



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA

## MARKING GUIDELINE

NATIONAL CERTIFICATE  
NOVEMBER EXAMINATION  
FINANCIAL ACCOUNTING N6

28 NOVEMBER 2016

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**QUESTION 1**

- |     |        |   |          |      |
|-----|--------|---|----------|------|
| 1.1 | 1.1.1  | B |          |      |
|     | 1.1.2  | A |          |      |
|     | 1.1.3  | D |          |      |
|     | 1.1.4  | A |          |      |
|     | 1.1.5  | C |          |      |
|     | 1.1.6  | C |          |      |
|     | 1.1.7  | B |          |      |
|     | 1.1.8  | B |          |      |
|     | 1.1.9  | A |          |      |
|     | 1.1.10 | D |          |      |
|     |        |   | (10 × 2) | (20) |
- 
- |     |        |       |          |      |
|-----|--------|-------|----------|------|
| 1.2 | 1.2.1  | False |          |      |
|     | 1.2.2  | False |          |      |
|     | 1.2.3  | False |          |      |
|     | 1.2.4  | False |          |      |
|     | 1.2.5  | False |          |      |
|     | 1.2.6  | False |          |      |
|     | 1.2.7  | False |          |      |
|     | 1.2.8  | False |          |      |
|     | 1.2.9  | True  |          |      |
|     | 1.2.10 | True  |          |      |
|     |        |       | (10 × 2) | (20) |
- 
- |     |                 |  |         |      |
|-----|-----------------|--|---------|------|
| 1.3 | • Asset –       | When it is probable that economic benefits will flow to the entity<br>The cost or valuation of the asset can be measured reliably                      |         |      |
|     | • Liabilities – | When it is probable that economic benefits will flow from the entity when an obligation is settled. The cost of the liability can be measured reliably |         |      |
|     | • Equity –      | A stock or any other security representing an ownership interest.  |         |      |
|     | • Income –      | When an increase in future economic benefits related to an increase in an asset or decrease of a liability has arisen and can be measured reliably.    |         |      |
|     | • Expenses –    | When a decrease in future economic benefits related to a decrease in an asset or increase of a liability has arisen and can be measured reliably       | (5 × 2) | (10) |

- 1.4 Independent investigation of activities in a business to obtain an overview of activities as a service to the management of the business.  
It is management control of other functions by means of measuring and evaluating the effectiveness of other controls. (5)
- 1.5
- Ensure that only valid transactions are recorded.
  - Ensure that transactions are recorded accurately.
  - All transactions should be fully recorded.
  - Ensure as far as possible that reliable and accurate records of financial reporting are available on time.
  - Ensure that records of all the assets of the business are kept.
  - Identify and manage risks. (Any 5 × 2) (10)
- 1.6
- |       |             |  |
|-------|-------------|--|
| 1.6.1 | Independent |  |
| 1.6.2 | Chief       |  |
| 1.6.3 | Subordinate |  |
| 1.6.4 | Needs       |  |
| 1.6.5 | Management  |  |
- (5 × 1) (5)  
**[70]**

**QUESTION 2**

- |      |       |  |
|------|-------|--|
| 2.1  | R10   |  |
| 2.2  | R1,40 |  |
| 2.3  | R1,40 |  |
| 2.4  | R40   |  |
| 2.5  | R5,6  |  |
| 2.6  | R4,20 |  |
| 2.7  | R60   |  |
| 2.8  | R8,4  |  |
| 2.9  | R2,80 |  |
| 2.10 | R8,40 |  |
- (10 × 2) **[20]**

