higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING
NQF LEVEL 3

(3011003)

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

Nonprogrammable calculators may be used.

This question paper consists of 15 pages and an answer book of 16 pages.

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TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions in the ANSWER BOOK.
2. Read ALL the questions carefully.
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. Show ALL the calculations.
6. Write neatly and legibly.

QUESTIONS	TOPICS	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Short questions	20	18 minutes
2	Short theoretical questions	35	32 minutes
3	Calculations	30	27 minutes
SECTION B			
4	Journals	60	54 minutes
5	General ledger	20	18 minutes
6	Financial statements	25	22 minutes
7	Accounting equation	10	9 minutes
	TOTAL:	**200**	**180 minutes**

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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 (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 Which ONE of the following does NOT decrease owners' equity?

A Water and electricity is paid.
B The owner is taking cash for personal use.
C A loss is incurred during the financial year.
D Return on stationery bought on credit from a supplier.

1.1.2 Cheque No. 56 was made out to IT Computer Store for the following:

10 flash drives at R129,99 each
2 notebooks at R5 777,88 each
1 desktop at R8 475,38
10% trade discount was received

For what amount is cheque No. 56 made out?

A R12 944,93
B R19 197,94
C R14 383,25
D R21 331,04

1.1.3 A debit order is ...

A a debit note.
B received from a debtor.
C authorisation given to the client's bank to transfer money on a monthly basis from the client's account to a third party.
D paid by cheque.

1.1.4 … is/are an example of an expense in a business.

A Wages
B Interest on fixed deposit
C Rent received
D Computers

1.1.5 Rent paid is recorded in the… journal.

A cash receipts
B debtors'
C creditors'
D cash payments

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1.1.6 Which ONE of the following items is NOT subjected to VAT as it is an exempted item?

A Water and electricity
B Telephone
C Repairs
D Interest on overdraft

1.1.7 The source document used for recording the credit purchase of a computer is a/an …

A original cash invoice.
B cheque counterfoil.
C original credit invoice.
D duplicate credit invoice.

1.1.8 Mzoli's CC has a business bank account at ABSA. The business issues a cheque of R572,00 to pay their creditor, Higgins Wholesalers. The drawer of the cheque will be ...

A Higgins Wholesalers.
B ABSA.
C Mzoli's CC.
D SA Reserve Bank.

1.1.9 The selling price of a drone including VAT is R18 630,00. The customer received a cash discount of 5%. The selling price excluding VAT is …

A R15 525,00.
B R17 698,50.
C R 2 173,50.
D R16 342,11.

1.1.10 Mr R. Williams, a debtor, owes R1 200,00. If he is allowed 5% discount, what is the settlement amount?

A R1 260,00
B R1 040,00
C R1 140,00
D R1 206,00

(10 × 1) (10)

1.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question (1.2.1–1.2.5) in the ANSWER BOOK.

1.2.1 Accounting is based on the principles of double entry which means that there must be a corresponding debit entry for every credit entry.

1.2.2 An electronic fund transfer is a way to transfer money via the internet from one bank account to another.

1.2.3 A business gains when a loss is made.

1.2.4 Capital, drawings and repairs are nominal accounts.

1.2.5 The business owes money to the customers that appear on the debtors' list.

(5 × 1) (5)

1.3 Complete the following sentences by writing down the missing word or words next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

1.3.1 When the wrong creditor's account is debited, the error will be corrected in the … journal.

1.3.2 The trial balance ensures that the … system is used.

1.3.3 Jack Matroos receives an original tax invoice when he purchased trading stock on credit from a supplier. The transaction will be recorded in the … journal.

1.3.4 A tenant pays rent in cash and receives a receipt. The … will be used to record the transaction.

1.3.5 Payments made from the petty cash will … the petty cash account in the general ledger.

(5 × 1) (5)
[20]

QUESTION 2

2.1 Briefly explain the purpose of the following:

2.1.1 Balance sheet

2.1.2 Income statement

2.1.3 Creditors' age analysis

(3 × 2) (6)

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2.2 Linda, the owner of Linda Traders, completed the following transactions in the relevant journals. She is unsure how to complete the general ledger and has requested you to take the following transactions into account and post the transactions to the general ledger. Open the accounts on 1 March 2017 from the trial balance as 28 February 2017. Post the transactions for March 2017 to the general ledger. Do NOT balance the accounts. Only do the accounts as given in the ANSWER BOOK.

