



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N6

5 June 2024

This marking guideline consists of 8 pages.

SECTION A

QUESTION 1

- 1.1 D
- 1.2 C
- 1.3 B
- 1.4 A
- 1.5 B
- 1.6 A
- 1.7 C
- 1.8 A
- 1.9 C
- 1.10 D

(10 × 2) [20]

QUESTION 2

- 2.1 Recognition criteria
- 2.2 Historical cost
- 2.3 Comparability
- 2.4 Assets
- 2.5 Understandable

(5 × 2) [10]

QUESTION 3

3.1 $75\,000\checkmark - 123\,000\checkmark + 9\,000\checkmark\checkmark - 6\,000\checkmark - 1\,875\checkmark\checkmark + 2\,250\checkmark = R44\,625\checkmark$

OR

$$-75\,000 + 123\,000 - 9\,000 + 6\,000 + 1\,875 - 2\,250 = R44\,625$$

OR

$$\begin{aligned}\text{VAT output} &= 123\,000 - 9\,000 + 1\,875 - 2\,250 = R113\,625 \\ \text{VAT input} &= 75\,000 - 6\,000 = \underline{R69\,000} \\ &\quad \underline{R44\,625}\end{aligned}$$

OR

$$\begin{aligned}\text{VAT output} &= 123\,000 + 1\,875 + 6\,000 = R130\,685 \\ \text{VAT input} &= 75\,000 + 9\,000 + 2\,250 = \underline{R86\,250} \\ &\quad \underline{R44\,625}\end{aligned}$$

9 000	123 000
2 250	1 875
75 000	6 000
<u>44 625</u>	

- 3.2
- He should inform Amy that tax evasion is illegal and that she should not have authorised this transaction.✓ He must insist that the entry for R200 000 must be cancelled✓ and that the correct amount owed to SARS must be paid.✓
 - He should warn Amy about what she is authorising because this is unethical/illegal and the entry must be cancelled.
 - He must inform Amy or the bookkeeper that the VAT form must be correctly filled in, and that this fraudulent entry must not be reflected.
 - He must insist that the entry is cancelled because tax evasion is illegal.
 - He must insist that this is corrected because he has a CA qualification and has to comply with a code of conduct. (Any 3 × 1) (3)

- 3.3 SARS✓✓
- Collecting VAT on taxable transactions
 - Including VAT in all prices advertised
 - Submitting returns and making payments on time
 - Issuing tax invoices where required (2 + any 3 × 2) (8)
- [20]

TOTAL SECTION A: 50

SECTION B

QUESTION 4

4.1 $852\,000✓ + 153\,000✓ - 176\,000✓ = 829\,000✓$

OR

Sales	852 000✓
Debtors at the beginning of the year	62 300✓
Debtors at the end of the year	(58 700)✓
Cash inflow from customers for the year	855 000✓

✓ one part correct
R855 000 (4)

4.2

Sales	852 000✓
Less: Profit before tax	(206 650)✓
Expenses for the year	(645 350)✓
Profit on sale of assets	11 000✓
Depreciation	92 400✓
Interest received	(27 000)✓
Interest paid	18 500✓
Inventory at the end of the year	(54 000)✓
Inventory at the beginning of the year	66 000✓
Trade payables at the beginning of the year	(153 000)✓
Trade payables at the end of the year	176 000✓
Cash outflow to suppliers for the year	(514 450)✓

✓ one part correct
R535 450

4.3 4.1 – 4.2 ☒ one part correct
= 855 000 – 514 450 = R293 550 R340 550 (2)

4.4

SECTION	EXPLANATION
Operating activities✓	It refers to the cashflow and outflow to the company from buying and selling activities detailed in the calculation of cash receipts from customers, cash paid to suppliers, and employees' cash generated from operations, interests and dividends.✓✓✓
Investing activities✓	It refers to the net cash inflow and outflow from the company for acquiring or disposing of fixed and financial assets detailed in the calculations of additions to noncurrent assets, proceeds from sale of noncurrent assets and investment matured.✓✓✓
Financing activities✓	It refers to the net cashflow and outflow from the company by acquiring or repaying loans or issuing and buying back shares that are detailed in the proceeds from issue of share capital, proceeds of shares redeemed, long-term loans received and repaid.✓✓✓

(3 × 4) (12)
[28]

QUESTION 5

5.1 5.1.1 Disclaimer✓✓/Withheld audit opinion✓✓ (2)

- 5.1.2
- Asset registers
 - Source documents e.g. invoices
 - Debtors' statements
 - Creditors' statements
 - Physical inspections
 - Bank statements
 - Contracts (signed)
 - EFT vouchers (proof of payment)
- (Any 4 × 1) (4)

5.1.3

Two valid and different explanations	Cash in investments/Renegotiate loan repayments or credit terms.
	Postpone repurchase of shares to another time when liquidity improves.
	Issue more shares to the public or existing shareholders.
	Offer rights issue to shareholders rather than paying more dividends.
	Offer higher dividends to shareholders rather than repurchasing of shares .
	Reduce the dividends paid to improve liquidity.
	Promote more cash sales/Off-load stock.

