higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING
NQF LEVEL 3

(3011003)

26 February 2020 (X-paper)
09:00–12:00

Non-programmable calculators may be used.

This question paper consists of 13 pages and an answer book of 16 pages.

035O1S2026

Copyright reserved

TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. Read ALL the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Write ALL the answers in the ANSWER BOOK provided.
5. No pages should be removed from the ANSWER BOOK.
6. Show ALL calculations.
7. Use the table to guide you in how much time to spend answering each question.
8. VAT is calculated at 15%.
10. Write neatly and legibly.

QUESTIONS	TOPICS	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Multiple-choice questions	20	10 minutes
2	Short theoretical questions and calculations	30	20 minutes
3	Short theoretical questions and calculations	20	20 minutes
SECTION B			
4	Subsidiary journals	60	70 minutes
5	General ledger	25	20 minutes
6	Financial year end & statements	30	30 minutes
7	Accounting equation	15	10 minutes
	TOTAL	**200**	**180 minutes**

Copyright reserved

SECTION A

QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the correct answer and write only the letter (A–D) next to the question number (1.1.1–1.1.5) in the ANSWER BOOK.

1.1.1 The supporting document used for recording the payment of the internet account to MWEB is the …

A duplicate invoice.
B original invoice.
C account statement.
D cheque counterfoil.

1.1.2 When a creditor returns inventory to the supplier, the creditor's account in the creditors ledger will …

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

1.1.3 Which ONE of the following is a non-routine income for a business?

A Interest paid
B Bad debts recovered
C Sales
D Telephone

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

A Payment of a creditor
B Interest received
C Equipment purchased
D Discount allowed

1.1.5 Stock sold on credit is recorded in the … journal.

A creditors
B cash receipts
C debtors
D cash payments

(5 × 1) (5)

1.2 Donna's Deli makes and sells cakes. Donna does not know anything about VAT. She needs help to differentiate between the different VAT types. Indicate whether the following are *standard VAT, zero rated* or *exempt supplies.* Write only '*standard VAT', 'zero rated'* or *'exempt supplies'* next to the question number (1.2.1–1.2.5) in the ANSWER BOOK.

1.2.1 Rent paid for business premises

1.2.2 Diesel used in the delivery van to deliver cakes

1.2.3 Delivery vehicle purchased to deliver the cakes

1.2.4 Eggs used in the making of the cakes

1.2.5 Bus fare for the employees

(5 × 1) (5)

1.3 Donna's Deli had the following receipts for 23 May 2019:

- Sold a birthday cake for R1 500,00 to GW Garage, who banks with G.O. Bank. They paid by cheque.
- A debtor paid their outstanding amount of R2 300,00 with an electronic funds transfer. Proof of payment was received.
- The cash sales for the day amounted to R11 250,00 of which R10 800,00 was in notes and the remainder in coins.

Donna asked you, R. May, on 24 May 2019, to complete the deposit slip for Donna's Deli using reference 23/05. (10)

[20]

QUESTION 2

2.1 In which general ledger account are the following determined?

2.1.1 Gross profit

2.1.2 Net profit

(2 × 1) (2)

2.2 The following is an extract from the books of Gogo's Corner for the month of March 2019.

Gross profit	R3 800
Interest received	R1 250
Telephone	R2 770
Rent paid	R5 500
Packaging	R 750

Draw up the profit and loss account. (8)

2.3 Identify the source documents for Gogo's Corner for the following transactions that took place during April 2019.

2.3.1 Recovery of a bad debt previously written off

2.3.2 A correction was made for a receipt that was incorrectly taken to the wrong debtor

2.3.3 Credit sales

2.3.4 Return of goods sold on credit

(4 × 1) (4)

2.4 Give THREE consequences of NOT storing documents correctly. (3 × 1) (3)

2.5 The following account balances were extracted by an inexperienced bookkeeper from the general ledger of Bija Furnitures on 30 November 2019.

