higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

# NATIONAL CERTIFICATE (VOCATIONAL)

# APPLIED ACCOUNTING

(First paper)

**NQF LEVEL 4**

(3011004)

**28 November 2024 (X-paper)**
**09:00–12:00**

**Nonprogrammable calculators may be used.**

**This question paper consists of 12 pages and an answer book of 13 pages.**

549Q1N2428

Copyright reserved

# DEPARTMENT OF HIGHER EDUCATION AND TRAINING
# REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)
APPLIED ACCOUNTING
NQF LEVEL 4
(First paper)
TIME: 3 HOURS
MARKS: 200

---

**INSTRUCTIONS AND INFORMATION**

1. Answer all the questions in the ANSWER BOOK provided.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Do not remove any pages from the ANSWER BOOK.
5. Show all calculations.
6. Use the table below to guide you on how much time to spend answering each question.
7. Use only a black or blue pen.
8. Write neatly and legibly.

| QUESTIONS | TOPICS | MARKS | RECOMMENDED TIME GUIDE |
|---|---|---|---|
| **SECTION A** | | | |
| 1 | Short questions | 30 | 27 minutes |
| 2 | Calculation questions | 30 | 27 minutes |
| **SECTION B** | | | |
| 3 | Adjustments | 40 | 36 minutes |
| 4 | Profit and loss calculations | 30 | 27 minutes |
| 5 | Financial statements | 50 | 45 minutes |
| 6 | Influence on accounting equation | 20 | 18 minutes |
| | **TOTAL** | **200** | **180 minutes** |

---

Copyright reserved 

## 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 The provision for bad debts adjustment is closed off to the … account at the end of the year.

A profit and loss
B capital
C trading
D sales

1.1.2 The following are the correct steps in the accounting cycle:

1. Prepare the financial statements.
2. Extract a trial balance.
3. Record transactions in source documents.
4. Post from journals to ledger accounts.
5. Record source documents in the appropriate subsidiary journals.

Which ONE of the following represents the correct sequence of the steps in the accounting cycle?

A 5, 4, 3, 2, 1
B 3, 1, 4, 2, 5
C 3, 5, 4, 2, 1
D 4, 1, 3, 5, 2

1.1.3 The following information appeared in the trial balance of Beauty Buzz on 31 December 2023:

| | |
|---|---|
| Trading stock | R147 850 |

Additional information:

- According to the physical stocktake on 31 December 2023, the trading stock amounted to R147 250.

Which account in the income statement will be affected by this adjustment?

A Trading stock
B Trading stock surplus
C Inventory on hand
D Trading stock deficit

Copyright reserved 

1.1.4 Refer to the information in QUESTION 1.1.3.

Which amount will be recorded in the income statement?

A R147 850
B R600
C R147 250
D R295 100

1.1.5 Refer to the information in QUESTION 1.1.3.

Which amount will be recorded in the inventory note in the balance sheet?

A R147 850
B R600
C R147 250
D R295 100

(5 × 1) (5)

1.2 The following information was extracted from the post-adjustment trial balance of Shalala Traders for the year ended 31 January 2024.

| | |
|---|---|
| Sales | ? |
| Sales returns | R2 000 |
| Cost of sales | R800 000 |
| Gross profit | R300 000 |
| Other income | R65 400 |
| Net profit | R128 400 |

Credit sales is 60% of the net sales of the business.

1.2.1 Calculate the total net sales for the year. (3)

1.2.2 Calculate the credit sales for the year. (2)

1.2.3 Journalise the closing transfer of the sales account at the end of the financial year. (3)

1.2.4 Explain to the junior accountant why it is important for a business to maintain a net profit. (2)

1.3 The following information was extracted from the books of Toys Zone on 31 December 2023, the end of the financial year:

| | |
|---|---|
| Debtors' control (01/01/2023) | R22 556 |
| Debtors' control (31/12/2023) | R37 452 |
| Receipts issued to debtors | ? |
| Sales (80% of the sales are cash) | R245 800 |
| Sales returns (60% of the returns are for credit sales) | R3 451 |

**Additional information:**

- A cheque received from debtor Dizzy Doll for R2 000 was returned by the bank marked R/D.
- An invoice of R5 000 for goods sold on credit was not recorded in the relevant journal. Record this entry separately.
- Interest is charged on all overdue accounts. Interest amounted to R960.

