higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING
NQF LEVEL 2

(3011002)

3 December 2020 (X-paper)
09:00–12:00

Nonprogrammable calculators may be used.

This question paper consists of 17 pages and an answer book of 16 pages.

243Q1N2003

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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. Show all your calculations.
5. No pages may be removed from the ANSWER BOOK.
6. Use the table below to guide you in how much time to spend answering each question.
7. 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	27 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.

1.1.1 The difference between sales and expenses is known as …

A costs.
B profit.
C gross.
D capital.

1.2 A cheque counterfoil is an example of a/an … document.

A internal
B supporting
C external
D income

1.3 The sales account in the general ledger will increase with a …

A debtor's allowance entry.
B creditor's allowance entry.
C credit entry.
D debit entry.

1.4 A/An … is an example of a supporting document in a business.

A bank statement
B journal voucher
C original debtor's invoice
D original receipt

1.5 When a customer pays his account, the double entry is …

A debit creditors control and credit bank.
B credit debtors control and debit bank.
C credit creditors control and debit bank.
D debit bank and credit debtors control.

1.6 Information from the …, is used to produce an income statement and a balance sheet.

A bank statement
B accounts payable
C general ledger
D accounts receivable

1.7 The … of a company receive dividends from declared profits.

A traders
B shareholders
C members
D partners

1.8 Under normal circumstances, the … account in the general ledger has a credit balance.

A capital
B drawings
C advertising
D property

1.9 An example of a financial asset is …

A sales.
B motor vehicles.
C mortgage bonds.
D fixed deposits.

1.10 A … is a source document used to record cash received for sales of stock by a business.

A cash invoice
B cheque
C deposit slip
D cheque counterfoil

1.11 Which one is not part of the accounting cycle?

A Source documents
B Financial statements
C Work conferences
D Subsidiary journals

1.12 When stock is returned to a creditor, the creditor's account in the general ledger will …

A increase.
B be credited.
C remain the same.
D decrease.

1.13 A dentist's practice will be known as a … organisation.

A non-profit
B service
C trade
D manufacturing

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1.14 A source document is best known as a …

A record of debtors" and creditors' transactions.
B record that indicates all currency transactions.
C record of assets and liabilities in a business.
D record that supports a transaction having taken place.

1.15 When the owner of a business takes trading stock for own use, …

A trading stock is credited and drawings is debited.
B trading stock is debited and drawings is credited.
C drawings is debited and bank is credited.
D drawings is credited and bank is debited.

1.16 Interest on investment has the following effect on the accounting equation:

A Decreases assets and increases owner's equity
B Decreases owner's equity and decreases liabilities
C Increases assets and increases owner's equity
D Increases owner's equity and increases liabilities

1.17 A vehicle purchased on credit is recorded in the … journal.

A cash receipt
B creditors
C cash payment
D debtors

1.18 The creditors list total should be equal to the total/balance in the …

A creditors column in the creditors journal.
B creditors column in the creditors allowances journal.
C creditors control account in the general ledger.
D creditors column in the cash payments journal.

1.19 Which one of the following accounts normally have a debit balance?

A Assets
B Mortgage bond
C Current liability
D Income

1.20 Interest on loan decreases a/an …

A asset.
B current liability.
C owner's equity.
D non-current liability.

(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	Credit purchases of inventory is entered in this journal	A	trial balance
2.1.2	Proves that all debit balances equal all credit balances	B	nominal
2.1.3	A document issued when goods are bought or sold	C	journal voucher
2.1.4	A document completed advising that a debtor's discount must be cancelled	D	creditors journal
2.1.5	Vehicles are placed in this section in the trial balance	E	balance sheet
2.1.6	Issued at the end of the month to indicate the total amount owed	F	statement
		G	invoice
		H	debtors journal

(6 × 1) (6)

2.2 Use the credit note below to answer the questions.

CROWNING GLORY CREDIT NOTE :
CG22

19 May 2019

To: JFK Ellis
Address: 16 Growth Lane
Glen Vista, 6000

Quantity	Description	Price per unit	Amount
2.2.2	Hair Grow Quick Serum	R50	R800
10	Frizz Free Wonder	R120	R1 200
100	Brown Root Touch Up	R150	**2.2.3**
		Grand Total	**2.2.4**

