higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING
NQF LEVEL 3

(3011003)

6 December 2023 (X-paper)
09:00–12:00

Non-programmable calculators may be used.

This question paper consists of 13 pages and an answer book of 19 pages.

563Q1N2306

Copyright reserved

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 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. No pages should be removed from the ANSWER BOOK.
5. Show all calculations.
5. Use the table below to guide you on how much time to spend on answering each question.
6. Use only a black or a blue pen.
7. Write neatly and legibly.

QUESTIONS	TOPICS	MARKS	RECOMMENDED TIME
SECTION A			
1	Multiple-choice and short theoretical questions	20	18 minutes
2	VAT calculations and trial balance	30	27 minutes
3	Creditors control and calculations	30	27 minutes
SECTION B			
4	Subsidiary journals	60	54 minutes
5	General ledger	20	18 minutes
6	Financial year-end and statements	30	27 minutes
7	Accounting equation	10	9 minutes
	TOTAL	**200**	**180 minutes**

Copyright reserved

SECTION A

QUESTION 1

1.1 You are a bookkeeper for Bike Traders, a retail business that uses a mark-up of 25% on cost. The management approached you to answer a few questions related to the Debtors Control account. Study the account below and choose the correct answer (A−D) for each question. Write only the letter next to the question number (1.1.1–1.1.5) in the ANSWER BOOK.

DR				**Debtors Control**						**CR**
2022						2022				
May	1	Balance	b/d	5 000		May	31	???	CRJ	30 000
	31	Sales	DJ	45 000				Debtors allowances	DAJ	1 000
		Bank	???	2 500				Journal credit	GJ	750
		Journal debits	GJ	600				Balance	c/d	???

1.1.1 The contra account/(s) for the credit entry of R30 000 is/are:

A Bank.
B Bank and discount allowed
C Total receipts
D Bank and discount received.

1.1.2 The folio reference for the debit entry of R2 500 is:

A CPJ
B CRJ
C DAJ
D GJ

1.1.3 The cost price of total stock sold to debtors in the month of May 2022 is:

A R36 000
B R56 250
C R33 750
D R54 000

Copyright reserved

1.1.4 The source document for the credit entry of R1 000 is:

A Debit note
B Credit note
C Invoice
D Internal office memo

1.1.5 Calculate the balance c/d on 31 May 2022 for this contra account

A 20 530
B 53 100
C 21 350
D 32 750

(5 × 1) (5)

1.2 Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A–H) next to the question number (1.2.1–1.2.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Owner's contribution to start up a business	A	trial balance
1.2.2	List of balances from the general ledger accounts contained in the ledger of a business	B	creditors
1.2.3	Subsidiary journal used for cash purchases	C	debtors
1.2.4	Outsiders owed money by the business for stock purchased	D	source documents
1.2.5	… are used to prepare subsidiary journals	E	capital
		F	cash payments journal
		G	duplicate debit note
		H	cash receipts journal

(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 The three categories of supplies that can be made by a VAT vendor are standard-rated, zero-rated and exempt supplies.

1.3.2 Tax avoidance is illegal and punishable by law.

1.3.3 Output VAT is VAT collected from customers.

Copyright reserved

1.3.4 Input VAT is VAT paid when goods and services are purchased by the business.

1.3.5 Fees payable for education is an example of VAT-exempted goods or services.

(5 × 1) (5)

1.4 Give a word or term for each of the following descriptions. Write only the word or term next to the question number (1.4.1–1.4.5) in the ANSWER BOOK.

1.4.1 This statement is used to calculate the profit or loss of the business.

1.4.2 An official document that summarises the bank account activities of the business over a certain period of time.

1.4.3 Sales less cost of sales equals … .

1.4.4 Issued when goods are sold on credit.

1.4.5 Reflects the net worth of a business.

(5 × 1) (5)
[20]

QUESTION 2

2.1 Bagobe won a lump sum of money from his TikTok content and started a business called Gobs Traders. He asked you to assist his business with VAT calculations because of his advocacy for Youth Employment.

REQUIRED:
Use the information below to calculate the missing figures (2.1.1–2.1.14) in the table below and write your answers in the ANSWER BOOK. Show all calculations and calculate VAT where applicable. Round off answers to 2 decimals.

No.	Total amount paid to suppliers	Input VAT	Gobs Traders' actual cost price	Mark-up on cost %	Gobs Traders' actual selling price	Output VAT	Total amount received from customers
1.	1375,40	**2.1.1**	1 196	50%	1 794	**2.1.2**	2 063,10
2.	3 648	**2.1.3**	**2.1.4**	25%	**2.1.5**	**2.1.6**	**2.1.7**
3.		**2.1.8**	**2.1.9**	20%	3 600	**2.1.10**	**2.1.11**
4.		52,17	**2.1.12**	10%	**2.1.13**	**2.1.14**	440

(20)

2. 2 Stage 4 load shedding affected Gobs Traders financially. The business was forced to retrench its highly qualified accountant. Your TVET college has placed you as an NC(V) Level 3 student at Gobs Traders to complete your WBE. The trial balance for the year ended 30 June 2022 was incorrect.