1.3.1 Complete and close off the debtors' control account in the general ledger at the end of the financial year. Round off your answers to the nearest Rand. (12)

1.3.2 Journalise the interest charged on all overdue accounts at the end of the financial year. Do not show any narrations. (3)

**[30]**

**QUESTION 2**

2.1 The following information was extracted from the pre-adjustment trial balance of Zipline Champs on 31 March 2024, the last day of its financial year:

| | |
|---|---|
| Equipment | R362 450 |
| Accumulated depreciation on equipment | R68 500 |

**Additional information:**

- New zipline equipment (lanyards and trolleys) were purchased cash for R42 450 on 30 November 2023 and not recorded in the books of the business.
- Depreciation on equipment is provided for at 15% p.a. on the diminishing-balance method.

The business requested a quote for new equipment. The quote of R24 500 was received on 31 March 2024 but the order was not placed.

2.1.1 Calculate the depreciation that will be recorded in the income statement on 31 March 2024. Round off answers to the nearest Rand. (8)

2.1.2 Which type of account is depreciation? (1)

Copyright reserved 

2.1.3 In which section in the balance sheet will the accumulated depreciation account appear?. Please mention the actual subsection. (1)

2.1.4 Which amount will be recorded as the net carrying amount for equipment in the balance sheet on 31 March 2024? (3)

2.2 The following information was extracted from the pre-adjustment trial balance of Exquisite Bridal Gowns on 29 February 2024, the last day of the financial year:

| | |
|---|---|
| Bank charges | R3 770 |

Additional information:

- Internet banking fees for the month amounted to R400. This was reflected on the bank statement but not recorded in the books.
- The bank did a reversal of R75 for tax levy, which was charged twice in the business bank account. No entry was recorded for the reversal.
- A cash deposit fee of R975 is still outstanding and not reflecting on the bank statement.

2.2.1 Complete and close off the bank charges general ledger account at the end of the financial year, 29 February 2024. (10)

2.2.2 In which financial statement will the total bank charges be recorded? (1)

2.2.3 In which section of the balance sheet will the outstanding cash deposit fee be recorded? Please mention the actual subsection. (1)

2.2.4 Bank charges (decreases/increases) the owners' equity account of the business. (1)

2.2.5 What effect does bank charges have on the gross profit of the business? (1)

2.2.6 What effect does bank charges have on the net profit of the business? (1)

2.2.7 Briefly explain the difference between *gross profit* and *net profit*. (2)
**[30]**

**TOTAL SECTION A: 60**

## SECTION B

## QUESTION 3

The following pre-adjustment trial balance was extracted from the records of Bina's Souvenirs on 31 December 2023, the last day of the financial year.

