higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING
NQF LEVEL 3

(3011003)

12 November 2019 (X-Paper)
09:00–12:00

Nonprogrammable calculators may be used.

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

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TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. Read ALL the questions carefully.
3. Write ALL the answers in the ANSWER BOOK provided.
4. Do NOT remove any pages from the ANSWER BOOK.
5. Show ALL calculations.
6. Use the table to guide you in how much time to spend on answering each question.
7. Number the answers according to the numbering system used in this question paper.
8. VAT is calculated at 15%.
9. 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	20	15 minutes
3	Short theoretical questions and calculations	20	15 minutes
SECTION B			
4	Subsidiary journals	60	70 minutes
5	General ledger	30	30 minutes
6	Financial year end and statements	30	25 minutes
7	Accounting equation	20	15 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 correct 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 Possessions that can be converted into cash within a year are known as …

A profit.
B capital.
C current assets. *
D non-current assets.

1.1.2 Calculate the interest for six months on a fixed deposit of R120 000 at an interest rate of 6% per annum.

A R123 600
B R3 600
C R127 200
D R7 200

1.1.3 Which ONE of the following is NOT a current asset in the balance sheet? *

A Bank
B Trading stock
C Debtors
D Investment

1.1.4 The total of the debtors list should be equal to the …

A total of the 'Debtors' column in the cash receipts journal.
B balance of the Debtors Control account in the general ledger.
C total of the 'Sales' column in the debtors journal.
D total of the 'Debtors Allowances' column in the debtors allowance journal.

1.1.5 When a debtor returns stock to a business, the debtor's account in the debtors ledger will …

A increase.
B be debited. *
C be credited.
D not be affected.

1.1.6 The cost price of goods sold on credit is R750, with a mark-up of 60% on the cost price. What will the selling price be, inclusive of VAT?

A R180,00
B R1 380,00 *
C R1 200,00
D R450,00

1.1.7 The entry in the general ledger when a debtor makes a payment on their account is to ...

A debit debtors control and credit trading stock.
B debit debtors control and credit bank.
C debit bank and credit debtors control.
D debit trading stock and credit bank.

1.1.8 When purchasing fuel from a petrol station, how much VAT will be charged? *

A 0%
B 15%
C 14%
D 100%

1.1.9 When settling an outstanding amount owed to a creditor, a discount of 5% was received. The cheque was made out for R7 500,00. How much was the discount?

A R375,00
B R7 875,00
C R7 894,74
D R394,74

1.1.10 A ... is the source document used to record the cash sales of merchandise. *

A deposit slip
B cheque counterfoil
C cash register roll
D credit invoice

(10 × 1) (10)

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1.2 Choose a journal from COLUMN B that matches a transaction in COLUMN A. Write only the letter (A–G) next to the question number (1.2.1.–1.2.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Transaction causing bank balance to decrease	A	Creditors allowances journal
1.2.2	Credit purchases of any product or service	B	Cash receipts journal
1.2.3	Credit sales of goods	C	Debtors journal
1.2.4	Returns of goods by customers	D	General journal
1.2.5	Charging interest on a customer's overdue account	E	Cash payments journal
		F	Creditors journal
		G	Debtors allowances journal

(5 × 1) (5)

1.3 Give the word/term for each of the following descriptions. Write ONLY the word/term next to the correct question number (1.3.1–1.3.5) in the ANSWER BOOK.

1.3.1 Determining the financial performance of a business

1.3.2 A summary of all activities on the business's bank account

1.3.3 Sales less cost of sales

1.3.4 Produced when goods are sold for cash, but the business does not operate with a cash register roll

1.3.5 Reflects the net worth of the business

(5 × 1) (5)

[20]

QUESTION 2

2.1 The information below for November 2018 was extracted from the books of Bright Moon. In order for the organisation to succeed it decides that it will sell on credit. Bright Moon's credit terms policy is 30 days. Below is the account of a customer who has a credit limit of R8 000,00.