TRIAL BALANCE FOR THE PERIOD ENDING 30 NOVEMBER 2019		
	DEBIT (R)	**CREDIT (R)**
Nominal balance sheet		
Sales	150 000	
Capital		155 000
Bank overdraft	61 000	
Cost of sales	80 000	
Debtors		55 000
Balance sheet account		
Drawings		15 500
Creditors control		25 800
Trading inventory	52 040	
Insurance		15 600
Rent paid	15 860	
Equipment		35 000

ADDITIONAL INFORMATION

After the bookkeeper drew up the above trial balance, he realised that the following transactions had not been taken into account:

- Inventory to the value of R8 000 was purchased by cheque.
- N. Bija made a further capital contribution for equipment to the value of R75 000.
- Furniture was purchased on credit for R70 000.

Use the information above to prepare ONLY the balance sheet section of the trial balance.

NB: Show ALL calculations in brackets in the details column. (13)

[30]

QUESTION 3

3.1 Use the following transactions of Box It Solutions to determine whether the tax is input or output tax. Write only *'input'* or *'output'* next to the question number (3.1.1–3.1.2) in the ANSWER BOOK:

3.1.1 Payment of the telephone account

3.1.2 Sale the delivery vehicle

(2 × 1) (2)

3.2 The bank returned a cheque as 'Return to Drawer' to Box It Solutions. The cheque was received from a debtor who settled their debt. Answer the following questions relating to this transaction:

3.2.1 In which journal would this transaction be recorded?

3.2.2 Which account will be debited in the general ledger?

3.2.3 Which account will be credited in the general ledger?

3.2.4 If the outstanding debt was written off as irrecoverable, under which section in the trial balance would bad debts be classified?

(4 × 1) (4)

3.3 Box It Solutions owed their creditor, CardBoards Inc., R7 000. Box It Solutions settled their outstanding amount with CardBoards Inc. and was given R200 discount. With the same cheque used to settle their account, Box It Solutions bought trading stock of R3 500 for cash, and was given 10% trade discount.

For how much did Box It Solutions write out the cheque to Cardboards Inc.?

(Show ALL calculations) (5)

Copyright reserved

3.4 Fair Square is Box It Solutions' creditor. On the September 2019 statement from Fair Square, Box It Solutions had an outstanding balance of R41 450. According to the books of Box It Solutions, the outstanding balance due was R38 750.

While reconciling the statement from Fair Square and the creditors account in Box It Solutions' creditors ledger, the following mistakes were found.

A An invoice of R5 370,00 was incorrectly captured as R3 570,00 on the statement.

B Box It Solutions incorrectly recorded the return of damaged goods to Fair Square for R200 as an invoice.

C Fair Square recorded a return of R750,00 to Box It Solutions, however, another debtor of Fair Square made the return.

D Box It Solutions recorded an early payment discount of R150,00 when they made the payment on the account. However, Fair Square did not grant this discount, as the payment was not made within the required time.

E On 30 September 2019 Box It Solutions made a payment of R4 000,00 to Fair Square. However, this was not reflected on the statement from Fair Square as the statement was issued on 25 September 2019.

3.4.1 Complete the table in the ANSWER BOOK to correct the mistakes. Write only the adjusted amount with a + or – next to the letters (A–E) in the effected column.

Show ALL calculations in brackets. (7)

3.4.2 Total the columns after the corrections. (2)

[20]

TOTAL SECTION A: 70

SECTION B

QUESTION 4

November 2019 is the eleventh month of trading for Season's Enterprise, a registered VAT vendor which trades only with other registered vendors. The business uses a perpetual stock system. The mark-up differs for each stock items.

REQUIRED:

- Use the information below to enter the transactions in the following appropriate subsidiary journals.
- Calculate VAT at 15% in ALL journals where VAT is applicable unless stated otherwise.
- Round off amounts to TWO decimal places.
- Do NOT close off the journals on 30 November 2019.