REQUIRED
Use the trial balance template in the ANSWER BOOK to correct all errors. Clearly label the Balance Sheet and Nominal Account sections.

INFORMATION:

	DEBIT	CREDIT
BALANCE SHEET SECTION		
Capital	121 200	
Drawings	4 850	
Loan (Tyme bank)		16 360
Wages	23 260	
Fixed deposit		30 000
Services rendered	77 520	
Discount allowed		14 560
NOMINAL ACCOUNT SECTION		
Machinery		54 500
Donations		5 000
Bank	85 000	
Rent income	2 490	
Interest on bank overdraft		400

(10)
[30]

QUESTION 3

The current recession in South Africa forced many businesses to buy on credit. You are provided with information relating to Central Traders on 31 October 2022:

REQUIRED:

3.1 Use the information below to rewrite the correct Creditors Control account on 31 October 2022. As the bookkeeper of Central Traders, you need to rectify errors in the business' Creditors' control account for October 2022 taking into account the additional information (a – e) given below.
Balance this account. (13)

3.2 Prepare an updated CREDITORS LIST on 31 October 2022. (7)

INFORMATION:

The following creditors control account and creditors list were prepared by an inexperienced bookkeeper in the books of Central Traders.

DR	CREDITORS CONTROL						CR
2022 Oct 1	Balance	b/d	54 750	2022 Oct 31	Bank	CPJ	40 000
31	Sundry accounts	CJ	49 800		Discount received	CPJ	750
	Bank	CRJ	1 100		Sundry accounts	CAJ	1 200
	Journal debits	GJ	290		Journal credits	GJ	670
					Balance	c/d	63 320
			105 940				**105 940**
Nov 2022 1	Balance	b/d	63 320				

The creditors list reflects the following balances before corrections:

Details	Amounts
Buhle Limited	31 700
Teddy Traders	13 550
Nthati Distributors	7 800
Gomora Dealers	11 500
	64 550

ADDITIONAL INFORMATION:

The following information was not considered when the journals were prepared:

(a) An invoice for stock purchased on credit on 26 October 2022 from Buhle Limited was not recorded. The invoice reflected the cost price of R3 400.

(b) There is an additional error in the subsidiary ledger account of Teddy Traders. Their balance was undercast by R750.

(c) Gomora Dealers granted a cash discount of R450. This was incorrectly recorded in the CPJ as R250.

(d) An amount of R210 in the creditors allowances journal for October 2022 was inadvertently posted to the wrong side of the creditor Nthati Distributors' account.

(e) Goods to the value of R800 were returned to Buhle Limited. The entry was correctly recorded in the creditors allowances journal. It was not posted to the creditor's account.

3.3 On 1 June 2022 Mzansi started a business and obtained a loan of R60 000 from FNB. This loan is payable in 20 monthly instalments, starting 1 July 2022 and each instalment is paid at the end of the month at an interest rate of 9% per annum on the outstanding balance.

Calculate the following:

3.3.1 The interest on the loan payable on 1 July 2022 (3)

3.3.2 The instalment payable on 1 July 2022 (3)

3.3.3 A business purchased stock from Hamilton Merchants for R760. If the business receives a 15% trade discount and a 3% discount for early payment, calculate the discount received for early payment. Round off answers to 2 decimals. (4)

[30]

TOTAL SECTION A: 80

Copyright reserved

SECTION B

QUESTION 4

A major petrol price hike at the beginning of 2022 left many businesses in havoc and many consumers struggling financially. You are the bookkeeper of Chetty Traders, a registered VAT vendor, and trades only with registered VAT vendors. All transactions include VAT of 15% where applicable. As the bookkeeper, you have been provided with the following list of transactions that took place in the business throughout the month of March 2022.

REQUIRED:

Use the information below to complete the following journals. The business uses a 50% mark-up on the cost price. Round off all amounts to the nearest rand.

NOTE: Narrations are required in the general journal.

4.1	Cash receipts journal	(15)
4.2	Cash payments journal	(19)
4.3	Debtors journal	(8)
4.4	Debtors allowances journal	(4)
4.5	Creditors journal	(6)
4.6	Creditors allowances journal	(2)
4.7	General journal	(6)
		[60]