Debtors ledger of Bright Moon
Imonti Suppliers **D1**

Month	Day	Details	Fol	DR	CR	Balance
2018 Nov	1	Balance	b/d			12 520.00
	3	Invoice 38	DJ	5 770.00		18 290.00
	7	Receipt 455	CRJ		1 000.00	17 290.00
	11	Credit note 12	DAJ		320.00	16 970.00
	15	Bank statement (R/D)	CPJ	1 000.00		17 970.00
	21	Journal voucher	GJ		461.60	17 508.40
	30	Journal voucher	GJ	130.00		17 638.40

2.1.1 Is Bright Moon managing its credit terms policy effectively? State TWO points. (2 × 2 + 1) (5)

2.1.2 Give advice to Bright Moon on TWO ways in which the account of Imonti Suppliers could be managed in future. (2 × 2) (4)

2.2 The following is an extract from the trial balance of Bright Moon for the month of June 2018:

Trial balance of Bright Moon on 30 June 2018

	FOL	DEBIT	CREDIT
BALANCE SHEET ACCOUNTS SECTION			
Capital	B1		234 172
Drawings	B2	25 756	
Vehicles	B3	179 000	
Fixed deposit: Right Bank (12%)	B4	80 000	
Trading stock	B5	129 896	
Bank	B6		20 436
Petty cash	B7	600	
Cash float	B8	5 570	
Debtors control	B9	19 000	
VAT control	B10		1 004
Creditors control	B11		24 364
Mortgage bond: ABBA Bank (8%)	B12		100 000
Short-term loan: ABBA Bank (10%)	B13		30 000

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2.2.1 Calculate the total of the current liabilities of Bright Moon. Show ALL calculations. (5)

2.3 Explain why the total of the creditors list must be equal to the balance on the creditors control account. (3)

2.4 Bright Moon bought a microwave oven on credit for the use of its employees.

2.4.1 Can VAT be claimed back on the microwave? (1)

2.4.2 Give a reason for your answer to QUESTION 2.4.1. (2)

[20]

QUESTION 3

3.1 Mzansi Art Gallery bought a painting from an artist for R7 800, inclusive of VAT. Mzansi Art Gallery uses a mark-up of 110% on cost price. G. Hall bought the painting from Mzansi Art Gallery. Answer the following by showing ALL calculations:

3.1.1 How much is the input VAT?

3.1.2 Calculate the cost price, exclusive of VAT.

3.1.3 Calculate the selling price, exclusive of VAT.

3.1.4 How much is the output VAT?

(4 × 2) (8)

3.2 Bonono Gallery sold art on credit to Sunset Calm for R38 200, VAT inclusive. Interest is charged at 7% per annum on overdue accounts. Sunset Calm delayed payment and was charged interest on its overdue account.

3.2.1 How much interest will be charged to Sunset Calm for the two months on the outstanding amount? (3)

3.2.2 What is the total amount due to Bonono Gallery? (3)

3.3 Bonono Gallery purchased stock on credit from Roaming Merchants for R11 300. Bonono Gallery received an 8% trade discount and it will receive a further 3% discount if it pays the stock within 30 days.

3.3.1 What is the amount of the trade discount? (2)

3.3.2 If Bonono Gallery paid within 30 days, how much will the early payment discount be? (2)

3.3.3 In what journal will the early payment discount be recorded? (2)

[20]

TOTAL SECTION A: 60

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SECTION B

QUESTION 4

Rush Hour Enterprise is a registered VAT vendor that trades with other registered vendors only. The business uses a perpetual inventory system and a mark-up of 40% on cost price.

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 the amounts to TWO decimals.
- Do NOT close off the journals on 30 June 2018.

4.1	Cash receipts journal	(14)
4.2	Cash payments journal	(13)
4.3	Creditors journal	(8)
4.4	Creditors allowances journal	(2)
4.5	Debtors journal	(9)
4.6	Debtors allowances journal	(3)
4.7	General journal (no narrations required)	(11)

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TRANSACTIONS FOR JUNE 2018

CASH REGISTER ROLLS

CRR 24	CRR 25
1 June 2018	16 June 2018
R28 100.00	**R9 200.00**

DUPLICATE RECEIPTS



RUSH HOUR ENTERPRISES

RECEIPT NO.: 865

03/06/2018

Received from Secure Bank
The sum of One hundred and five thousand rand only *R105 000. 00*
In payment of Matured fixed deposit

S. Mtamo
With thanks



RUSH HOUR ENTERPRISES

RECEIPT NO.: 866

10/06/2018

Received from D_2D Distributors
The sum of Eighteen thousand two hundred rand *R18 200. 00*
In payment of Settlement of account of R20 000,00

S. Mtamo
With thanks



RUSH HOUR ENTERPRISES

RECEIPT NO.: 867

19/06/2018

Received from T. Vester
The sum of Nine thousand five hundred rand *R9 500. 00*
In payment of Rent paid for office building

