



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N5

30 May 2024

This marking guideline consists of 9 pages.

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QUESTION 1

- | | | | | |
|-----|-------|--|-------------|-------------|
| 1.1 | 1.1.1 | False✓✓ | | |
| | 1.1.2 | True✓✓ | | |
| | 1.1.3 | False✓✓ | | |
| | 1.1.4 | False✓✓ | | |
| | 1.1.5 | True✓✓ | | |
| | 1.1.6 | True✓✓ | | |
| | 1.1.7 | False✓✓ | | |
| | 1.1.8 | True✓✓ | | |
| | 1.1.9 | True✓✓ | | |
| | | | (9 × 2) | (18) |
| 1.2 | 1.2.1 | Internal control is the process designed, implemented and maintained by those charged with governance, management as well as other personnel to provide reasonable assurance.✓✓ | | (2) |
| | 1.2.2 | <ul style="list-style-type: none"> • Trade payables settlement period • Current ratio • Acid test ratio • Inventory turnover rate • Trade receivables turnover rate • Trade receivables collection period | (Any 4 × 1) | (4) |
| | 1.2.3 | <ul style="list-style-type: none"> • (Weighted) average cost price method • First in First out • Specific identification | (Any 2 × 1) | (2) |
| | 1.2.4 | <ul style="list-style-type: none"> • Each partner must contribute something to the business.✓✓ • It consists of 2–20 partners.✓✓ • Partners are jointly and severally liable for the debts of the partnership.✓✓ • There is no need to audit the financial statements.✓✓ • Profit or losses are divided among the partners according to the partnership agreement. (Any relevant answers) (Any 4 × 2) | | (8) |
| | 1.2.5 | <ul style="list-style-type: none"> • Standard-rated VAT✓ – is levied on all taxable goods and services at 15%.✓ • Zero-rated VAT✓ – amount of VAT charged is zero. Vendor may claim VAT input.✓ • VAT exempt✓ – goods and services are not subject to VAT neither at 15% or zero-rated. Vendors may not claim VAT output.✓ | (3 × 2) | (6) |
| | | | | [40] |

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QUESTION 2

2.1 ADJUSTMENT OF THE NET PROFIT

Net profit		197 800
Less: operating expenses		✓ (53 550)
Salary: Bester(40 000 + 9 200)	✓✓49 200	
Interest on loan :Betty (30 000 *14.5%)	✓✓4 350	
Net profit after adjustment		✓144 250

Alternative method

ADJUSTMENT OF THE NET PROFIT

Date	Details	Folio	Amount	Date	Details	Folio	Amount
	Salary: Bester		49 200		Profit & loss		197 800
	Interest on loan: Betty		4 350				
	Appropriation account/new net profit		144 250				
			197 800				197 800

(6)

2.2 APPROPRIATION ACCOUNT

Date	Details	Fol	Amount	Date	Details	Fol	Amount
	Interest on capital		✓✓30 000		Profit & loss		☑144 250
					Interest on drawings		✓✓4 145
	Salary: Betty		✓30 000		Interest on current account		✓✓408
	General reserves (17 000-15 000)		✓✓2 000				
	Current account: Betty		☑57 869				
	Current account: Bester		☑28 934				
			148 803				148 803

(12)

CALCULATIONS: Interest on drawings: Betty = $R42\ 800 \times 10\% \times \frac{6}{12} = R2\ 140$

Bester = $R40\ 100 \times 10\% \times \frac{6}{12} = R2\ 005$

PROFIT SHARING RATIO (2 : 1)

$R86\ 803 \times \frac{2}{3} = R57\ 869$ OR $R86\ 803 \times \frac{R200\ 000}{R300\ 000} = R57\ 869$

$R86\ 803 \times \frac{1}{3} = R28\ 934$ OR $R86\ 803 \times \frac{R100\ 000}{R300\ 000} = R28\ 934$

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2.3(A)

Current account: Betty

Date	Details	Folio	Amount	Date	Details	Folio	Amount
	Balance		✓10 400		Interest on capital		✓20 000
	Interest on current account		✓624		Salary (30 000-25 000)		✓5 000
	Drawings		✓42 800		Interest on loan (4 350-1 500)		✓2 850
	Interest on drawings		✓2 140		Appropriation account		☑57 869
	Balance	c/d	29 755				
			87 719				85 719
					Balance	b/d	☑29 755

