higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING
NQF LEVEL 2

(3011002)

28 November 2018 (X-Paper)
09:00–12:00

Non-programmable calculators may be used.

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

NCV

TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions in the ANSWER BOOK provided.
2. Show ALL your calculations.
3. NO pages may be removed from the ANSWER BOOK.
4. Use the table below to guide you in how much time to spend answering each question.
5. 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

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 (1.1.1–1.1.20) in the ANSWER BOOK.

1.1.1 The … a business generates, increases the owner's equity.

A expenses
B loss
C income
D liabilities

1.1.2 An example of a supporting document in a business is a …

A cheque counterfoil.
B bank statement.
C duplicate receipt.
D duplicate sales invoice.

1.1.3 When a business pays its supplier for stock purchased on credit, the creditors control account will be credited and the … account will be debited.

A trading stock
B cost of sales
C sales
D bank

1.1.4 Net profit is calculated as follows:

A Gross income less operating expenses
B Sales less operating expenses
C Gross profit less operating expenses
D Sales plus operating expenses

1.1.5 A … is an example of a current liability.

A debit bank balance
B computer
C mortgage bond
D credit bank balance

1.1.6 A … is an example of a current asset.

A drawings
B loan
C cash float
D vehicle

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1.1.7 … is an *expense* account that decreases the owner's equity.

A Interest on current account
B Salaries
C Trading stock
D Drawings

1.1.8 The general ledger is divided into two parts, namely the …section.

A balance sheet and nominal accounts
B owner's equity and asset
C income and expense
D owner's equity and liability

1.1.9 Source documents used for recording transactions in the cash book include …

A cheques.
B credit invoices.
C original debit notes.
D duplicate receipts.

1.1.10 A creditor can be described as a…

A business/individual that has purchased goods from your business on credit.
B business/individual that sells goods for cash.
C business/individual from which your business has purchased goods on credit.
D business/individual that purchases goods for cash.

1.1.11 A … is a subsidiary ledger that specifies each credit customer's detailed account information.

A debtors ledger
B general ledger
C debtors list
D creditors ledger

1.1.12 A business will send their customers a … on a monthly basis to show a summary of their purchases and payments and the outstanding amount owed.

A listing
B statement
C journal voucher
D invoice

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1.1.13 Which of the following transactions will NOT be recorded on the debit side of the creditors' ledger?

A Payment made to the creditor
B Purchasing inventory on credit
C Return inventory to creditor that was bought on credit
D Discount received when payment was made to the creditor

1.1.14 The gross profit of a business is calculated by …

A subtracting expenses from the net profit.
B adding expenses to gross income.
C subtracting cost of sales from sales.
D adding sales to cost of sales.

1.1.15 The total in the creditor's control account in the general ledger must correspond with the total on the …

A general ledger.
B debtor's ledger.
C credit bureau.
D creditor's list.

1.1.16 The … account in the general ledger will have a credit balance.

A rent expense
B rent income
C advertising
D water and electricity

1.1.17 Á cash book includes the following transaction:

A Cash receipts and cash payments transactions
B Cash receipt transactions only
C Cash payment transactions only
D All transactions that do not belong in any other journal

1.1.18 When a customer returns goods purchased on credit, a … is issued.

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

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1.1.19 Calculate the profit on 83 cellphones purchased for R4 850 each and sold on credit for R6 305 each.

A R523 315
B R402 550
C R120 765
D R220 560

1.1.20 A business is required to keep all source documents for a period of …

A one year.
B five years.
C three years.
D 24 months.

(20 × 1) **[20]**

QUESTION 2

2.1 Choose a/an item/word from COLUMN B that matches a description in COLUMN A. Write only the letter (A–F) next to the question number (2.1.1–2.1.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1.1	Public company	A	it's a form of enterprise that consists of 10 members or less
2.1.2	Club	B	the owner receives all the profits
2.1.3	Partnerships	C	profit-sharing is determined through dividends
2.1.4	Closed corporation	D	it receives income from registration and membership fees
2.1.5	Sole trader	E	the name of the enterprise ends with proprietary limited
		F	the profits are shared according to an oral or written agreement

(5 × 1) (5)

2.2 Choose ONE word/term for each of the following descriptions. Write only the word/term next to the question number (2.2.1–2.2.5) in the ANSWER BOOK.

2.2.1 An example of a roof-repairing business is known as a (trade/service) enterprise.

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2.2.2 The difference between the assets and liabilities of a business is known as the (owner's equity/debts).

2.2.3 The (general/debtor's) journal is used to record interest on an overdue account of a customer.

2.2.4 The cost of sales is determined by adding opening stock to purchases, and subtracting (gross profit/closing stock).