4.1	Cash receipts journal	(13)
4.2	Cash payments journal	(10)
4.3	Debtors journal	(9)
4.4	Debtors allowances journal	(7)
4.5	Creditors jurnal	(11)
4.6	Creditors allowances journal	(6)
4.7	General journal (No narrations required)	(4)

Day	Details	Doc. No	Additional information	Amount received
7	Cash sales	CRR1	Selling price (VAT exclusive) is R4 887,42 Mark up at 40% on cost price	?
10	A. Snow	R201	Capital contribution by owner	R55 000
13	Cash sales	CRR2	Mark up at 25% on cost price	R22 100
16	Cash sales	CRR3	Cost price: R3 312,49	R 5310
19	G.O. Bank	B/S	Direct deposit for a bank loan received	R60 000

Transactions for November 2019

Summary of duplicate receipts and cash invoices issued:

Summary of bank deposits slips:

Day	Total deposit slip
10	R60 620,53
22	R27 410,00

Summary of cheque counterfoils, EFTs and bank statement debits:

Day	Payee	Doc. no.	Additional information	Amount paid
1	Cash	DQ1	Cash for petty cash box	R1 800
3	Red Cross	DQ2	Donation to Red Cross Society	R 500
13	Khanisa Traders	DQ3	Merchandise bought R3 815,79 (VAT exclusive)	?
23	Malema Fabulous	DQ4	Full settlement of the amount	?
24	Flora's Traders	DQ5	Merchandise bought (R1 200,00 was for personal use)	R3 800
30	G.O. Bank	B/S	Interest on loan	R 225

Summary of credit invoices issued to debtors:

Day	Customer	Additional information	Invoice no	Invoice amount
4	T Matolweni	• Mark up at 25% on cost price	014	R2 400
6	S Ruka	• Mark up at 30% on cost price • Selling price (VAT Inclusive) – R6 800,00 less 10% trade discount	015	?
11	S Dyantyi	• Selling price (VAT exclusive) – R4 500,00 • Cost price – R3 124,29	016	?

Copyright reserved

Summary of credit notes issued to debtors for returns of stock items:

Day	Customer	Additional information	Credit note no	Amount
5	T Matolweni	• Stock not according to order	CD1	R800
6	S Ruka	• Customer was overcharged on clearance sale item	CD2	R712
14	S Dyantyi	• Stock damaged • Selling price (VAT exclusive) – R770,00 • Cost price – R550,00	CD3	?

Summary of credit invoices received from creditors (invoices have already been numbered):

Day	Supplier	Additional information	Invoice no	Invoice amount
10	Ramaphosa Computers	Equipment – R8 000,00 Box of printing paper – R258,00	N14	?
12	Malema Fabulous	Packing material	N15	R 456
19	Makgashule Plastic CC	Merchandise	N16	R6 424
21	Somizi Products	Staff refreshments	N17	R 880
27	Wynns Traders	Merchandise	N18	R2 280

Summary of debit notes for goods returned to creditors:

Day	Supplier	Additional information	Debit note no	Amount
12	Ramaphosa Computers	Damaged box of printing paper	CD1	R258
29	Wynn's Traders	Overcharge on merchandise	CD2	R424
30	Somizi Products	Discount of 10% was not taken into account	CD3	?

Summary of journal vouchers:

Day	Details	Voucher no	Amount
15	Charge interest of 10% on the debtor, J. Rose's outstanding amount of R7 200,00.	JV2	?

[60]

Copyright reserved

QUESTION 5

The information below for September 2019 was drawn from the books of Goodness Traders.

REQUIRED:

Prepare the following general ledger accounts: Balance ONLY bank account.

