higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING
NQF LEVEL 3

(3011003)

7 November 2018 (X-Paper)
09:00–12:00

Non-programmable calculators may be used.

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

Copyright reserved

TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. Answer ALL the questions in the ANSWER BOOK provided.
3. Show ALL your calculations.
4. Number the answers according to the numbering system used in this question paper.
5. NO pages may be removed from the ANSWER BOOK.
6. Use the table below to guide you in how much time to spend answering each question.
7. Write neatly and legibly.

QUESTIONS	TOPICS	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Multiple-choice questions True and false questions Choosing the correct descriptions	25	22 minutes
2	Short theoretical questions	30	27 minutes
3	Calculations	25	23 minutes
SECTION B			
4	Journals	40	36 minutes
5	Posting to ledger	30	27 minutes
6	Financial statements	30	27 minutes
7	Accounting equation	20	18 minutes
	TOTAL	**200**	**180 minutes**

Copyright reserved

SECTION A

QUESTION 1

1.1 Various options are provided 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 When a customer returns stock to a business, the effect on the trading stock account will be …

A debiting the trading stock account with the selling price.
B crediting the trading stock account with the selling price.
C debiting the trading stock account with the cost price.
D crediting the trading stock account with the cost price.

1.1.2 A refer-to-drawer (R/D) cheque will be recorded in the … journal.

A cash receipts
B cash payments
C petty cash payments
D general

1.1.3 The process of transferring amounts from the journals to the appropriate accounts in the general ledger is called …

A accounting.
B posting.
C deleting.
D showing.

1.1.4 Possible reason(s) that the bank will dishonour cheques include:

A The drawer has stopped payment on the cheque
B The drawer has not signed the cheque
C The cheque is two months old
D Both A and B

1.1.5 Money taken by the owner from the business for personal use is known as …

A capital.
B equity.
C drawings.
D salaries.

Copyright reserved

1.1.6 Equity increases when …

A money is invested in a fixed deposit.
B goods are sold for cash.
C a cheque is drawn to restore the imprest amount.
D the supplier is paid.

1.1.7 A ... is issued when a debtor returns damaged goods.

A receipt
B credit note
C debit note
D cheque

1.1.8 Choose the correct parties involved in issuing a cheque:

A Payer and payee
B Owner, drawer and payee
C Drawer, bank and payee
D Payee and owner

1.1.9 During the month, a business bank account increases by R34 400 and the business pays R6 800 for water and electricity.

At the end of the month, the bank balance of the business is R79 400. What was the bank balance at the beginning of the month?

A R38 200
B R51 800
C R107 000
D R41 200

1.1.10 The supporting document used for recording the payment of the water and electricity account to Dihlabeng Municipality is the …

A cheque counterfoil.
B duplicate invoice.
C Dihlabeng Municipality statement.
D duplicate receipt.

1.1.11 A business owes a creditor R45 000. The amount is outstanding for four months. Interest is charged at 9.5% per annum.

Calculate the interest on the overdue amount:

A R1 425
B R17 100
C R4 275
D R15 000

Copyright reserved

1.1.12 Received R700 from the insolvent estate of J. Knox, a debtor. The estate paid 25c in the rand. The rest must be written off as bad debts.

Calculate the amount that must be written off:

A R175
B R2 100
C R2 275
D R525

1.1.13 An example of a VAT-exempt item is …

A discount received.
B bad debts recovered.
C interest on fixed deposit.
D rent income.

1.1.14 Which one of the following accounts is a non-routine income for a business?

A Interest paid
B Telephone
C Debtors allowances
D Bad debts recovered

1.1.15 When a business returns stock to a creditor, the creditors account will …

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

(15 × 1) (15)

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

1.2.1 Sales are a non-routine transaction for a business.

1.2.2 A bank account holder can make cash withdrawals via internet banking.

1.2.3 The interest on a loan is an income for the business.

1.2.4 The acronym VAT stands for value and tax.

1.2.5 Net profit is calculated in the income statement.

(5 × 1) (5)