2.2.5 A business that produces bars of soap and sells to retailers, is known as a (wholesaler/manufacturer)

(5 × 1) (5)

2.3 Explain the following terms and give an example of each:

2.3.1 *Internal* source document

2.3.2 *External* source document

(2 × 2) (4)

2.4 Describe the following types of assets and liabilities and give an example of each:

2.4.1 Non-current asset

2.4.2 Non-current liability

2.4.3 Financial asset

(3 × 2) (6)

2.5 Re-arrange the stages of the accounting cycle process given below. Write only the letter (A–E) in the correct sequence in the ANSWER BOOK.

A. Final accounts and financial statements
B. Trial balance prepared
C. Source documents completed
D. Journals posted to general ledger
E. Transactions entered into subsidiary journals (5 × 1) (5)

2.6 Give ONE reason why it is important for businesses to number source documents. (2)

2.7 Define the term *accounting.* (2)

2.8 Which statement is drawn up to ensure that the double entry principle is applied properly? (1)

[30]

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QUESTION 3

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

3.1.1 The selling price of an item if the cost price is R2 450 and the mark-up is 25% on cost.

3.1.2 The profit of an item if the cost price is R4 280 and the selling price is R6 120.

3.1.3 The cost price of an article if the selling price is R2 320 and the profit mark-up is 40% on cost.

(3 × 3) (9)

3.2 Use the information in the table to calculate the missing amounts. Show ALL your calculations.

OWNER'S EQUITY	ASSETS	LIABILITIES
3.2.1	R143 750	R52 450
R40 000	**3.2.2**	R25 000
R7 000	R10 100	**3.2.3**

(3 × 2) (6)

3.3 A debtor, B. Gwede's cheque of R3 720 was dishonoured at the bank and returned to the business. Settlement of his account was R 3 980.

3.3.1 Calculate the discount allowed that has to be cancelled. (2)

3.3.2 Which journal would be used to cancel the discount allowed? (1)

3.4 A business is charged 11% interest per annum on a loan of R35 000.

Calculate the interest amount due for the first year. (3)

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3.5 A monthly statement was issued by Surf and Sea CC, to a debtor, A. Atlantis, dated 30 June 2017:

SURF and SEA CC
(Reg. 0-01002003/1)

P O Box 123
Beachy Bay
5200

Tel : (001) 9876541
Fax: (001) 9876542
Website: www.surf.org.za

To: A. Atlantis
Address: 2 Seabed Road, Coral Bay, 5200

Date: 30 June 2017
Statement no. J231

Date	Details	Amount (R)
01 June	Balance b/d	9 230
12 June	Invoice no. 33	830
19 June	Credit note no. C2	130
26 June	Interest charged @ 9% p.a. on an overdue amount of R6 230 for 3 months.	**3.5.1**
29 June	Invoice no. 34	150
30 June	Payment received (60 - 90 days)	**3.5.2**
	Balance	3 990

60–90 days	30–60 days	0–30 days	Balance
R 0	R3 000	**3.5.3**	R3 990

3.5.1 Calculate the interest charged on 26 June 2017 on the overdue amount. Round off to the nearest rand. (4)

3.5.2 Calculate the payment received on 30 June 2017. (2)

3.5.3 Calculate the 60–90 days missing amount. (3)
[30]

TOTAL SECTION A: 80

SECTION B

QUESTION 4

Ocean Breeze is a business trading in beach towels and beach accessories. The owner, C. Shore, uses the continuous stock system and a mark-up of 50% on the cost price.

Use the source documents and information from the given transactions below, to enter into the subsidiary journals for April 2017.

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	(3)
4.6	Creditors allowances journal	(2)
4.7	General journal	(9)
		[40]

CASH REGISTER ROLLS:

CRR 04/17
1 April 2017
R 5 270

CRR 05/17
10 April 2017
R 7 380

DUPLICATE RECEIPTS:

OCEAN BREEZE Receipt no. 59 Date: 3 April 2017	
Received from: C. Shore **For**: Capital contribution **Amount of**: Sixty five thousand rand only.	
S. Sandy Thank you	R65 000

OCEAN BREEZE Receipt no. 60 Date: 12 April 2017	
Received from: Footprints Café **For**: Rental **Amount of**: Five thousand five hundred rand only.	
S. Sandy Thank you	R5 500

OCEAN BREEZE Receipt no. 61 Date: 30 April 2017	
Received from: J. Mermaid **For**: Account settlement after 10% discount given **Amount of**: Two thousand two hundred and fifty rand only.	
S. Sandy Thank you	R2 250

