higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING

(Second paper)

NQF LEVEL 4

(3011004)

5 December 2023 (X-paper)
09:00–12:00

A non-programmable calculator may be used.

This question paper consists of 16 pages, 1 addendum and 2 answer sheets.

553Q2N2305

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)
APPLIED ACCOUNTING
NQF LEVEL4
PAPER 2
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer all the questions.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Answer SECTION A on the ANSWER SHEETS (attached). Write your EXAMINATION NUMBER and CENTRE NUMBER in the spaces provided, detach them from the question paper and hand in with the printouts of SECTION B and SECTION C.
5. Use appropriate accounting software for SECTION B and SECTION C.
6. A separate set of books are used for SECTION B and SECTION C.
7. Use the table below to guide you in how much time to spend on answering each question.
8. Use only a blue or black pen.
9. Write neatly and legibly.

QUESTIONS	TOPICS	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Short theoretical questions	20	20 minutes
SECTION B			
2	Practical on accounting software	120	1 hour 40 minutes
SECTION C			
3	Practical on accounting software	60	1 hour
	TOTAL	**200**	**3 hours**

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SECTION A

QUESTION 1

1.1 Indicate whether the following statements are TRUE or FALSE by writing 'True' or 'False' next to the question number (1.1.1–1.1.6) on the ANSWER SHEET (attached). Give ONE reason for each FALSE answer.

1.1.1 The standard VAT rate is 15% on salaries.

1.1.2 Backups have to be done regularly when using accounting software.

1.1.3 VAT refundable = input tax < output tax.

1.1.4 The business buys an office desk, and a receipt is received. The business can claim back the VAT.

1.1.5 In the invoice-based accounting system, the amount of VAT a business owes is calculated based on the payments that the business has made and the money received.

1.1.6 When processing with accounting software, the entry types represent the journals.

(10)

1.2 Choose the correct option from those given in brackets and write only the answer next to the question number (1.2.1–1.2.5) on the ANSWER SHEET (attached).

1.2.1 When discount is awarded to a customer for settling his/her account early, VAT of (0%/15%) is applied.

1.2.2 Messages (can/cannot) be added when processing a tax invoice.

1.2.3 A manufacturing business can (use/not use) accounting software to record accounting transactions.

1.2.4 VAT (output/input) is the amount of VAT that SARS owes the VAT vendor.

1.2.5 Takeon balances are done (only once/every month) in accounting software.

(5 × 1) (5)

1.3 FootWear buys and sells running shoes. A pair of running shoes costs R1 150 (VAT inclusive) and sells them for R1800 (VAT excluded).

Calculate the following on a pair of running shoes:

1.3.1 Input VAT (2)

1.3.2 Output VAT (2)

1.3.3 VAT control balance (1)
[20]

TOTAL SECTION A: 20

SECTION B

QUESTION 2

INSTRUCTIONS

1. Open the account system of LB Construction (CONSTR), which has already been loaded on your computer. The password is *123*.
2. Select SETUP.
3. Select COMPANY PARAMETERS.
4. Select COMPANY DETAIL. Select the Company Name section and click on 'Educational Number'.
5. Press CTRL + SHIFT + T and insert your EXAMINATION NUMBER in the block that appears. Click OK.

LB Construction makes use of a computerised accounting system. You are the appointed bookkeeper. The owner of the business is Michael Midlane.

The sole vision of the company is to deliver products and services conforming to international standards and satisfy the requirements and the expectations of the customers in respect of quality, cost, performance, safety and reliability.

The business is registered for VAT purposes and makes bimonthly payments to the South African Receiver of Revenue, according to the invoice basis.

Process the transactions for July 2022 (Period 1).

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The following setup HAS ALREADY BEEN CREATED in the books of LB Construction (CONSTR).

(a) **PERIOD**

The financial year of the business runs from 1 July 2022 until 30 June 2023. The current period is July 2022, which is the first period.

(b) **VALUE-ADDED TAX (VAT - 15%)**

The business is registered as a VAT vendor and VAT will be captured according to the invoice basis. Refer to the attached ADDENDUM A (attached) that provides the admissible deductions with regard to INPUT TAX.

