higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

# MARKING GUIDELINE

## NATIONAL CERTIFICATE (VOCATIONAL)

## APPLIED ACCOUNTING

(First paper)

**NQF LEVEL 4**

**23 November 2022**

**This marking guideline consists of 11 pages.**

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## SECTION A

## QUESTION 1

1.1
1.1.1 C
1.1.2 A
1.1.3 B
1.1.4 B
1.1.5 A

(5 × 1) (5)

1.2
1.2.1 F
1.2.2 C
1.2.3 G
1.2.4 D
1.2.5 E

(5 × 1) (5)

1.3 1.3.1 Gross profit is calculated after deducting the cost of sales from sales✓ prior to taking all of the income and expenses for the year into account.✓ Net profit, on the other hand, refers to the final✓ profit earned in the current financial year as a positive residual when the expenses are deducted from income.✓ (2 + 2) (4)

1.3.2 R40 000✓ × 12/100✓ × 3/12✓ = R1 200 (3)

1.3.3 Trade and other payables (1)

1.3.4 Noncurrent liability (1)

1.3.5
- Cash in the bank
- Assorted paints (trading stock)
- Laptop and magic jet printer (Any 2 × 1) (2)

1.3.6 Debtors' control/ Petty cash/ cash float/ Accrued income/ Prepaid expense/ Any correct answer (1)

1.3.7

| | | |
|---|---|---|
| Sales | | R95 000✓ |
| Less: Cost of sales | | (R25 650)✓ |
| Gross profit | | R69 350 |
| Less: Other expenses | | (R42 461) ☑ |
| Marketing costs | R4 500 | |
| Water and electricity | R11 111 | |
| Telephone | R4 850 | |
| Rent expense | R22 000 | |
| Profit before interest | | R26 889✓ |
| Interest expense | (R1 200) | |
| Net profit | | R25 689☑ |

(5)

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**NB:** Award marks even if the answer is presented as a calculation and not in the income statement format.

1.3.8

| | | |
|---|---|---|
| Capital | | R100 000✓ |
| Less: Drawings | | (R12 500)✓ |
| Add: Net profit | | R25 689☑ |
| Equals owner's equity | | R113 189 |

(3)
**[30]**

## QUESTION 2

2.1 2.1.1 R550 000 × 11/100✓ × 7/12✓ = R35 292✓
R550 000 × 12/100✓ × 3/12✓ = R16 500✓
R750 000 × 12/100 × 2/12 = R15 000✓

Total interest on the fixed deposit for the year:
R35 292 + R16 500 + R15 000 = R66 792✓

**OR**

R550 000 × 11/100✓ × 7/12✓ = R35 292✓
R550 000 × 12/100✓ × 5/12✓ = R27 500✓
R200 000 × 12/100 × 2/12 = R4 000✓

Total interest on the fixed deposit for the year:
R35 292 + R27 500 + R4 000 = R66 792✓ (8)

2.1.2 R66 792☑ – R24 440✓ = R42 352 (2)

2.2 2.2.1

**Bank** **B7**

| Date | Detail | Fol. | Amount | | Date | Detail | Fol. | Amount | |
|---|---|---|---|---|---|---|---|---|---|
| 2021 June 30 | Balance | b/d | ✓24 760 | 00 | 2021 June 30 | Drawings | CPJ | ✓480 | 00 |
| 2021 June 30 | Capital | CRJ | ✓95 000 | 00 | 2021 June 30 | Cash float | GJ | ✓5 000 | 00 |
| | | | | | 2021 June 30 | Balance | c/d | 114 280 | 00 |
| | | | 119 760 | 00 | | | | 119 760 | 00 |
| 2021 July 1 | Balance | b/d | ✓114 280 | 00 | | | | | |

(5)

**NOTE:** Where ONE mark is allocated in the amount column, the ENTIRE LINE entry must be correct (that is the detail and the amount) to allocate ONE mark.

