higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING
NQF LEVEL 3

(3011003)

18 February 2025 (X-paper)
09:00–12:00

Non-programmable calculators may be used.

This question paper consists of 14 pages and an answer book of 17 pages.

035Q1S2518

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)
APPLIED ACCOUNTING
NQF LEVEL 3
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer all the questions.
2. Read all the questions carefully.
3. Write all the answers in the ANSWER BOOK provided.
4. No pages should be removed from the ANSWER BOOK.
5. Show all calculations.
6. Use the TABLE to guide you in how much time to spend answering each question.
7. Use only black or blue pen. **Not pencil.**
8. Write neatly and legibly.

QUESTIONS	TOPICS	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Multiple choice questions & Short theoretical questions	20	10 minutes
2	Creditors ledger and Calculations	30	20 minutes
3	Calculations	30	35 minutes
SECTION B			
4	Subsidiary journals	60	70 minutes
5	General ledger	20	15 minutes
6	Financial year end & Statements	30	20 minutes
7	Accounting equation	10	10 minutes
	TOTAL	**200**	**180 Minutes**

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SECTION A

QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.5) in the ANSWER BOOK.

1.1.1 A debit balance is increased by a …

A credit entry.
B debit entry.
C debit and credit entry.
D None of the above

1.1.2 A credit balance is decreased by a …

A credit entry.
B debit entry.
C debit and credit entry.
D None of the above

1.1.3 An account with a debit entry of R200 and a credit entry of R50 has a … balance of R150.

A credit
B debit
C debit and credit
D None of the above

1.1.4 The accuracy of entries is tested by a …

A set of accounts in the General Ledger.
B bank statement.
C trial balance.
D cash receipts journal.

1.1.5 Bank statement and suppliers' invoices are …

A external source documents.
B expenses.
C internal source documents.
D None of the above

(5 × 1) (5)

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1.2 Using the information below, indicate the journals in which the following transaction will be entered. Write only the journal next to the question number (1.2.1–1.2.5) in the ANSWER BOOK.

	Transaction	Journal
1.2.1	You purchased inventory on credit	
1.2.2	A client returned inventory purchased on credit	
1.2.3	You sold inventory for cash	
1.2.4	You returned inventory purchased on credit	
1.2.5	You sold inventory on credit	

(5 × 1) (5)

1.3 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

1.3.1 When the total asset of a business exceeds its total liabilities, the business is considered insolvent.

1.3.2 Businesses should always aim to keep operating expenses as a percentage of turnover as high as possible.

1.3.3 The percentage return on owner's equity indicates the owner's return on his investment.

1.3.4 The main reason why operating profit decreases is interest income.

1.3.5 Sales less debtors' allowances less cost of sales is equal to gross profit.

(5 × 1) (5)

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1.4 Complete the following sentences by writing only the missing word words next to the question number (1.4.1–1.4.5) in the ANSWER BOOK.

1.4.1 In the final account … Account is closed off to Capital Account.

1.4.2 Bad debts recovered is recorded in the … Journal.

1.4.3 Trading account is closed to the …. Account when completing closing transfers.

1.4.4 The purpose of trading account is to calculate …

1.4.5 Interest earned from investment increases on the … side of the general ledger account.

(5 × 1) (5)
[20]

QUESTION 2

2.1 Inflation in SA has increased beyond expectations, forcing some businesses to purchase on credit from other suppliers. The following information was extracted from the accounting records of Gqeberha Empire Dealers for November 2023.

REQUIRED:

(a) Open, post and balance the creditors control account in the general ledger of Gqeberha Empire Dealers for November 2023 with an opening balance of R64 144.62. (10)

(b) Draft Creditors' ledger of Gqeberha Empire Dealers. (10)

INFORMATION:

List of balances in the creditors ledger of Gqeberha Empire Dealers, Nov 2023

Creditor	Fol.	Amount
Rhythm City Traders	C1	R13 715. 44
Scandal Dealers.	C2	R13 092. 01
Gomora Pty (Ltd)	C3	R14 338. 87
The Curse Contributors	C4	R22 998. 30