2.2.1 Name the journal that the credit note will be entered in. (1)

2.2.2 Calculate the quantity returned. (2)

2.2.3 Calculate the amount for the return of Brown Root Touch Up. (2)

2.2.4 Calculate the grand total of credit note no. CG22. (3)

2.2.5 Identify the name of the customer on the credit note. (1)

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2.2.6 Identify the name of the business on the credit note. (1)

2.3 Explain the following terms:

2.3.1 Dishonoured cheque

2.3.2 Bad debt

2.3.3 Accounting

(3 × 2) (6)

2.4 Give ONE word or term for each of the following descriptions by choosing a word or term from the list below. Write only the word or term next to the question number (2.4.1–2.4.4) in the ANSWER BOOK.

sole trader; (Pty) Ltd; members; Ltd; shareholders; partnership

2.4.1 The owners of a close corporation are called …

2.4.2 The business name of a public company ends with …

2.4.3 A … has between 2 and 20 people as owners.

2.4.4 A … has a minimum of one person as an owner.

(4 × 1) (4)

2.5 The cost price of an item is R795. The profit mark-up on the item is 75%.

Calculate the:

2.5.1 Profit mark-up amount

2.5.5 Selling price

(2 × 2) (4)
[30]

QUESTION 3

3.1 Prepare an age analysis for a creditor, using the information provided below. The present month is June 2019.

Credit purchases made during February 2019	R1 140
Credit purchases made during March 2019	R975
Credit purchases made during April 2019	R840
Credit purchases made during May 2019	R1 380
Credit purchases made during June 2019	R4 390

(6)

Payment was made in full for credit purchases made during February 2019	R?

3.2 Hair Cents Ltd bought merchandise on credit for R8 320 on 13 May 2019. Merchandise to the value of R1 210 was returned on 15 May 2019.

Hair Cents Ltd settled their account on 20 May 2019 and received a settlement discount of 7%.

Calculate the amount Hair Cents Ltd paid to settle and reconcile their account on 20 May 2019. Show all calculations. (4)

3.3 A debtor's account is overdue by four months. The outstanding balance is R2 276.

Calculate interest charged on the debtor at 12% per annum. Show all calculations. (3)

3.4 A debtor is given a discount of 5% on products purchased for an amount of R5 870.

Calculate the amount the debtor paid for the products. Show all calculations. (3)

3.5 The debtor's ledger account of Y Zaza is indicated below. Complete the missing entries or values in the ANSWER BOOK. Show all calculations where necessary.

DEBTORS LEDGER OF OILS INC.					
Y ZAZA D1					
Date	**Details**	**Fol.**	**Debit**	**Credit**	**Balance**
1/5/19	Account rendered	b/d			8 347
7/5/19	Receipt no. 5	**3.5.1**		2 000	**3.5.2**
14/5/19	Receipt no. 5 (discount)	CRJ		250	**3.5.3**
24/5/19	Invoice no. O15	**3.5.4**	320		**3.5.5**
27/5/19	Credit note no. C33	**3.5.6**		230	**3.5.7**
31/5/19	Interest charged	**3.5.8**	17		6 204

(12)

3.6 Use the following information to calculate the missing amount. Write the answer in the ANSWER BOOK. Show all calculations.

ASSETS	OWNER'S EQUITY	LIABILITIES
781 590	580 795	**(…)**

(2)

[30]

TOTAL SECTION A: 80

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SECTION B

QUESTION 4

Curl Care CC sells hair care products and styling equipment to hair salons and the public. The continuous stock system is used by the owner, J Prins. A mark-up of 50% 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 2019.

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	(8)
4.3	Debtors journal	(4)
4.4	Debtors allowances journal	(2)
4.5	Creditors journal	(6)
4.6	Creditors allowances journal	(5)
4.7	General journal	(4)

INTERNAL OFFICE MEMO:

CURL CARE CC



Office Memo No. 33 Date: 27/05/2019

To: The Bookkeeper From: J Prins

The account of Sculpt CC was incorrectly credited with R1 375 instead of Brushes CC in the creditors ledger. Correct the error.

