higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING
NQF LEVEL 3

(3011003)

9 December 2020 (X-paper)
09:00–12:00

Nonprogrammable calculators may be used.

This question paper consists of 20 pages and an answer book of 15 pages.

463Q1N2009

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TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer all the questions.
2. Read all the questions carefully.
3. Show all the calculations.
4. Use only a black or blue pen.
5. VAT is calculated at 15%.
6. Write neatly and legibly.

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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 (1.1–1.10) in the ANSWER BOOK.

1.1 Which ONE of the following is NOT a source document to complete the cash receipts journal?

A Cash tax invoice
B Bank statement
C Duplicate receipt
D Credit tax invoice

1.2 Closing transfers are done at the end of the financial year.

Which general ledger account is used to calculate the net profit or loss for the year?

A Trading
B Profit and loss
C Sales
D Capital

1.3 When an owner makes a capital contribution to the business, the transaction will be subjected to … VAT.

A no
B zero-rated
C standard
D exempt

1.4 A business has invested a fixed deposit of R130 000 and receives interest of 6% per annum.

Calculate the interest amount received monthly.

A R7 800,00
B R650,00
C R6 724,00
D R560,00

1.5 Which ONE of the following is the correct basic accounting cycle?

A Source documents → Journals → Ledger accounts → Financial statements → Trial balance
B Journals → Source documents → Ledger accounts → Trial balance → Financial statements
C Source documents → Journals → Ledger accounts → Trial balance → Financial statements
D Source documents → Journals → Financial statements → Trial balance → Ledger accounts



1.6 Which ONE of the following is a routine expense?

A Interest on overdraft
B Purchases of stock
C Vehicle repairs
D Accounting fees

1.7 Which ONE of the following is NOT a valid reason for a customer to return goods bought on credit?

A The stock was received damaged
B Stock received was not according to order
C Incorrect stock items were given
D The stock was damaged at the customer's business

1.8 A debtor settled his/her account and received 7% discount. The amount he/she paid was R2 555.



How much discount was given?

A R2 376,15
B R178,85
C R192,31
D R2 747,31

1.9 According to the cash register roll, sales of R17 800 (VAT exclusive) were made. The mark-up on cost price is 70%.

Which ONE of the following is the correct entry in the cash receipts journal?



	BANK	VAT	SALES	COST OF SALES
A	20 470,00	2 670,00	17 800,00	10 470,59
B	20 470,00	0,00	20 470,00	12 041,18
C	17 800,00	2 321,74	15 478,26	9 104,86
D	17 800,00	0,00	17 800,00	10 470,59

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1.10 A business bought R11 500 of stock on credit and returned R250 to the supplier. When payment was made, an early-term discount was received of 4%.

For how much should the cheque be made out?

A R10 800
B R11 040
C R11 250
D R11 500

(10 × 1) **[10]**

QUESTION 2

2.1 Joseph opened a cycle shop called Joe's Cycle Centre. Joseph bought the following so that he could start trading:

Counter and chairs for cash	R4 700
Cash register on credit	R3 200
Stationery for cash	R890
Stock on credit	R27 840

After the first month of trading, Joe's Cycle Centre had cash sales of R22 000 and credit sales of R16 550.

2.1.1 Name TWO current assets of Joe's Cycle Centre.

2.1.2 What is the value of Joe's Cycle Centre's non-current assets?

2.1.3 How much is the value of the sales for the first month of Joe's Cycle Centre?

(3 × 2) (6)

2.2 Joe's Cycle Centre has been operating for a while now. In the beginning Joseph was able to run the business and do the debtors' reconciliation by himself. However, the business has become bigger and he has appointed you to assist. Joseph provided you with the following information to do the debtors' reconciliation for August 2019:

When Joseph handed over the information to you, the balance of the debtors' control closing balance was R70 600 and the debtors' list closing balance was R59 100. After doing an investigation, you identified the adjustments as listed below. Indicate the adjustments that must be done to the debtors' control and debtors' list by providing the amount and a plus (+) or minus (-) and no effect with 0 for each correction. Total each column.

2.2.1 The Fun Zone was issued a receipt for R2 100 for payment on their account. The amount was recorded correctly in the relevant journal. However, it was posted incorrectly to the debtor's ledger as R1 200.

2.2.2 A credit note to The Square Wheel for R980 was incorrectly recorded as R680 in the debtor's allowances journal.

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2.2.3 An invoice issued to Pedal Medic for R800 was incorrectly posted to the wrong side of their account in the debtor's ledger.

2.2.4 The total of the debtors control column in the debtor's allowances journal was added incorrectly. The total was R87 200, however it was added up and posted as R78 200.

