higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING
NQF LEVEL 2

(3011002)

23 November 2022 (Y-paper)
13:00–16:00

Non-programmable calculators may be used.

This question paper consists of 19 pages and an answer book of 15 pages.

559Q1N2223

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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 may be removed from the ANSWER BOOK.
5. Use the table below to guide you in how much time to spend answering each question.
6. Show all your calculations.
7. Write neatly and legibly.

QUESTIONS	TOPICS	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Multiple-choice questions	20	15 minutes
2	Short theoretical questions	30	20 minutes
3	Calculations	30	20 minutes
SECTION B			
4	Journals	40	50 minutes
5	Posting to general ledger	30	30 minutes
6	Final accounts and balance sheet	30	30 minutes
7	Influence on accounting equation	20	15 minutes
	TOTAL	**200**	**3 hours**

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SECTION A

QUESTION 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 (1.1–1.20) in the ANSWER BOOK.

1.1 A/An … is an example of a retail type of business.

A plumber
B coffee shop
C doctor's surgery
D estate agent

1.2 The … shows the period for which specific amounts of money are owed or outstanding to a business.

A reconciliation
B ledger
C cash book
D age analysis

1.3 A spaza shop owns a delivery bike to the value of R 2 750, cash of R 3 500 and creditors of R1 270. The value of the owner's equity is equal to …

A R4 980.
B R6 250.
C R1 480.
D R7 520.

1.4 People whom a business buys inventory on credit from, is known as a/an … to the business.

A borrower
B cashier
C debtor
D creditor

1.5 A credit note issued for an overcharged amount will be recorded in the … journal.

A creditors allowances
B general
C debtors allowances
D creditors

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1.6 The … is the source document used to identify a purchase return to a credit supplier.

A debit note
B tax invoice
C journal voucher
D credit note

1.7 When a customer never settles their account after every attempt to collect payment, it becomes a/an … to the business.

A responsibility
B bad debt
C credit
D income

1.8 The … account is a current asset.

A mortgage bond
B cash float
C creditor
D fixed deposit: perm bank

1.9 Interest on a long-term loan is a/an … account.

A income
B asset
C expense
D liability

1.10 A business borrowed R15 000 from the bank and deposited into the business bank account. The effect on the accounting equation is as follows:

A Owner's equity increased
B Assets decreased
C Liabilities increased
D Owner's equity decreased

1.11 The double entry for when the owner takes cash for own use is …

A debit drawings and credit bank
B credit stock and debit drawings
C credit drawings and debit bank
D debit drawings and credit stock

1.12 … is an owner's equity account.

A Bank
B Equipment
C Capital
D Inventory

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1.13 The cash book has payments of R3 730, receipts of R5 890 and a balance brought down of …

A R9 620
B -R9 620
C -R2 160
D R2 160

1.14 A/an … tax invoice is received from a supplier for purchases made on credit.

A till slip
B sales
C duplicate
D original

1.15 When a creditor grants a discount, the creditor's account will … in the ledger.

A increase
B be equal
C decrease
D be zero

1.16 A non-profit enterprise receives … to run the business.

A fees
B donations
C salaries
D wages

1.17 A bank deposit slip is a/an … document.

A external
B expense
C internal
D entry

1.18 The … statement is a supporting document received by a business indicating withdrawals, deposits and other charges.

A expense
B income
C cashflow
D bank

1.19 The *last* step in the accounting cycle is to …

A interpret financial statements.
B record transactions in journals.
C draw up a trial balance.
D post journals to ledgers.

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1.20 A non-current asset is purchased for this purpose.

A The owner's use
B Use over a short period
C Resale purposes
D Use in the business

(20 × 1) **[20]**

QUESTION 2

2.1 Give ONE word/term for each of the following descriptions. Write only the word/term next to the question number (2.1.1–2.1.5) in the ANSWER BOOK.

2.1.1 When an item of small monetary value is purchased, payment is recorded and completed on a … voucher.

2.1.2 A bank account becomes overdrawn when the business goes into bank … .

2.1.3 The debit side of the cash book represents the cash … of a business.

2.1.4 The general ledger's … section represents the income and expenses of a business.

2.1.5 The … section of the trial balance indicates the assets and liabilities of a business.

(5 × 1) (5)

2.2 Give TWO characteristics of each of the following types of business, under the following headings:

What is the owner called?	How many owners?

