higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING
NQF LEVEL 2

(3011002)

28 November 2019 (Y-Paper)
13:00–16:00

Nonprogrammable calculators may be used.

This question paper consists of 17 pages and an answer book of 15 pages.

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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. Show ALL the calculations.
4. NO pages may be removed from the ANSWER BOOK.
5. Use the table below as an indication of how much time to spend answering each question.
6. Write neatly and legibly.

QUESTIONS	TOPICS	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Multiple-choice questions	20	18 minutes
2	Short theoretical questions	30	27 minutes
3	Calculations	30	27 minutes
SECTION B			
4	Journals	40	36 minutes
5	Posting to general ledger	30	27 minutes
6	Final accounts and balance sheet	30	27 minutes
7	Influence on accounting equation	20	18 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 bank statement received by an organisation can be regarded as a/an … document.

A internal
B duplicate
C external
D current

1.2 An example of a retail business is a business that …

A manufactures wooden products.
B offers music entertainment.
C transports goods or people.
D sells gift cards and stationery.

1.3 A … is the source document used to enter transactions into the cash payments journal.

A cheque counterfoil
B cash register roll
C receipt
D tax invoice

1.4 The interest on a loan granted to a business can be regarded as a/an …

A asset.
B income.
C liability.
D expense.

1.5 A bank overdraft is a/an … to a business.

A owner's equity
B asset
C liability
D income

1.6 Discount received when a business makes a payment before the due date, is recorded in the … journal.

A cash payments
B creditors'
C general
D cash receipts

1.7 At month end, the creditors' control account in the general ledger should correspond to the … to reconcile.

A creditors' journal
B creditors' list
C general journal
D trial balance

1.8 Trading stock was purchased for cash from ABC Traders. The double entry is:

A Debit bank and credit trading stock
B Debit trading stock and credit ABC Traders
C Debit trading stock and credit bank
D Debit ABC Traders and credit trading stock

1.9 A/An … is an example of an internal document.

A deposit slip
B journal voucher
C original tax invoice
D till slip

1.10 A discount of 10% was omitted on a source document that indicates a total of R150. The recalculated total should be … .

A R15
B R135
C R165
D R10

1.11 The first three steps in the accounting cycle are:

A Source document completed; Journal entry; General ledger
B Transaction; Journal entry; General ledger
C Source document completed; General ledger; Trial balance
D Transaction; Source document completed; Journal entry

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1.12 Accounting is the process of …

A receiving payment for services rendered.
B recording all transactions daily in a business.
C keeping record of all the possessions of a business.
D making a profit in a business.

1.13 When postage stamps for R15 are purchased for business use, a … will most likely be completed for the transaction.

A journal voucher
B cheque
C cash register roll
D petty cash voucher

1.14 Interest is charged on a customer's overdue account. The … ledger account will be credited.

A interest income
B creditors' control
C interest expense
D debtors' control

1.15 The … is known as a book of first entry.

A general ledger
B balance sheet
C cash book
D trial balance

1.16 … is an example of a current asset.

A Trade creditors
B Cash float
C Interest on a loan
D Drawings

1.17 Bad debts recovered is an example of a/an …

A asset.
B expense.
C liability.
D income.

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1.18 In a business structure such as a company, a board of … is appointed to run the organisation.

A owners
B shareholders
C directors
D members

1.19 A business pays rent to a landlord, therefore the double entry for the transaction is:

A Debit rent expense and credit bank
B Credit rent income and debit bank
C Debit bank and credit rent expense
D Debit bank and credit rent income

1.20 If 25 chairs were purchased for R150 each and sold at a mark-up of 25%, the total profit will be …

A R 37.50
B R3 750.00
C R 937.50
D R4 687.50

(20 × 1) **[20]**

QUESTION 2

2.1 Choose an item from COLUMN B that matches a description in COLUMN A. Write only the letter (A–H) next to the question number (2.1.1–2.1.6) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1.1	Name requirement for a private company	A	non-profit organisation
2.1.2	Form of ownership having between 1–10 owners	B	sole proprietor
2.1.3	Owners of a company are known by this term	C	partnership
2.1.4	In this type of business, the income comes from fundraising and fees	D	(Pty) Ltd
2.1.5	Owners share the profits and the losses	E	retail
2.1.6	Owner bears the risk in the business	F	shareholders
		G	Ltd
		H	close corporation

(6 × 1) (6)

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2.2 Choose ONE word or a term for each of the following descriptions from the list below. Write only the word or term next to the question number (2.2.1–2.2.6) in the ANSWER BOOK.