2.2.5 The bank statement reflected that a cheque of R2 300 received from Bike Bazaar was dishonoured. The cheque was received to settle their debt of R2 500. No entry was made in the appropriate journals. (10)

2.3 Joe's Cycle Centre buys and sells on credit. The following is an extract from the creditors ledger of Joe's Cycle Centre

Creditors ledger of Joe's Cycle Centre					
		Freedom Flyers			**C5**
Month	**Day**	**Details**	**Debit**	**Credit**	**Balance**
2019 Aug	1	Account rendered			**2.3.1**
	3	Tax invoice X44		22 300	38 600
	5	Tax invoice X51		12 200	**2.3.2**
	10	Cheque 632	11 500		39 300
		Discount	350		38 950
	11	Interest		**2.3.3**	**2.3.4**
	15	Cheque 651	6 700		33 065
	22	Tax invoice X88		11 200	44 265
	25	Debit note 55	**2.3.5**		**2.3.6**

Calculate the following and show all the calculations:

2.3.1 The amount owing on 1 August 2019 (2)

2.3.2 The balance due after the purchase on 5 August 2019 (2)

2.3.3 On 11 August, interest of 5% was charged on the opening balance due (3)

2.3.4 The balance due after interest was charged (2)

2.3.5 15% of the tax invoice X88 was returned on 25 August 2019 (3)

2.3.6 The amount due at the end of the month (2)

[30]

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QUESTION 3

3.1 Pocket's Full is a supplier of cleaning material and are registered as a VAT vendor. They make use of a 50% mark-up on the cost price. Pocket's Full bought trading stock for R27 000 inclusive of VAT. The stock was then sold to Mac Pack.

Calculate the following, show all the calculations and round off to the nearest rand:

3.1.1 The value of the input VAT  (2)

3.1.2 The amount that Pocket's Full paid for the stock excluding VAT (2)

3.1.3 The profit that Pocket's Full will make on the sale of the stock to Mac Pack (3)

3.1.4 The amount that will be credited to sales for the stock sold to Mac Pack (3)

3.1.5 Determine the output VAT (3)

3.1.6 The amount that Mac Pack will pay (3)

3.1.7 The VAT amount payable to or receivable from SARS.

State if the amount is 'Payable' or 'Receivable'.  (2)

3.2 Pocket's Full settled their account with Pine Mist on 13 April 2019, a creditor and received a 7,5% discount for early payment. Pocket's Full owed Pine Mist R63 200.

3.2.1 How much discount did Pocket's Full receive? (2)

3.2.2 How much is the amount Pine Mist will receive? (2)

3.2.3 As J. Matthews, complete the cheque to be paid to Pine Mist. (5)

3.3 Name the journal that would be used to record each of the following transactions of Pocket's Full:

3.3.1 Pocket's Full returned stationery to a creditor as it was damaged

3.3.2 A debtor paid directly into the bank account of Pocket's Full to settle the outstanding amount due 

3.3.3 Rent received was incorrectly posted to the commission received account. The error needs to be corrected.

(3 × 1) (3)

[30]

TOTAL SECTION A: 70

SECTION B

QUESTION 4

Mrs Flora Lewis started her business, Flourish Traders, after retiring from teaching. Flourish Traders uses a 50% mark-up on cost price. The business is registered for VAT and transactions include 15% VAT unless stated otherwise. Round off the amounts to the nearest rand. It is the policy of Flourish Traders that credit purchase tax invoices are re-numbered. The last number used was 88.

REQUIRED

Use the information below that was taken from the accounting records of Flourish Traders for the month of January 2019 to enter the following transactions in the journals of Flourish Traders:

4.1	Cash receipts journal	(14)
4.2	Cash payments journal	(11)
4.3	Debtors journal	(9)
4.4	Debtors allowances journal	(6)
4.5	Creditors journal	(10)
4.6	Creditors allowances journals	(4)
4.7	General journal	(6)
		[60]

TRANSACTIONS FOR JANUARY 2019

CREDIT TAX INVOICE

No: S622
VAT NO: 969632123

CHETTY TRADERS

DUPLICATE

64 Mbeki Bend
Port Alfred
6140

01/01/2019
Credit: N Isaacs

Quantity	Description	Price	Amount
3	Barrels of paint	R43 990	R131 970,00
		INCL VAT 15%	R131 970,00

RECEIPT DUPLICATE

Date: 08/01/2019 No.: E807

Received from: M Chetty

In payment for: Capital contribution

The amount of: One hundred and forty two thousand rand only R142 000,00

With thanks: L. Chester

Cheque no: 254
09/01/19

To:	Office National
For:	Stationery
Amount:	R268,00

RECEIPT DUPLICATE

Date: 09/01/2019 No.: E808

Received from: R. Simons

In payment for: Payment on account. Received 30c in the rand of the debt outstanding.

