higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING
NQF LEVEL 2

(3011002)

27 February 2018 (X-Paper)
09:00–12:00

Nonprogrammable calculators may be used.

This question paper consists of 19 pages and an answer book of 17 pages.

NCV

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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 your calculations.
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. Write neatly and legibly.

QUESTIONS	TOPICS	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Multiple-choice questions	15	10 minutes
2	Short theoretical questions	35	25 minutes
3	Calculations	30	20 minutes
SECTION B			
4	Journals	40	50 minutes
5	Posting to the general ledger and creditors' ledger	30	30 minutes
6	Final accounts and balance sheet	30	30 minutes
7	Accounting equation	20	15 minutes
	TOTAL	**200**	**3 hours**

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SECTION A

QUESTION 1

1.1 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 (1.1.1–1.1.15) in the ANSWER BOOK.

1.1.1 A duplicate cash sale invoice and a duplicate receipt can be regarded as … documents.

A supporting
B internal source
C external source
D supplier source

1.1.2 In most cases a business is formed with a motive of …

A making a net loss for the financial period.
B starting a successful venture.
C turning an expensive project into a fulfilling venture.
D making an income and achieving a profit.

1.1.3 Accounting can be defined as …

A the possessions that a business sells.
B entering source documents into journals.
C the daily recording of transactions in a business.
D an exchange of money for services rendered.

1.1.4 Businesses that purchase stock on credit will keep a separate …, which is a collection of all suppliers' accounts.

A creditors' ledger
B credit note
C general ledger
D debit note

1.1.5 A/An … is regarded as a supporting document that records the deposit and payment transactions of a business.

A cheque counterfoil
B receipt
C bank statement
D internal office memo

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1.1.6 A customer is issued with a … when returning damaged stock.

A credit note
B debit note
C tax invoice
D sales invoice

1.1.7 The correct order of the accounting cycle is:

A Transaction, source document, journal, general ledger, trial balance, financial statement
B Transaction journal, general ledger, trial balance, financial statement
C Transaction, source document, journal, general ledger, financial statement, trial balance
D Transaction, source document, general ledger, journal, trial balance, financial statement

1.1.8 A/An … is an example of a financial asset.

A loan account
B fixed deposit
C bank overdraft
D income

1.1.9 A current liability such as a/an … is a short-term debt.

A long-term loan
B wage
C insurance
D bank overdraft

1.1.10 The … of a business is generated internally and will show how much is owed to suppliers.

A debtors' age analysis
B bank statement
C creditors' age analysis
D expense statement

1.1.11 If equipment is purchased on credit, the equipment account in the general ledger will be debited and the … account credited.

A debtors' control
B debtors' allowances
C creditors' allowances
D creditors' control

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1.1.12 Credit sales made to a customer two months ago will reflect in the … column of the age analysis.

A 60-day
B current
C 30-day
D 90-day

1.1.13 A/An … invoice is received from a supplier when making a credit purchase.

A cash
B duplicate tax
C original tax
D sales

1.1.14 Discount allowed to a debtor is regarded as a/an …

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

1.1.15 A …document shows all the information that is needed for a transaction.

A supporting
B source
C financial
D sales

(15 × 1) **[15]**

QUESTION 2

2.1 Give a 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 A … is a business structure that has between 2–20 members.

2.1.2 A business of which the name ends with Ltd is known as a … company.

2.1.3 The owner of a … is solely liable for the debts of the business.

2.1.4 The purpose of a … is to benefit the public.

2.1.5 There are between 1–10 members in a … business structure.

(5 × 1) (5)

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2.2 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (2.2.1–2.2.9) in the ANSWER BOOK.

2.2.1 When a creditor has charged interest to the business, the creditors' control will be credited and interest (expense/income) debited.

2.2.2 When a debtors' cheque is dishonoured at the bank, the entry for this transaction will be made in the (cash payments/cash receipts) journal.

2.2.3 The creditors' control account in the general ledger must balance with the (debtors'/creditors') list obtained from the creditors' ledger.

2.2.4 Correction of errors in the creditors' control account can be corrected by making use of the (creditors'/general) journal.

2.2.5 A (cheque/petty cash voucher) will be completed when purchasing postage stamps for R12,50.

2.2.6 When inventory is returned to a creditor, the trading stock account will (increase/decrease).

2.2.7 The cancellation of discount on a dishonoured cheque received from a debtor, will be recorded in the (general/cash payments) journal.

2.2.8 When stock bought on credit is returned to the supplier, the liability towards the supplier will (increase/decrease).

2.2.9 When a business purchases stock on credit from a creditor, the amount will be recorded in the (debit/credit) column in the creditors' ledger.