5.1. Debtors control account
(Balance on 1 September 2019: R43 270) (6)

5.2 Trading stock account
(Balance on 1 September 2019: R57 290) (9)

5.3 Bank account
(Overdraft balance on 1 September 2019: R40 000) (10)

INFORMATION:

- The business uses a mark-up on cost of 60%.
- The following are extracts of the totals from the journals on 30 September 2019:

Cash receipts journal	R
Bank	?
Debtors control	36 730
Discount allowed	850
Sales	79 120
Cost of sales	?

Cash payments journal	R
Bank	?
Creditors control	19 500
Discount received	975
Trading stock	9 480
Debtors control (R/D)	2 630

Debtors journal	R
Sales	?
Cost of sales	23 850

Debtors allowances journal	R
Debtors allowances	1 920
Cost of sales	1 020

Creditors journal	R
Creditors control	?
Trading stock	31 320
Equipment	15 980

Creditors allowances journal	R
Creditors control	?
Trading stock	2 100
Equipment	980

General journal	DEBIT	CREDIT
Drawings	4 000	
Trading stock		4 000
Owner took stock for his own use		

[25]

QUESTION 6

The following trial balance appears in the books of Anastacia Traders on 30 June 2019. Use the information below to prepare the following:

6.1 Income statement for the year ending 30 June 2019. (12)

6.2 Balance sheet as at 30 June 2019. (10)

6.3 Notes required in the ANSWER BOOK for the year ending 30 June 2019. (8)

ANASTACIA TRADERS
TRIAL BALANCE FOR THE YEAR ENDING 30 JUNE 2019

	Fol.	Debit		Credit	
BALANCE SHEET SECTION					
Capital (01/07/2018)	B1			42 000	00
Drawings	B2	2 000	00		
Land and buildings	B3	21 540	00		
Vehicle	B4	13 200	00		
Equipment	B5	3 200	00		
Inventory	B6	9 190	00		
Bank overdraft	B7			3 600	00
Petty cash	B8	300	00		
Cash float	B9	650	00		
Debtors control	B10	870	00		
Creditors control	B11			2 410	00
NOMINAL ACCOUNTS SECTION					
Sales	N1			13 390	00
Cost of sales	N2	6 810	00		
Rent received	N3			3 100	00
Debtors allowances	N4	700	00		
Telephone	N5	560	00		
Repairs and maintenance	N6	2 560	00		
Water & electricity	N7	820	00		
Bank charges	N8	300	00		
Carriage on sales	N9	1 800	00		
		64 500	00	64 500	00

[30]

QUESTION 7

Analyse the transactions below from the books of Mamaland Stationers by showing the accounts debited and credited in the general ledger. Show the influence on the accounting equation. Use a + for an increase, a – for a decrease and a 0 for no effect. Some of the information has been completed.

Mamaland Stationers uses the continuous stock system.

TRANSACTIONS

A A payment of R9 600 was received from PLP Holdings for rent. (4)

B A debtor was declared insolvent and their debt of R3 600 was written off as irrecoverable. (4)

C Bought stationery of R14 000,00 was purchased for resale – paid by cheque. (3)

D Received an original credit invoice of R7 800 for equipment bought on credit. (4)

Complete the missing information of the accounting equation by writing the correct answer next to the question number (7.1–7.15) in the ANSWER BOOK.

Transaction	Source documents	Journal	General ledger		Accounting equation		
			Debit	Credit	Asset	Owner's equity	Liability
A	7.1 ...	CRJ	Bank	7.2 ...	+ 9 600	7.3 ...	7.4 ...
B	7.5 ...	GJ	Bad debts	7.6 ...	7.7 ...	- 3 600	7.8 ...
C	7.9 ...	7.10	Trading stock	7.11 ...	+ 14 400 - 14 400	0	0
D	Credit invoice	7.12	Equipment	7.13 ...	+ 7 800	7.14 ...	7.15 ...

(15 × 1) **[15]**

TOTAL SECTION B: 130
GRAND TOTAL: 200

Copyright reserved