The amount of: Two thousand two hundred and fifty rand only R2 250,00

With thanks: L. Chester

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JOURNAL VOUCHER

JV601

09/01/2019

R. Simons, a debtor, has been declared as insolvent. The estate paid 30c in the rand and was received (Receipt E808). Write off the remaining debt off as irrecoverable.

CREDIT TAX INVOICE

No: S623
VAT NO: 969632123

DUPLICATE

64 Mbeki Bend
Port Alfred
6140

10/01/2019
Credit: M. Pillay

Quantity	Description	Price	Amount
5	2 Litres Paint Stripper	R125,00	R625,00
20	5 Litres Outside Paint	R822,45	R16 449,00
		INCL VAT 15%	R17 074,00

CREDIT INVOICE

ORIGINAL
NO: 1665

TygerBerg Brands

VAT NO: 9632648965

TO: *Chetty Traders*

11/01/2019

	R	C
Packing Material	17 988	00
VAT EXCLUDED	17 988	00

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CASH REGISTER ROLL
JA01
10/01/2019



R5 668,00

VAT INCLUDED

UNIVERSAL BANK
Deposit Slip

DUPLICATE

DEP11/01

Date:	11 January 2019	**Coins**	668, 00
Credit:	Chetty Traders	**Notes**	5000, 00
Account number:	308274895	**TOTAL CASH**	5 668,00
Cheques			
Drawer	**Bank**	**Branch**	
M Chetty	Univeral	532366	142 000,00
R Simons	STAR	613289	2 250,00
		Total Deposit	149 918,00

Paid in by: *L Chester*

CREDIT NOTE

DUPLICATE
CN29

11/01/2019

Customer: M. Pillay

Quantity	Description	Price	Amount
2	2 Litres Paint Stripper	R125,00	R250,00
		TOTAL VAT INCL	R250,00

REASON: *The seal was broken*



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Cheque no: 255 12/01/19	
To:	Telkom
For:	Telephone
Amount:	R3 580,00

RECEIPT

DUPLICATE

Date: 13/01/2019 No.: E809

Received from: M. Pillay

In payment for: Direct deposit in the bank account for settlement of account as at 01/01/2019 of R25 756. Allowed 7% discount.

The amount of: ?

R?

With thanks: L. Chester

JOURNAL VOUCHER

CHETTY TRADERS

JV602

14/01/2019

Equipment of R18 353,00 was incorrect posted to the packing material account. Correct the error.

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DEBIT NOTE

DUPLICATE
DN11

15/01/2019

Supplier: Tygerberg Brands

Description	Amount
Packing Material	8 750,00
TOTAL VAT INCL	8 750,00

REASON: *Packing material damaged*

RECEIPT

DUPLICATE

Date: 19/01/2019 No.: E810

Received from: Date Dealers

In payment for: Commission received

The amount of: Nine thousand eight hundred and fifty five rand only R9 855,00

With thanks: L. Chester

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CREDIT TAX INVOICE

No: S624
VAT NO: 969632123

DUPLICATE

64 Mbeki Bend
Port Alfred
6140

21/01/2019
Credit: B. Naidoo

Quantity	Description	Price	Amount
2	Adjustable step ladders	R2 600	R5 200,00
		INCL VAT 15%	R5 200,00

RECEIPT

DUPLICATE

Date: 23/01/2019 No.: E811

Received from: B Naidoo

In payment for: Payment of account. 10% discount given

The amount of: Two thousand five hundred and twenty rand only R2 520,00

With thanks: L. Chester

UNIVERSAL BANK
Deposit Slip

DUPLICATE

DEP23/01

Date:	23 January 2019	**Coins**	
Credit:	Chetty Traders	**Notes**	
Account number:	308274895	**TOTAL CASH**	
Cheques			
Drawer	**Bank**	**Branch**	
Date Dealers	Moon	796432	9 855,00
B Naidoo	Light	691233	2 520,00
		Total Deposit	12 375,00

Paid in by: *L Chester*

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FAVOUR STORE

TAX INVOICE

To: Chetty Traders
64 Mbeki Bend
Port Alfred
6140

No: 985
VAT: 9631257456

Date: 28 January 2019

Description		Amount	
Trading stock		9 880	00
	TOTAL INCL 15% VAT	9 880	00



Go Green Garage

VAT reg no: 9746233651

CREDIT TAX INVOICE
NO: 3321

TO: Chetty Traders
Date: 30/01/2019

Description	Amount	
Vehicle repairs	4 600	00
TOTAL VAT INCL	4 600	00

*R1 215 of the repairs was for the owners son's car.

