higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING

(First paper)

NQF LEVEL 4

(3011004)

4 December 2023 (X-paper)
09:00–12:00

A nonprogrammable calculator may be used.

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

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)
APPLIED ACCOUNTING
NQF LEVEL 4
PAPER 1
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

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

QUESTIONS	TOPICS	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	All	30	27 minutes
2	All	30	27 minutes
SECTION B			
3	Adjustments	40	36 minutes
4	Profit & Loss calculations	30	27 minutes
5	Financial Statements	50	45 minutes
6	Influence on accounting equation	20	18 minutes
		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 The source document used to record a correction of error made by a junior accountant

A Duplicate receipt
B Journal voucher
C Credit note
D Cheque counterfoil

1.1.2 Bad debts recovered is classified as a/an … in the General Ledger.

A asset
B expense
C income
D liability

1.1.3 ... is not recorded in the notes to the Balance Sheet.

A Prepaid expenses
B Provision for bad debts
C Drawings
D Provision for bad debts adjustment

1.1.4 … is an example of a current asset.

A Cash float
B Accrued expense
C Bank (Cr)
D Accumulated depreciation

1.1.5 A decrease in provision for bad debts adjustment is closed off to the … account at the end of the year.

A Profit and loss
B Sales
C Trading
D Capital

(5 × 1) (5)

1.2 Choose the correct word or words from those given in brackets. Write only the answer next to the question number (1.2.1–1.2.5) in the ANSWER BOOK.

1.2.1 Bank (Dr) is classified as a current (asset/liability).

1.2.2 At the end of the financial year, cost of sales is closed off to the (profit and loss/trading) account.

1.2.3 Water and electricity still outstanding at the end of the financial year will be posted to the (accrued expense/prepaid expense) account.

1.2.4 The business owner took office printing paper for personal use, therefore the drawings account will be (debited/credited).

1.2.5 The (Income Statement/Balance Sheet) is the financial statement used to determine the financial performance of the business.

(5 × 1) (5)

1.3 Zandile Nkabinde, a small local entrepreneur of Flowers For All provided you with the following information on 31 March 2021, the end of its financial year. Round off the answers to 2 decimals.

Total sales	R90 000
Cost of sales	?
Income	46 000
Expenses	?

The following flowers were sold for the year ended 31 March 2021.

Cost price of flowers sold	Total cost price
Trays of sunflowers @ R35 per tray	R3 500
Trays of tulips @ R35 per tray	R12 250
Trays of daffodils @ R35 per tray	R9 100
Total cost of sales	?

Additional information:

- Cash sales are 60% of the total sales.
- Expenses are 35% of the gross profit.

1.3.1 Calculate the cash sales for the year. (1)

1.3.2 Calculate the credit sales for the year. (1)

1.3.3 Help Zandile calculate her total cost of sales for the year. (1)

1.3.4 Calculate the gross profit for the year. (2)

1.3.5 Calculate the total expenses for the year. (2)

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1.3.6 Calculate the net profit for the year. (3)

1.3.7 How many trays of daffodils did Zandile sell for the year? (3)

1.3.8 Calculate the net profit per tray of flowers sold for the financial year if the business sold 710 trays of flowers. Use your answer in 1.3.6. (3)

1.3.9 Briefly explain to Zandile the difference between a *net profit* and *net loss*. (4)

[30]

QUESTION 2

2.1 The following general ledger account was extracted from the books of Bala Bala Wholesalers on 31 May 2022, the last day of the financial year:

Cost of sales

Date	Detail	Fol.	Amount		Date	Detail	Fol.	Amount	
2022 May 1	Total	b/f	50 000	00	2022 May 17	Trading stock	**(2.1.1) …**	7 000	00
2022 May 14	Trading stock	DJ	23 500	00	2022 May 31	**(2.1.3) …**	**(2.1.4) …**	115 000	00
2022 May 27	**(2.1.2) …**	CRJ	48 500	00					
			122 000	00				122 000	00

2.1.1 State the folio reference for the credit entry of R7 000.

2.1.2 Name the contra-account (details) for the debit entry of R48 500.

2.1.3 Name the contra-account (details) for the credit entry of R115 000.

2.1.4 State the folio reference for the credit entry of R115 000.

2.1.5 What amount will appear in the Income statement of Bala Bala Wholesalers on 31 May 2022 for Cost of sales?

(5 × 2) (10)

2.2 The following information appeared in the books of Aqua Water Supplies on 30 November 2022, the end of its financial year:

Stationery (30 November 2021)	8 960
Cash purchases of stationery	4 400
Purchases of stationery on credit	3 250
Stationery on hand (30 November 2022)	7 500
Trading stock (30 November 2022)	44 680

Additional information (not yet recorded in the books of the business):

- R400 worth of stationery purchased during the year was posted to the salaries and wages account in error.
- The owner took 5 stationery packs for his personal use (cost price is R200 each).
- The business purchased stationery for December 2022 to the value of R2 400. The invoice was received and paid on 30 November 2022.