**PRE-ADJUSTMENT TRIAL BALANCE OF BINA'S SOUVENIRS - 31 DECEMBER 2023**

| | FOL. | DEBIT | | CREDIT | |
|---|---|---|---|---|---|
| *Balance sheet account section* | | | | | |
| Capital (1 January 2023) | B1 | | | 270 000 | 00 |
| Drawings | B2 | 32 400 | 00 | | |
| Land and buildings | B3 | 128 600 | 00 | | |
| Equipment | B4 | 29 700 | 00 | | |
| Accumulated depreciation on equipment | B5 | | | 4 400 | 00 |
| Vehicles | B6 | 189 570 | 00 | | |
| Accumulated depreciation on vehicles | B7 | | | 23 440 | 00 |
| Fixed deposit: Thai Bank (10%) | B8 | 50 000 | 00 | | |
| Trading stock | B9 | 98 750 | 00 | | |
| Bank | B10 | 40 200 | 00 | | |
| Petty cash | B11 | 2 000 | 00 | | |
| Cash float | B12 | 1 200 | 00 | | |
| Debtors' control | B13 | 25 500 | 00 | | |
| Loan: Kathu Bank (13%) | B14 | | | 75 000 | 00 |
| Provision for bad debts | B15 | | | 1 470 | 00 |
| Creditors' control | B16 | | | 32 350 | 00 |
| *Nominal accounts section* | | | | | |
| Sales | N1 | | | 425 000 | 00 |
| Cost of sales | N2 | 137 400 | 00 | | |
| Debtors' allowances | N3 | 1 250 | 00 | | |
| Advertising | N4 | 6 740 | 00 | | |
| Commission received | N5 | | | 47 200 | 00 |
| Computer expenses | N6 | 3 860 | 00 | | |
| Donations | N7 | 4 250 | 00 | | |
| Interest on fixed deposit | N8 | | | 5 000 | 00 |
| Interest on loan | N9 | 7 500 | 00 | | |
| Printing and stationery | N10 | 1 980 | 00 | | |
| Repairs and maintenance | N11 | 4 660 | 00 | | |
| Salaries and wages | N12 | 56 900 | 00 | | |
| Telephone and fax | N13 | 24 500 | 00 | | |
| Water and electricity | N14 | 36 900 | 00 | | |
| | | 883 860 | 00 | 883 860 | 00 |

**ADJUSTMENTS:**

1. Depreciation on vehicles and equipment is provided for as follows:

   1.1 Vehicles at 12% per annum on the diminishing-balance method

   1.2 Equipment at 10% per annum on the straight-line method. Take into account that a new electronic advertising board was purchased on 31 July 2023 for R27 000. This entry has already been recorded in the books of the business.

2. Jua Ching was paid commission of 10% on all bags sold and 5% commission on all other accessories sold. He sold the following for the month:

| ITEMS SOLD | TOTAL SALES |
|---|---|
| Sling bags | R4 750 |
| Beach bags | R9 200 |
| Personalised bracelets | R3 700 |
| African beads | R1 750 |

   No entry for Jua Ching's commission was made in the books of the business.

3. A physical stocktaking on 31 December 2023 revealed the following on hand:

   - Trading stock R97 000
   - Stationery R400

4. A debtor, A. Ziqubu, vanished and cannot be traced. He owes the business R4 000 and is now declared insolvent. Forty percent of his debt was not received from his estate and must be written off as irrecoverable. The balance was received. No entry was recorded with regard to these transactions.

5. Adjust the provision for bad debts to 5% of debtors.

6. The owner, Mr Bina, took R2 500 from the business bank account for personal use. The bookkeeper recorded this transaction as salaries. Correct the error.

REQUIRED:

Record the adjustments in the general journal of Bina's Souvenirs on 31 December 2023. Narrations are not required. Round off answers to the nearest Rand. Where applicable, show all workings in the answer sheet. **[40]**

Copyright reserved 

## QUESTION 4

The following post-adjustment trial balance appeared in the books of Jungcelon Traders on 31 December 2023, the last day of the financial year.