DEPOSITS:

□□□CAPTAIN BANK			Deposit Slip
Date: **08 – 04 – 2017**			
Credit: **Ocean Breeze**		Rand	Cents
	Total cash amount	5 270	00
S. Sandy Depositor's signature	Cheques - Drawer		
	1. C. Shore	65 000	00
	2.		
2 1 4 5 6 8 9 3 1	3.		
Account number	GRAND TOTAL	**70 270**	**00**

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□□□CAPTAIN BANK			Deposit Slip
Date: **30 – 04 – 2017**			
Credit: **Ocean Breeze**		Rand	Cents
	Total cash amount	7 380	00
S. Sandy Depositor's signature	Cheques - Drawer		
	1. Footprints Cafe	5 500	00
	2. J. Mermaid	2 250	00
2 1 4 5 6 8 9 3 1	3.		
Account number	GRAND TOTAL	**15 130**	**00**

CHEQUE COUNTERFOILS:

03 / 04 / 2017		
To: Silky Printing		
For: Printing of letterheads and business cards		
	R	C
Balance		
This cheque	325	00
		No. 267

09 / 04 / 2017		
To: River Rafting Ltd		
For: Trading stock–R1260 C. Shore bought for his wife–R600		
	R	C
Balance		
This cheque	1 860	00
		No. 268

18 / 04 / 2017		
To: PC Techno		
For: Computer and printer		
	R	C
Balance		
This cheque	8 230	00
		No. 269

21 / 04 / 2017		
To: Cash		
For: Wages – Cleaner		
	R	C
Balance		
This cheque	500	00
		No. 270

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23 / 04 / 2017		
To: Seashell Traders		
For: Payment of account of R2 700 and received 5% discount		
	R	C
Balance		
This cheque	?	
		No. 271

09 / 04 / 2017		
To: Life Saver's Magazine		
For: Advertising		
	R	C
Balance		
This cheque	425	00
		No. 272

ORIGINAL CREDIT PURCHASE INVOICES:

Re-number credit invoices starting with OBS141

□□CORAL REEF PRODUCTS

Invoice no. AJ10
Date: 6 April 2017 Account no. OB123

To: Ocean Breeze
Address: 99 Marine Drive, Coastal Bay.

Quantity	Description	Price per unit	Amount
10	Dolphin bath sheet towels	R 120	R1 200
5	Sun Ray Sunglasses	R 250	R1 250
8	Beach bags	R 99	R 792
		TOTAL	R3 242

□□□□**METRO STATIONERS**□□□

Invoice no. BC69

Date: 27 April 2017
Account number: RR001

To: Ocean Breeze
Address: 99 Marine Drive, Coastal Bay

Quantity	Description	Unit price	Amount
10	Blue pens	R 4	R 40
5	Notepads	R 10	R 50
5	Ink cartridges	R150	R 750
10	Colour paper reams	R125	R1 250
		TOTAL AMOUNT	R2 090

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DUPLICATE CREDIT SALES INVOICES:

Date	Invoice details	Debtor	Amount
15 April 2017	Invoice no. 221	H. Mvovo	R 1 980
28 April 2017	Invoice no. 222	J. Jack	R 3 900

DUPLICATE DEBIT NOTES:

Date	Details	Creditor	Amount	Reason for return
7/4/2017	DN 007	Coral Reef Products	R250	1 x Sunray Sunglasses broken

DUPLICATE CREDIT NOTES:

Date	Details	Debtor	Amount	Reason for return
29/4/2017	CN 111	J. Jack	R 600	Towels incorrect size

INTER OFFICE MEMOS:

OCEAN BREEZE
INTERNAL OFFICE MEMO

Memo: M12
Date: 22 April 2017

To: The Accounts Clerk

From: C. Shore

Beach Brolly CC was incorrectly credited with R1 200 instead of Beach Umbrella CC. Please correct this creditor's transaction.

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	OCEAN BREEZE INTERNAL OFFICE MEMO
Memo: M13	**Date:** 30 April 2017
To: The Accounts Clerk **From:** C. Shore	
Z. Van der Merwe has an outstanding balance of R570. Write off the debt as irrecoverable.	

QUESTION 5

5.1 Seaside Industries use a mark-up of 30% on cost price. The following information was taken from their books at the end of March 2017. As this is their first month trading, there are NO opening balances.

The general ledger accounts indicated below must be prepared using the information provided. ONLY balance the general ledger accounts indicated.