2.2.1 Partnership

2.2.2 Private company

2.2.3 Close corporation

(3 × 2) (6)

2.3 Choose a/an item/word from COLUMN B that matches a description in COLUMN A. Write only the letter (A–G) next to the question number (2.3.1–2.3.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.3.1	States all transactions that occurred during the month for a customer	A	debtors list
2.3.2	The total must equal the balance brought down in the debtors control account	B	dishonoured
2.3.3	A cheque returned due to insufficient funds	C	creditors list
2.3.4	Charged on accounts overdue for payment	D	statement of account
2.3.5	The total will equal the balance brought down in the creditors control account	E	interest
		F	debtors
		G	cash book

(5 × 1) (5)

2.4 Explain the:

2.4.1 purpose of a *trial balance*

2.4.2 term *accounting*

2.4.3 use of a *creditors ledger*

(3 × 2) (6)

2.5 Herbs Ltd returned 5 trays of seedlings at R26,00 per tray to Markets CC, as the trays were damaged on arrival.

Complete the debit note no. 49 for the transaction on 27 July 2021. (6)

2.6 Give ONE reason why source and supporting documents are kept and stored away. (2)

[30]

QUESTION 3

3.1 Calculate the following, showing ALL your answers to TWO decimals in the ANSWER BOOK.

3.1.1 Blue Ivy sent an invoice for the following stock bought on credit and gave a 10% trade discount.

10 boxes of dried flower petals @ R95,00 per box
18 rolls of wrapping tape @ R19 per roll

Calculate the total amount payable on the invoice. (6)

3.1.2 Calculate the selling price of an item bought for R525,50 and sold at a profit mark-up of 40%. (3)

3.1.3 Calculate the percentage mark-up on an item if the cost price is R1 200 and the selling price is R1 440. (3)

3.2 Vines Ltd is a creditor of Olive Oils CC. The following took place during the month of July 2021:

3.2.1 Inventory was purchased from Vines Ltd on credit for R1 540 on 5 July 2021. On 9 July 2021 damaged goods were returned for an amount of R410. The account was settled on 31 July 2021 after discount of 5% was received.

Calculate the amount paid to settle the account of Vines Ltd. (4)

3.2.2 The following balances appeared in the creditor's ledger of Olive Oils CC on 31 July 2021.

Garlic Farms	R530,20
Preserve Ltd	R1 420,50
Vines Ltd	**?**

Calculate the balance on the creditors control account in the general ledger of Olive Oils CC. (4)

3.3 On 29 August 2021 a cheque for R678,50 was issued to The Gazette by Jasmine Nursery for advertising in their newspaper. The accountant, P Mali, authorized and signed the cheque.

3.3.1 Complete the counterfoil and cheque to make the payment, in the ANSWER BOOK. (7)

3.3.2 Show the effect of the above cheque payment of R678,50 to The Gazette for advertising on the accounting equation.

Use a '+' for an increase and a '-' for a decrease and '0' for no effect in the ANSWER BOOK. (3)

[30]

TOTAL SECTION A: 80

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SECTION B

QUESTION 4

Roses Red Ltd was started by Amanda Lee. The business trades in flowers grown by local producers in the community. The continuous stock system is applied and a mark-up of 50% on the cost price is used.

Use the information and source documents from the given transactions below to enter into the subsidiary journals of Roses Red Ltd for August 2021.

REQUIRED: Round off amounts to the NEAREST rand. Do NOT close off the journals.

4.1	Cash receipts journal	(11)
4.2	Cash payments journal	(9)
4.3	Debtors journal	(4)
4.4	Debtors allowances journal	(2)
4.5	Creditors journal	(5)
4.6	Creditors allowances journal	(2)
4.7	General journal (No narrations required.)	(7)
		[40]

CASH REGISTER ROLLS:

Cash register roll 151 DATE: 4-8-2021
R 3 205

Cash register roll 152 DATE: 17-8-2021
R 4 175

CHEQUE COUNTERFOILS:

Date: 5-8-2021		
To: Mzantsi Municipality		
For: Water & electricity		
	R	C
This cheque	2 383	00
Cheque no: 104		

Date: 11-8-2021		
To: Violet Nursery		
For: Merchandise – R3 000 Amanda Lee's mother – R ?		
	R	C
This cheque	3 220	00
Cheque no: 105		

Date: 19-8-2021		
To: Quick Printers		
For: Copier/Printer		
	R	C
This cheque	2 480	00
Cheque no: 106		

Date: 22-8-2021		
To: Cash		
For: Petty cash		
	R	C
This cheque	500	00
Cheque no: 107		

Date: 28-8-2021		
To: Recycle CC		
For: Account of R 1 680 was settled. Discount – R ?		
	R	C
This cheque	1 470	00
Cheque no: 108		

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DUPLICATE RECEIPTS:

Receipt no: 89 **Duplicate**

Date: 5 August 2021

Received from: Amanda Lee

Payment for: Additional capital contribution

The amount of: Twenty-five thousand rand only

P. Iceberg

Thank you for shopping with us.