Creditors' Journal of Gqeberha Empire Dealers – November 2023

Doc No	Date	Details	Fol.	Creditors control	VAT input	Trading inventory	Sundry accounts	
							Amount	Details
V1	1	Rhythm City Traders.	C1	37 405.74	4 879.00	32 526.73		
V2	5	Scandal Dealers	C2	34 288.60	4 472.43	29 816.17		
V3	9	Gomora Pty Ltd	C3	617.19	80.50		536.69	Office consumables
V4	13	The Curse contributors	C4	28 054.31	3 659.26	24 395.05		
V5	17	Poppy Dealers	C5	6 153.24	802.60		5 350.64	Equipment
				106 519.08				

Creditors' Allowances Journal of Gqeberha Empire Dealers

Doc No	Date	Details	Fol.	Creditors control	VAT input	Trading inventory	Sundry accounts	
							Amount	Details
Z1	6	Rhythm City Traders.	C1	6 358.98	829.43	5 529.55		
Z2	10	Scandal Dealers	C2	6 171.95	805.04	5 366.91		
Z3	14	Gomora Pty Ltd	C3	80.23	10.46		69.77	Office consumables
Z4	18	The Curse contributors	C4	3 366.52	439.11	2 927.41		
Z5	22	Poppy Dealers	C5	1 107.58	144.47		963.11	Equipment
				17 085.26				

Cash Payments Journal of Gqeberha Empire Dealers

Doc No	Date	Details	Bank	Creditors control	VAT input	Trading inventory	Sundry accounts	
							Amount	Details
N1	1	Cash	7 830.27				7 830.27	Wages
N2	5	CoCT municipality	1 471.29		191.91		1 279.38	Rates
N3	11	Rhythm City Traders	41 628.85	41 628.85				
N4	20	Zodblom	1 321.67		172.39		1 149.28	Telephone
N5	26	Scandal Dealers	2 057.32	2 057.32				
N6	27	Polmex	28 334.85		3 695.85	24 639		
			82 644.25	**43 686.17**				

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General Journal of Gqeberha Empire Dealers.

Doc No	Date	Details	Fol.	Debit	Credit
Y1	11	Creditors control (Rhythm City Traders)	C1	3 133.35	
		VAT output			408.70
		Settlement discount received.			2 724.65
		(Settlement discount of 7%)			
Y2	26	Creditors Control (Scandal Dealers)	C2	39 151.34	
		Debtors control (Scandal Dealers)	D4		39 151.34
		(Balance transferred)			
Y3	31	Interest Paid		476.86	
		Creditors control (The curse contributors)			476.86
		(Interest on overdue account of 12% p.a.)			

2.2 Blawa Traders sells printed T-shirts for R54.50 (incl. VAT) each. The Business purchased plain T-shirts for R20.90 (excl. VAT).

Calculate VAT payable or Receivable and show all calculations. (3)

2.3 The Business buys branded belts from a local supplier and sells them for R1 056 (incl. VAT).

What is the cost price for the branded belt if the mark-up on cost is 30%? (3)

2.4 Differentiate between *VAT payable* and *VAT receivable.* (4)
[30]

QUESTION 3

3.1 Tempts Clothing sells and buys clothes from VAT registered suppliers, the business uses a mark-up on cost of 45%. The owner, Mr Tempt, is requesting your accounting skills to solve some of his concerns.

REQUIRED:
Use the information below extracted from the books of Tempts Clothing to calculate the questions below, show all calculations.

INFORMATION:

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Tempts Clothing
30 November 2023
Cash Register Roll 03

Golf T-shirt	R2 500
Belt	R1 800
Go1f caps	R900
Shorts	R3 800
TOTAL	
15% VAT	
EFT payment	

Slip 58585
VAT No.89895234848

Thank you call again!!!!!

3.1.1 Calculate total sales amount excluding VAT. (2)

3.1.2 Calculate the VAT amount. (2)

3.1.3 Calculate total sales including VAT. (2)

3.1.4 Calculate the cost price for this transaction. (2)

3.1.5 Calculate the profit made. (2)

3.2 The owner Mr Tempt, invested R110 000 at Mix Bank for 12 months. Interest rate on the fixed deposit is calculated at 15% p.a.

