add: Purchases (532 100 – 32 100 – 10 825)	489 175	✓✓
Carriage on purchases	200 900	✓
Custom duty (57 000 + 3 000)	60 000	✓✓
	818 615	
Less: Closing inventory	(518 615)	✓
Gross profit		1 650 000 ☒
OTHER INCOME		309 000 ☒
Credit losses recovered	69 000	✓
Rent income (120 000 + 120 000)	240 000	✓ ☒
GROSS INCOME FOR THE YEAR		☒ 1 959 000
Less: Distribution, administrative and other expenses		(2 167 715)
Carriage on revenue	(215 100)	✓
Credit losses (80 650 + 24 000)	(104 650)	✓ ☒
Packing material (60 000 – 11 385)	(48 615)	✓ ☒
Salaries (869 000 + 191 180) $[(869\,000 \div 10 = 86\,900 \times 110/100 = 95\,590)]$ $[95\,590 \times 2 = 191\,180 + 869\,000]$	(1 060 180)	✓ ☒
Stationery	(29 570)	✓
Sundry expenses (431 100 – 30 000) $[(120\,000 \div 12 = 10\,000 \times 3 = 30\,000)]$	(401 100)	✓ ☒
Depreciation (140 000 + 112 500) $(789\,000 - 89\,000) \times 20\% = 140\,000; (650\,000 \times 15\%) +$ $(200\,000 \times 15\% \times 6/12)$	(252 500)	✓✓✓ ☒
Allowance for credit losses adjustment $(724\,000 - 24\,000) \times 8\%$	(56 000)	✓✓
Less: Finance cost		☒ (136 500)
Interest on loan (124 000 + 12 500) $[(1\,200\,000 \times 12,75\% \times 6 \div 12) + (1\,200\,000 \times 10\% \times 6 \div 12)]$	(136 500)	✓ ☒
Net loss for the year		(345 215)
Other comprehensive income for the year		-
Comprehensive loss for the year		☒ (345 215)

1.2

AIR BRAKE TRADERS STATEMENT OF FINANCIAL POSITION AS ON 31 MAY 2022			
	Note	RAND	RAND
ASSETS			
Noncurrent assets			✓872 500
Property, plant and equipment	1	872 500	✓
Current assets			✓1 507 000
Inventory	2	530 000	✓
Trade and other receivables	3	764 000	✓
Prepayments		30 000	✓
Cash and cash equivalents	4	183 000	✓
TOTAL ASSETS			✓2 379 500

(8)

1.3

NOTES TO THE STATEMENT OF FINANCIAL POSITION AS ON 31 MAY 2022

NOTE 1: PROPERTY, PLANT AND EQUIPMENT			
	EQUIPMENT	VEHICLES	TOTAL
Carrying value at 1 June 2021	✓700 000	✓225 000	925 000
Cost	✓789 000	✓650 000	1 439 000
Accumulated depreciation	✓(89 000)	✓(425 000)	(514 000)
Additions at cost		✓200 000	200 000
Depreciation	✓(140 000)	✓(112 500)	(252 500)
Carrying value at 31 May 2022	560 000✓	✓312 500	✓872 500
Cost	789 000	850 000	1 639 000
Accumulated depreciation	✓(229 000)	✓(537 500)	(766 500)

(14)

NOTE 2: INVENTORY		
Inventory		✓530 000
Inventory (31 May 2022)	✓518 615	
Packing material on hand	✓11 385	

(3)

NOTE 3: TRADE AND OTHER RECEIVABLES			
Trade and other receivables			764 000✓
Trade receivables control (724 000 – 24 000)		700 000	✓✓
Less: Allowance for credit losses		(56 000)	✓
		644 000	
Add: Income receivable		120 000	✓
Rent income	✓120 000		

(6)

NOTE 4: CASH AND CASH EQUIVALENTS		
Cash and cash equivalents		✓183 000
Bank	180 645	✓
Cash float	2 355	✓

(2)

QUESTION 2

NOTE: Please note that the details + amount are marked as one. Do not allocate marks if the description or amount is incorrect.