(9 × 1) (9)

2.3 Indicate if the following income/expense will be entered on the DEBIT side or CREDIT side in the general ledger, when posted from the cash book:

2.3.1 Discount received

2.3.2 Land and buildings purchased

(2 × 1) (2)

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2.4 Choose a description from COLUMN B that matches an item/word in COLUMN A. Write only the letter (A–F) next to the question number (2.4.1–2.4.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.4.1	Double-entry system	A	a business has purchased on credit from a supplier
2.4.2	Service enterprise	B	interest is charged on a loan
2.4.3	Debtor	C	attorneys offering legal advice
2.4.4	Creditor	D	a book of first entry
2.4.5	Cash-book	E	for every debit there must be a credit
		F	a customer has purchased on credit from a business

(5 × 1) (5)

2.5 Briefly define the following terms: (Do NOT give examples.)

2.5.1 Assets

2.5.2 Owner's equity

2.5.3 Liabilities

2.5.4 Income

2.5.5 Expenses

(5 × 2) (10)

2.6 Name the TWO sections in the trial balance. (2)

2.7 Why is it important for source documents in a business to be archived? (2)

[35]

QUESTION 3

3.1 Use the information below to complete the tax invoice in the ANSWER BOOK:

J. Chocco's bought the following items from Chocolate Love on 28 May 2017 and trade discount of 5% was given:

16 bars Dark chocolate @ R21,00 each
5 bars Milky chocolate @ R18,00 each

The last tax invoice number was 452. (9)

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3.2 A creditors' age analysis report was generated by Tasty Treats as indicated below:

CREDITORS' AGE ANALYSIS REPORT OF TASTY TREATS AS AT 31 JULY 2017				
Creditor	**60–90 days (R)**	**30–60 days (R)**	**Current (R)**	**Balance (R)**
Spaza Bakery	300	1 100	**3.2.1**	3 200
Oh My Pie	–	630	220	**3.2.2**
Sugar and Spice	200	150	120	470

3.2.1 Calculate the current amount due for Spaza Bakery. (3)

3.2.2 Calculate the balance due for Oh My Pie. (2)

3.2.3 Calculate the total amount that Tasty Treats owes altogether. (4)

3.3 Cake.Com owes an amount of R1 120 to All Thing Sweets. All Thing Sweets' credit policy says that interest is charged at 12% per annum.

Calculate the amount of interest for three months that All Thing Sweets will charge Cake.Com. (3)

3.4 Calculate the selling price, if a business sold its trading stock of R5 250 at a loss of 20%. (3)

3.5 Use the following extract from the trial balance of Candi Mandi to do the required calculations below:

Trading stock	R56 200
Bank (CR)	R44 600
Capital	R103 000
Long-term loan @ 12% p.a.	R89 600
Furniture	R105 000
Debtors control	R76 000

Calculate the following and show ALL your calculations:

3.5.1 Owner's equity (1)

3.5.2 Liabilities (2)

3.5.3 Assets (3)

[30]

TOTAL SECTION A: 80

SECTION B

QUESTION 4

Pancake Deli is a business selling bakery foods and products. The owner, J. Olive, uses the continuous stock system. A profit of 40% is calculated on the cost price.

Use the source documents and information for July 2017 in the transactions given below and enter the details in the subsidiary journals of Pancake Deli.

Round off amounts to the nearest rand. Do NOT close off the journals.

4.1	Cash receipts journal	(13)
4.2	Cash payments journal	(9)
4.3	Debtors' journal	(4)
4.4	Debtors' allowances journal	(2)
4.5	Creditors' journal	(3)
4.6	Creditors' allowances journal	(2)
4.7	General journal	(7)

CHEQUE COUNTERFOILS

03/07/2017		
To: Mambo Municipality		
For: Rates – R1 240 Electricity – R2 730		
	R	C
This cheque	3 970	00
		No. 67

12/07/2017		
To: Sugar Cube.Com		
For: Bakery products – R1 200 Owner's personal use – R540		
	R	C
This cheque	?	
		No. 68

15/07/2017		
To: Saucy Sauce		
For: Settlement of account 5% discount was received		
	R	C
This cheque	1 520	00
		No. 69

21/07/2017		
To: Cash		
For: Wages		
	R	C
This cheque	450	00
		No. 70

27/07/2017		
To: Pencil Inn		
For: Notepads and pens		
	R	C
This cheque	270	00
		No. 71

ORIGINAL CREDIT PURCHASE INVOICES

Renumber the credit invoices starting with 401.