(c) **ENTRY TYPES**

NUMBER	ENTRY TYPE
1	Cash Payments Journal (CB 1)
2	Cash Receipts Journal (CB 1)
3	Petty Cash Payments Journal (CB 2)
4	Petty Cash Receipts Journal (CB 2)
5	General Journal
6	Customers Journal
7	Suppliers Journal
8	Customers Allowances Journal
9	Suppliers Allowances Journal
10	Bad Debts Journal
11	Interest Charged Journal
12	Stock Journal

(d) **CUSTOMERS**

CUSTOMER CODE	CUSTOMER
C001	Handy Crew
C002	The Golden Hammer
Z99	Cash sales

(e) **SUPPLIERS**

SUPPLIER CODE	SUPPLIER
PRO	Pro Construction
SER	Service Pty (ltd)

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(f) **INVENTORY**

The stock system of the business is dealt with on a continuous basis with the computer program.

Inventory is marked up at 75% on the cost price.

Exclusive tax processing is applied to all stock purchases and sales except where indicated otherwise on invoices.

The following stock codes and prices (VAT excl.) is applicable:

STOCK CODE	DESCRIPTION	UNIT	COST PRICE
H001	Hearing protection (earmuffs)	Each	R178,80
H002	High-visibility jacket	Each	R75,27
R001	Roller and 3 trays	Each	R106,39
S001	Saw	Each	R217,24
S002	Screws	100	R116,94
W001	Wall plug	Each	R87,61
W002	White paint	5 ℓ	R174,33

(g) **TERM CODES**

Add early payment terms where necessary.

- 2,5% discount within 60 days from last day of period.
- 5% discount within 45 days from last day of period.
- 5% discount within 30 days from last day of invoice.
- 7,5% discount within 20 days from last day of period.
- 10% discount within 14 days from last day of period.

(h) **TAKE-ON BALANCES**

The take-on balances of the suppliers have not been captured. All other take-on balances have been processed.

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REQUIRED

- Use the source documents and information provided below to record the transactions in the appropriate journals or documents in period 1 (July 2022) in the books of LB Construction.
- Continue to use the account structure for the General Ledger that has been set up. If there is NO account to enter a transaction into, such an account must be created.
- Print ALL the documents after processing. When printing journals, select 'print with contra'.
- Update all documents and journals after printing.
- Refer to page 13 for a full list of the printouts to be handed in for marking. Hand in the printouts in the same order as they appear on page 13. FIVE marks will be deducted if the printouts are not handed in in the correct order.

2.1 TAKE-ON BALANCES

2.1.1 The opening balances of the suppliers have not been captured. Record the supplier balances in the relevant journal using the supplier age analysis below:

SUPPLIER AGE ANALYSIS AT 30 JUNE 2022				
Supplier	**60 days**	**30 days**	**Current**	**Total**
Pro Construction		2 500,00	1 250,00	3 750,00
Service Pty (Ltd)	1 000,00		1 750,00	2 750,00
TOTAL	**1 000,00**	**2 500,00**	**3 000,00**	**6 500,00**

2.1.2 Update the journal.

2.1.3 Print the supplier age analysis on 31 July 2022 with NO details. Print with descriptions and transactions. (8)

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2.2 CREDIT PURCHASES OF INVENTORY

PRO CONSTRUCTION

TAX INVOICE

VAT Reg. No.: 852951463

8 Hope Road
LEYDSDORP
0895

Tel: 011 234 5678
Fax: 062 123 456

06/07/2022

No. PC06

TO: LB Construction
25 Nelson Avenue
0895 LEYDSDORP

TERMS: 2,5% discount within 60 days
7,5% overall discount

Quantity	Description	Unit Price		Amount	
15	Screws	116	94	1 754	10
10	Roller and 3 trays	116	39	1 163	90
			Subtotal	2 918	00
			7,5% Discount	218	85
				2 699	15
			15% VAT	404	87
			TOTAL	**R3 104**	**02**

AMED R & W

VAT Reg. No.: 283971462

TAX INVOICE

ARW12

Tel: 012 468 0246
Fax: 086 543 2109

92 High Street
LEYDSDORP
0895



TO: LB Construction
25 Nelson Avenue
LEYDSDORP, 0895

12/07/2022

Units	Description	Unit Price		Amount	
18	White paint	174	33	3 137	94
36	Hearing protection (earmuffs)	187	78	6 760	08
			Subtotal	9 898	02
TERMS:	2,5% discount within 60 days		2,5% Discount	247	45
	2,5% trade discount			9 650	57
			15% VAT	1 447	58
			TOTAL	**R11 098**	**15**

LB Construction decided to buy from a new company.