DATE	DETAIL OF TRANSACTION
08/03/2017	The owner, Linda, made a contribution in the form of a vehicle valued at R78 000,00.
12/03/2017	Paid wages from the bank account, R800,00.
30/03/2017	Sold trading stock on credit, R5 000. The cost price of the stock sold was R2 000,00.

TRIAL BALANCE OF LINDA TRADERS ON 28 FEBRUARY 2017

	Fol.	Debit (R)	Credit (R)
Balance Sheet Section			
Capital	B1		100 000
Drawings	B2	20 000	
Vehicles	B3	40 000	
Bank	B4	5 000	
Debtors' control	B5	45 000	
Creditors' control	B6		40 000
Trading inventory	B7	30 000	
Nominal Accounts Section			
Sales	N1		120 000
Cost of sales	N2	80 000	
Rent expense	N3	25 000	
Wages	N4	15 000	
		260 000	260 000

(16)

2.3 Eagle Wings has a cheque account with BankCorp. The owner, K. Witbooi, has little experience in writing out cheques and received a 'return to drawer' cheque back from the bank due to the date being postdated. Mr Witbooi wanted to cross out the date and put the correct date on the cheque.

2.3.1 Explain to Mr Witbooi, why the bank returned the cheque. (2)

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2.3.2 Is Mr Witbooi allowed to change the date on the cheque? Give a reason for your answer. (3)

2.3.3 You are Z. Matiwane, Mr Witbooi's accountant and he has asked you to complete the cheque as you are a signatory. The cheque was paid to Stationery Stop, for stationery bought. Mr Witbooi also bought stationery for his son to the value of R860,00. The total amount of the stationery was R2 600,00. Use today's date on the cheque.

Complete the cheque and cheque counterfoil in the ANSWER BOOK. (8)

[35]

QUESTION 3

3.1 Complete the following table by filling in the missing amounts next to the question number (3.1.1–3.1.5) in the ANSWER BOOK. Sharp Shoes buy and sell branded running shoes.

The financial manager has requested you to calculate the amounts in the table below to determine the gross profit on the pair of running shoes indicated in the table. Sharp Shoes works on a profit mark-up of 50% on cost price and is a registered VAT vendor.

Cost price excluding VAT	VAT on cost price	Cost price including VAT	Selling price excluding VAT	VAT on selling price	Selling price including VAT
R755	3.1.1	3.1.2	3.1.3	3.1.4	3.1.5

(5)

3.1.6 Calculate the gross profit that Sharp Shoes will make on the pair of running shoes in the table. Show ALL the calculations. (3)

3.2 The following list of accounts appeared in the books of Mugabe Enterprises on 28 February 2017, the last day of the financial year.

Bank (unfavourable)	R2 000
Cash float	R1 000
Creditors' control	R30 000
Debtors' control	R24 000
Equipment	R120 000
Land and buildings	R400 000
Loan: UP Bank (15% p.a.)	R124 000
Mortgage loan	R250 000
Petty cash	R4 000
Trading inventory	R15 000
Vehicles	R180 000

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ADDITIONAL INFORMATION

R24 000,00 is redeemable on 28 February 2017.

REQUIRED

Calculate the following values of Mugabe Enterprises as at 28 February 2017: (Show ALL the calculations.)

3.2.1 The total of the current liabilities (4)

3.2.2 The total of the noncurrent liabilities (3)

3.3 The following are the transactions between JKA Traders and their debtor, Monde Botile, for the month of March 2017. Monde Botile owed JKA Traders, R24 348,00 on 1 March 2017.

REQUIRED

Use the information below to complete the debtors' ledger of JKA Traders for the account of Monde Botile.

DAY	DETAILS OF TRANSACTION
2	Sold goods to Monde Botile on credit for R4 000 (exclusive of VAT). Issued invoice No. 47.
4	Monde Botile returned goods he bought on 02/03/2017. A credit note No. CN12 of R1 140,00 (including VAT) was issued.
14	Received a dishonoured cheque from the bank. Monde Botile paid his account of R28 168,73 in February 2017 and received 7,5% discount. Unfortunately the bank returned the cheque as Monde Botile had insufficient funds. The entry was entered into the relevant journal. A journal voucher, JV 13, was issued to cancel the discount.
24	JKA Traders were notified by the lawyers that Monde Botile was declared insolvent. JKA Traders received R8 963,01 from the insolvent estate. Receipt RC411 was issued. It was decided to write off the remaining debt. Journal voucher JV 17 was issued.