FLOUR POWER

Invoice
No. FP21

Date: 5 July 2017

To: Pancake Deli
Address: 22 Suga Street, Bakersville

Account no. ZZ33

Quantity	Description	Price per unit	Amount
10	Cake flour 5 kg	R50	R500
50	Baking powder 2 kg	R25	R1 250
5	Salt 1 kg	R10	R50
		TOTAL	**R1 800**

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MOTORWORLD 	**INVOICE No. FQ5**

To: Pancake Deli

Account number: PDEL22

Date: 16 July 2017

Description	Amount
1 Delivery motorcycle @ R30 000	R30 000
TOTAL AMOUNT	R30 000

CASH REGISTER ROLLS

CRR1  DATE: 7 July 2017
R3 875 **Pancake Deli**

CRR2  DATE: 18 July 2017
R5 730 **Pancake Deli**

CRR3  DATE: 30 July 2017
R4 980 **Pancake Deli**

DUPLICATE RECEIPTS

 **PANCAKE DELI** Receipt No. 12	
Date: 10/07/2017	
Received from: J. Olive **For**: Additional capital contribution **Amount of**: Twenty five thousand rand only	
M. Syrup Thanking you	R25 000

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PANCAKE DELI
Receipt No. 13

Date: 24/07/2017

Received from: B. Loaf
For: Settlement of account of R3 400 – 10% discount was given.
Amount of: Three thousand and sixty rand only

M. Syrup Thanking you	?

DEPOSITS

DEPOSIT SLIP		**Platinum Bank**	
Date: 19 July 2017			
Credit: Pancake Deli		Rand	Cents
	Total cash	9 605	00
D. DOUGH Depositor's signature	Cheques - Drawer		
	1. J. Olive	25 000	00
	2.		
2 1 1 0 4 3 2 1 0 Account number:	GRAND TOTAL	**34 605**	**00**

DEPOSIT SLIP		**Platinum Bank**	
Date: 31 July 2017			
Credit: Pancake Deli		Rand	Cents
	Total cash	4 980	00
D. DOUGH Depositor's signature	Cheques - Drawer		
	1. B. Loaf	?	
	2.		
2 1 1 0 4 3 2 1 0 Account number:	GRAND TOTAL	**?**	

SUMMARY OF DUPLICATE CREDIT SALES INVOICES

DATE	INVOICE DETAILS	DEBTOR	AMOUNT
9 July 2017	Invoice no. 789	J. Chef	R2 900
14 July 2017	Invoice no. 790	M. Baker	R4 300

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DUPLICATE DEBIT NOTES

DATE	NUMBER	CREDITOR	QUANTITY	REASON FOR RETURN
07/07/17	DN 11	Flour Power	11 × Baking powder 2 kg	Expired

INTER OFFICE MEMOS

PANCAKE DELI

INTERNAL OFFICE MEMO
Memo: PD 15 **Date:** 22/07/2017

To: Bookkeeper

From: J. Olive

An amount of R450 was credited to interest received instead of commission received. Please correct the entry.

PANCAKE DELI

INTERNAL OFFICE MEMO
Memo: PD 16 **Date:** 30/07/2017

To: Bookkeeper

From: J. Olive

M. Savoury has become insolvent and owed Pancake Deli R360. Write the debt off as irrecoverable.

DUPLICATE CREDIT NOTES

PANCAKE DELI
Address: 22 Suga Street, Bakersville

Credit note
No. CN 3

Date: 19 July 2017

To: M. Baker
Address: 31 Fudge Road, Factory Springs.

Quantity	Description	Unit price	Amount
5	Pancake batter 10 kg	R25	R125
		TOTAL AMOUNT	R125

[40]

QUESTION 5

5.1 Buns & Butter uses a mark-up of 30% on cost price. The following information was taken from their books on 31 May 2017.

The following general ledger accounts must be prepared using the information given below. Balance ONLY the trading stock account.

5.1.1 Drawings (1)

5.1.2 Bank (2)

5.1.3 Trading stock (9)

5.1.4 Creditors' control (5)

5.1.5 Sales (2)

5.1.6 Stationery (2)

DEBTORS' JOURNAL OF BUNS & BUTTER – MAY 2017 DJ

Doc.	Day	Debtor	Sales	Cost of sales
			5 460	4 200

GENERAL JOURNAL OF BUNS & BUTTER – MAY 2017 GJ

Date	Details	Fol	Debit	Credit	Debtors' control		Creditors' control	
					Debit	Credit	Debit	Credit
	TOTAL						225	650

CREDITORS' ALLOWANCES JOURNAL OF BUNS & BUTTER – MAY 2017 CAJ

Doc.	Day	Creditor	Creditors' control	Trading stock	Stationery	Sundry amount	Details
			450	350	100		

CASH PAYMENTS JOURNAL OF BUNS & BUTTER – MAY 2017 CPJ

Bank	Trading stock	Fuel	Creditors' control	Discount received	Sundry amount	Details
13 340	7 400	2 140	3 650	350	500	Drawings

CREDITORS' JOURNAL OF BUNS & BUTTER – MAY 2017 CJ

Doc.	Day	Creditor	Creditors' control	Trading stock	Stationery	Sundry amount	Details
			4 560	3 760	800		

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DEBTORS' ALLOWANCES JOURNAL OF BUNS & BUTTER – MAY 2017 DAJ

Doc.	Day	Debtor	Debtors' allowances	Cost of sales
			416	320

CASH RECEIPTS JOURNAL OF BUNS & BUTTER – MAY 2017 CRJ

Bank	Sales	Cost of sales	Debtors' control	Discount allowed	Sundry amount	Details
42 775	37 700	29 000	4 320	220	975	Rent income

5.2 The following transactions were made with a debtor, J. Jam, for the month of June 2017. Post the transactions to J. Jam's debtors' ledger account. J. Jam owed R855 on 1 June 2017.