(9)

2.3(B)

Current account: Bester

Date	Details	Fol	Amount	Date	Details	Fol	Amount
	Drawings		✓40 100		Balance		✓3 600
	Interest on drawings		✓2 005		Interest on current account		✓216
	Balance	c/d	645		Interest on capital		✓10 000
					Appropriation account		☑28 934
			42 750				42 750
					Balance	b/d	☑645

(7)

2.4

Interest on current account

Date	Details	Fol	Amount	Date	Details	Folio	Amount
	Current account: Bester		✓216		Current account: Betty		✓624
	Appropriation		✓408				
			624				624

(3)

2.5

General reserve account

Date	Details	Fol	Amount	Date	Details	Fol	Amount
	Balance		✓17 000		Balance		✓15 000
					Appropriation		✓2 000
			17 000				17 000

(3)

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QUESTION 3

3.1 Branch inventory (sp)

Commented [GK1]: ?

Date	Details	Fol	Amount	Date	Details	Fol	Amount
	Balance	b/d	✓130 000		Balance	c/d	260 000
	Inventory to branch		✓250 000		Branch bank		✓82 000
	Branch trade receivables		✓1 100		Branch trade receivables		✓76 000
	Branch surplus✓		☑54 300		Inventory to branch		✓15 000
					Branch adjustment		✓2 400
			435 400				435 400
	Balance	b/d	✓260 000				

(10)

3.2 Branch adjustment

Date	Details	Fol	Amount	Date	Details	Fol	Amount
	Balance	c/d	✓60 000		Balance	b/d	✓30 000
	Inventory to branch		✓3 462		Inventory to branch		✓57 692
	Branch inventory		✓2 400		Branch inventory		✓54 300
	Branch profit and loss		☑76 130				
			141 992				141 992
					Balance	b/d	✓60 000

(8)

3.3 Inventory to branch

Date	Details	Fol	Amount	Date	Details	Fol	Amount
	Branch inventory		✓15 000		Branch inventory		✓250 000
	Branch adjustment		✓57 692		Branch adjustment		✓3 462
	Head office trading account✓		☑180 770				
			253 462				253 462

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3.4 Branch bank

Date	Details	Fol	Amount	Date	Details	Fol	Amount
	Balance	b/d	✓20 500		Branch telephone		✓2 800
	Branch inventory		✓82 000		Branch water & sanitation		✓2 360
	Branch trade receivables		✓13 800		Balance	c/d	111 140
			116 300				116 300
	Balance	b/d	✓111 140				

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3.5 Branch trade receivables

Date	Details	Fol	Amount	Date	Details	Fol	Amount
	Branch inventory		✓76 000		Branch Discount granted settlement		✓3 560
					Branch returns		✓1 100
					Branch bank		✓13 800
					Balance	c/d	✓57 540
			76 000				76 000
	Balance	b/d	✓57 540				

(6)

3.6 Branch sundry expenses

Date	Details	Fol	Amount	Date	Details	Fol	Amount
	Total	b/d	640		Balance	c/d	140
	Branch bank		✓250		Branch profit & loss		✓750
			890				890
	Balance	b/d	✓140				

(3)

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QUESTION 4

4.1 Inventory card – Average cost price method

Date	Receipts		Issued		Balance on hand	
	Units	Total	Units	Total	Units	Total
2021 Dec 01					36u@R21 ✓	R756
06	47u@R23✓	R1 081✓			83u@ R22.13✓✓	R1 836.79 ✓
13			30u@R22.13✓	R663.9 0	53u@R22. 13✓	R1 172.89 ✓
18			20u@R22.13✓	R442.6 0	R33u@R2 2.13✓	R730.29✓
25	45u@R24✓	R1 080✓			78u@R23. 21✓✓	R1 810.38 ✓
27			18u@R23.17✓	R417.0 6	60u@R23. 21✓	R1 392.26 ✓
30			20u@R23.17✓	R436.4	40u@R23. 21✓	R928.40✓ ✓

(24)

Workings:

1. $R756 + R1\ 081 / 36u + 47u =$
NEW PRICE $1837/83u = R22.13$
2. $R730.29 + R1\ 080 / 33u + 45u$
NEW PRICE $= R1\ 810.29/78u = R23.21$