5.1.1	Bank (Balance off the account)	(4)
5.1.2	Debtors Control (Balance off the account)	(6)
5.1.3	Trading stock	(6)
5.1.4	Cost of sales	(3)
5.1.5	Packaging	(1)
5.1.6	Discount received	(1)

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CASH RECEIPTS JOURNAL OF SEASIDE INDUSTRIES – MARCH 2017 CRJ1

Bank	Sales	Cost of Sales	Debtors Control	Discount Allowed	Sundry Amount	Details
28 440	19 630	15 100	1 660	150	7 300	Rent income

CASH PAYMENTS JOURNAL OF SEASIDE INDUSTRIES – MARCH 2017 CRJ1

Bank	Trading stock	Wages	Creditors Control	Discount Received	Sundry Amount	Details
13 370	7 480	1 280	4 750	440	300	Drawings

DEBTORS JOURNAL OF SEASIDE INDUSTRIES – MARCH 2017 DJ1

Doc.	Day	Debtor	Sales	Cost of sales
		Total	5 161	3 970

DEBTORS ALLOWANCES JOURNAL OF SEASIDE INDUSTRIES – MARCH 2017 DAJ1

Doc.	Day	Debtor	Debtors allowances	Cost of sales
		Total	546	420

CREDITORS JOURNAL OF SEASIDE INDUSTRIES – MARCH 2017 CJ1

Doc.	Day	Creditor	Creditors control	Trading stock	Vehicle	Sundry amount	Details
		Total	70 460	4 260	65 000	1 200	Packaging

CREDITORS ALLOWANCES JOURNAL OF SEASIDE INDUSTRIES – MARCH 2017 CAJ1

Doc.	Day	Creditor	Creditors control	Trading stock	Vehicle	Sundry amount	Details
		Total	1 030	820		210	Stationery

GENERAL JOURNAL OF SEASIDE INDUSTRIES – MARCH 2017 GJ1

Date	Details	Fol	Debit	Credit	Debtors Control		Creditors Control	
					Debit	Credit	Debit	Credit
	Total				620	620		

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5.2 The following transactions were made with a creditor, Blue Coral, for the month of March 2017 by Seaside Industries. Post the transactions to Blue Coral's creditor's ledger account.

Date	**Details**	**Amount (R)**
01 March	Balance b/f	5 360
10 March	Invoice C09	610
21 March	Cheque 115 Discount received	2400 100
26 March	Debit note 4	270
31 March	Closing balance	**?**

(9)
[30]

QUESTION 6

Use the trial balance below of Swimwear Traders as at 28 February 2017 to prepare the following:

6.1 The trading account for the year ended 28 February 2017. (4)

6.2 The profit and loss account for the year ended 28 February 2017. (11)

6.3 The balance sheet for the year ended 28 February 2017. Complete ONLY the note given in the ANSWER BOOK. (15)

Show any calculations in brackets.

TRIAL BALANCE OF SWIMWEAR TRADERS AS AT 28 FEBRUARY 2017			
	FOL.	**DEBIT**	**CREDIT**
BALANCE SHEET SECTION			
Capital	B1		175 000
Drawings	B2	12 840	
Vehicles	B3	55 000	
Office equipment	B4	15 500	
Bank	B5	49 750	
Debtors control	B6	36 400	
Trading Stock	B7	19 300	
Cash float	B8	500	
Creditors control	B9		8 700
NOMINAL ACCOUNTS SECTION			
Sales	N1		345 340
Cost of sales	N2	149 160	
Debtors Allowance	N3	3 200	
Discount received	N4		4 900
Rent expense	N5	34 000	
Salaries and wages	N6	136 000	
Printing and stationery	N7	4 000	
Telephone	N8	4 260	
Fuel	N9	6 800	
Water and electricity	N10	11 600	
Interest on current account	N11		4 370
		538 310	**538 310**

[30]

QUESTION 7

Swimwear Traders is an agency that sell beachwear to retailers in the country. They use the continuous stock system and mark up their stock by 50% on the cost price.

Show the effect of the following transactions on the accounting equation AND the source document.

EXAMPLE:

1. Stock was bought for R950 cash and paid by cheque no. 319.

No.	Source document	General ledger a/c		Assets	Owner's equity	Liabilities
		Account debited	Account credited			
1.	Cheque counterfoil	Trading stock	Bank	+ 950 - 950		

7.1 A credit purchase of printing of R1 200 was incorrectly posted to postage. Correct the error. (5)

7.2 The owner of Swimwear Traders took R500 cash for her personal use. (5)

7.3 Swimwear Traders purchased equipment on credit from Lizz Designs for R4 230. (5)

7.4 Swimwear Traders paid Tele-Comms R640 by cheque no. 320 for the telephone account. (5)

[20]

TOTAL SECTION B: 120
GRAND TOTAL: 200

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