Copyright reserved

1.3 Choose a description from COLUMN B that matches a/an word/item in COLUMN A. Write only the letter (A–F) next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.3.1	Sales in income statement	A	debts that will never be collected
1.3.2	Bad debts	B	maximum period within which a customer must pay their outstanding debt
1.3.3	Credit term	C	loss of products due to theft, fraud or faulty accounting procedures
1.3.4	Income statement	D	gross sales less debtors allowances
1.3.5	Duplicate	E	used to calculate gross profit and net profit
		F	two copies of a document

(5 × 1) (5)
[25]

QUESTION 2

2.1 Zuzu Dlamini wants to start a small business. She asks you to help her understand a few accounting concepts. Answer the following questions in such a way that Zuzu can understand accounting.

2.1.1 Why is it important for businesses to keep debtors control and creditors control accounts in the general ledger? (3)

2.1.2 Apart from the debtors control and creditors control accounts, name ONE other control account in the general ledger. (1)

2.1.3 Why is VAT charged on sales? (1)

2.1.4 Describe the term *creditor*. (1)

2.1.5 What type of account are creditors? (1)

2.1.6 Briefly explain the double-entry principle. (2)

2.1.7 State the accounting equation to Zuzu Dlamini. (2)

Copyright reserved

2.2 Study the following statement of account and answer the questions.

Statement of account
Mbewe Stores

123 Muller Road
Bethlehem
9700

Telephone: 058 3036144
Fax: 058 3036145

Account of: *C. Nkosi*
78 New Road
Bethlehem
9700

Account No.: *598*
Date of statement: *29 August 2015*
Terms: *Strictly 30 days*

Date	Description	Debit	Credit	Balance
2015 Aug 1	Balance			12 000
5	Invoice 367	1 200		13 200
8	Credit note 59		200	13 000
10	Receipt 78		10 000	3 000
	Discount allowed		100	2 900
25	Invoice 532	3 500		6 400

E&EO

Please check the accuracy of all data. If errors are detected, please contact the accounts department immediately.

Banking details: ABSA Account No.: 125 659 1268 Branch code: 121006

2.2.1 Is C. Nkosi a debtor or a creditor? (1)

2.2.2 What was C. Nkosi's outstanding balance on 1 August 2015? (1)

2.2.3 By how much was C. Nkosi's account reduced during the month? (1)

2.2.4 From the account above, give ONE reason for the balance on C. Nkosi's account decreasing. (1)

2.2.5 Why has Mbewe Stores put its banking details at the bottom of the account? (1)

2.2.6 Name TWO measures that a business can take to ensure that a customer pays their account on time. (2)

2.2.7 Name the account that is used to write off irrecoverable amounts. (1)

2.2.8 What type of account is the above-mentioned account (in QUESTION 2.2.7) and what effect does it have on the profit of the business? (2)

Copyright reserved

2.3 Analyse the account of Memory Suppliers below in the creditor's ledger of Keep Sake Traders.

Creditors ledger of Keep Sake Traders
Memory Suppliers

Date	Description	Fol.	Debit	Credit	Balance
2015 Oct 1	Balance	b/d			20 000
3	**2.3.1**	CPJ	**2.3.2**		8 200
	Discount received	CPJ	**2.3.3**		8 000
6	Debit note 56	CAJ	**2.3.4**		7 650
30	Journal voucher 9	GJ		**2.3.5**	7 850

2.3.1 Complete the above account in the ANSWER BOOK by filling in the missing information/amounts. Write only the answer next to the question number (2.3.1–2.3.5). (5)

2.3.6 Give ONE possible reason for the debit note issued on 6 October 2015. (1)

2.3.7 Give ONE possible reason for the general journal entry on 30 October 2015. (1)

2.4 Name the FIRST step of the accounting cycle. (1)

2.5 After the first step of the accounting cycle has been performed, a … must be completed (as proof that the first step has taken place). (1)

[30]

QUESTION 3

3.1 Cash sales equal R1 450 (VAT exclusive). The profit mark-up percentage is 25% on cost price.

Calculate the following:

3.1.1 Inclusive sales amount

3.1.2 VAT amount

3.1.3 Cost of sales

(3 × 3) (9)

3.2 A business sold goods on credit to S. Mampuru for R3 590 and granted him a 4.5% discount.

Calculate the discount allowed. (3)

3.3 S. Mocke's outstanding account is R2 400. He settles his account and pays R2 280.

Calculate the following:

3.3.1 Discount amount

3.3.2 Discount percentage

(2 × 3) (6)

3.4 Calculate the gross income for the year using the following information:

Capital	R150 000
Sales	R 86 680
Rent income	R1 500 per month
Debtors allowance	R 680
Commission income	R 3 670
Telephone	R 3 290
Cost of sales	Mark-up of 25% on cost price

(7)
[25]

TOTAL SECTION A: 80

SECTION B

QUESTION 4

Shiela Cousins started a new business, Shoppies Traders, on 1 September 2015. The business uses the continuous inventory system and a mark-up of 50% on cost price.

Shoppies Traders is registered as a VAT vendor and it charges VAT at 14%.

Enter the transactions for November 2015 in the following appropriate subsidiary journals. Do not close off the journals on 30 November 2015.

Calculate and show VAT on sales and returns from debtors ONLY.

Round off ALL amounts to the nearest rand.

4.1	Cash receipts journal	(13)
4.2	Cash payments journal	(9)
4.3	Creditors journal	(3)
4.4	Creditors allowances journal	(3)
4.5	Debtors journal	(6)
4.6	Debtors allowance journal	(4)
4.7	General journal (No narrations are required.)	(2)
		[40]

Cash register rolls for November 2015:

03/11/2015 CRR12 Total: R12 131.00	19/11/2015 CRR13 Total: R2 654.00

Receipts issued for November 2015:

Date	No.	To whom	Details
2	151	Shiela Cousins	Increased capital contribution with R25 000
6	152	Q. Smart	Payment of account, R1 580. Allowed 5% discount
21	153	G. Avon	Commission, R6 500
29	154	J. Brand	Payment of account, R3 560

Copyright reserved

Summary of bank deposit slip totals for November 2015:

03/11/2015	R37 131
6/11/2015	?
21/11/2015	R9 154
29/11/2015	R3 560

Cheques issued for November 2015:

Date	No.	To whom	Details
2	12	David Enterprises	Merchandise, R4 500, less a 10% trade discount
7	13	Telkom	R14 300. Take into account that R3 230 was for the personal account of Shiela Cousins, the owner
10	14	Wacko Equipment	Bought 15 secretary chairs @ R1 800 each and received a 7.5% trade discount
21	15	Ronaldo Traders	Paid R900 on account and received R150 discount

Original invoices received from suppliers (renumbered):

Date	No.	To whom	Details
3	P211	Messi Enterprises	Trading stock, R7 300, and equipment, R5 790
29	P212	Pen Stationers	Printer cartridge, R700, and printing paper, R310

Duplicate debit notes issued to suppliers:

Date	No.	To whom	Details
7	R313	Messi Enterprises	Stock not according to order, R150
29	R314	Pen Stationers	Equipment not the correct colour, R500 Printing paper (wrong colour), R50

Copyright reserved

Duplicate invoices issued (VAT inclusive):

Date	No.	To whom	Details
16	IN021	J. Brand	R1 002
28	IN022	M. Xhai	R3 670

Duplicates of credit notes issued (VAT inclusive):

Date	No	To whom	Details
17	CN25	Joseph Brand	R240

Additional transactions:

Date	Doc. No.	From	Details
30	B/S	ABC Bank	Service fees, R150; cheque book fees, R210
30	B/S	ABC Bank	Returned J. Brand's cheque marked 'RD'. See receipt on 29 November 2015
30	Journal voucher	Financial manager	Write G. Schmidt's debt off as irrecoverable, R1 890

QUESTION 5

The following information was extracted from the books of Mmusi Traders during September 2015.

Required

- Enter the opening balances in the relevant accounts in the general ledger for the accounts listed below (opening balances/totals given in brackets).
- Post the subsidiary journal totals to the accounts listed below ONLY.
- Do not balance or close off the accounts.