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CREDIT NOTE

DUPLICATE
CN30

30/01/2019

Customer: B. Naidoo

Quantity	Description	Price	Amount
1	Adjustable step ladders	R2 600	R2 600,00
		TOTAL VAT INCL	R2 600,00

REASON: *Damaged*

Cheque no: 257 **31/01/19**	
To:	TygerBerg Brands
For:	Settlement of purchase on 11/01/2019
Amount:	R?

Tasty Time

CREDIT TAX INVOICE

VAT no: 9746233651
NO: TT0222

31/01/2019

TO: Chetty Traders

Description	Price
Platters for staff function	R2 500,00

TOTAL VAT INCL	R2 500,00

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CHETTY TRADERS

DEBIT NOTE

DUPLICATE
DN12

31/01/2019

Supplier: Tasty Time

Description	Amount
Platters for staff function	500,00
TOTAL VAT INCL	500,00

REASON: *Overcharged*



Cheque no: 258 **31/01/19**	
To:	SB Municipality
For:	Water and electricity R6 100 Rates and taxes R1 100
Amount:	R7 200

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QUESTION 5

The following transactions/balances were extracted from the books of Chichi Traders for April 2019. Chichi Traders is not a VAT vendor:

- Trading stock had a closing balance of R57 300 on 31 March 2019.
- The amount of trading stock bought on credit for April 2019 was R31 300 of which R2 100 was returned as it was not suitable.
- The amount of trading stock bought for cash was R39 630. 
- Chichi Traders uses a mark-up of 70% on the cost price. The following sales took place during April 2019:

  Cash sales: R124 610
  Credit sales: R40 545

- The cost price of stock returned by customers bought on credit was R1 020. 
- Stock with a cost price of R1 600 was donated to the SPCA. These goods were marked at a special price of R2 400.
- The total of the cost of sales at the beginning of April 2019 was R33 700.

REQUIRED

Use the information given above to complete and balance the following accounts in the general ledger:

5.1 5.1.1 Trading stock (13)

5.1.2 Cost of sales (7)

5.2 On which side of the general ledger is the opening balance of the creditors control recorded? (1)

5.3 The bookkeeper of Chichi Traders has drawn up the trial balance for April 2019. However, the total on the debit side does not equal the credit side.

Give TWO possible reasons for the difference.  (2 × 2) (4)

[25]

QUESTION 6

The following is the preadjustment trial balance of Link Traders on 31 July 2019:

	FOL	DEBIT		CREDIT	
BALANCE SHEET ACCOUNTS SECTION					
Capital	B1			223 300	00
Drawings	B2	25 756	00		
Land and buildings	B3	131 298	00		
Equipment	B4	119 556	00		
Trading stock	B5	129 896	00		
Bank	B6	4 798	00		
Cash float	B7	772	00		
Debtors control	B8	19 000	00		
Creditors control	B9			20 364	00
Short-term loan	B10			4 000	00
NOMINAL ACCOUNTS SECTION					
Sales	N1			320 460	00
Cost of sales	N2	86 000	00		
Debtors allowances	N3	950	00		
Water and electricity	N4	10 468	00		
Salaries	N5	16 680	00		
Packaging material	N6	2 068	00		
Advertising	N7	4 592	00		
Insurance	N8	28 906	00		
Rent income	N9			12 616	00
		580 740	00	580 740	00

REQUIRED

Use the information of Link Traders provided above to complete the following:

6.1 Trading account (5)

6.2 Profit and loss account (9)

6.3 Notes to the balance sheet (7)

6.4 Balance sheet (9)

[30]

QUESTION 7

7.1 The following transactions were taken from the books of Super Sport Stationers for September 2019. IGNORE VAT for the transactions below.

Use the transactions below to show the influence on the accounting equation. Show the increase with +, decrease with – and no effect with 0.

EXAMPLE:

The owner contributed R67 000 into the bank account.

NUMBER	ASSETS	OWNER'S EQUITY	LIABILITIES	GENENRAL LEDGER	
				ACCOUNT DEBIT	ACCOUNT CREDIT
E.g.	+ 67 000	+ 67 000	0	Bank	Capital

TRANSACTIONS SEPTEMBER 2019

7.1.1 A customer who owed R160 has been declared insolvent. The debt must be written off as irrecoverable.

7.1.2 A cheque of R1 400 which was received from a customer in August was returned by the bank due to insufficient funds.

7.1.3 Stationery purchased for R390 on credit was returned as it was damaged.

(3 × 4) (12)

7.2 What source document would be used for the transaction mentioned in QUESTION 7.1.1? (1)

7.3 Which journal would be used for the transaction mentioned in QUESTION 7.1.2? (1)

7.4 A trial balance is drawn up to ensure that the double entry system is used.

Where are the amounts taken from to draw up a trial balance? (1)

[15]

TOTAL SECTION B: 130
GRAND TOTAL: 200

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