R25 000

Receipt no: 90 **Duplicate**

Date: 20 August 2021

Received from: Aloe Nursery

Payment for: Settlement of account – 5% discount granted

The amount of: One thousand one hundred and forty rand only

P. Iceberg

Thank you for shopping with us.

R1 140

Receipt no: 91 **Duplicate**

Date: 28 August 2021

Received from: Garden Soil CC

Payment for: Storage space rental

The amount of: Three thousand five hundred rand only

P. Iceberg

Thank you for shopping with us.

R3 500

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INTER OFFICE MEMOS:



INTERNAL OFFICE MEMO

No: IOM11

Date: 17 August 2021

The account of S. Protea for an amount of R 896 can be written off as irrecoverable, as the customer cannot be located.



INTERNAL OFFICE MEMO

No: IOM12

Date: 26 August 2021

A creditor, Urban Market, was debited with an amount of R1 730 instead of Country Market. Correct the transaction error.

DEPOSITS:



GLOBE BANK **Duplicate** Deposit Slip RR42

Date: 5 August 2021

Credit: *ROSES RED LTD*		Rand	Cents
	Total cash amount	3 205	00
P. Iceberg Depositor's signature	Cheques - Drawer		
	1. Amanda Lee	25 000	00
	2.		
6 0 4 1 2 5 4 7 0 Account number:	3.		
	TOTAL DEPOSIT :	28 205	00

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GLOBE BANK **Duplicate** Deposit Slip RR43

Date: 20 August 2021

Credit: *ROSES RED LTD*		Rand	Cents
	Total cash amount	4 175	00
P. Iceberg Depositor's signature	Cheques - Drawer		
	1. Aloe Nursery	1 140	00
	2.		
6 0 4 1 2 5 4 7 0 Account number:	3.		
	TOTAL DEPOSIT :	5 315	00

GLOBE BANK **Duplicate** Deposit Slip RR44

Date: 28 August 2021

Credit: *ROSES RED LTD*		Rand	Cents
	Total cash amount		
P. Iceberg Depositor's signature	Cheques - Drawer		
	1. Garden Soil CC	3 500	00
	2.		
6 0 4 1 2 5 4 7 0 Account number:	3.		
	TOTAL DEPOSIT :	3 500	00

ORIGINAL CREDIT PURCHASE INVOICES:

Flora Nursery



ORIGINAL Tax Invoice no. 985
Date: 12 August 2021
Account no. EC102

To: ROSES RED LTD
Address: 21 Gardenia Road, Garden Valley Route

Quantity	Description	Price per bunch	Amount
100	Bunches of Red Roses	R80	R 8 000
50	Bunches of Yellow Roses	R40	R 2 000
		TOTAL AMOUNT	R10 000

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ECO PACKAGING

ORIGINAL credit invoice no. 211
Date: 22 August 2021
Account no. E423

To: ROSES RED LTD
Address: 21 Gardenia Road, Garden Valley Route

Qty	Details	Price	Amount
300	Packing material	15	R4 500
		TOTAL AMOUNT	R 4 500

Motor Domain



ORIGINAL TAX INVOICE NO. 523
Date: 29 August 2021
Account no. J27

To: ROSES RED LTD
Address: 21 Gardenia Road, Garden Valley Route

Qty	Details	Price	Amount
1	Delivery vehicle	R199 995	R199 995

DEBIT NOTES:

Date	Debit note details	Creditor	Amount	Reason for return
13/8/2021	DN 21	Flora Nursery	R 1 750	Roses incorrect colour

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DUPLICATE CREDIT SALES INVOICES:



ROSES RED LTD

DUPLICATE TAX INVOICE NO: 144

Date: 7 August 2021
Account no. JR1

To: Mrs J Rama
Address: 11 Blue Hills, Sea View, 5200

Qty	Details	Price	Amount
3	Bouquets of flowers	R200 each	R 600
		TOTAL AMOUNT	R 600



ROSES RED LTD

DUPLICATE TAX INVOICE NO: 145

Date: 24 August 2021
Account no. ZK41

To: Mr Z Khumalo
Address: 16A Lagoon Street, Ocean Heights, 5200

Qty	Details	Price	Amount
20	Various flower arrangements for a wedding	R 200 each	R 4 000
		TOTAL AMOUNT	R 4 000

CREDIT NOTES:

Date	Credit note details	Debtor	Amount	Reason for return
10/8/21	CN10	J. Rama	R 200	Wrong flowers delivered

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QUESTION 5

Lavender's Green used the following information from its books on 31 August 2021 to prepare the general ledger accounts.