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2.2.2 Cash and cash equivalents (1)

2.2.3

| **Cash and cash equivalents** | **✓175 480** |
|---|---|
| Bank | ☑114 280 |
| Petty cash (R1 700✓ – R700✓) | R1 000 |
| Cash float (R55 200✓ + R5 000✓) | R60 200 |

(6)

2.2.4

| Account | Dr | Cr |
|---|---|---|
| Cash float✓ | R5 000✓ | |
| Bank✓ | | R5 000 |

(3)

2.3 2.3.1 (R1 000 000 – R1 700)✓– (R994 000 – R1 700)✓ = R6 000✓ (3)
2.3.2 R992 300✓ (994 000 – 1 700) (1)
2.3.3 Current asset/Asset (1)
**[30]**

**TOTAL SECTION A: 60**

## SECTION B

## QUESTION 3

**General Journal of Kushal's Boutique – 30 June 2021** **GJ40**

| No. | Details | Debit | Credit | Debtors' Control | | Calculations (Show all) |
|---|---|---|---|---|---|---|
| | | | | Debit | Credit | |
| 1 | Interest on loan✓ | 500 | | | | 150 000 × 13% × 4/12<br>= 6 500✓ |
| | Accrued expense✓ | | 500 | | | Accrued expense<br>(6 500 – 6 000) = 500✓ |
| 2.1 | Depreciation✓ | 22 920 | | | | 214 000 – 23 000<br>= 191 000✓ × 12%✓<br>= 22 920 |
| | Accumulated depreciation on vehicles✓ | | 22 920 | | | |
| 2.2 | Depreciation✓ | 6 040 | | | | **Old:**<br>61 400 – 4 000 = 57 400✓ × 10%✓ = 5 740<br>**New:**<br>4 000✓ × 10% × 9/12✓ = 300 |
| | Accumulated depreciation on equipment✓ | | 6 040 | | | |
| | **OR** | | | | | **Vehicles:**<br>214 000 – 23 000<br>= 191 000✓ × 12%✓<br>= 22 920<br>**Equipment**<br>**Old:**<br>61 400 – 4 000 = 57 400✓ × 10%✓ = 5 740<br>**New:**<br>4 000✓ × 10% × 9/12✓ = 300 |
| | Depreciation✓✓ | 28 960 | | | | |
| | Accumulated depreciation on vehicles✓ | | 22 920 | | | |
| | Accumulated depreciation on equipment✓ | | 6 040 | | | |

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| | | | | | | |
|---|---|---|---|---|---|---|
| 3.1 | Trading stock deficit✓ | 300 | | | | **Trial balance – physical stock take amount:** 49 300✓ – 49 000✓ = 300 |
| | Trading stock✓ | | 300 | | | |
| 3.2 | Stationery on hand✓ | 900 | | | | |
| | Stationery✓ | | 900 | | | |
| 4. | Dry cleaning costs✓ | 1 450✓ | | | | |
| | Bank charges✓ | | 1 450✓ | | | |
| 5.1 | Bad debts✓ | 750 | | | | **Written off amount:** 3 000 × 25%✓ = 750 |
| | Debtors' control✓ | | 750 | | 750✓ | |
| 5.2 | Bank✓ | 2 250 | | | | **Amount received:** 3 000 × 75%✓ = 2 250 |
| | Debtors' control✓ | | 2 250 | | 2 250✓ | |
| | **OR** | | | | | **Written off amount:** 3 000 × 25%✓ = 750 |
| | Bad debts✓ | 750 | | | | |
| | Bank✓ | 2 250 | | | | |
| | Debtors' control✓✓ | | 3 000 | | 3 000✓✓ | **Amount received:** 3 000 × 75%✓ = 2 250 |
| 6 | Provision for bad debts✓ | 1 230 | | | | (22 400✓ – 3 000✓) × 5%✓ = 970 (2 200✓ – 970) =1 230 |
| | Provision for bad debts adjustment✓ | | 1 230 | | | |
| 7 | Prepaid expense✓ | 3 600 | | | | 7 200 / 2 = 3 600 |
| | Insurance✓ | | 3 600 | | | |