**POST-ADJUSTMENT TRIAL BALANCE OF JUNGCELON TRADERS ON 31 DECEMBER 2023**

| | FOL | DEBIT | | CREDIT | |
|---|---|---|---|---|---|
| *Balance sheet account section* | | | | | |
| Capital (1 January 2023) | B1 | | | 270 000 | 00 |
| Drawings | B2 | 20 470 | 00 | | |
| Equipment | B3 | 74 800 | 00 | | |
| Accumulated depreciation on equipment | | | | 15 160 | 00 |
| Vehicles | B4 | 268 400 | 00 | | |
| Accumulated depreciation on vehicles | B5 | | | 40 200 | 00 |
| Fixed Deposit: Kamala Bank (8%) | B6 | 300 000 | 00 | | |
| Trading stock | B7 | 49 760 | 00 | | |
| Bank | B8 | | | 14 040 | 00 |
| Petty cash | B9 | 1 875 | 00 | | |
| Debtors' control | B10 | 71 050 | 00 | | |
| Prepaid expense: Auditing fees | B11 | 3 405 | 00 | | |
| Loan: VIA Bank (12%) | B12 | | | 75 000 | 00 |
| Accrued expense: Legal fees | B13 | | | 2 450 | 00 |
| Creditors' control | B14 | | | 33 560 | 00 |
| *Nominal accounts section* | | | | | |
| Sales | N1 | | | 644 470 | 00 |
| Debtors' allowances | N2 | 2 470 | 00 | | |
| Cost of sales | N3 | 204 405 | 00 | | |
| Auditing fees | N4 | 21 400 | 00 | | |
| Cellular expense | N5 | 5 680 | 00 | | |
| Depreciation: Equipment | N6 | 8 805 | 00 | | |
| Depreciation: Motor vehicle | N7 | 12 050 | 00 | | |
| Interest on fixed deposit | N8 | | | 10 000 | 00 |
| Interest on loan | N9 | 9 000 | 00 | | |
| Legal fees | N10 | 12 640 | 00 | | |
| Rent income | N11 | | | 36 000 | 00 |
| Subscriptions | N12 | 4 800 | 00 | | |
| Sundry expense | N13 | 3 970 | 00 | | |
| Wages | N14 | 40 700 | 00 | | |
| Water and electricity | N15 | 25 200 | 00 | | |
| | | 1 140 880 | 00 | 1 140 880 | 00 |

Open the following accounts in the general ledger of Jungcelon Traders and post the closing transfers to them. Balance/Close off the accounts on 31 December 2023. Round off answers to the nearest Rand.

Copyright reserved 

| | | |
|---|---|---|
| 4.1 | Capital | (5) |
| 4.2 | Interest on fixed deposit | (2) |
| 4.3 | Sales | (4) |
| 4.4 | Depreciation | (3) |
| 4.5 | Profit and loss account (show all workings where necessary) | (16) |
| | | **[30]** |

**QUESTION 5**

**PRE-ADJUSTMENT TRIAL BALANCE OF FANTASEA STORES ON 29 FEBRUARY 2024**

| | FOL. | DEBIT | | CREDIT | |
|---|---|---|---|---|---|
| *Balance sheet account section* | | | | | |
| Capital (1 March 2023) | B1 | | | 550 000 | 00 |
| Drawings | B2 | 30 200 | 00 | | |
| Fixed deposit: Phi Phi Bank (9%) | B3 | 250 000 | 00 | | |
| Land and buildings | B4 | 175 000 | 00 | | |
| Vehicles | B5 | 180 000 | 00 | | |
| Accumulated depreciation on vehicles | B6 | | | 43 500 | 00 |
| Equipment | B7 | 74 500 | 00 | | |
| Accumulated depreciation on equipment | B8 | | | 23 400 | 00 |
| Trading stock | B9 | 67 800 | 00 | | |
| Bank | B10 | 33 250 | 00 | | |
| Petty cash | B11 | 400 | 00 | | |
| Debtors' control | B12 | 24 960 | 00 | | |
| Creditors' control | B13 | | | 44 450 | 00 |
| *Nominal accounts section* | | | | | |
| Sales | N1 | | | 823 388 | 00 |
| Cost of sales | N2 | 350 000 | 00 | | |
| Debtors' allowances | N3 | 2 490 | 00 | | |
| Accounting fees | N4 | 33 728 | 00 | | |
| Bad debts | N5 | 4 880 | 00 | | |
| Bad debts recovered | N6 | | | 9 978 | 00 |
| Discount received | N7 | | | 3 400 | 00 |
| Insurance | N8 | 34 760 | 00 | | |
| Interest on fixed deposit | N9 | | | 16 460 | 00 |
| Printing and stationery | N10 | 5 470 | 00 | | |
| Property taxes | N11 | 21 440 | 00 | | |
| Rent expense | N12 | 56 000 | 00 | | |
| Salaries and wages | N13 | 76 450 | 00 | | |
| Staff training | N14 | 13 000 | 00 | | |
| Water and electricity | N15 | 80 248 | 00 | | |
| | | 1 514 576 | 00 | 1 514 576 | 00 |

Copyright reserved 

**ADJUSTMENTS:**

1. Khulisa Academy was outsourced on 1 March 2023 to train new employees on a monthly basis on HR matters. Khulisa Academy was paid for 13 months for staff training. This is the only company that trains Fantasea Stores employees.