original; general journal; statement; duplicate; creditors' ledger; age analysis; debtors' ledger; creditors' journal

2.2.1 A/An … is drawn up to keep accurate record of all credit purchases and payments made to individual suppliers.

2.2.2 A business uses a/an … to keep track of amounts outstanding according to each period.

2.2.3 At the end of a month a business will send a customer a/an … as a reminder to settle amounts due.

2.2.4 A creditor, Bench Press Ltd, was incorrectly debited. Benchman Ltd was supposed to be debited. This error is corrected in the …

2.2.5 A/An … is drawn up to keep accurate record of all credit sales and payments made by individual customers.

2.2.6 A/An … invoice received by a business is proof that goods were purchased on credit.

(6 × 1) (6)

2.3 Calculate the profit, if a business purchases an item for R3 475 and sells it at a mark-up of 50% on cost. (2)

2.4 Explain each of the following terms:

2.4.1 Debtor

2.4.2 Creditor

2.4.3 Debtors' allowances

(3 × 2) (6)

2.5 Choose the word or words from those given in brackets by writing only the word or words next to the question number (2.5.1–2.5.5) in the ANSWER BOOK.

2.5.1 (An original/A duplicate) invoice is used to record credit sales in a business.

2.5.2 A (credit note/debit note) is used to record items returned that were purchased by customers on credit.

2.5.3 Cancelled discount to a debtor will be recorded in the (general journal/cash payments journal).

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2.5.4 When a debtor makes a payment, the debtors' ledger account is (credited/debited).

2.5.5 The debtors' ledger account is (credited/debited) when the debtor purchases items on credit from a business.

(5 × 1) (5)

2.6 Identify the items in the list below that affect the owner's equity (increase or decrease). Write only the items applicable to the owner's equity.

• Loss
• Cash float
• Drawings
• Petty cash
• Loan: Omega Bank (12%)
• Capital
• Bank
• Wages
• Debtors' control
• Rent income

(5)
[30]

QUESTION 3

3.1 Use the information provided in the list below to answer the questions.

inventory R25 000; additional capital R50 000; furniture R90 000; bank overdraft R12 400; sales R351 000; creditors' control R26 000; repairs R12 000

3.1.1 Calculate the value of the assets.

3.1.2 Calculate the value of the liabilities.

(2 × 3) (6)

3.2 The creditors' ledger account of Budget Boards is incomplete as shown below.

Calculate the figures indicated for April 2018 in order to reconcile:

BUDGET BOARDS				**C1**	
DATE	*DETAILS*	*FOL.*	*DEBIT*	*CREDIT*	*BALANCE*
April 1	Balance	b/d			R14 750
8	Invoice no. 59	CJ		R1 200	**3.2.1**
17	Debit note no. 12	CAJ	R150		**3.2.2**
26	Bank	CPJ	R5 800		**3.2.3**
30	Discount received	CPJ	**3.2.4**		R9 550

(9)

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3.3 Prepare the age analysis for a debtor, JK Varnish, using the information provided below. The current month is March 2018.

Balance as at 1 March 2018	R8 900
Balance includes credit sales to debtor for February 2018	R4 800
Balance includes credit sales to debtor for January 2018	R4 100
Credit sales made to debtor during March 2018	R2 200

(4)

3.4 Calculate the interest charged on a debtor, The Wooden Mouse Toy Shop, at 15% per annum for TWO months. The amount overdue is R7 850. (4)

3.5 You are the junior accounting clerk at Wood Works Ltd. Use the information provided to bank the payments received, by completing the deposit slip on 31 May 2018.

Account number: 654 321 987
Coins: R850,60
Notes: R2 680,00

CHEQUES:

H Peter	Capibank	R3 730,00
J Mane	Firstbank	R4 210,00

(7)
[30]

TOTAL SECTION A: 80

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SECTION B

QUESTION 4

Woodpecker Agents sell custom-made wooden furniture products to retailers. The continuous stock system is used by the owner, O. Oak. A mark-up of 45% is calculated on the cost price.

Use the information and source documents provided below, to enter the details in the subsidiary journals for 31 May 2018.

NO narrations are required for the general journal. Do NOT close off the journals.

4.1	Cash receipts journal	(11)
4.2	Cash payments journal	(10)
4.3	Debtors journal	(4)
4.4	Debtors allowances journal	(2)
4.5	Creditors journal	(6)
4.6	Creditors allowances journal	(2)
4.7	General journal	(5)

INTERNAL OFFICE MEMO

WOODPECKER AGENTS



MEMO NO. 17

Date: 28/05/2018

To: Accountant From: O. Oak

An outstanding balance of R645 by M. Mahogany can be written off. It is irrecoverable.