4.2 Calculate the following for 2021 and comment on the calculations:

- 4.2.1 Average payment period of trade payable in days
 $= \text{Average trade payable/credit purchases} \times 365 \text{ days}✓$
 $= (R110\ 000 + R390\ 000)/2 = R250\ 000$
 $= R250\ 000/R475\ 000✓$
 $= 192.11✓ \text{ days}✓$
 Comment: trend is unfavourable.✓✓ (7)

- 4.2.2 Inventory turnover rate
 $= \text{cost of sales/average inventory}✓$
 $= R455\ 000✓✓/R80\ 000✓$
 $= 5.69✓ \text{ times}✓$
 Cost of sales $= (R70\ 000 + R475\ 000 - R90\ 000) = R455\ 00$
 Average inventory $= (R70\ 000 + R90\ 000)/2 = R80\ 000$
 Comment: the business inventory turnover exceeds that of a similar business. The inventory turnover is not good.✓✓ (9)

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4.3

	Ratio	Formula
1.	Solvency ratio	Total assets : Total liabilities✓✓
2.	Acid test ratio	Current assets less inventory : Current liabilities✓✓
3.	Rate of return on average owners' equity	Net profit/Average owners' equity✓✓
4.	Trade receivables collection period in days	Average trade receivables/credit sales *365 days✓✓

(8)
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QUESTION 5

5.1 5.1.1 PROPERTY, PLANT AND EQUIPMENT

	Vehicles(R)	Total (R)
Carrying value at the beginning 01 March 2020	27 464	✓ 27 464
Cost price	56 000	✓ 56 000
Less: Accumulated depreciation on vehicle	(28 536)	(28 536)
Additions at cost	44 000	✓✓ 44 000
Disposal at carrying value (R24 000 – R12 910)	(11 090)	☑ (11 090)
Depreciation for the period	(8 784)	☑ (8 784)
Carrying value at 28 February 2021	51 590	☑ 51 590
Cost price	76 000	✓ 76 000
Accumulated depreciation on vehicle	(24 410)	(24 410) ☑

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- 5.1.2 Calculations of depreciation on diminished balance at 20% pa Old vehicle for **period 1 March 2020 – 31 August 2020**
 $R56\ 000 - R28\ 536 = R27\ 464 \checkmark \times \frac{6}{12} \checkmark \times 20\% = R2\ 746,4 \checkmark$
01 September 2020 to 28 February 2021
 $R32\ 000 - R15\ 626 \checkmark \times \frac{6}{12} \checkmark \times 20\% = R1\ 637,4 \checkmark$
New vehicle 01 August 2020 to 28 February 2021
 $R44\ 000 \times \frac{6}{12} \checkmark \times 20\% = R4\ 400 \checkmark$
TOTAL DEPRECIATION R8 784 ✓

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ALTERNATIVE METHOD

Calculations of depreciation on diminished balance at 20% pa Old vehicle for:
 Old vehicle $R32\ 000 - R15\ 626 \times \frac{12}{12} \times 20\% = R3\ 274,8$
 Sold vehicle $R24\ 000 - R12\ 910 \times \frac{6}{12} \times 20\% = R1\ 109$
 New vehicle $R44\ 000 \times \frac{6}{12} \times 20\% = R4\ 400$
TOTAL DEPRECIATION R8 784

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5.2 5.2.1 TRADE RECEIVABLES CONTROL

Date	Details	Amount	Date	Details	Amount
01/01/2021	Balance b/d	R32 800	31/12/2021	Bank	✓R743 360
	Sales✓	✓R792 907		Credit losses	✓R500
				Settlement discount granted	✓R12 500
				Sales returns	✓R3 360
				Balance c/d	R65 987
		825 707			✓825 707
01/01/22	Balance b/d	✓65 987			

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5.2.2 TRADE PAYABLES CONTROL

Date	Details	Amount	Date	Details	Amount
31/12/2021	Bank	✓R125 000	01/01/2021	Balance b/d	R53 000
	Settlement discount received	✓R21 300		Purchases✓	✓R111 050
	Purchases returns	✓R4 250			
	Balance c/d	R13 500			
		R164 050			R164 050
				Balance c/d	✓R13 500

(6)

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TOTAL: 200