TAX INVOICE
No: D12

Buns & Butter
124 Main Street
☎ (010) 963 4584

11/06/17

To: J Jam

Quantity	Description	Unit price	Amount
100	Brown loaves of bread	R6,80	R680
		TOTAL	R680

CREDIT NOTE
No: C05

Buns & Butter
124 Main Street
☎ (010) 963 4584

12/06/17

To: J Jam

Quantity	Description	Unit price	Amount
10	Brown loaves of bread	R6,80	R68
Reason for return: *Packaging torn*			
		TOTAL	R68

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Buns & Butter

Receipt
No: R011

Date:	*16 June 2017*	
Cash received from:	*J. Jam*	
In payment of:	*Payment of account. Gave R35 discount*	*R440,00*
Amount:	*Four hundred and forty rand only*	
Received by:	*K. Kettles*	

(9)
[30]

QUESTION 6

The trial balance below appeared in the books of Isonka Bakery as at 30 June 2017.

Prepare the following in the ANSWER BOOK.

6.1 Close off the sales account for the year ended 30 June 2017. (4)

6.2 The profit and loss account for the year ended 30 June 2017. The gross profit was calculated at R329 875. (10)

6.3 The balance sheet for the year ended 30 June 2017. Show ONLY the note required in the ANSWER BOOK. (16)

Show ALL calculations in brackets.

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TRIAL BALANCE OF ISONKA BAKERY AS AT 30 JUNE 2017			
	FOL	**DEBIT**	**CREDIT**
BALANCE SHEET SECTION			
Capital	B1		62 000
Drawings	B2	5 850	
Land and buildings	B3	270 000	
Equipment	B4	54 000	
Bank	B5	33 560	
Debtors' control	B6	13 950	
Creditors' control	B7		6 100
Trading stock	B8	9 250	
Petty cash	B9	500	
Cash float	B10	600	
Loan: Siyaya Bank (10% p.a.)	B11		10 000
NOMINAL ACCOUNTS SECTION			
Sales	N1		445 250
Cost of sales	N2	115 100	
Debtors' allowance	N3	275	
Interest income	N4		1 950
Wages	N6	25 900	
Stationery	N7	1 350	
Advertising	N8	2 400	
Telephone	N9	3 300	
Fuel	N10	4 500	
Water and electricity	N11	8 765	
Rent income	N12		24 000
		549 300	**549 300**

[30]

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QUESTION 7

7.1 The Icing Company is an enterprise that sells baking products to retailers. They use the continuous stock system and mark up their stock by 25% on the cost price.

Show the effect of the following transactions on the accounting equation AND the journal in which the transaction will be recorded.

EXAMPLE

1. Bought stationery on credit from Pen It for R645.

No.	Journal	General ledger		Assets	Owner's equity	Liabilities
		Account debited	Account credited			
1.	Creditors' journal	Stationery	Pen It (Creditors' control)	0	-645	+645

7.1.1

The Icing Company

Address: 4 Melt Road, Riversdell

CREDIT NOTE
NO. CNX3

Date: 2 July 2017

Account number: XYZ12

To: R. Maple
Address: 2 Syrup Valley, Valleyview

Quantity	Description	Unit price	Amount
10 bags	Icing sugar	R30	R300
		TOTAL AMOUNT	R300

(9)

7.1.2

The Icing Company

INTERNAL OFFICE MEMO

Memo: P6
Date: 13/07/2017

To: The accounting clerk
From: The Owner – T. Ice

Discount received of R310 from our supplier, Wheat Farmers, must be cancelled as we paid late.

(5)

7.1.3

21/07/2017		
To: Cakes & Flakes Online		
For: Advertising of products		
	R	C
Balance		
This cheque	780	00
No. 1130		

(5)

7.2 Complete the missing information in the accounting equation in the ANSWER BOOK, using the source document provided below:

RECEIPT **No. V66**

The Icing Company

DATE: 1 July 2017

Received from: Flakes Incorporated

For: Rent income

Amount of: One thousand three hundred and seventy five rand only

R1 375

J Timm

Thank you

(1)

[20]

TOTAL SECTION B: 120
GRAND TOTAL: 200

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