DEPOSIT SLIPS

DATE	AMOUNT
13 May 2018	R71 218
30 May 2018	R13 696

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ORIGINAL CREDIT PURCHASE INVOICES

PALLET CRAFT

Date: 4/5/18 Invoice no. 067 Account no. PP78

To: Woodpecker Agents
Address: 16 Old Oak, Industria, Forestwoods

Quantity	Description	Price per unit	Amount
15	Coffee side tables	R500	R7 500
6	Shelving units – office use	R250	R1 500
8	Double-bed sets – pine	R1 000	R8 000
		TOTAL	R17 000

Printing & Ink CC

Account no. 0321 Date: 17 May 2018 Invoice no. CV53

To: Woodpecker Agents
Address: 16 Old Oak Industria, Forestwoods

Quantity	Description	Price (each)	Amount
10	Photostat paper	R27	R270
15	Blue pens	R12	R180
		TOTAL	R450

DUPLICATE RECEIPTS

WOODPECKER AGENTS

Receipt no. 86 Date: 02-05-2018

	R	c
Received from: O. Oak **For**: Additional capital contribution **Amount**: Seventy thousand rand only	70 000	00
Thank you - PJ Pine		

WOODPECKER AGENTS

Receipt no. 87 Date: 22-05-2018

	R	c
Received from: W. Robe **For**: Account settled in full – 5% discount granted **Amount**: Three thousand nine hundred and fifty two rand only	3 952	00
Thank you - PJ Pine		

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CASH REGISTER ROLLS

Date	Number	Amount
13 May 2018	CRR 311	R1 218
30 May 2018	CRR 312	R9 744

DUPLICATE CREDIT SALES INVOICES

WOODPECKER AGENTS



Address: 16 Old Oak Industria,
Forestwoods
Invoice no. WA55 Date: 9 May 2018

To: F. Vintage Address: 14 French Street, Cherrywood

Qty	Description	Unit price	Amount
3	Pallet chairs	R450	R1 350
2	Pallet coffee tables	R550	R1 100
1	Pallet shelves	R1 113	R1 113
		Total	R3 973

WOODPECKER AGENTS



Address: 16 Old Oak Industria,
Forestwoods
Invoice no. WA56 Date: 27 May 2018

To: T. Tafile Address: 51 Grace Road,
Imboyaville

Qty	Description	Unit price	Amount
4	Bed sets	R1 450	R5 800
5	Pallet shelves	R410	R2 050
1 set	Brackets for shelf	R9	R9
		Total	R 7 859

DUPLICATE CREDIT NOTE

Date	Note no.	Details	Debtor	Amount	Reason
28/5/18	CN 63	Pallet shelves x 2	T. Tafile	R1 044	Incorrect size

DUPLICATE DEBIT NOTE

Date	Note no.	Details	Creditor	Amount	Reason
6/5/18	DN 27	Double-bed sets – pine x 2	Pallet Craft	R2 000	Bed sets scratched

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CHEQUE COUNTERFOILS

01/05/2018		
To: Cash		
For: Wages		
	R	C
Balance		
This cheque	1 200	00
		No.167

9/05/2018		
To: World of Wood CC		
For: Wooden merchandise		
	R	C
Balance		
This cheque	4 120	00
		No. 168

18/05/2018		
To: Fuel Corp		
For: Diesel – R3 270 Personal use – R960		
	R	C
Balance		
This cheque	4 230	00
		No.169

22/05/2018		
To: Patio Producers		
For: Settlement of account – R3 990. Discount – ?		
	R	C
Balance		
This cheque	3 780	00
		No. 170

30/05/2018		
To: Times Limited		
For: Advertising		
	R	C
Balance		
This cheque	430	00
		No. 171

[40]

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QUESTION 5

The following information was taken from the books of Wood & Iron Ltd for March 2018.

