



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N5

21 November 2024

This marking guideline consists of 9 pages.

QUESTION 1

- 1.1
- Employer's accountability✓✓
 - Fire insurance✓✓
 - Inventory loss insurance✓✓
 - Motor car insurance
 - Fidelity guarantee insurance (Any 3 × 2) (6)
- 1.2
- Monitoring of control✓
 - Risk assessment✓
 - Control environment✓
 - Control activities✓
 - Trial balance
 - Bank reconciliation (Any 4 × 1) (4)
- 1.3
- 1.3.1 **Advantages of a partnership**
- It is easy to form; no legal formalities.✓✓
 - Partners can combine their expertise.✓✓
 - Each partner has a personal interest in the business.
 - Partners share all profit/loss according to their agreement. (Any 2 × 2) (4)
- 1.3.2 **Disadvantages of a partnership**
- Disagreement among partners can result in slowing down the decision-making process.✓✓
 - Each partner may be liable for all the debt of the business.✓✓
 - Lack of continuity (Any 2 × 2) (4)
- 1.4
- | | | | |
|---------------------------------------|---|------------------|-----|
| Favourable balance per bank statement | = | R15 000✓ | |
| Plus outstanding deposit | = | R2 500✓ | |
| Less outstanding cheque | = | <u>(R6 500)✓</u> | |
| Accurate bank balance | = | <u>R11 000✓</u> | (4) |
- 1.5
- A partnership is a business between a minimum of 2 and a maximum of 20 persons called partners, who are contractually bound to one another. ✓✓
(Any relevant explanation) (2)
- 1.6
- 1.6.1 (R10 195 × 100/115 =) R8 865.22✓✓
- 1.6.2 (R10 195 × R15/115 =) R1 329.78✓✓
- 1.6.3 (R150 × 115/15 =) R1 150✓✓
- 1.6.4 (R150 × 100/15 =) R1 000✓✓
- 1.6.5 (R900 × 115/100 =) R1 035✓✓
- (Marks given for answers only) (5 × 2) (10)
- [34]**

QUESTION 2

2.1 **DOLLY AND DONNA LIMPOPO TRADERS**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
ON 31 MAY 2021

Revenue (R640 000✓ – R10 000✓ – R2 600✓)	R627 400	
Cost of sales (R370 000✓ – R6 100✓)	(R363 900)	
Gross profit		R263 500
Other income		R397
Allowance for credit losses adjustment (R1 700✓ – R1 303✓)	R397	
Gross income for the year		R263 897
Less: Distribution, administrative and other expenses		(R183 665)
Credit losses (R6 200✓ + R300✓)	R6 500	
Salaries and wages	121 900	
Stationery	R2 800	
Insurance	R1 650	
Postage	R10 500	
Municipal expenses (R31 200✓ – R6 240✓)	R24 960	
Consumables (R600✓ – R50✓)	R550	
Repairs and maintenance	R4 350	
Depreciation ((R150 000 – R60 400) x 10%)	✓✓R8 960	
Trading inventory deficit (R91 200✓ – R90 200✓)	R1 000	
Allowance for credit losses adjustment	✓R495	
Operating profit or loss		R80 232
Add: Finance income		R2 280
Interest on investment (R19 000 x 12%)	✓✓R2 280	
Less: Finance cost		(R8 400)
Interest on loan (R70 000 x 12%)	✓✓R8 400	
Net profit or loss for the year		
Other comprehensive income for the year		
Total comprehensive income for the year		✓R74 112

(23)

2.2

DOLLY AND DONNA LIMPOPO TRADERS
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2021

Details	Capital		Current account		Employee bonus fund	General reserves	Appropriation	Totals
	Dolly	Donna	Dolly	Donna				
Balance 01/06/2020	150 000	126 000	30 000	(38 000)	0	10 000		278 000
Total comprehensive income for the year							74 112 ☒	74 112
Interest on capital			20 625✓	17 325✓			(37 950)	
Interest on current account			4 200✓	(5 320) ✓			1 120	
Salary to partner			28 800✓	26 400✓			(55 200)	
Drawings			(22 000) ✓	(24 000) ✓				(46 000)
Interest on drawings			(2 200) ✓	(2 400) ✓			4 600	
Employee bonus funds					6 000✓		(6 000)	
General reserves						5 000 ✓	(5 000)	
Profit sharing			(12 159) ☒	(12 159) ☒			(24 318) ☒	
Balance 30/05/2021	150 000	126 000	47 266	(14 154)	6 000	5 000		306 112 ☒

(17)
[40]

QUESTION 3

3.1

BRANCH BANK

Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
01/03/20	Balance	b/d	✓7 000	28/02/21	Branch stationery		✓520
	Branch inventory		✓48 000		Branch salaries		✓4 800
	Trade receivables		✓39 500		Balance	c/d	✓7 000
					Head office bank		✓82 180
			✓94 500				✓94 500
	Balance	b/d	✓7 000				

(Any 9 × 1) (9)

3.2

BRANCH INVENTORY

Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
01/03/20	Balance	b/d	✓72 800	28/02/21	Trade receivables		✓25 000
	Inventory to branch		✓52 900		Branch bank		✓48 000
	Trade receivables		✓1 600		Inventory to branch		✓5 000
					Balance	c/d	✓16 700
					Branch profit & loss		✓32 600
			✓127 300				✓127 300
	Balance	b/d	✓16 700				

(11)