**NOTE:** Where 1 mark is allocated per line, the entire line entry must be correct (that is the description and the amount) to allocate 1 mark. **[40]**

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## QUESTION 4

### General Ledger of Covid Traders

**DR** **CR**

**Capital**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2021 Dec 31 | Drawings✓ | GJ | ✓90 000 | 2021 Jan 1 | Balance | b/d | ✓500 000 |
| 2021 Dec 31 | Balance | c/d | 1 203 990 | 2021 Dec 31 | Profit and loss✓ | GJ | ☑793 990 |
| | | | 1 293 990 | | | | 1 293 990 |
| | | | | 2022 Jan 1 | Balance | b/d | 1 203 990 |

(5)

**Drawings**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2021 Dec 31 | Balance | b/d | ✓90 000 | 2021 Dec 31 | ✓Capital | GJ | 90 000 |
| | | | 90 000 | | | | 90 000 |

(2)

**Sales**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2021 Dec 31 | Debtors' allowances | GJ | ✓1 900 | 2021 Dec 31 | Total | b/f | ✓1 325 000 |
| 2021 Dec 31 | Trading account✓ | GJ | ✓1 323 100 | | | | |
| | | | 1 325 000 | | | | 1 325 000 |

(4)

**Trading account**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2021 Dec 31 | Cost of sales | GJ | ✓420 320 | 2021 Dec 31 | Sales | GJ | ☑1 323 100 |
| 2021 Dec 31 | Profit and loss✓ | GJ | ✓902 780 | | | | |
| | | | 1 323 100 | | | | 1 323 100 |

(4)

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| Profit and loss account | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2021 Dec 31 | Courier and postage | GJ | ✓4 150 | 2021 Dec 31 | Trading account✓ | GJ | ☑902 780 |
| | Depreciation | GJ | ✓52 400 | | Interest on fixed deposit | GJ | ✓6 650 |
| | Packing material | GJ | ✓ 3 550 | | Rent income | GJ | ✓29 650 |
| | Property maintenance | GJ | ✓ 5 440 | | | | |
| | Rates and taxes | GJ | ✓18 100 | | | | |
| | Rent expense | GJ | ✓14 600 | | | | |
| | Salaries and wages | GJ | ✓ 29 100 | | | | |
| | Staff training | GJ | ✓11 450 | | | | |
| | Stationery | GJ | ✓2 900 | | | | |
| | Telephone | GJ | ✓3 400 | | | | |
| | Capital | GJ | ✓793 990 | | | | |
| | | | 939 080 | | | | 939 080 |

(15)
**[30]**

**NOTE:** Where ONE mark is allocated in the amount column, the ENTIRE LINE entry must be correct (that is the detail and the amount) to allocate ONE mark.

**QUESTION 5**

5.1 **INCOME STATEMENT OF DM FISHING STORE FOR THE YEAR ENDED 28 FEBRUARY 2022**

| | | |
|---|---|---|
| Sales (807 000✓ – 6 650✓) | | 800 350 |
| Less: Cost of sales | | ✓(401 550) |
| Gross profit | | 398 800 |
| *Plus: Other income* | | 30 000 |
| Rent income (35 000 /14 x 2) (35 000✓ – 5 000✓) | 30 000 | |
| Gross income | | 428 800 |
| *Less: Other expenses* | | (193 971) |
| Accounting fees | ✓14 370 | |
| Bad debts (2 605✓ + 1 390✓) | 3 995 | |
| Insurance (17 600✓– 5 000✓) | 12 600 | |
| Rates and taxes | ✓11 800 | |
| Legal fees | ✓8 730 | |
| Printing and stationery (4 230✓ – 1 400✓) | 2 830 | |
| Property repairs and maintenance | ✓12 150 | |
| Telephone | ✓2 780 | |
| Wages | ✓78 480 | |
| Water and electricity | ✓11 200 | |
| Provision for bad debts adjustment (31 055✓ × 5%✓) | 1 553 | |
| Trading stock deficit (71 700✓ – 11 000✓ – 60 000✓) | 700 | |
| Depreciation (16 967✓ + 15 816✓) | 32 783 | |
| NET PROFIT BEFORE INTEREST | | 234 829 |
| Less: Interest on loan | ✓10 000 | |
| **NET PROFIT AFTER INTEREST** | | **224 829** |