2.1

CASH RECEIPTS JOURNAL OF THE WEBCAM SHOP – MAY 2022 CRJ5

Doc no	Day	Details	Bank	Sales	Trade receivables control	Sundry accounts	
						Amount	Details
	31	Totals	141 020	125 465	2 440	13 115	
005	31	Waltons	✓12 000			✓12 000	Trade payables control
B/S		Downhill-Bike	✓18 910			✓18 910	Rent received
B/S		Capital Bank	✓300			✓300	Interest received
			✓172 230				

(7)

CASH PAYMENTS JOURNAL OF THE WEBCAM SHOP – MAY 2022 CPJ5

Doc no	Day	Payee	Bank	Trade payables control	Purchases	Sundry accounts	
						Amount	Details
	30	Totals	165 265	46 825	25 650	92 790	
B/S		A. Celsius	✓2 440			✓2 440	Trade receivables control
062		Municipality (36 500 – 36 000)	✓500			✓500	Electricity
B/S	30	Capital Bank (250 + 400 + 550)	✓1 200			✓1 200	Bank charges
B/S		Capital Bank	✓860			✓860	Interest on overdraft
B/S		Studio22	✓29 000			✓29 000	Drawings
			✓199 265				

(11)

2.2

GENERAL LEDGER OF THE WEBCAM SHOP BALANCE SHEET ACCOUNTS SECTION BANK ACCOUNT					
DR			CR		
31 May	Total receipts – CRJ5	✓172 230	1 May	Balance	✓26 010
	Balance	✓53 045	31 May	Total payments – CPJ5	✓199 265
		225 275			225 275
			1 Jun	Balance	✓53 045

(5)

2.3

BANK RECONCILIATION STATEMENT AS ON 31 MAY 2022

	DEBIT	CREDIT
Cr balance as per the bank statement		✓19 805
Cr deposit not yet credited		✓25 160
Dr deposit incorrect account credited – bank error	✓87 500	
Dr outstanding cheques:		
# 054	✓19 500	
# 061	✓5 500	
# 064	✓6 400	
# 066	✓37 000	
Cr cheque # 763 issued by H/O – bank error		✓50 000
Cr cheque # 065 debited twice – bank error		✓7 890
Cr balance as per the bank account		✓53 045
	✓155 900	✓155 900

(12)
[35]

QUESTION 3

3.1

QUANTUM MECHANICS STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 SEPTEMBER 2022			
	NOTE	2022	2021
Cash flow from operating activities			1 097 000 ☑
Cash received from customers	1	8 455 000	☑
Cash paid to suppliers and employees	2	(6 727 100)	☑
Cash generated from operations		1 727 900	☑
Interest expense (2 400 + 333 000)		(335 400)	✓
Interest received		4 500	✓
Drawings		(300 000)	✓
Cash flow from investing activities			(2 253 000) ☑
Additions to land and buildings (3 200 000 – 2 000 000)		(1 200 000)	✓
Additions to equipment (820 000 – 650 000)		(170 000)	✓
Additions to vehicles [(2 104 000 + 455 000) – 1 462 000]		(1 097 000)	✓✓
Proceeds from sale of vehicles		264 000	✓
Increase in investments		(50 000)	✓
Cash flow from financing activities			1 116 000 ☑
Capital contribution		116 000	✓
Increase in mortgage bond		1 000 000	✓
Net decrease in cash			✓(40 000)
Cash and cash equivalents at the beginning of the year			✓30 000
Cash and cash equivalents at the end of the year			✓✓(10 000)

(21)

3.2 Calculation of cash received from customers:

	2022
Revenue	✓8 400 000
Add: Trade receivables at the beginning of the year	✓455 000
Less: Trade receivables at the end of the year	✓(400 000)
Cash inflow for the year	☑8 455 000

(4)