- Create the new supplier using the code: AME with a credit limit of R15 000. The contact person is Xandria Fesi and the postal address is: PO Box 5, LEYDSDORP, 0890.

- Change the unit of hearing protection (earmuffs) to 'SET'.

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93 Spence Drive
MORIA 3240

✆ 072 963 5791

SERVICE PTY (LTD)

VAT Reg. No.: 649713258 **NO: 901**

TAX INVOICE

TO: LB Construction 18/07/2022
25 Nelson Avenue
LEYDSDORP, 0895

TERMS: 5% discount within 45 days

Quantity	*Description*	*Unit Price*		*Amount*	
12	High-visibility jacket	75	27	903	24
24	Cable ties	87	61	2 102	64
36	Wall plug	88	52	3 186	72
6	Saw	271	42	1 628	52
			Subtotal	7 821	12
			5% Discount	391	06
				7 430	06
			15% VAT	1 114	51
			TOTAL	**R8 544**	**57**

Use the code C001 to create the new inventory item with a unit of 25. (27)

2.3 CREDIT RETURNS OF INVENTORY

DATE	SUPPLIER	REASON
22/07/2022	Service Pty (Ltd)	2 × High-visibility jacket - not ordered 6 × Wall plug – outstanding order

(9)

2.4 CASH AND CREDIT SALES

2.4.1 Z99 is the cash sales account which is used to capture cash sales transactions.

2.4.2 Insert the names and addresses of all cash customers in the 'delivery address' field.

2.4.3 Message for cash customers: SPECIALS: 5–10 August 2022

2.4.4 All cash customers receive a 7,5% cash discount.

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2.4.5 Create the following inventory service item:

Code:	DEL
Description:	Delivery cost
Inventory group:	Services
Discount type:	None
Unit:	P/km
Tick:	Show quantity and unit
Untick:	Sales commission item
Type:	Tick service item
Tick:	Allow tax (15%)
Selling price:	R5,25 inclusive

DATE	NAME	EARLY PAYMENT TERMS AND DISCOUNT	DETAILS
04/07/22	The Golden Hammer	3,5% trade discount 7,5% discount within 20 days	3 × White paint 6 × Cable ties 9 × High-visibility jacket Delivery cost: 50 km
12/07/22	***New customer***: Red Toolbox*** 105 Long Street PHALABORWA 1390 Tel: 082 135 2468 Credit limit: R10 500	2,5% discount within 60 days 5% invoice discount	5 × Saw 10 × Wall plug 15 × Hearing protection (earmuffs)
20/07/22	Cash sale Ovayo Oncker 13 Fifth Avenue TZANEEN 0850		8 × White paint 4 × Roller and 3 trays Delivery cost: 25 km
28/07/22	Handy Crew	10% discount within 14 days	10 × Screws 5 × Wall plug

- Create the new customer using the account structure already set up. (32)

2.5 CREDIT RETURNS OF INVENTORY

DATE	CUSTOMER	REASON
13/07/22	The Golden Hammer	2 × Cable ties – incorrectly ordered 1 × High-visibility jacket – wrong size
31/07/22	Handy Crew	2 × Screws – damaged

(13)

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2.6 PETTY CASH

The following are Petty Cash payments made during July 2022. The last petty cash voucher number used was PCV11.

DATE	DETAILS	AMOUNT
09/07/22	NY Hardware for repairs for the owner	R432,10
18/07/22	Donated to Spescare for food parcels	R500,00
27/07/22	Fast Couriers for original documents to attorney	R123,45

(6)

2.7 CASH RECEIPTS JOURNAL

CASH DEPOSITS

DATE OF DEPOSIT	DEPOSIT SLIP NUMBER
20/07/2022	BBNK0701
27/07/2022	BBNK0702
01/08/2022	BBNK0703

CASH RECEIPTS

LB Construction

25 Nelson Avenue
LEYDSDORP 0895

No: R7/001 *Date: 13/07/22*

Cash Receipt

Received from:	*Austen Klase*	
For:	*Debt previously written off has been recovered.*	
Amount:	*Four thousand two hundred rand only*	*R4 200,00*