DATE	DETAILS
1.	The owner, B Chetty, increased his capital contribution by R60 000, Rec 01.
2.	Made EFT 07 to N Msimango in payment of his salary of R13 000.
4.	Bank statement received from FNB Bank reflected the following charges: Service fees – R900 Electronic transfer charges R595 Cash deposit fees: R420 Interest on overdraft: R4 500
5.	Goods sold for cash according to cash register roll CRR 01, R15 500 VAT inclusive.
8.	Cash sales according to cash register roll no. 02 amounted to R18 600 excluding VAT (cost of sales R14 880).
9.	Issued cheque no. 22 for R1 365 including VAT to Telkom to pay for the business telephone account.
9.	Sold merchandise on credit to T Radu, R3 600 VAT exclusive. Invoice 1.
10.	Bought trading stock/inventory from Ammo Wholesalers for R19 300 VAT exclusive. Issued cheque no. 23.
11.	The owner took goods for personal use, R2 400 (selling price exclusive of VAT). JV 01.
11.	Cash sales according to the cash register roll no. 03 amounted to R25 000 including VAT.
12.	Issued credit note no. CN 01 to T Radu for R940 excluding VAT (cost of sales R627).
14.	Purchase a vehicle per cheque 24, R150 000 from Zot Motors VAT inclusive.
15.	Bought trading stock on credit from Sassy Wholesalers for R17 450 including VAT and received invoice no. 103.
17.	Received credit note, no.12 from Sassy Wholesalers for R1 750, including VAT, for damaged trading stock/inventory returned to them.
18.	Sold trading stock on credit to Zondie Stores for R6 470, excluding VAT (cost of sales R4 313). Issued credit invoice no. 2.
19.	Issued cheque no. 25 to Equistat for stationery bought from them, R1 450 (inclusive of VAT).
20.	Bought fuel from Engine Garage for delivery van, R500. Issued cheque no. 26.
24.	Bought printing paper on credit for the office from CNA, R2000 (inclusive of VAT), received invoice 104.
25.	Paid Postnet for posting a parcel, issued cheque 27 for R450 (VAT inclusive).
29.	Bought COVID-19 equipment for R10 000 (VAT inclusive) from Skeem Saam Traders and issued cheque no.28.
30.	Received EFT from a debtor S Mncwangubo in part payment of her account of R2 600 and receipt no.2 was issued.

Copyright reserved

QUESTION 5

Use the trial balance of Village Traders on 30 June 2022, the end of their financial year, to complete their general ledger accounts.

REQUIRED
Complete the following accounts in the books of Village Traders:

5.1 Capital (5)

5.2 Trading account (5)

5.3 Profit and loss (10)
[20]

INFORMATION:

Balance sheet section	**Debit**	**Credit**
Capital		650 000
Drawings	147 460	
Land and buildings	40 000	
Vehicles	37 580	
Equipment	100 000	
Bank	43 890	
Debtors control	585 000	
Nominal accounts section		
Sales		400 380
Debtors allowances	5 000	
Cost of sales	40 000	
Wages and salaries	65 000	
Telephone	6 930	
Water and electricity	4 950	
Advertising	5 900	
Insurance	3 890	
Rent income		20 800
Commission income		19 050
Stationery	4 520	
Packing material	2 110	
Interest on fixed deposit		2 000
	1 092 230	**1 092 230**

Copyright reserved

QUESTION 6

The following post-adjustment trial balances appear in the records of Glen General Dealers on 31 October 2022, the last day of their financial year.

REQUIRED
Use the following information to prepare the following:

6.1 Income statement for Glen General Dealers. (13)

6.2 Notes to the balance sheet for Glen General Dealers. (9)

6.3 Balance sheet for Glen General Dealers. (8)
[30]

	FOLIO	DEBIT	CREDIT
BALANCE SHEET SECTION			
Capital	B1		319 050
Drawings	B2	45 000	
Land and buildings	B3	270 000	
Equipment	B4	112 000	
Vehicles	B5	120 000	
Fixed deposit: Luddoo Bank (14%)	B6	18 000	
Trading inventory	B7	60 440	
Debtors control	B8	37 250	
Bank	B9	26 660	
Cash float	B10	1 500	
Petty cash	B11	300	
Mortgage loan: Luddoo Bank (16%)	B12		80 000
Creditors control	B13		34 000
NOMINAL SECTION			
Sales	N1		855 500
Cost of sales	N2	420 200	
Debtors allowance	N3	10 500	
Rental income	N4		17 550
Salaries	N5	120 000	
Interest on fixed deposit	N6		2 640
Advertising	N7	5 310	
Bad debts	N8	2 730	
Bank charges	N9	1 570	
Packing material	N10	4 580	
Interest on loan	N11	6 000	
Water and electricity	N12	22 300	
Sundry expenses	N13	24 400	
		1 308 740	**1 308 740**

Copyright reserved

QUESTION 7

Thando Technologies sells electrical equipment. The business uses the continuous stock system. The mark-up is 30% on the cost price.

Use the transactions below to show the influence on the accounting equation in the ANSWER BOOK. Round off your answers to the nearest rand. Ignore VAT.

Show the increase with +, decrease with –, and no effect with 0.

Example:

Issued cheque to Telkom for telephone R1 000

Number	Source document	GENERAL LEDGER		Assets	Owner's equity	Liabilities
		Account debit	Account credit			
E.g.	Cheque counterfoil	Telephone	Bank	-1 000	-1 000	0

7.1 Sold merchandise on credit to M Lynton for R 8 000. Issued invoice EB 7 (6)

7.2 Bought trading stock from House and Home for R15 900 and received invoice EB 8 (4)

[10]

TOTAL SECTION B: 120
GRAND TOTAL: 200

Copyright reserved