(15)
[30]

TOTAL SECTION A: 85

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SECTION B

QUESTION 4

Tungsta is a business which is a registered as a VAT vendor and trades only with registered VAT vendors. 14% VAT is charged on all sales. All amounts are VAT inclusive. You have been provided ONLY a summary of the transactions from the source documents for the month of September 2017. Tungsta uses a mark-up of 42% on cost price. Renumber tax invoices from suppliers. The last number used was CI497.

REQUIRED

- Enter the transactions below in the correct journals for the month ended September 2017.
- DO NOT close off the journals at the end of the month.
- Show VAT only in the CRJ, DJ and DAJ. Ignore VAT for ALL other journals.

4.1	Cash receipts journal	(18)
4.2	Cash payments journal	(7)
4.3	Debtors' journal	(8)
4.4	Debtors' allowances journal	(6)
4.5	Creditors' journal	(7)
4.6	Creditors' allowances journal	(4)
4.7	General journal (NO narrations required)	(10)

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SUMMARY OF TRANSACTIONS FOR SEPTEMBER 2017

DAY	DETAILS	SOURCE DOCUMENTS	DESCRIPTION	AMOUNT (R)
1	M. Lashe	REC273	Additional capital contribution in cash.	125 150,00
2	T. Clarke	DINV195	Sold trading inventory on credit.	124 108,19
5	Keep Green	CHQ160	Settled an outstanding debt of R8 740,00. Received 3% discount for early payment from the creditor.	?
7	Just Pick (Creditor)	JV63	A journal voucher was completed as Just Pick charged our account of R8 000,00 with 2% per annum as our account was 30 days late.	?
8	G. Manuel	CRR88	Cash sale of trading inventory.	115 504,05
8	Vist Bank	DEP96	Made a deposit of all cash and cheques received to date.	?
11	Packing Zone	PZIN215	Bought packing material on credit.	840,00
11	Secure Insure	Bank statement	A debit order which debited the bank account for the monthly insurance premium.	1 850,00
12	Y. Haddin	DINV196	Credit sale of trading inventory for R36 842,50. Granted 8% trade discount.	?
15	T. Clark	CRN-6	Trading inventory returned to Tungsta.	6 355,33
16	Packing Zone	DN65	Returned packing material to Packing Zone because it was damaged.	75,00
18	Keep Green	B841	Trading stock purchased on credit.	4 820,00
21	T. Mayenga	CRR89	Sale of trading inventory for R31 027,05 Allowed12% trade discount.	?
22	Furn World	FW97	Purchased chairs on credit and an amount of R640,00 was included for repairs that were done on an office chair.	19 000,00
23	Y. Haddin	CRN-7	Trading inventory returned to Tungsta.	1 694,76
24	Z. Jardine	REC274	Received the rent income from Z. Jardine.	12 817,56
24	Vist Bank	DEP97	Made a deposit of all cash and cheques received to date.	?
25	Correction of error	JV64	A journal voucher was completed because stationery of R260,00 that was bought from Fredrick's, was incorrectly posted to the advertising account.	860,00
26	Y. Haddin	REC275	Received a cheque from Y. Haddin in settlement of his opening balance of R12 421,00.	10 620,22

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DAY	DETAILS	SOURCE DOCUMENTS	DESCRIPTION	AMOUNT (R)
29	Furn World	DN66	A chair was returned to Furn World because a wheel was broken on the chair purchased on 22/09/2017.	1 730,00
29	R. Peters	REC276	A cheque was received for commission.	8 301,00
29	Vist Bank	DEP96	Made a deposit of all cash and cheques received to date.	?
30	B. Hassan	Bank statement	The bank returned a cheque due to insufficient funds. The cheque was received from a debtor.	9 800,00
30	T. Clarke	Bank statement	A direct deposit was made into the bank account by a debtor.	4 000,00

[60]

QUESTION 5

The following information was extracted from the books of Ayanda Traders:

Balances/Totals on 1 June 2017

Bank (dr)	R24 500
Debtors' control	R16 300
Sales	R16 000
Cost of sales	R28 000

Enter the opening balances in the relevant accounts in the general ledger. Thereafter, post the subsidiary journal totals to the following accounts ONLY and balance the bank and debtors' control account ONLY:

5.1 Bank (5)

5.2 Debtors' control (8)

5.3 Sales (3)

5.4 Cost of sales (4)

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CASH RECEIPTS JOURNAL OF AYANDA TRADERS – JUNE 2017 – CRJ1

Doc. No.	Day	Details	Bank (R)	Sales (R)	Cost of sales (R)	Debtors' control (R)	Sundry
			31 750,00	21 500,00	8 100,00	6 000	1 842,00

CASH PAYMENTS JOURNAL OF AYANDA TRADERS – JUNE 2017– CPJ1

Doc. No.	Date	Payee	Bank (R)	Trading stock (R)	Creditors' control (R)	Discount received (R)	Debtors' control (R)	Sundry
			67 200,00	15 087,72	1 437,28	75,00	1 750	49 000,00

The amount for debtors' control was a dishonoured cheque from R Kay.

DEBTORS' JOURNAL OF AYANDA TRADERS – JUNE 2017 – DJ1

Doc. No.	Day	Debtor	Sales (R)	Cost of sales (R)
			11 900,00	6 800,00

DEBTORS' ALLOWANCES JOURNAL OF AYANDA TRADERS – JUNE 2017 – DAJ1

Doc. No.	Day	Debtor	Debtors' allowance (R)	Cost of sales (R)
			1 780,00	520,00

CREDITORS' JOURNAL OF AYANDA TRADERS – JUNE 2017– CJ1

Doc. No.	Date	Creditor	Creditors' control (R)	Trading stock (R)	Sundry
			21 630,00	12 740,00	8 890,00

CREDITORS' ALLOWANCES JOURNAL OF AYANDA TRADERS – JUNE 2017– CAJ1

Doc. No.	Date	Creditor	Creditors control (R)	Trading stock (R)	Sundry
			6 240,00	6 240,00	

GENERAL JOURNAL OF AYANDA TRADERS – JUNE 2017– CAJ1

DAY	DOC. NO.		DEBIT (R)	CREDIT (R)	DEBTORS' CONTROL	
					DEBIT (R)	CREDIT (R)
30	JV32	Bad debts				
		Debtors' control: K. Rusch	200,00	200,00		200,00

[20]

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QUESTION 6

Use the balances/totals from the given trial balance of Cola Stores January 2017 to complete the following:

6.1 Compile an income statement. (15)

6.2 Compile ONLY the asset section of the balance sheet. (10)

TRIAL BALANCE OF COLA STORES AS AT 31 JANUARY 2017

	FOL.	DEBIT (R)	CREDIT (R)
Balance Sheet Section			
Capital	B1		300 000
Drawings	B2	40 500	
Land and buildings	B3	38 000	
Vehicles	B4	45 000	
Equipment	B5	43 000	
Trading stock	B6	12 000	
Debtors' control	B7	50 200	
Bank	B8	25 400	
Petty cash	B9	850	
Cash float	B10	1 550	
Creditors' control	B11		34 400
Nominal Accounts Section			
Sales	N1		299 900
Cost of sales	N2	205 000	
Commission received	N3		18 700
Rent received	N4		28 900
Telephone	N5	10 800	
Rent paid	N6	79 500	
Water and electricity	N7	8 100	
Insurance	N8	5 400	
Bank charges	N9	1 200	
Wages	N10	45 500	
Salaries	N11	70 000	
		681 900	681 900

[25]

QUESTION 7

7.1 Blue Que is a hairdressing salon and is not a VAT vendor.

Complete the accounting equation with the transactions recorded on the source documents below.

7.1.1

DUPLICATE

DEBIT NOTE
DN84

01/08/17

Blue Que

To:	GDP Wholesalers
For:	Trading Stock
Reason:	Not according to order
Amount:	R12 000,00
Authorised:	S Simons

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7.1.2

Blue Que	**JOURNAL VOUCHER *963*** 31/08/17

Commission received was incorrectly posted to rent received. Correct the error.

Amount: R5 800,00

Authorised: S Simons

(2 × 4) (8)

7.2 Which TWO services could Blue Que render? (2)
[10]

TOTAL SECTION B: 115
GRAND TOTAL: 200

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