3.2.1 Calculate the total interest rate earned at the end of the financial year. (3)

3.2.2 Calculate the total amount after interest earned. (3)

3.3 If Mr. Tempt borrows R30 000 from Mix Bank @ 12% p.a., how much will his interest be? (3)

3.4 On 14 Nov 2023, goods worth R40 000 were damaged by fire. The insurance company agreed to compensate 60% of the claim.

How much will the business settle towards the claim? (3)

3.5 Mr Tempt decided to purchase goods on credit from Lisa Traders for R42 000 and was charged interest of 6% p.a. for 6 months.

How much will he pay in total after adding interest? (3)

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3.6 Mr. Tempt, a debtor who owes Lisa Traders R70 000, was declared insolvent and his insolvent estate paid 60c in the Rand.

How much is his bad debt to Lisa Traders? (3)

3.7 What type of an account is discount allowed and explain One reason for your answer. (2)

[30]

TOTAL SECTION A: 80

SECTION B

QUESTION 4

The Department of Higher Education and Training introduced a 12 month internship for all NC(V) level 3 students. This initiative is to bridge the skills gap and allow them to obtain experience in their field of study. You are placed at Blended Dealers as an intern to assist with the finance books for the year ended in November 2023.

INFORMATION:

Blended Dealers is a registered VAT vendor and trades with other VAT vendors that are able to supply them with valid tax invoices. VAT is applicable at 15% unless stated otherwise. The business uses a perpetual stock/inventory system and a mark-up of 40% mark up on cost price.

REQUIRED:

Use the information below to enter the transactions in the following subsidiary journals:

ROUND OFF ALL THE AMOUNTS TO TWO DECIMALS.

DO NOT BALANCE THE JOURNALS

4.1 Cash Receipts Journal (15)

4.2 Cash payments Journal (16)

4.3 Debtors Journal (8)

4.4 Debtors Allowances Journal (3)

4.5 Creditors Journal (9)

4.6 Creditors Allowances Journals (3)

4.7 General Journal (6)

[60]

Transactions for November 2023:

DATE	DETAILS
1.	Received invoice INV.0125 for R15 385 from AJAX Ltd in respect of trading inventory bought on credit.
4.	Issued debit note DN01 to AJAX Ltd for trading inventory returned, R3 239.90.
5.	Drew cheque CC860 for petty cash, R11 765.65.
7.	M. Solomons, the owner, deposited R10 850 into the business current account as additional capital contribution. Receipt 01 issued.
9.	Purchased merchandise for R7 548.60 and packing materials for R615.40 from Pickmore Distributors, Issued cheque CC861.
	Stationery purchased for R4 250 cash from Best Read Stationers, issued cheque CC862.
10.	Sold goods on credit to T Tandai R9 900, issued invoice DSI20.
12.	Cash sales as per cash register roll CRR01 for R8 600.
13.	T Tandai returned goods because it was a wrong order, R4 400 credit note CN 0245.
14.	J. Jantjies, a debtor, made an EFT transaction for R9 014.70 in payment of his account of R9 390,30. Issued receipt 02.
15.	Made an EFT transaction to Bhejula Motors for a vehicle bought, R160 000 (VAT exclusive).
17.	Bought trading inventory from Khoki Traders on credit for R55 800 and received INV 0126.
19.	Credit sales to Tummers, R17 200 (VAT exclusive) invoice DSI21 issued.
20.	Received commission from the Flower Co, R14 087, Receipt 03.
26.	Received R3 700 from Bhejula Motors, a creditor, as a refund for an over payment made to them in October 2023. Issued receipt 04.
27.	Received R8 050 from T. Huma, a debtor whose account was previously written off, receipt 05 issued..
28.	Write off the account of Northern Hotels as irrecoverable, R5 112.24, JV 01. **(Ignore VAT)**
	Paid R4 009.95 to Coastal Cheers in full payment of our account of R4 221. Issued cheque CC863
	Hlumisa Suppliers supplied the business with equipment worth R 77 400 together with invoice INV 0127

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31. The bank statement received from Bidv. Bank revealed the following that still has to be recorded in the Cash Journals:

- Service fees, R650
- Credit card levy, R450
- Cash handling fees, R890
- Interest on an unfavourable bank balance, R1 460.