With thanks *Chris Sifumba*

LB Construction

25 Nelson Avenue
LEYDSDORP 0895

No: R7/002 *Date: 25/07/22*

Cash Receipt

Received from:	*The Golden Hammer*	
For:	*Settle account*	
Amount:	*???*	*R???*

With thanks *Chris Sifumba*

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LB Construction

25 Nelson Avenue
LEYDSDORP 0895

No: R7/003 *Date: 27/07/22*

Cash Receipt

Received from:	*Vivian Newman*	
For:	*August 2022 rent*	
Amount:	*Fifteen thousand seven hundred and twenty-five rand only*	*R15 725,00*
With thanks:	*Chris Sifumba*	

- *Change the description of the account number 2900/000 to Rent received*

LB Construction

25 Nelson Avenue
LEYDSDORP 0895

No: R7/004 *Date: 30/07/22*

Cash Receipt

Received from:	*Handy Crew*	
For:	*Payment on account. R35,00 discount received*	
Amount:	*Two thousand rand only*	*R2 000,00*
With thanks:	*Chris Sifumba*	

CASH REGISTER ROLL



20/07/2022
CRR20

(13)

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2.8 **ELECTRONIC FUND TRANSFERS/PAYMENTS**

PAY1	
01/07/2022	
TO:	Pro Construction
FOR:	Settlement of opening balance
AMOUNT:	R3 500,00

PAY2	
15/07/2022	
TO:	CellPro
FOR:	Business and owner cellphone accounts. Business account: R1 234,56
AMOUNT:	R1 802,45

PAY3	
21/07/2022	
TO:	Brilliant Traders
FOR:	Office desks
AMOUNT:	R18 345,57

PAY4	
23/07/2022	
TO:	Sunday Times
FOR:	Advertisement for contractor
AMOUNT:	R2 375,94

PAY5	
27/07/2022	
TO:	On Point
FOR:	Tea for kitchen staff
AMOUNT:	R312,00

PAY6	
31/07/2022	
TO:	AMED R & W
FOR:	Payment on account
AMOUNT:	R4 750,00

(12)

THE FOLLOWING PRINTOUTS FOR JULY 2022 MUST BE GENERATED AND HANDED IN FOR MARKING:

2.1	Suppliers age analysis on 31 July 2022	(8)
2.2	Suppliers invoices	(27)
2.3	Debit note	(9)
2.4	Tax invoices	(32)
2.5	Credit notes	(13)
2.6	Petty cash journal	(6)
2.7	Cash receipts journal	(13)
2.8	Cash payments journal	(12)

[120]

TOTAL SECTION B: 120

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SECTION C

QUESTION 3

INSTRUCTIONS

1. Open the account system of Xan Hardware Store (HARD), which has already been loaded on the computer. The password is *123*.
2. Select SETUP.
3. Select COMPANY PARAMETERS.
4. Select COMPANY DETAIL. Select the Company Name section and click on 'Educational Number'.
5. Press CTRL + SHIFT + T and insert your EXAMINATION NUMBER in the block that appears. Click OK.

REQUIRED

- Xan Hardware Store has been doing the bank reconciliation manually. Due to your experience with computerised accounting system, it was decided to do the bank reconciliation on the accounting software. Use the information below to complete the following for July 2022 (period 1).
- Continue to use the account structure for the General Ledger that has been set up. If there is NO account to enter a transaction into, such an account must be created.
- Print all the documents after processing. When printing journals, select 'print with contra'.
- Update the journals.
- Refer to page 16 for a full list of the printouts to be handed in for marking. Hand in the printouts in the same order as indicated on page 16. FIVE marks will be deducted if printouts are not handed in in the correct order.

3.1 Use the following information to:

3.1.1 Complete and print (after the bank reconciliation) the Cash Receipts Journal with the additional entries. (12)

3.1.2 Complete and print (after the bank reconciliation) the Cash Payments Journal with the additional entries. (14)

3.1.3 Follow the reconciliation process and print the Bank Reconciliation Statement. (9)

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BANK STATEMENT

BRILLIANT BANK

Bank Statement No. 01

Xan Hardware Store
45 Morgan Street
Riebeek East, 5805

Page 1

Date: 31/07/2022

Acc. No.: 1486450732

DATE	DETAILS	DEBIT	CREDIT	BALANCE
01/07/2022	BDS4		250,000.00	250,000.00
01/07/2022	217	75,000.00		175,000.00
01/07/2022	DD001		25,000.00	200,000.00
04/07/2022	218	5,522.50		194,477.50
06/07/2022	PAY09	6,000.00		188,477.50
07/07/2022	219	252,525.00		-64,047.50
08/07/2022	DD002		1,000.00	-63,047.50
09/07/2022	PAY10	298.99		-63,346.49
12/07/2022	Cash handling fees	124.89		-63,471.38
15/07/2022	220	580.93		-64,052.31
20/07/2022	BDS5		11,595.47	-52,456.84
25/07/2022	222	500.00		-52,956.84
22/07/2022	DD003		2,541.00	-50,415.84
28/07/2022	DD004		50,000.00	???
29/07/2022	Service fees	35.35		???
30/07/2022	PAY11	3,100.00		???

