



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N6

27 November 2024

This marking guideline consists of 8 pages.

SECTION A

Commented [V1]: Changed NCV to Business Studies on Header

QUESTION 1

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

(10 × 2) [20]

QUESTION 2

- 2.1 Members' interest✓✓
- 2.2 Leasing✓✓
- 2.3 Corporation tax✓✓
- 2.4 Payment basis✓✓
- 2.5 Net cash inflow divided by its total debts✓✓
- 2.6 Goodwill✓✓
- 2.7 Issued share capital✓✓

(7 × 2) [14]

QUESTION 3

VALUE-ADDED TAX (VAT)

- 3.1
 - He will be able to claim VAT input from SARS.
 - He sells goods that are subject to standard rate VAT at 15%.
 - He is a responsible citizen who contributes tax to SARS.
 - He expects his business to grow and will be compelled to register.
 - Should his turnover increase to exceed R1 000 000 he does not have to worry about being penalised by SARS for not registering. (Any 2 × 1) (2)
- 3.2
 - It is illegal; he can be sued and face a criminal record.✓✓
 - It is unethical because he is only an agent of SARS; the money does not belong to him.✓✓
 - He should budget and manage his expenses more effectively to cover his own expenses.
 - Keep detailed records of VAT separate from business records and write down VAT payment submission dates to remember them.
 - Using the money could become a bad habit; he must stop it. (Any 2 × 2) (4)

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3.3 $26\,000\checkmark + 88\,500\checkmark\checkmark - 114\,000\checkmark\checkmark - 12\,000\checkmark + 28\,200\checkmark - 33\,600\checkmark = R16\,900\checkmark\checkmark$

one part

OR

$-26\,000 - 88\,500 + 114\,000 + 12\,000 - 28\,200 + 33\,600 = R16\,900$

OR

VAT INPUT = $114\,000 + 12\,000 + 33\,600$ = R 159 600

VAT OUTPUT = $26\,000 + 88\,500 + 28\,200$ = R 142 700

VAT control R 16 900

26 000	114 000
88 500	12 000
28 200	33 600

(10)

[16]

TOTAL SECTION A: 50

SECTION B

QUESTION 4

4.1	Net profit before taxation	45 000 ✓
	Adjustment in respect of:	
	Depreciation (3 900✓ + 12 360✓)	(16 260) ✓
	Interest expenses	5 160 ✓
	Operating profit before changes in working capital	
	Changes in working capital	(10 700) ✓
	Changes in inventory (47 980✓ – 42 880✓)	5 100 ✓
	Changes in receivables (17 420✓ – 13 400✓)	(4 020) ✓
	Changes in payables (37 220✓ – 27 600✓)	9 620 ✓
	one part correct	✓77120

(16)

4.2 Dividends paid

Dividends for the year as reflected in financial statements	(16 000)✓
Balance at the beginning of the year	(6 000)✓
Balance at the end of the year	10 000✓
Dividends paid	(12 000)✓ one part

(4)

4.3 Tax paid

Income tax for year as reflected in financial statements	(12 600)✓
Balance at the beginning of the year	40✓
Balance at the end of the year	(50)✓
Dividends paid	(12 610) ✓ one part

(4)

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4.4 Fixed assets purchased

Land and buildings (172 000 ✓ – 80 000)	(92 000)✓
Equipment (33 400 – 3 900 ✓ = 29 500 – 45 400✓)	(15 900)✓
	(107 900)✓ one part

(6)
[30]

QUESTION 5

5.1 It refers to inspecting and evaluating the financial transactions of a company.✓✓ (2)

- 5.2
- A qualified audit report means there are problems in the accounting practices of the company.✓✓✓
 - An unqualified audit report means the financial statements are a fair presentation of the finances and the accounting policies are consistent with those of previous years.✓✓✓ (6)

5.3

Area of financial statement	Procedure to verify completeness
Inventories✓	Attend count to observe that all items are counted, and trace sampled items to final inventory sheet.✓✓
Non-current assets✓	Check whether assets that physically exist are contained in the non-current asset register.✓✓
Receivables✓	Confirm whether the list of sales balances agrees with the total of the sales ledger control account.✓✓
Bank✓	Request confirmation from the bank of all accounts in the client's name.✓✓
Payables✓	Reconcile year-end balances to supplier statements to ensure that payables have not been understated.✓✓
Sales✓	Trace a sample of sales from first record (for example, goods despatched note) through the client's records (sales invoice, etc).✓✓ (18)

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5.4 5.4.1 $320\,000/600\,000 \times 100 = 53.3\%$ ✓✓

Commented [V2]: Adjusted the ticks from 3 to 2

One point for each member

Urede – He is still a minority shareholder (little influence on decisions).✓

- His % shareholding dropped further (from 33.3% to 22.2%).✓
- Did not buy additional shares when shares were issued.