QUESTION 5

The information provided below is taken from the books of Bomber Traders for the month of November 2023, end of the financial year.

The opening balances/totals on the 1 November 2023 were as follows:

Land and Buildings	800 000	00
Vehicles	620 000	00
Trading stock	120 000	00
Cost of sales	46 890	00
Repairs	19 000	00

Additional information

Land and buildings:

- On 11th November 2023, paid R68 800 to Ademy Constructions for the repairs to the roof, R13 800 and extension to storeroom, R55 000.

Vehicles:

- On 13th November 2023, a new delivery vehicle was bought on credit from Sharp Motors, R180 000.

Trading stock:

- On 15th November 2023, trading stock was bought for cash from BMF Suppliers, R27 895
- On 17th November 2023, goods to the value of R33 560 (mark-up 25% on cost) were sold on credit
- On 19th November 2023, bought merchandise for R29 345 on credit from Super D. Stores
- On 21st November 2023, a customer returned goods with the cost price of R3 020.
- On 24th November 2023, returned damaged goods to Super D. Stores, R3 555
- 26th November 2023, goods sold for cash, R23 990 (cost of sales, R16 545)
- 29th November 2023, stationery bought for cash, R1 975 was wrongly debited to trading stock account.

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REQUIRED:

Use the information given to prepare the Ledger Accounts. Do not balance the accounts.

5.1	Land & buildings	(2)
5.2	Vehicles	(2)
5.3	Trading stock	(8)
5.4	Cost of sales (Close off)	(6)
5.5	Repairs	(2)
		[20]

QUESTION 6

The following Pre-Adjustment Trial Balance was extracted from the books of Deal or No Deal for the year ended November 2023.

Pre adjustment of Deal or No Deal Traders November 2023

	FOL	DEBIT		CREDIT	
BALANCE SHEET ACCOUNTS SECTION		**R**		**R**	
Capital	B1			280 000	00
Drawings	B2	67 000	00		
Land and Buildings	B3	183 920	00		
Equipment	B4	88 000	00		
Trading stock	B5	56 000	00		
Bank	B6			10 000	00
Cash float	B7	500	00		
Debtors control	B8	64 000	00		
Creditors control	B9			120 000	00
Loan: Aneta Bank (10%)	B10			68 000	00

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NOMINAL ACCOUNTS SECTION					
Sales	N1			218 000	00
Cost of sales	N2	120 400	00		
Water and electricity	N4	36 500	00		
Salaries	N5	58 430	00		
Packaging material	N6	7 800	00		
Interest received	N8			8 200	00
Advertising	N10	14 200	00		
Bank charges	N11	1 250	00		
Insurance	N12	44 000	00		
Rent income	N14			37 800	00
		742 000	**00**	**742 000**	**00**

REQUIRED:

Use the information of Deal or No Deal Traders provided to complete the following:

6.1 Income statement (15)

6.2 Notes to the balance sheet (5)

6.3 Balance Sheet (10)
[30]

QUESTION 7

The following information was taken from the books of Sport Stationers November 2023.

INFORMATION:

The business uses a **mark-up of 30%** on the cost price.
Owner contributed R100 000 into the bank account as Capital.

No	Source document	GENERAL LEDGER		Assets	Owner's Equity	Liabilities
		DEBTORS CONTROL				
		Debit	Credit			
E.g	Receipt 001	Bank	Capital	+ 100 000	+ 100 000	0

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REQUIRED:

Use the transactions below to show the influence on the accounting equation in the ANSWER BOOK. Show the increase with +, decrease with -, and no effect with 0. Indicate the origin of the transactions by means of the correct source document and number.

NOTE: Ignore VAT for this question.

Transactions November 2023:

7.1 Credit sales of goods for R11 040. Mark up on cost 30% invoice BV1. (6)

7.2 N Ndzuzo who owes R8 000 had been declared insolvent. Her insolvent estate paid 40% in the rand and this amount has been recorded properly.

Write off the balance as irrecoverable, journal voucher BV2 was issued. (4)
[10]

TOTAL SECTION B 120
GRAND TOTAL 200

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