- DD001 on 01/07/2022 is from M Midlane, the owner for additional capital.
- PAY09 was for the salary paid to Nomsa Mali for contract work.
- DD002 was for money received from Alice Co Ltd for settling their account.
- PAY10 was for the monthly subscription to the Business Chambers.
- DD003 is for commission received from Sure Tools. Create the account for Commission received.
- PAY11 was a direct transfer to Tulsa Distributors for settling their account.
- DD004 was for a loan received from Truly Bank (9%). Rename account 5500/000.
- Identify and record the bank charges.

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3.2 The following journal memos were issued at the end of July 2022. Record the transactions in the appropriate journal/s.

XAN HARDWARE STORE **OFFICE MEMO: M7/1**	
TO: Bookkeeper	**DATE**: 31 July 2022
An amount of R500 for consulting fees was incorrectly posted to the audit fees. Correct the error.	

XAN HARDWARE STORE **OFFICE MEMO: M7/2**	
TO: Bookkeeper	**DATE**: 31 July 2022
M. Midlane, the owner has given his own vehicle for use in the business for delivery purposes. The cost of the vehicle is R375 000.	

XAN HARDWARE STORE **OFFICE MEMO: M7/3**	
TO: Bookkeeper	**DATE**: 31 July 2022
Write off the outstanding amount of H & H Traders.	

(16)

3.3 **ADDITIONAL PRINTOUTS REQUIRED**

3.3.1 Inventory Valuation (3)

3.3.2 Trial Balance - Do not print zero items. Print Income Statement accounts first and do not include opening balances. (6)

THE FOLLOWING PRINTOUTS MUST BE HANDED IN FOR MARKING IN THE ORDER INDICATED BELOW:

3.1 3.1.1 Cash Receipts Journal (after bank reconciliation) (12)

3.1.2 Cash Payments Journal (after bank reconciliation) (14)

3.1.3 Bank Reconciliation Statement (9)

3.2 Journal/s to record adjustments (16)

3.3 3.3.1 Inventory Valuation (3)

3.3.2 Trial Balance (6)

[60]

TOTAL SECTION C: 60
GRAND TOTAL: 200

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ADDENDUM A

ADMISSIBLE DEDUCTIONS WITH REGARD TO INPUT TAX

	Is VAT charged?		Is input VAT deductible?	
	YES	**NO**	**YES**	**NO**
Advertisements	X		X	
Audit fees	X		X	
Bank charges: Cash handling fees Service fees	 X X		 X X	
Bad debts/recovered	X		X	
Commission received	X		X	
Consulting fees	X		X	
Couriers	X		X	
Depreciation		X		
Donations		X		
Drawings		X		
Electricity and water	X		X	
Equipment	X		X	
Insurance	X		X	
Interest paid/received		X		
Printing and stationery	X		X	
Rates and taxes		X		
Refreshments		X		X
Rent paid/received	X		X	
Salaries and wages		X		
Subscriptions	X		X	
Telephone and fax	X		X	
Motor vehicles	X		X	

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EXAMINATION NUMBER: | | | | | | | | | | | | | |

CENTRE NUMBER: | | | | | | | | | | | |

ANSWER SHEET

SECTION A

QUESTION 1

1.1 1.1.1 _____

_____

1.1.2 _____

_____

1.1.3 _____

_____

1.1.4 _____

_____

1.1.5 _____

_____

1.1.6 _____

_____ (10)

1.2 1.2.1 _____

1.2.2 _____

1.2.3 _____

1.2.4 _____

1.2.5 _____

(5 × 1) (5)

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EXAMINATION NUMBER: | | | | | | | | | | | | | |

CENTRE NUMBER: | | | | | | | | | | | |

ANSWER SHEET

1.3 1.3.1 _____

_____

_____ (2)

1.3.2 _____

_____

_____ (2)

1.3.3 _____

_____

_____ (1)

[20]

TOTAL SECTION A: 20

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