DEPOSIT SLIPS:

Date	Amount
14 May 2019	R32 970
31 May 2019	R9 620

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ORIGINAL CREDIT PURCHASE INVOICES:



HAIR GEL TRADERS

Date: 14/5/2019 Invoice no. X106 Account no. QP7

To: Curl Care CC Address: 15 Perm Avenue, Viewpoint, 0001

Quantity	Description	Price per unit	Amount
10	Eco shampoos 500 ml	R150	R1 500
25	Eco conditioners 500ml	R145	R3 625
5	Eco treatments 500ml	R250	R1 250
		Total	R6 375



Stationers -r -us

Date: 18-5-19 Acc no.SR2

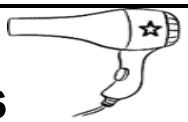
www.statrus.co.za **Inv no. SRU18**

To: Curl Care CC
Address: 15 Perm Avenue, Viewpoint, 0001

Quantity	Description	Price (each)	Amount
10	Reams of white paper	R38	R380
		TOTAL	R380



Dryers & Stylers



Account no. 1010 Date: 27 May 2019 Invoice no. V583

To: Curl Care CC
Address: 15 Perm Avenue, Viewpoint, 0001

Quantity	Description	Price (each)	Amount
4	Pro hairdryers	R420	R1 680
7	Pro curling equipment	R399	R2 793
		TOTAL	R4 473



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DUPLICATE RECEIPTS:

CURL CARE CC Receipt no. 121 Date: 03-05-2019		
	R	c
Received from: J Prins **For**: Additional capital contribution **Amount**: Thirty thousand rand only	30 000	00
Thank you - B Duku		

CURL CARE CC Receipt no. 122 Date: 23-05-2019		
	R	c
Received from: HH Beki **For**: Account settled in full – 5% discount was granted **Amount**: One thousand eight hundred and five rand	1 805	00
Thank you - B Duku		

CASH REGISTER ROLLS:

Date	**Number**	**Amount**
14 May 2019	Cash Register Roll 93	R2 970
31 May 2019	Cash Register Roll 94	R7 815

DUPLICATE CREDIT SALES INVOICES:

CURL CARE CC

Address: 15 Perm Avenue, Viewpoint, 0001
Invoice no. C111 Date: 10 May 2019

To: HEADZ Ltd Address: 5 Lotion Street, Viewdown, 0001

Qty	Description	Unit price	Amount
3	Natural shampoos	R290	R 870
3	Natural treatments	R410	R1 230
		Total	R2 100

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CURL CARE CC

Address: 15 Perm Avenue, Viewpoint, 0001
Invoice no. C112



Date: 19 May 2019

To: T. Tonga Address: 11 Oil Road, Viewdown, 0001

Qty	Description	Unit price	Amount
2	Hairdryers	R610	R1 220
2	Peruvian weave sets	R800	R1 600
		Total	R2 820

DUPLICATE CREDIT NOTE:

Date	Note no.	Details	Debtor	Amount	Reason
21/5/19	CN 28	1 Peruvian weave	T. Tonga	R 800	Incorrect style

DUPLICATE DEBIT NOTE:

Date	Note no.	Details	Creditor	Amount	Reason
19/5/19	DN 12	2 Reams of paper	Stationers-R-Us	R40	Wrong colour
28/5/19	DN 13	3 Curling Equipment	Dryers & Stylers	R1 197	Incorrect brand

CHEQUE COUNTERFOILS:

02/05/2019		
To: Price King		
For: Insurance		
	R	C
Balance		
This cheque	571	00
		No.117

10/05/2019		
To: Hair Extension Ltd		
For: Settlement of account of R2 167. Discount of R220.		
	R	C
Balance		
This cheque	?	
		No.118

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19/05/2019		
To: Cash		
For: Wages – R500 Petty cash – R600		
	R	C
Balance		
This cheque	1 100	00
		No.119

23/05/2019		
To: MCB Municipality		
For: Rates & taxes		
	R	C
Balance		
This cheque	1 642	00
		No.120

31/05/2019		
To: Comb CC		
For: Merchandise		
	R	C
Balance		
This cheque	835	00
		No.121

[40]

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QUESTION 5

Elegant Traders took the following information from their books for March 2019.