S. Mtamo
With thanks

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DUPLICATES OF DEPOSIT SLIPS

ABBA BANK LTD				
			DEPOSIT SLIP	
			05/06/2018	
Credit *Rush Hour Enterprise*		*Notes*	*R 25 000*	*00*
Account no. *9845321607*		*Coins*	*R 3 100*	*00*
		TOTAL	*R 28 100*	*00*
Cheques				
Drawer	***Bank***	***Branch***		
Secure Bank	*Secure Bnk*	*Cape Town*	*R105 000*	*00*
Paid in by: *S. Mtamo*			*R133 100*	*00*

ABBA BANK LTD				
			DEPOSIT SLIP	
			14/06/2018	
Credit *Rush Hour Enterprise*		*Notes*	*R 8 900*	*00*
Account no. *9845321607*		*Coins*	*R 300*	*00*
		TOTAL	*R 9 200*	*00*
Cheques				
Drawer	***Bank***	***Branch***		
D_2D Distributors	*JRB*	*Cape Town*	*R 18 200*	*00*
Paid in by: *S. Mtamo*			*R 27 400*	*00*

ABBA BANK LTD				
			DEPOSIT SLIP	
			21/06/2018	
Credit *Rush Hour Enterprise*		*Notes*		
Account no. *9845321607*		*Coins*		
		TOTAL		
Cheques				
Drawer	***Bank***	***Branch***		
T. Vester	*REM*	*Cape Town*	*R 9 500*	*00*
Paid in by: *S. Mtamo*			*R 9 500*	*00*

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CHEQUE COUNTERFOILS

	No.: 325
Date	*5 June 2018*
To	*Hall Inc*
For	*Inventory*
Amount	*R17 200,00*

	No.: 326
Date	*9 June 2018*
To	*Telkom*
For	*ADSL rental*
Amount	*R3 450,00*

	No.: 327
Date	*22 June 2018*
To	*Shaad's Suppliers*
For	*Payment on account – discount received, R210*
Amount:	*R3 600,00*

	No.: 328
Date	*25 June 2018*
To	Zennith
For	Leasing fees
Amount	*R7 300,00*

	No.: 329
Date	*29 June 2018*
To	Bites & Bytes
For	*Ink toner for the printer*
Amount	*R736,00*

	No.: 330
Date	*30 June 2018*
To	*Municipality*
For	*Water and electricity, R2 100 Rates and taxes, R400*
Amount	*R2 500,00*

ORIGINAL CREDIT INVOICES RECEIVED FROM SUPPLIERS

Rush Hour Enterprises uses the practice of re-numbering original credit invoices. Start renumbering from CJ630.

Day	**Document number**	**Transaction**	**Amount**	
			R	c
8	BB874	Bites & Bytes, for a colour printer	5 300	00
22	SS165	Shaad's Suppliers, for inventory	6 980	00
27	INV474	Jumbo Couriers, for documents couriered for the owner's son	190	00
30	XCV63	Alex Garage, for diesel	3 200	00

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DUPLICATE DEBIT NOTES ISSUED TO SUPPLIERS

Day	Document number	Transaction	Amount	
			R	c
10	DN80	Shaad's Suppliers, for incorrect inventory items	1 600	00

DUPLICATE CREDIT INVOICES

Day	Document number	Transaction	Amount	
			R	c
6	RH262	D_2D Distributors	7 950	00
16	RH263	J. Present	3 650	00
20	RH264	BidPower	2 820	00

ORIGINAL CREDIT NOTES FOR SALES RETURNS

Day	Document number	Transaction	Amount	
			R	c
18	CN23	D_2D Distributors, for damaged goods	880	00

SUNDRY TRANSACTIONS

Day	Document number	Transaction	Amount	
			R	c
13	JV10	Received notification from Bowl Trader's lawyers that Bowl Trader has been liquidated. Write its debt off as irrecoverable.	1 900	00
26	JV11	Motor oil bought during May 2018 was incorrectly debited to the vehicles account. Correct the error.	220	00
30	JV12	Bites & Bytes notified us that it has charged interest on our outstanding account for April and May. Record the interest charged.	250	00

[60]

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QUESTION 5

The following information was extracted from the books of Westlake Wholesalers:

REQUIRED

Prepare and balance the following general ledger accounts:

5.1 Capital (4)

5.2 Trading stock (9)

5.3 Creditors control (7)

5.4 Cost of sales (7)

5.5 Debtors allowances (3)

INFORMATION

Balances as on 01/06/2018:	**R**
Capital	210 000
Trading stock	12 200
Creditors control	32 400
Cost of sales	5 700
Debtors allowances	1 750

CASH RECEIPTS JOURNAL OF WESTLAKE WHOLESALERS – JUNE 2018 CRJ 6

Doc no.	Day	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control	Sundry accounts		
									Amount	Fol	Details
					18 350	6 100	4 575	2 600	10 000		Capital

CASH PAYMENTS JOURNAL OF WESTLAKE WHOLESALERS – JUNE 2018 CPJ 6

Doc no.	Day	Name of payee	Fol	Bank	Trading stock	Creditor control	Debtors control	Sundry accounts		
								Amount	Fol	Details
				6 000	3 300	2 100	850	500		Drawings

DEBTORS JOURNAL OF WESTLAKE WHOLESALERS – JUNE 2018 DJ 6

Doc no.	Day	Debtor	Fol	Sales	Cost of sales
				860	430

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DEBTORS ALLOWANCES JOURNAL OF WESTLAKE WHOLESALERS – JUNE 2018 DAJ6

Doc no.	Day	Debtor	Fol	Debtors allowance	Cost of sales
				430	215

CREDITORS JOURNAL OF WESTLAKE WHOLESALERS – JUNE 2018 CJ6

Doc no.	Day	Name of payee	Fol	Creditors control	Trading stock	Stationery	Sundry accounts		
							Amount	Fol	Details
				9 200	4 800	700	3 700		Packaging

CREDITORS ALLOWANCES JOURNAL OF WESTLAKE WHOLESALERS – JUNE 2018 CAJ6

Doc no.	Day	Name of payee	Fol	Creditor control	Trading stock	Stationery	Sundry accounts		
							Amount	Fol	Details
				1 300		200	1 100		Packaging

GENERAL JOURNAL OF WESTLAKE WHOLESALERS – JUNE 2018 GJ6

	DEBIT	CREDIT
Furniture	40 000	
Capital		40 000
Owner contributed furniture as capital contribution		

[30]

QUESTION 6

The following information was extracted from the books of Novela Stores on 31 May 2018. Use the information below to prepare the following:

6.1 Trading account (5)

6.2 Profit and loss account (13)

6.3 Property, plant and equipment note (4)

6.4 Cash and cash equivalents note (4)

6.5 Owner's equity note (4)

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TRIAL BALANCE OF NOVELA STORES FOR THE YEAR ENDED 31 MAY 2018

		Debit		Credit	
BALANCE SHEET SECTION					
Capital	B1			638 600	00
Drawings	B2	52 600	00		
Land and buildings	B3	260 000	00		
Vehicles	B4	208 400	00		
Equipment	B5	110 500	00		
Stock	B6	53 400	00		
Bank	B7	55 100	00		
Debtors control	B8	63 200	00		
Petty cash	B9	900	00		
Float	B10	600	00		
Creditors control	B11			27 800	00
NOMINAL SHEET SECTION					
Sales	N1			620 400	00
Cost of sales	N2	382 300	00		
Debtors allowances	N3	4 700	00		
Rent received	N4			15 000	00
Telephone	N5	24 900	00		
Legal fees	N6	75 200	00		
Wages and salaries	N7	36 000	00		
Water and electricity	N8	1 600	00		
Cleaning cost	N9	5 100	00		
Commission received	N10			24 700	00
Bad debts recovered	N11			8 000	00
		1 334 500	00	1 334 500	00

[30]

QUESTION 7

Analyse the transactions below from the books of Lebo's Traders by showing the account debited and credited in the general ledger. Show the effect each transaction has on the accounting equation by indicating an increase by +, a decrease by – and no effect by 0.

Lebo's Traders uses the perpetual inventory method with a mark-up of 120% on cost. Lebo's Traders is NOT a VAT vendor. Various transactions for November 2018 are given below.

Note: Round off to the nearest rand.

TRANSACTIONS

7.1 Lebo's Traders bought a filing cabinet on credit from Dial Files for R8 900. (5)

7.2 Interest received of R156,00 was incorrectly posted to the discount received account. Correct the error. (5)

7.3 Cash sales of trading inventory were made for R7 600,00. (10)
[20]

TOTAL SECTION B: 140
GRAND TOTAL: 200

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