Commented [V3]: Provided the clarity on mark allocation

Uigel – He is now a majority shareholder; because of the repurchase of the shares, his shareholding increased.✓

Decreased in share capital resulted in increased % shareholding, which has made him the majority decision maker.✓

(4)

5.4.2 **UREDE:** Investment $200\,000 \times 27 = R5\,400\,000$
Now worth $200\,000 \times 24 = R4\,800\,000$
Loss on investment $(5\,400\,000 - 4\,800\,000) 600\,000$ ✓✓

UIGEL: Investment $320\,000 \times 15 = R4\,800\,000$
Now worth $320\,000 \times 32 = R10\,240\,000$
Growth on investment = $R5\,440\,000$ ✓✓

Advise if it is wise to sell 19 000 shares in Uigel Ltd, or not
One point, one mark

- There was no profit or loss because shares have not yet been sold. It is wise to sell because the share price is currently high (R32.00).✓
- He will raise R608 000 in total $(19\,000 \times R32)$.✓
- He will still be the majority shareholder $(301\,000/600\,000 = 50.2\%)$.✓

Commented [V4]: Provided clarity on mark allocation

(3)

- 5.5
- Public interest score is any interest any member of the public may have in the activities of a company.
 - It is calculated as the sum of a number of points equal to the average number of employees of the company during the financial year.
 - One point for every R1 million in a third-party liability of the company at the financial year end.
 - One point for every R1 million in turnover during the financial year end.
 - One point for every shareholder or member of the company at the end of the financial year.

(7)

[40]

TOTAL SECTION B: 70

SECTION C

QUESTION 6

6.1 Draw up a statement of financial position on 28 February 2023

Assets	R	R
NON-CURRENT ASSETS		412 280
Property, Plant and Equipment 322 000 + 44 480✓ + 45 800✓	412 280✓	
CURRENT ASSETS		115 470
Trade and other receivables 40 600- 2 030✓ + 3600✓	42 170✓	
Trading inventory	36 700✓	
Cash and cash equivalents	36 600✓	
Deferred expenses		200 000
TOTAL ASSETS		727 750✓
EQUITY AND LIABILITIES		
MEMBERS' FUNDS		500 000
Members' contributions	300 000 ✓	
Accumulated profits	212 395	
NON-CURRENT LIABILITIES		96 000
Mortgage bond	60 000✓	
Loans from members	36 000✓	
CURRENT LIABILITIES		119 355
Trade and other payables	53 145 ✓	
Accrued expense (485 + 1 725✓)	2 210✓	
Short-term portion of loan	30 000✓	
Distribution to members	34 000✓	
		727 750✓

Commented [V5]: Changed land and buildings to property plant and equipment

Commented [V6]: Changed the total from 112 720 to 115 470

Commented [V9]: Changed the total from 39 420 to 42 170

Commented [V7]: Inserted the last 0 on 40 600 which was missing

Commented [V8]: Changed 850 to 3600 which is indicated as pre-paid expense

Commented [V10]: Changed the total assets amount from 725 000 to 727 750

Commented [V11]: Changed the amount from 200 000 to 212 395

Commented [V12]: Replaced of profit which is an event to members which is an account

Commented [V13]: Changed the amount from 725 000 to 727 750

(18)

6.2 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2023

	Members' contributions	Revaluation surplus	Retained earnings	Total Equity
Balance 1 Nov 2021	300 000			300 000✓
Contributions	9 645			9 645✓
Loans to members		36 000		(36 000)✓
	309 645	36 000		345 645✓

(4)

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6.3 Transactions with members' notes

	Salaries✓	Interest on loans✓	Rent expenses✓
Emeka	✓ 60 000	✓ (400)	
Emelda		✓ (640)	✓ (3 600)
Total	60 000	(1 040)	(3 600)

✓55 360

OR

Members' remuneration			
	Emeka	Emelda	Total
Salaries✓	✓ 60 000		60 000
Interest on loans✓	✓ (400)	✓ (640)	(1 040)
Rent expense✓		✓ (3 600)	(3 600)
Total	59 600	(4 240)	✓55 360

(8)

6.4

Two groups:	Types of profit companies
Profit company✓	
	State-owned companies✓✓
Non-profit company✓	
	Private company✓✓
	Personal liability company✓✓
	Public company✓✓

(10)
[40]

QUESTION 7

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
28 FEBRUARY 2023**

	R
Revenue (3 202 640✓ – 24 500 ✓ – 14 000✓)	✓ 3 164 140
Cost of sales (1 816 080✓ – 8 000✓✓)	✓ (1 808 080)
Gross profit	1 356 060
Finance income: 600✓ + 122✓ + 465✓	✓ 1 187
Other income (bad debts recovered 8 830✓ + 560,✓ discount received 18 669. Rent income 66 500✓ – 5 250,✓✓ provision for bad debts adjustment 6 400✓ – 4 456✓✓)	912 53
Distribution costs	
Administration costs (audit fees 15 000, bad debts, 17 500✓ + 2 400,✓✓ consumable stores 35 000, depreciation 80840, directors fees 43 500, discount allowed 11 160, insurance 54 600✓ – 1 000,✓✓ salaries and wages 525 312, trading stock deficit 245 950,✓ + 8 000✓ -8 000✓-228 500✓)	801 762
Other costs	116 143
Finance costs (570✓ + 5 125✓)	✓ 5 695
Profit before tax	✓ ✓ 529 408
Tax expenses (134 500✓ + 5 500✓)	✓ (140 000)
Profit/loss for the period (24 900✓)	✓ (24 900)
Other comprehensive income	-
Total comprehensive income for the period	✓ 360 000

Commented [V14]: Changed Sales to Revenue which is correct wording

Commented [V15]: Added a new row called finance income and took some amount from the comprehensive income

Commented [V16]: Added recovered which was missing

Commented [V17]: Added a new row called finance costs and took some amount from the comprehensive income

[40]

**TOTAL SECTION C: 80
GRAND TOTAL: 200**