5.1 Debtors control (R15 000) (4)

5.2 Trading stock (R25 000) (8)

5.3 Creditors control (R9 700) (5)

5.4 Discount allowed (R550) (3)

5.5 Sales (R76 000) (3)

5.6 Stationery (R1 600) (7)

[30]

Copyright reserved

Cash Receipts Journal of Mmusi Traders – September 2015 *CRJ9*

Doc.	Day	Details	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control	Discount allowed	Sundry amount	Fol.	Details of sundries
				18 350	6 100	4 575	2 600	350	10 000		Capital

Cash Payments Journal of Mmusi Traders – September 2015 *CPJ9*

Doc.	Day	Payee	Bank	Trading stock	Creditors control	Discount received	Stationery	Sundry amount	Fol.	Details of sundries
			6 500	3 300	2 100	250	850	500		Rent

Debtors Journal of Mmusi Traders – September 2015 *DJ9*

Doc.	Day	Debtor	Fol.	Sales	Cost of sales
				860	430

Debtors Allowance Journal of Mmusi Traders – September 2015 *DAJ9*

Doc.	Day	Debtor	Fol.	Debtors allowance	Cost of sales
				430	215

Creditors Journal of Mmusi Traders – September 2015 *CJ9*

Doc.	Day	Creditor	Fol.	Creditors control	Trading stock	Stationery	Sundry amount	Fol.	Details of sundry accounts
				9 200	4 800	700	3 700		Equipment

Creditors Allowance Journal of Mmusi Traders – September 2015 *CAJ9*

Doc.	Day	Creditor	Fol.	Creditors control	Trading stock	Stationery	Sundry amount	Fol.	Details of sundry accounts
				2 400	900		1 500		Equipment

General Journal of Mmusi Traders – September 2015 *GJ9*

					Debtors control		Creditors control	
			Debit	Credit	Debit	Credit	Debit	Credit
23	Trading stock		100					
	Stationery			100				
	(Correction of error)							

Copyright reserved

QUESTION 6

Use the information given to you in the trial balance of Chip Chop Traders to complete the following:

6.1 Income statement for the year ended 28 February 2015 (15)

6.2 Balance sheet on 28 February 2015

Show ONLY the notes for
- cash and cash equivalents
- capital

Trial balance of Chip Chop Traders on 28 February 2015

Balance sheet section		**DEBIT**	**CREDIT**
Capital (01/03/2014)			250 350
Drawings		54 000	
Vehicles		120 200	
Equipment		35 900	
Land and building		350 500	
Debtors control		13 900	
Creditors control			98 000
Bank			12 500
Petty cash		1 800	
Cash float		2 200	
Loan: FNB (14%)			165 000
Trading stock		14 000	
Nominal accounts section			
Sales			254 470
Cost of sales		137 500	
Debtors allowance		23 400	
Rent income			36 000
Discount received			1 750
Stationery		13 400	
Telephone		12 500	
Water and electricity		15 670	
Insurance		23 100	
		818 070	818 070

(15)
[30]

QUESTION 7

The following transactions appeared in the books of Over the Moon Stores. Use the table in the ANSWER BOOK to analyse the transactions and indicate the effect on the elements of the accounting equation. Show an increase with +, a decrease with –, and no effect with 0.

NOTE: Bank has a favourable balance.

Example: Rent received from J. Smith, R6 000.

Number	Source document	General ledger		Assets	Owner's equity	Liabilities
		Account debit	Account credit			
E.g.	Duplicate receipt	Bank	Rent income	+6 000	+6 000	0

TRANSACTIONS:

7.1 Purchased a delivery vehicle for R225 000 and paid by cheque. (5)

7.2 Bought trading stock from Maun Traders on credit, R6 700. (5)

7.3 The bank returned J. Small's cheque, marked R/D, R500. (5)

7.4 Paid SARS the VAT owing, R13 300. (5)
[20]

TOTAL SECTION B: 120
GRAND TOTAL: 200

Copyright reserved