(2 × 2) (4)

5.2

INTERNAL AUDIT REPORTS	EXTERNAL AUDIT REPORTS
It is drawn up and signed by appointed auditors of the company or CC.	It is drawn up and signed by appointed independent auditors of the company.
It is addressed to the senior management of the company.	It is addressed to the shareholders of the company.
It reports on the accuracy and reliability of the business' financial records.	It reports on the accuracy and reliability of the financial statements.
It reports on the internal control policies of the company/identifies weaknesses in the existing financial accounting system.	It reports on the accounting policies of the company.
It reports favourable findings.	The stakeholders of the company will react negatively to a qualified or withheld audit report.
It suggests improvements where necessary or makes recommendations on nonaccounting areas to be improved.	A qualified or withheld audit report means the directors are not doing the best possible job on behalf of the shareholders.
	A qualified or withheld audit report means the ethics and internal control of the business should be assessed and improved.

(Any 5 + any 5) (10)

5.3

5.3.1 It involves assessing and checking the internal control systems of the business.

OR

It is a procedure followed to carry out the internal audit and comprise of certain steps.

(2)

5.3.2

- Risk assessment
- Control procedures
- Checking
- Reporting

(4 × 2) (8)

5.4

- Date of incorporation
- Names and details of incorporation
- Financial year-end
- Physical address of the main office
- List of directors
- Company names

(Type of company = no mark) (6 × 2) (12)

[42]

TOTAL SECTION B:

SECTION C

QUESTION 6

6.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2021

	R
Revenue (4 320 900 – 164 100)	✓ 4 156 800
Cost of sales	✓ (2 240 200)
Gross profit	1 916 600
Finance income	✓ 134 670
Other income	✓ 46 130
Distribution costs	✓ (130 560)
Administration costs	✓✓✓✓✓ (947 850)
Other costs	✓ (80 000)
Finance costs	✓ (294 690)
Profit before tax	✓ 644 300
Tax expenses	✓ (241 860)
Profit for the period	✓ 402 440
Other comprehensive income: Revaluation surplus	✓ 280 000
Total comprehensive income for the period	✓✓ 682 440

(18)

6.2 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER '21

	Member's contributions	Revaluation surplus	Retained earnings	Total equity
Balance 1 Nov 2021	700 000✓		263 380✓	963 380✓
Contributions				
Total comprehensive income		280 000✓	402 440✓	682 440✓
Less distributions to members			(240 800)✓	(240 800)✓
	700 000✓	280 000✓	425 020✓	1 405 020✓

(12)

6.3

Members' remuneration				
	Salaries✓	Interest on loans✓	Interest from rentals✓	Distribution ✓
Lira	584 000✓	6 500✓		120 400✓
Lot			8 200✓	120 400✓
Total	584 000	6 500	8 200	240 800✓

OR

Members' remuneration			
	Lira	Lot	Total
Salaries✓	584 000✓		584 000
Interest on loans✓	(6 500)✓		(6 500)
Interest paid✓		8 200✓	8 200
Distribution✓	120 400✓	120 400✓	✓240 800
Total	679 900	128 600	826 700

(10)
[40]

QUESTION 7

STATEMENT OF FINANCIAL POSITION

ASSETS	R	R
NONCURRENT ASSETS		3 219 500✓
Land and buildings 850 000✓ + 365 000✓ +239 500✓ – 35 000✓	1 419 500✓	
Other financial assets	<u>1 800 000</u> ✓	
CURRENT ASSETS		983 500✓
Trade and other receivables 200 000✓ – 15 500✓ + 12 500✓ – 89 000✓	108 000✓	
Stock	<u>875 500</u> ✓	
Cash and cash equivalents		
DEFERRED EXPENDITURE (75 000 – 37 500)		<u>37 500</u> ✓
TOTAL ASSETS		4 240 500✓
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		2 488 185✓
Issued share capital and share premium (824 500✓ + 1 125 000✓ + 75 000✓)	2 024 500✓	
Reserves (150 000✓ + 100 000 ✓ + 213 685✓)	<u>463 685</u> ✓	
NONCURRENT LIABILITIES		1 462 500✓
Interest bearing liabilities (1 500 000✓ + 112 500✓ – 150 000✓)	1 462 500✓	
CURRENT LIABILITIES		289 815✓
Trade and other payables (10 000✓ + 16 875✓)	26 875✓	
Bank overdraft	10 500✓	
Short term portion of loan	150 000✓	
Taxation payable(165 000✓ – 89 000✓)	76 000✓	
Dividends payable	26 440	
		4 240 500✓

[40]

TOTAL SECTION C: 80
GRAND TOTAL: 200