**QUESTION 3**

- 3.1      3.1.1      **SHARE CAPITAL**  
                          (550 000 – 110 000) 440 000 (440 000 × R1)  
                          440 000  
                          110 000 (110 000 × R1)  
                          110 000  
                          550 000 (9)
- 3.1.2      **LONG-TERM BORROWINGS**  
                          15% loan from ABSA Bank 132 000  
                          Less: Instalment payable within 12 months (24 000 + 24 000)  
                          (48 000)  
                          84 000 (4)
- 3.1.3      **RETAINABLE INCOME**
- |                                  |           |     |
|----------------------------------|-----------|-----|
| Balance at the beginning of year | 189 200   |     |
| Net profit for the year          | 347 600   |     |
| Transfer to general reserve      | (15 400)  |     |
| Dividends (6 600 + 96 800)       | (103 400) |     |
| Balance at the end of the year   | 418 000   | (8) |
- 3.1.4      **CURRENT LIABILITY**      333 560  
                          Trade and other payables (77 000 + 12 760 + 8 800)      98 560  
                          Shareholders for dividends      103 400  
                          Taxation payable (180 400 - 96 800)      83 600  
                          Current portion of long-term borrowings  
                          (24 000 + 24 000)      48 000 (10)
- 3.1.5      **TRADE AND OTHER RECEIVABLES**      147 840  
                          Trade debtors      154 000  
                          Accrued income      1 232  
                          Provision for bad debts      (7 392) (5)
- 3.1.6      **GENERAL RESERVE**      28 600  
                          Balance at the beginning of the year      13 200  
                          Transfer to general reserve      15 400 (3)
- 3.2      Statement of financial positio (2)
- 3.3      • Assets (equipment, vehicles, land and buildings, goodwill, et cetera)  
                  • Equity (capital, reserves (general reserve, revaluation surplus, et cetera  
                  • Liability (long-term loan, debentures, trade creditors, bank overdraft, et  
                  cetera) (3 × 3) (9)  
                  [50]

**QUESTION 4**

4.1

**MABOTJA CC****STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
30 JUNE 2004**

Sales		900 000
Less: Cost of sales		(700 000)
Gross profit		200 000
Other income		4 250
Interest on fixed deposit (3 000 + 750)	3 750	
Interest on loan to member	500	
Operating income		204 250
Less: Expenditure		(95 533)
Accounting officer – salary	2 000	
General expenses	6 000	
Advertising	7 500	
Bad debts (2 000 + 125)	2 125	
Depreciation (3 000 + 500)	3 500	
Rent paid – Muleya (11 000 – 500)	10 500	
Office expense	8 000	
Salaries and wages (25 000 + 113)	25 113	
Salary – Hamese	15 000	
Loss on sale of asset	500	
Travelling expenses	5 500	
Provision for bad debts adjustment	6 994	
Interest on loan by member (250 + 94)	344	
Interest on mortgage bond (2 000 + 458)	2 458	
Net income before tax		108 717
Less: Income tax		(55 000)
Profit for the period		53 717
Other comprehensive income:		15 000
Revaluation surplus	15 000	
Total comprehensive income for the year		68 717

(24)

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4.2

	<b>HAMESE</b>	<b>MULEYA</b>	<b>TOTAL</b>
Rent paid		10 500	10 500
Salary	15 000		15 000
Interest on loan	344	(500)	(156)
	15 344	10 000	25 344

(6)  
[30]**QUESTION 5****SAKO LIMITED****5.1 STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2008**

	<b>NOTE</b>	<b>R</b>	<b>R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from customers	5.2.3	2 940 000	
Cash paid to suppliers and employees		(1 920 000)	
Cash generated from operations	5.2.1	1 020 000	
Dividends received		15 000	
Interest paid		(60 000)	
Taxation paid	5.2.2	(300 000)	
Dividends paid	5.2.2	(270 000)	
Net cash flow from operating activities			<b>405 000</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Replacement of machinery		(90 000)	
Additions to machinery		(60 000)	
Proceeds from sale of land and building		45 000	
Net cash flow from investment activities			<b>(105 000)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from shares issued		300 000	
Long-term loan redeemed/paid		(555 000)	
Net cash flow from financing activities			<b>(255 000)</b>
<b>NET INCREASE IN CASH</b>			<b>45 000</b>
Cash at the beginning of the year			105 000
Cash at the end of the year			150 000

(16)

## 5.2 NOTES TO THE CASH FLOW

5.2.1 RECONCILIATION OF PROFIT BEFORE TAX WITH CASH  
GENERATED FROM OPERATION

Net profit before tax		675 000
Adjustments for:		
Depreciation		75 000
Profit on disposal of land and buildings		(15 000)
Investment income		(15 000)
Interest paid		60 000
Operating profit before working capital changes		780 000
Working capital changes		240 000
Decrease in stock	120 000	
Increase in debtors	(60 000)	
Increase in creditors	180 000	
Cash generated		1 020 000

(8)

## 5.2.2 TAXATION AND DIVIDENDS

	TAXATION	DIVIDENDS
Amounts payable at the beginning of the year	–	(90 000)
Amounts according to the statement of comprehensive income:		
Taxation expense	(300 000)	
Dividends paid and proposed		(300 000)
Amounts payable at the end of the year	–	120 000
	(300 000)	(270 000)

(4)

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## 5.2.3 CASH RECEIVED FROM CUSTOMERS

Turnover		3 000 000
Increase in debtors		(60 000)
		2 940 000

(2)  
[30]

**TOTAL: 200**