Use the balances and totals provided from the subsidiary journals below to prepare ONLY the general ledger accounts indicated:

5.1 Debtors control (Balance off the account.) (7)

5.2 Trading stock (6)

5.3 Creditors control (Balance off the account.) (6)

5.4 Discount allowed (Balance off the account.) (5)

5.5 Repairs (Balance off the account.) (4)

5.6 Interest income (2)

CASH RECEIPTS JOURNAL **CRJ1**

Bank	Sales	Cost of Sales	Debtors Control	Discount Allowed	Sundry Amount	Details
43 095	35 700	25 500	9 690	270	975	Interest income

CASH PAYMENTS JOURNAL **CPJ1**

Bank	Trading stock	Wages	Creditors Control	Discount Received	Sundry Amount	Details
41 170	31 240	3 100	5 890	580	1 520	Repairs

DEBTORS JOURNAL **DJ1**

Doc.	Day	Debtor	Debtors control	Sales	Cost of sales
		Total	14 700	14 700	10 500

DEBTORS ALLOWANCES JOURNAL **DAJ1**

Doc.	Day	Debtor	Debtors control	Debtors allowances	Cost of sales
		Total	2 660	2 660	1 900

CREDITORS JOURNAL **CJ1**

Doc.	Day	Creditor	Creditors control	Trading stock	Packing material	Sundry amount	Details
		Total	8 700	4 100	3 400	1 200	Repairs

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CREDITORS ALLOWANCES JOURNAL **CAJ1**

Doc.	Day	Creditor	Creditors control	Trading stock	Packing material	Sundry amount	Details
		Total	1 330	1 100	230		

GENERAL JOURNAL **GJ1**

Date	Details	Fol.	Debit	Credit	Debtors Control		Creditors Control	
					Debit	Credit	Debit	Credit
31	P Rose		60		60			
	Discount allowed			60				
	Discount was cancelled due to late payment by customer.							

[30]

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QUESTION 6

The following balances appeared in the books of Carnation City on 31 July 2021. Use the information below to prepare the following:

6.1 Trading account on 31 July 2021 (5)

6.2 Profit and Loss account on 31 July 2021 (11)

6.3 Balance Sheet as at 31 July 2021. Complete ONLY the note as required in the ANSWER BOOK. (14)

General ledger accounts	Amount	Dr/Cr
Capital	R40 000	CR
Drawings	R4 700	DR
Delivery Vehicle	R89 000	DR
Equipment	R35 600	DR
Debtors control	R14 350	DR
Inventory	R6 220	DR
Bank	R42 850	DR
Petty cash	R500	DR
Cash float	R1 000	DR
Creditors control	R4 540	CR
Sales	R287 300	CR
Cost of sales	R61 500	DR
Debtors allowance	R5 050	DR
Discount received	R2 950	CR
Rent expense	R25 000	DR
Wages	R24 500	DR
Advertising	R2 320	DR
Internet charges	R7 300	DR
Interest income	R3 430	CR
Water and electricity	R8 690	DR
Fuel	R9 640	DR

[30]

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QUESTION 7

Flowers of the Valley is a retailer that sell flowers and stationery. It uses the continuous stock system.

Show the effect of the following transactions on the accounting equation AND the subsidiary journal used. Use a '+' for an increase and a '-' for a decrease and '0' for no effect.

Example:

1. M Tutu paid his account of R500 in full settlement.

No.	Subsidiary Journal	General ledger a/c		Assets	Owner's equity	Liabilities
		Account debited	Account credited			
1.	Cash receipts journal	Bank	Debtors control: M Tutu	+R500 -R500	0	0

7.1

Flowers of the Valley

INTERNAL OFFICE MEMO

No: 21

Date: 1 July 2021

S Nduku's account was incorrectly credited with a payment received instead of S Mandla, for R375. Correct the error. (5)

7.2 On the 6 July 2021 the telephone account was paid by cheque no. 78 for an amount R580 to Cell.Com. (5)

7.3

Flowers of the Valley

Receipt no: 36

Duplicate

Date: 16 July 2021

Received from: Mr Spekboom
Payment for: Rental of office space
The amount of: Three thousand rand only

J Lilly Thank you. R3 000 (5)

7.4 A supplier, Crafty Paperworks, sent an original invoice no. 54 dated 22 July 2021, for stationery purchased on credit for an amount of R 1 130. (5)

[20]

TOTAL SECTION B: 160
GRAND TOTAL: 200

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