2.2.1 Use the information to complete and close off the stationery account in the General Ledger of Aqua Water Supplies on 30 November 2022. (9)

2.2.2 Complete the note to the balance sheet in which stationery will be recorded on 30 November 2022. (4)

2.3 Use the information below to calculate the non-current assets of Comfy Shoes on 30 April 2022, the end of the financial year of the business:

Capital	R412 000
Non-current liabilities	R150 000
Current liabilities	R47 300
Trading stock	R34 200
Trade and other debtors/receivables	R48 100
Cash and cash equivalents	R21 900

(7)
[30]

TOTAL SECTION A: 60

SECTION B

QUESTION 3

The following Pre-Adjustment Trial Balance was extracted from the records of Underworld Book Store on 31 December 2022, the last day of the financial year:

Pre-Adjustment Trial Balance of Underworld Book Store on 31 December 2022

	FOL	DEBIT		CREDIT	
Balance sheet account section					
Capital (1 January 2022)	B1			375 000	00
Drawings	B2	41 800	00		
Land and buildings	B3	150 000	00		
Vehicles	B4	275 000	00		
Accumulated depreciation on vehicles	B5			39 800	00
Equipment	B6	145 800	00		
Accumulated depreciation on equipment	B7			27 420	00
Trading stock	B8	51 700	00		
Bank	B9	14 980	00		
Cash float	B10	2 500	00		
Petty cash	B11	1 200	00		
Debtors' control	B12	37 400	00		
Fixed deposit: Neptune Bank (8%)	B13	275 000	00		
Loan: Saturn Bank (14%)	B14			160 000	00
Creditors' control	B16			39 360	00
Nominal accounts section					
Sales	N1			816 010	00
Cost of sales	N2	364 000	00		
Debtors' allowances	N3	1 200	00		
Accounting fees	N4	24 640	00		
Advertising	N5	13 400	00		
Bad debts	N6	9 720	00		
Commission received	N7			22 400	00
Consumable stores	N8	4 400	00		
Interest paid	N9	14 978	00		
Interest on fixed deposit	N10			14 950	00
Rent received	N11			34 580	00
Salaries and wages	N12	64 800	00		
Stationery	N13	3 504	00		
Water and electricity	N14	33 498	00		
		1 529 520	00	1 529 520	00

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ADJUSTMENTS:

1. The owner took the following books as Christmas gifts for his family and friends:

Type of books	Quantity	Unit price (cost price)	Unit price (selling price)
Horror	4	R127	R296
Comedy	2	R192	R349

2. A physical stock-taking on 31 December 2022 revealed the following on hand:

- Trading stock R50 000
- Consumable stores R 4 000

3. A debtor, Shakes Shabane, has relocated and cannot be traced. He owes the business R3 200 and is now declared insolvent. Seventy five percent of his debt was received from his estate. The balance must be written off as irrecoverable. No entry was recorded with regards to these transactions.

4. Create the provision for bad debts of 4% of debtors.

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

   5.1 Vehicles at 14% per annum on the straight-line method. A new delivery scooter which cost R20 000 was purchased from RM Motors on 01 August 2022. This entry has already been recorded in the books of the business.

   5.2 Equipment at 15% per annum on the diminishing balance method.

6. The business withdrew R30 000 from the fixed deposit account to renovate and modernise the store on 01 December 2022. This transaction was correctly recorded in the books of the business. Adjust the interest on fixed deposit.

REQUIRED:

Record the adjustments in the general journal on 31 December 2022. Narrations are NOT required. ***Round off your answers to the nearest whole.***

[40]

QUESTION 4

Open the following accounts in the General Ledger of Dubai Arts and Crafts and post the closing transfers to them. Balance/Close off the accounts on 30 November 2022:

4.1 Capital (6)

4.2 Rent received (2)

4.3 Wages (4)

4.4 Trading account (4)

4.5 Profit and loss account (show all workings where necessary) (14)

[30]

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The following Post-Adjustment Trial Balance appeared in the books of Dubai Arts and Crafts on 30 November 2022, the last day of its financial year.

Post-Adjustment Trial Balance of Dubai Arts and Crafts on 30 November 2022

	FOL.	DEBIT		CREDIT	
Balance sheet account section					
Capital (1 December 2021)	B1			300 000	00
Drawings	B2	25 000	00		
Land and buildings	B3	250 000	00		
Equipment	B4	126 000	00		
Accumulated depreciation on equipment	B5			12 000	00
Fixed Deposit: Dune Bank (12%)	B6	175 000	00		
Trading stock	B7	25 980	00		
Bank	B8	12 400	00		
Cash float	B9	1 000	00		
Debtors' control	B10	21 450	00		
Prepaid expense	B11	2 460	00		
Accrued income	B12	1 600	00		
Creditors' control	B13			39 750	00
Accrued expense: Wages	B14			2 700	00
Income received in advance	B15			1 350	00
Nominal accounts section					
Sales	N1			625 667	00
Cost of sales	N2	216 540	00		
Debtors' allowances	N3	1 460	00		
Advertising	N4	14 460	00		
Commission received	N5			24 000	00
Donations	N6	1 920	00		
Rent paid	N8	36 000	00		
Repairs and maintenance	N9	14 987	00		
Rent received	N10			4 980	00
Sundry expenses	N11	8 240	00		
Telephone	N12	9 640	00		
Wages	N14	43 405	00		
Water and electricity	N15	22 905	00		
		1 010 447	00	1 010 447	00