On the 1 March 2019 the following balances and totals appeared in their books:

Bank (unfavourable)	R2 420
Creditors control	R3 605
Trading stock	R12 400
Cost of sales	R6 750

The following totals appeared in the subsidiary journals on 31 March 2019:

DEBTORS JOURNAL OF ELEGANT TRADERS – 31 MARCH 2019 DJ

Doc.	Day	Debtor	Sales	Cost of sales
		Totals	3 870	2 580

DEBTORS ALLOWANCES JOURNAL OF ELEGANT TRADERS – 31 MARCH 2019 DAJ

Doc.	Day	Debtor	Debtors allowances	Cost of sales
		Totals	540	360

CASH RECEIPTS JOURNAL OF ELEGANT TRADERS – 31 MARCH 2019 CRJ

Bank	Sales	Cost of Sales	Debtors Control	Discount Allowed	Sundry Amount	Details
20 586	8 880	5 920	11 430	320	596	Interest on current a/c

CASH PAYMENTS JOURNAL OF ELEGANT TRADERS – 31 MARCH 2019 CPJ

Bank	Trading stock	Advertising	Creditors Control	Discount Received	Sundry Amount	Details
7 592	2 740	1 220	3 485	250	397	Cleaning materials

CREDITORS JOURNAL OF ELEGANT TRADERS – 31 MARCH 2019 CJ

Doc.	Day	Creditors	Creditors control	Trading stock	Stationery	Sundry amount	Details
		Totals	6115	5120	230	765	Advertising

CREDITORS ALLOWANCES JOURNAL OF ELEGANT TRADERS – 31 MARCH 2019 **CAJ**

Doc.	Day	Creditor	Creditors control	Trading stock	Stationery	Sundry amount	Details
		Totals	1 230	1 120	110		

GENERAL JOURNAL OF ELEGANT TRADERS – 31 MARCH 2019 **GJ**

Date	Details	Fol.	Debit	Credit	Debtors Control		Creditors Control	
					Debit	Credit	Debit	Credit
	Totals				638	180	392	435

Use the above information to complete the following general ledger accounts for Elegant Traders. Balance ONLY the general ledger account indicated.

5.1 Bank (Balance off the account). (6)

5.2 Trading stock (7)

5.3 Creditors control (Balance off the account) (9)

5.4 Cost of sales (4)

5.5 Advertising (Balance off the account) (3)

5.6 Interest on current account (1)

[30]

QUESTION 6

Use the trial balance below that appeared in the books of Global Weaves Ltd, on 30 June 2019, to prepare the following in the ANSWER BOOK:

6.1 The trading account for the year ending 30 June 2019. (4)

6.2 The profit and loss account for the year ending 30 June 2019 (11)

6.3 The balance sheet for the year ending 30 June 2019. (7)

Show the following notes to the balance sheet:

6.3.1 Capital

6.3.2 Cash and cash equivalents

(2 × 4) (8)

TRIAL BALANCE OF GLOBAL WEAVES LTD AS AT 30 JUNE 2019			
	Fol.	**Debit**	**Credit**
Balance sheet section			
Capital	B1		180 000
Drawings	B2	9 750	
Land and buildings	B3	125 000	
Equipment	B4	80 500	
Trading stock	B5	23 800	
Debtors control	B6	24 650	
Bank	B7	35 730	
Petty cash	B8	1 200	
Cash float	B9	500	
Creditors control	B10		16 400
Fixed deposit: Wealth Bank (7%)	B11	75 000	
Nominal accounts section			
Sales	N1		269 080
Cost of sales	N2	65 600	
Debtors allowance	N3	1 380	
Interest on fixed deposit	N4		6 750
Telephone	N5	2 700	
Insurance	N6	3 100	
Interest expense	N7	2 500	
Petrol	N8	4 200	
Salaries and wages	N9	55 920	
Stationery	N10	920	
Water and electricity	N11	7 780	
Rental income	N12		48 000
		520 230	**520 230**

[30]

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QUESTION 7

Analyse the transactions below and indicate the *source document*, 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:

Advertising was paid, and cheque no. 189 was issued to Tribune Times for R856.

No.	Source document	General ledger a/c		Assets	Owner's equity	Liabilities
		Account debited	Account credited			
1.	Cheque counterfoil	Advertising	Bank	-856	-856	0

Additional information:

Hair Symbols CC sells hair accessories. The continuous stock system is used, and the stock mark-up is 25% on the cost price.

7.1 The owner paid his personal telephone account of R475 with a business cheque. Complete the missing information in the ANSWER BOOK. (1)

7.2 A payment of R748 was received from CK Coko on her account. (5)

7.3 A vehicle was purchased on credit from Moto CC for R99 500. (5)

7.4 The business recorded cash sales of R3 680 for hair accessories sold. (9)
[20]

TOTAL SECTION B: 120
GRAND TOTAL: 200

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