3.3

BRANCH TRADE RECEIVABLES

Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
01/03/20	Balance	b/d	✓20 500	28/02/21	Branch bank		✓39 500
	Branch inventory		✓25 000		Branch inventory (returns)		✓1 600
					Branch credit losses		✓590
					Branch sett. disc		✓675
					Balance	b/d	✓3 135
			✓45 500				✓45 500
	Balance	b/d	✓3 135				

(10)

3.4

INVENTORY TO BRANCH

Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
28/02/21	Branch inventory		✓5 000	28/02/21	Branch inventory		✓52 900
	Head office trading		✓47 900				
			✓52 900				✓52 900

(5)

3.5

BRANCH SALARIES

Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
	Branch salaries		✓4 800				
	Head office salaries		✓17 600		Branch profit & loss		✓22 400
			✓22 400				✓22 400

(5)

[40]

QUESTION 4

4.1

LYNN TRADERS: TRADING ACCOUNT

Date	Details	Amount (R)	Date	Details	Amount (R)
	Opening inventory	✓380 500		Closing inventory	✓✓293 995
	Purchases (525 800 - 5 800)	✓✓520 000		Sales	✓852 500
	Import tax	✓1 356			
	Freight on purchases	✓1 068			
	Profit or loss	✓✓243 571			
		✓1 146 495			✓1 146 495

(12)

Gross profit = R852 500 x 40/140 = R243 571

4.2

The value of the closing inventory on March 2022		R
01	190 items @ R11.10 each	✓2 109.00
05	60 items @ R12.56 each	✓753.60
12	75 items @ R13.00 each	✓975.00
19	90 items @ R13.50 each	✓1 215.00
TOTAL	415 items	✓✓5 062.60

Average price per item = total value/total number of items
 = R5 062.60✓/415 items✓
 = R12.20✓✓
 Therefore 260 items @ R12.20 each = R3 172.00✓✓

(12)

[24]

QUESTION 5

5.1 STATEMENT OF FINANCIAL POSITION OF FLORIST DEALER FOR THE YEAR ENDED ON 31 AUGUST 2021

Assets		
Non-Current Assets		☒ 170 505
Property, plant and equipment		✓ 170 505
Current Assets		☒ 217 550
Inventory		✓ 120 550
Trade and other receivable		✓ 90 250
Prepayments		
Cash and cash equivalents		✓ 6 750
Total Assets		☒ 388 055
Equity and Liabilities		☒ 98 635
Capital		98 635
Non-Current Liabilities		☒ 225 000
Long-term borrowing		
Mortgage bond		✓ 225 000
Current Liabilities		☒ 64 420
Trade and other payables		✓ 57 420
Income received in advanced		✓ 7 000
Total Equity and Liabilities		☒ 388 055

(14)

5.2 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31 AUGUST 2021

Balance at the beginning 1 September 2020	R392 400✓
Add/Less: Comprehensive income or loss for the year	-233 265 ☒
Less: Drawings	(R60 500)✓
Balance at the year-end on 31 August 2021	98 635 ☒

$$\begin{aligned}
 \text{Net loss} &= \text{capital (R98 635 + drawings (R60 500) – balance at the beginning (R392 400)} \\
 &= -233 265
 \end{aligned}$$

(4)

5.3

NOTES TO PROPERTY, PLANT AND EQUIPMENT

	Vehicles (R)	Machinery (R)	Total (R)
Carrying value at the beginning 01/09/2020	-	25 200	✓ 25 200
Cost price	-	29 400	✓ 29 400
Less: Accumulated depreciation on vehicle	-	(4 200)	(4 200)
Additions at cost	✓ 162 000	-	✓ 162 000
Disposal at carrying value			
Depreciation for the period	(14 175)✓	✓ (2 520)	☑ (16 695)
Carrying value at the end on 28 February 2021	147 825	22 680	☑ 170 505
Cost price	162 000✓	✓ 29 400	✓ 191 400
Accumulated depreciation on vehicle	(14 175)✓	✓ (6 720)	☑ (20 895)

(14)

[32]

QUESTION 6

6.1	6.1.1	Turnover – is the income that a business receives as a result of rendering services.		
		OR		
		It is the cash sales plus the credit sales of a business.✓		
	6.1.2	Liabilities – obligation of the business arising from past events.✓		
	6.1.3	Trade receivables – business owes money to the business (debtors)✓	(3 × 1)	(3)
6.2	6.2.1	Cost of sales for 2021 = Opening inventory + purchases – closing inventory✓ = R186 000✓ + R288 000✓ – R160 300 ✓ = R313 700✓✓		(6)
	6.2.2	Acid test ratio for 2020 = Current assets less inventory: current liabilities✓ = R27 400 + R160 300 + R57 200 – R160 300✓ : R21 900✓ = R244 900 – R160 300 : R21 900 = 3.86✓ : 1✓		(5)
	6.2.3	Cash purchases for 2020 = R196 000✓ x 30%✓ = R58 800 ✓		
		OR		
		R196 000 x 70% = R137 200 – R196 000 = R58 800		(3)
	6.2.4	Gross profit percentage for 2021 = Total sales less cost of sale = R288 000✓ + R180 000✓ – R313 700✓ = R468 000 – R313 700 = R154 300✓✓		(5)
	6.2.5	Net profit for 2021 = Gross profit less operating expenses✓ = R154 300✓ – R82 100✓ = R72 200✓✓		(5)
	6.2.6	Average inventory = (R186 000 + R160 300)/2✓ = R173 150✓✓		(3)
				[30]
			TOTAL:	200