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QUESTION 5

Use the information that was extracted from the books of Giovani Jewellery Store on 28 February 2022, its financial year end, to prepare the following:

5.1 Income Statement for the year ended on 28 February 2022. (27)

5.2 Balance Sheet as at 28 February 2022. Show ONLY the notes required in the ANSWER BOOK.

NOTE: Where applicable, show all workings in brackets. Round off your answers to the nearest whole. (23)
[50]

ADJUSTMENTS:

1. Depreciation on vehicles and equipment is provided for as follows:
   - Vehicles at 13% per annum on the diminishing balance method.
   - Equipment at 12% per annum on the cost price method.
2. Global Security's account for 24-hour security services for February 2022 is still outstanding. Global Security increased its security costs by 7.5% on 1 February 2022.
3. Write off the debt of Siyanda Zulu as irrecoverable. Siyanda owed the business for two rings valued at R1 260 each.
4. Adjust the provision for bad debts to 5% of debtors.
5. A physical stock-taking on 28 February 2022 revealed the following on hand:
   - Trading stock R 60 000
   - Printing and stationery R 3 000
6. Giovani Jewellery Stores received rent from their tenant, Peter Sonjani, for 13 months as he was going on vacation. The business increased the rent as per the rental agreement by 10% on 1 March 2022.
7. The cell phone expenses of R1 360 were erroneously posted to the insurance account.

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Pre-Adjustment Trial Balance of Giovani Jewellery Store on 28 February 2022

	FOL	DEBIT		CREDIT	
Balance sheet account section					
Capital (1 March 2021)	B1			225 000	00
Drawings	B2	31 200	00		
Land and buildings	B3	475 000	00		
Equipment	B4	43 150	00		
Accumulated depreciation on equipment	B5			8 460	00
Vehicles	B6	198 000	00		
Accumulated depreciation on vehicles	B7			32 450	00
Trading stock	B8	62 405	00		
Debtors' control	B9	22 460	00		
Bank	B10	14 600	00		
Cash float	B11	2 000	00		
Provision for bad debts				800	00
Long-term loan: Warner Bank (10%)	B12			175 000	00
Creditors' control	B13			35 300	00
Nominal accounts section					
Sales	N1			770 498	00
Cost of sales	N2	306 465	00		
Debtors' allowances	N3	1 460	00		
Bad debts	N4	875	00		
Bad debts recovered	N5			2 450	00
Bank charges	N6	2 160	00		
Cell phone expenses	N7	14 680	00		
Discount received	N8			3 333	00
Insurance	N9	15 000	00		
Interest on loan	N10	17 500	00		
Legal fees	N11	9 260	00		
Printing and stationery	N12	3 451	00		
Rent received	N13			98 250	00
Salaries and wages	N14	41 520	00		
Security expenses	N15	37 950	00		
Water and electricity	N16	52 405	00		
		1 351 541	00	1 351 541	00

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QUESTION 6

ITB Culinary School offers students basic and advanced chef training courses. Analyse the transactions below on 31 October 2022, the last day of its 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 +, and a decrease with – and no effect with 0.

Round off your answers to the nearest rand.

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

EXAMPLE:
Paid Telkom for telephone usage by cheque, R200.

Number	General Ledger		Effect on the Accounting Equation			
	Account Debited	Account Credited	Assets	Owner's Equity	Liabilities	
Example	*Telephone*	*Bank*	*-200*	*-200*	*0*	

REQUIRED:

6.1 During October 2022, 100 students attended the advanced chef training @ R6 000 per person. Anisa Mohammed, the trainer, is paid commission of R500 for every person trained. On 31 October 2022, her commission had still not been paid to her. (4)

6.2 ITB Culinary School donated the following old items to an old-age home:

Item donated	Carrying value
6 plate gas stove	R3 500
20 litre microwave	R 650
Defy 220 litre chest freezer	R1 980

(4)

6.3 The business recovered student fees of two students whose accounts were previously written off. The fee for each student is R4 500. (4)

6.4 The business purchased a new gas stove valued at R20 000 on credit from Jwelani Traders. The business will pay for the gas stove in 2 equal instalments. The first instalment was paid on 30 October 2022. Show the effect of the payment of the first instalment on the accounting equation. (4)

6.5 The business recorded cash sales of R200 000 for the year. The credit sales were 1 and a half times more than the cash sales. Show the effect of the closing transfer of sales on the accounting equation. (4)

[20]

TOTAL SECTION B: 140
GRAND TOTAL: 200

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