On 1 March 2018 the following balances and totals appeared in their books:

Bank (favourable)	R17 860	Sales	R12 440
Creditors control	R4 710	Cost of sales	R5 890
Trading stock	R5 300	Insurance	R920
		Discount received	R480

The following totals appeared in the subsidiary journals on 31 March 2018:

DEBTORS JOURNAL OF WOOD & IRON LTD – MARCH 2018 DJ

Doc.	Day	Debtor	Sales	Cost of sales
		Totals	11 480	8 200

DEBTORS ALLOWANCES JOURNAL OF WOOD & IRON LTD – MARCH 2018 DAJ

Doc.	Day	Debtor	Debtors allowances	Cost of sales
		Totals	3 794	2 710

CASH RECEIPTS JOURNAL OF WOOD & IRON LTD – MARCH 2018 CRJ

Bank	Sales	Cost of sales	Debtors control	Discount allowed	Sundry amount	Details
31 205	21 420	15 300	9 830	330	285	Interest income

CASH PAYMENTS JOURNAL OF WOOD & IRON LTD – MARCH 2018 CPJ

Bank	Trading stock	Packaging	Creditors control	Discount received	Sundry amount	Details
10 110	4 130	440	5 190	190	540	Insurance

CREDITORS JOURNAL OF WOOD & IRON LTD – MARCH 2018 CJ

Doc.	Day	Creditors	Creditors control	Trading stock	Equipment	Sundry amount	Details
		Totals	13 590	4 690	8 900		

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CREDITORS ALLOWANCES JOURNAL OF WOOD & IRON LTD – MARCH 2018 CAJ

Doc.	Day	Creditor	Creditors control	Trading stock	Equipment	Sundry amount	Details
		Totals	3 590	1 690	1 900		

GENERAL JOURNAL OF WOOD & IRON LTD – MARCH 2018 GJ

Date	Details	Fol.	Debit	Credit	Debtors control		Creditors control	
					Debit	Credit	Debit	Credit
	Totals					720	470	

Use the above information to complete the following general ledger accounts for Wood and Iron Ltd. Balance ONLY the general ledger accounts indicated.

5.1 Bank (Balance the account) (6)

5.2 Trading stock (7)

5.3 Creditors control (5)

5.4 Sales (3)

5.5 Cost of sales (4)

5.6 Insurance (Balance the account) (3)

5.7 Discount received (2)

[30]

QUESTION 6

Use the trial balance below that appeared in the books of Timber Town, on 30 April 2018, to prepare the following in the ANSWER BOOK:

6.1 The trading account for the year ending 30 April 2018 (3)

6.2 The profit and loss account for the year ending 30 April 2018 (11)

6.3 6.3.1 Prepare the balance sheet for the year ending 30 April 2018. (12)

6.3.2 Show the capital in the notes to the balance sheet. (4)

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TRIAL BALANCE OF TIMBER TOWN AS AT 30 APRIL 2018			
	FOL.	**DEBIT**	**CREDIT**
BALANCE SHEET SECTION			
Capital	B1		350 000
Drawings	B2	65 890	
Land and buildings	B3	312 500	
Vehicles	B4	135 000	
Equipment	B5	90 300	
Trading stock	B6	73 250	
Debtors control	B7	45 950	
Bank	B8	59 560	
Petty cash	B9	1 000	
Cash float	B10	750	
Creditors control	B11		16 000
Loan: Bullion Bank (15%)	B12		150 000
NOMINAL ACCOUNTS SECTION			
Sales	N1		425 800
Cost of sales	N2	105 200	
Debtors allowance	N3	1 390	
Interest income	N4		1 350
Interest expense	N5	22 500	
Salaries and wages	N6	45 900	
Water and electricity	N7	8 670	
Insurance	N8	2 400	
Cellphone/telephones	N9	3 300	
Petrol	N10	4 500	
Stationery	N11	1 090	
Rent income	N12		36 000
		979 150	979 150

[30]

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QUESTION 7

Analyse the transactions below and indicate the source document, the account to be debited and the account to be credited in the general ledger and the influence on the accounting equation. Indicate an increase with (+), a decrease with (-) and no effect with (0).

EXAMPLE:

Cheque no. 320 was issued to ABC Insurers for R425, to pay for insurance.

No.	Source document	General ledger a/c		Assets	Owner's equity	Liabilities
		Account debited	Account credited			
1.	Cheque counterfoil	Insurance	Bank	- 425	- 425	0

ADDITIONAL INFORMATION

Bench Enterprises sell wooden and metal benches to furniture outlets. The continuous stock system is used and the stock mark-up is 60% on the cost price.

7.1 The business purchased a vehicle on credit from Delta Dealers for R125 000. (5)

7.2 The business received a payment of R985 from JP Dumi, on his account. (5)

7.3 Cash sales of R2 400 were recorded by the business for goods sold. Cost of sales is R1 200. (9)

7.4 The owner increased his capital contribution by R25 000 in the business.

Complete the missing information in the ANSWER BOOK. (1)
[20]

TOTAL SECTION B: 120
GRAND TOTAL: 200

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