(26)

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5.2 **BALANCE SHEET OF DM FISHING STORE AS ON 28 FEBRUARY 2022**

| **ASSETS** | **Note** | | |
|---|---|---|---|
| ***Noncurrent assets*** | | | 881 387 |
| Property, equipment and vehicles | 1 | ☑ 881 387 | |
| | | | |
| | | | |
| ***Current assets*** | | | 107 442 |
| Stock (60 000✓ + 1 400✓) | | 61 400 | |
| Trade and other debtors/receivables | | ☑ 34 502 | |
| Cash and cash equivalents (9 740✓ + 1 800✓) | | 11 540 | |
| **TOTAL ASSETS** | 2 | | 988 829 |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| ***Owner's equity*** | | | 883 829 |
| Capital | 3 | ☑ 883 829 | |
| | | | |
| ***Noncurrent liabilities*** | | | 70 000 |
| Mortgage loan: Peace Bank (10%) | | ✓70 000 | |
| ***Current liabilities*** | | | 35 000 |
| Trade and other creditors/payables (30 000✓ + 5 000☑) | | 35 000 | |
| **TOTAL EQUITY AND LIABILITIES** | | | 988 829 |

☑ Do not penalise twice (principle marking).

**NOTES TO THE BALANCE SHEET**

| **1. Noncurrent assets** | **Cost price** | **Accumulated depreciation** | **Net carrying amount** |
|---|---|---|---|
| Land and buildings | 650 000✓ | - | 650 000 |
| Equipment | 131 800✓ | (53 116)✓ | 78 684✓ |
| Vehicles | 250 000✓ | (97 297)✓ | 152 703✓ |
| | 1 031 800 | (150 413) | 881 387 |

| **2. Trade and other receivables** | | 34 502 |
|---|---|---|
| Debtors' control (32 445 – 1 390)✓ | 31 055 | |
| Less: Provision for bad debts (31 055 × 5%) | 1 553☑ | |
| Add: Prepaid expenses | | |
| Insurance | 5 000☑ | |

| | | |
|---|---|---|
| **3. Capital** | | 883 829 |
| Balance | 700 000✓ | |
| Add: Net profit | 224 829☑ | |
| Less: Drawings (30 000✓ + 11 000✓) | (41 000) | |

☑ Do not penalise twice (principle marking). (24)
**[50]**

**QUESTION 6**

| No. | GENERAL LEDGER | | Effect on the accounting equation | | | |
|---|---|---|---|---|---|---|
| | **Account debited** | **Account credited** | **Assets** | **Owner's Equity** | **Liabilities** | |
| *E.g.* | *Stationery* | *Bank* | *-200* | *-200* | *0* | |
| | | | | | | |
| 6.1 | Sales✓ | Trading account✓ | 0 | +400 000✓<br>-400 000✓ | 0 | (4) |
| | | | | | | |
| 6.2 | Bank✓ | Capital✓ | +33 750✓ | +33 750✓ | 0 | (4) |
| | | | | | | |
| 6.3 | Equipment✓ | Creditors' control✓ | +6 600✓ | 0 | +6 600✓ | (4) |
| | | | | | | |
| 6.4 | Telephone✓ | Accrued expense✓ | 0 | -7 200✓ | +7 200✓ | (4) |
| | | | | | | |
| 6.5 | Donations✓ | Trading stock✓ | -12 975✓ | -12 975✓ | 0 | (4) |

**[20]**

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

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