3.3 Calculation of cash paid to suppliers and employees:

	RAND
Revenue (Accept both an answer in brackets and without.)	✓(8 400 000)
Less: Comprehensive income for the year (Accept both an answer in brackets and without.)	✓767 000
Expenses for the year (Answer must be in brackets to award the mark)	✓(7 633 000)
<i>Adjustments for noncash items:</i>	
Interest on bank overdraft	✓2 400
Interest on mortgage bond	✓333 000
Interest received $[(R50\ 000 \times 18\%) \times 6 \div 12]$ ✓	☑ (4 500)
Depreciation $(190\ 000 + 264\ 000 + 215\ 000)$ ✓✓	☑669 000
Profit with the sale of a vehicle $(264\ 000 - 240\ 000)$	✓(24 000)
Add: Inventory at the beginning of the year	✓362 000
Less: Inventory at the end of the year	✓(488 000)
Less: Trade payables at the beginning of the year	✓(224 000)
Add: Trade payables at the end of the year	✓280 000
	(6 727 100)

(15)
[40]

QUESTION 4

LOCAL LEATHER CC DEPARTMENTAL TRADING STATEMENT FOR THE YEAR ENDED 31 MAY 2022			
	TOTAL	HANDBAGS	SHOES
Revenue H: (1 700 000 – 105 000 – 95 000 – 3 000) S: (3 250 000 – 2 200 – 88 800)	4 656 000	☑☑✓✓✓✓1 497 000	☑✓✓✓✓3 159 000
Less: Cost of sales	(2 656 000)	☑ (1 056 000)	☑ (1 600 000)
Opening inventory (2021/06/01)	(305 800)	✓(125 000)	✓(180 800)
Add: Purchases H: (1 550 550 + 95 150 – 5 700 – 10 800 – 50 000) and S: (1 250 000 + 167 800 – 7 800 – 1 750 + 10 800)	(2 998 250)	✓✓✓✓✓(1 579 200)	✓✓✓✓✓(1 419 050)
Carriage on purchases	(80 000)	✓(47 000)	✓(33 000)
Import duty (204 500 + 3 500)	(268 500)	✓(60 500)	✓✓(208 000)
Less: Closing inventory	996 550	✓755 700	✓240 850
Gross profit	2 000 000	☑441 000	☑1 559 000

[30]

QUESTION 5

5.1

GENERAL LEDGER OF ALICE NETBALL CLUB					
DR			CR		
TUCK SHOP TRADING ACCOUNT					
31 Dec	Opening inventory	✓7 440	31 Dec	Sales	✓148 440
	Purchases	✓69 360		Closing inventory	✓15 360
	Income & expenditure	☑87 000			
		163 800			163 800

(5)

5.2

GENERAL LEDGER OF ALICE NETBALL CLUB					
NOMINAL ACCOUNTS					
DR			MEMBERSHIP FEES		
			CR		
1 Jan	Income receivable	✓3 600	1 Jan	Income received in adv	✓18 000
31 Dec	Income received in adv	✓1 800	31 Dec	Bank: 2021	✓2 700
	Bank (refunds)	✓7 200		Bank: 2022	✓90 000
				Bank: 2023	✓1 800
	Income & expenditure	☑105 300		Credit losses (3 600 – 2 700)	✓900
				Income receivable (5 × R900)	✓4 500
		117 900			117 900

(10)

5.3

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDING 31 DECEMBER 2022		
	Rand	Rand
INCOME		198 300
Surplus from tuck shop	✓87 000	
Donations received (12 000 × 50%)	✓6 000	
Membership fees	✓105 300	
EXPENSES		(58 400)
Credit losses (membership fees written off)	✓(900)	
Interest on loan (90 000 × 13%) or (10 000 + 1 700)	✓(11 700)	
Refreshments	✓(21 600)	
Rent expense	✓16 000	
Sundry expenses	✓(2 200)	
Water and electricity	✓(6 000)	
Net surplus for the year		✓139 900
NOTE: For the mark to be allocated, the candidate must have the correct description net surplus for the year.		

(10)

[25]

TOTAL: 200