2. The owner, F. Fanta, increased his capital by 12% on the last day of the financial year. This entry has not yet been recorded in the books of the business.

3. Depreciation on vehicles and equipment is provided for as follows:

   - Vehicles at 11% per annum on the diminishing-balance method
   - Equipment at 10% per annum on the cost-price method

4. A physical stocktaking on 29 February 2024 revealed the following on hand:

   - Trading stock: R48 000
   - Printing and stationery: R1 000

5. Write off the debt of S. Santa for R775 as irrecoverable.

6. Create a provision for bad debts at 4% of debtors.

7. Adjust the interest on fixed deposit. The fixed deposit was made on 1 May 2019. The owner invested another R40 000 into the fixed deposit on the 1 February 2024 (this entry has not yet been recorded in the books of the business).

Use the information that was extracted from the books of Fantasea Stores on 29 February 2024, its financial year end, to prepare the following:

5.1 Income statement for the year ended on 29 February 2024 (26)

5.2 Balance sheet as at 29 February 2024 showing only the notes required in the ANSWER BOOK

**NOTE:** Show all workings in brackets where applicable. Round off answers to the nearest Rand. (24)

**[50]**

**QUESTION 6**

Analyse the transactions from the books of BJ City and Island Tours on 31 July 2023, the last day of the financial year.

Show the account to be debited and the account to be credited in the general ledger. Show the effects on the elements of the accounting equation. Show an increase with +, a decrease with – and no effect with 0.

Use the table in the ANSWER BOOK to analyse the transactions.

Copyright reserved 

EXAMPLE:

*Paid SAAD Stationers for stationery by EFT, R400*

| Number | General ledger | | Effect on the accounting equation | | |
|---|---|---|---|---|---|
| | Account debited | Account credited | Assets | Owners' equity | Liabilities |
| *Example* | *Stationery* | *Bank* | *- 400* | *- 400* | *0* |

BJ City and Island Tours offer the following tours for local and international tourists:

| Tours offered | Sales per person | Cost of sales per person |
|---|---|---|
| Robin Island full-day tour | R2 750 | R1 675 |
| Table Mountain and VNA Waterfront | R1 050 | R640 |
| City tour | R995 | R305 |
| Tygerberg Zoo and Botanical Gardens | R1345 | R720 |
| Camps Bay visit with snorkelling | R1 770 | R880 |

6.1 The business recorded the following cash sales for the year:

| Tours offered | Ticket sales per person | Number of people booked the tour |
|---|---|---|
| Robin Island full-day tour | R2 750 | 210 |
| Table Mountain and VNA Waterfront | R1 050 | 260 |
| City tour | R995 | 200 |
| Tygerberg Zoo and Botanical Gardens | R1 345 | 170 |
| Camps Bay visit with snorkelling | R1 770 | 150 |

Show the effect of the cash sales on the accounting equation. (4)

6.2 The owner and his four family members went for a city tour on 31 July 2023 and paid for the tour through the business bank account. (4)

6.3 Purchased a new city luxury liner tour bus on credit from Stucky Motors Cape Town for R967 000. (4)

6.4 Paid DV Advertising R 5 000 for advertising. This transaction was incorrectly posted to the printing and stationery account. Correct this error. (4)

6.5 The business pays R10 000 monthly for repairs and maintenance done on all boats and buses. Included in the amount paid were the instalments for August and September 2023.Record the adjustment only. (4)

**[20]**

**TOTAL SECTION B: 140**
**GRAND TOTAL: 200**

Copyright reserved