



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

APPLIED ACCOUNTING

(First Paper)

NQF LEVEL 4

(3011004)

27 November 2018 (Y-Paper)

13:00–16:00

A nonprogrammable calculator may be used.

This question paper consists of 12 pages and an answer book of 13 pages.

TIME: 3 HOURS MARKS: 200

INSTRUCTIONS AND INFORMATION

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

QUESTIONS	TOPICS	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Short questions	30	27 minutes
2	Calculation questions	30	27 minutes
SECTION B			
3	Adjustments	40	36 minutes
4	Profit and loss calculations	30	27 minutes
5	Financial statements	50	45 minutes
6	Influence on accounting equation	20	18 minutes
		200	180 minutes

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 (1.1.1–1.1.5) in the ANSWER BOOK.

- 1.1.1 ... is recorded in the income statement.
- A Prepaid expense
 - B Accumulated depreciation
 - C Trading stock deficit
 - D Income received in advance
- 1.1.2 At the end of the financial year, the profit or loss will be transferred to the ... account.
- A trading
 - B drawings
 - C capital
 - D sales
- 1.1.3 The ... is NOT a method used to calculate depreciation.
- A straight-line method
 - B diminishing balance method
 - C cost price
 - D varying method
- 1.1.4 This financial statement is used to determine the financial position of the business:
- A Balance sheet
 - B Cash flow
 - C Trial balance
 - D Income statement
- 1.1.5 Rent expense that is due for the current financial year but has not yet been paid is referred to as ...
- A accrued income.
 - B accrued expense.
 - C prepaid expense.
 - D income received in advance.

(5 × 1) (5)

- 1.2 The following information appeared in the books of Cosmos Gift Store on 30 November 2017, the end of its financial year:

Packing material (01/12/2016)	R45 600
Purchase of packing material – cash	R11 200
Purchase of packing material – credit	R19 800
Packing material issued to the owner for his personal use	R560
Packing material (30/11/2017)	R20 200
Trading stock (30/11/2017)	R88 000
Trading stock deficit (30/11/2017)	R5 000

ADDITIONAL INFORMATION

R6 500 worth of packing material purchased during the year was incorrectly posted to the repairs and maintenance account. This error has not yet been corrected.

- 1.2.1 Use the information provided above to complete and close off the packing material account in the general ledger on 30 November 2017. (11)
- 1.2.2 How much will be recorded in the balance sheet in respect of packing material on 30 November 2017? (1)
- 1.2.3 How much will be recorded in the income statement in respect of packing material on 30 November 2017? (1)
- 1.2.4 Complete the note, in full, in the balance sheet in which packing material will be recorded. (4)
- 1.3 The following information was extracted from the records of Siyalulu Fruiters for the year ended 31 March 2018:

Total sales	?
Credit sales	?
Cash sales	R175 000
Cost of sales	R54 000
Gross profit	R400 000
Net profit	R65 000
Other income	45% of net profit

Calculate the following for the year ended 31 March 2018:

(Show ALL calculations)

- 1.3.1 Total sales (2)
- 1.3.2 Credit sales (2)
- 1.3.3 Operating expenses (4)

[30]

QUESTION 2

- 2.1 The following information was extracted from the records of Govender's Take Aways on 31 August 2018.

Equipment	R75 000
Accumulated depreciation on equipment	R13 400

ADDITIONAL INFORMATION

- A new office desk was purchased on credit for R8 000 on 1 June 2018. This purchase has not been recorded.
- Depreciation is provided for at 10% p.a. on the diminishing balance method.

- 2.1.1 Calculate the depreciation that will be recorded in the income statement on 31 August 2018. (7)
- 2.1.2 Complete and balance the equipment account in the general ledger on 31 August 2018. (4)
- 2.1.3 Calculate the accumulated depreciation on equipment that will be recorded in the notes to the balance sheet. (3)
- 2.1.4 What effect does accumulated depreciation have on noncurrent assets? (1)
- 2.2 On 30 September 2018, the following balances appeared in the books of Handy Mandy Repairs Centre:

Debtors control	R16 000
Provision for bad debts	R1 200
Bad debts	R6 500

The following adjustments have not yet been taken into account:

- Jewel Sooknanan, a debtor previously written off, pays an amount of R500 into the business bank account.
- Thula Ngubane, eloped and cannot be traced. Write off his account of R1 400 as irrecoverable.
- Adjust the provision for bad debts to 6% of debtors.

- 2.2.1 Calculate the amount for bad debts that will be recorded in the income statement on 30 September 2018. (3)
- 2.2.2 Calculate the provision for bad debts that will be recorded in the balance sheet on 30 September 2018. (4)

- 2.2.3 Calculate the provision for bad debts adjustment that will be recorded in the income statement on 30 September 2018. Indicate whether it is an INCOME or an EXPENSE. (4)
- 2.2.4 Complete the note to trade and other receivables in the balance sheet. Show all necessary calculations. (4)

[30]

TOTAL SECTION A: 60



SECTION B**QUESTION 3**

The following pre-adjustment trial balance was extracted from the records of Pasika's Dealers on 30 April 2018, the last day of its financial year.

PREADJUSTMENT TRIAL BALANCE OF PASIKA'S DEALERS ON 30 APRIL 2018

	FOL	DEBIT		CREDIT	
BALANCE SHEET ACCOUNTS SECTION					
Capital (1 May 2017)	B1			80 000	00
Drawings	B2	15 600	00		
Vehicles	B3	87 000	00		
Accumulated depreciation on vehicles	B4			52 000	00
Equipment	B5	47 700	00		
Accumulated depreciation on equipment	B6			18 268	00
Trading stock	B7	19 588	00		
Bank	B8	37 387	00		
Petty cash	B9	855	00		
Cash float	B10	300	00		
Debtors control	B11	11 850	00		
Creditors control	B12			15 408	00
Loan: Nedlac Bank 15%	B13			70 000	00
Fixed deposit: NBS Bank (12%)	B14	120 000	00		
NOMINAL ACCOUNTS SECTION					
Sales	N1			241 997	00
Cost of sales	N2	92 135	00		
Debtors allowances	N3	5 878	00		
Water and electricity	N4	14 684	00		
Salaries and wages	N5	32 650	00		
Computer expenses	N6	3 584	00		
Bad debts	N7	630	00		
Interest received	N8			820	00
Interest on loan	N9	3 800	00		
Motor expenses	N10	4 898	00		
Bank charges	N11	384	00		
Packing material	N12	3 450	00		
Commission income	N13			2 280	00
Rent income	N14			27 600	00
Telephone (rental only)	N15	6 000	00		
		508 373	00	508 373	00

ADJUSTMENTS

1. Repairs to the owner's personal motor vehicle of R2 250 were recorded in the motor vehicle expense account. Correct the error.
2. A debtor, P. Smith, has been declared insolvent and cannot pay her outstanding account of R6 750. 35% of the amount was received from her estate and recorded, the rest must be written off.
3. Create a provision for bad debts at 10% of debtors.
4. Adjust the interest received. The fixed deposit was taken out on 31 May 2017.
5. R. Peterson's salary for April of R2 980 is still outstanding.
6. Depreciation on the equipment and vehicles for the year is provided for as follows:
 - 6.1 Equipment at 15% per annum on the straight-line method. A new computer was purchased on 1 March 2018 for R6 000 and recorded accordingly.
 - 6.2 Depreciation of vehicles at 10% per annum on the diminishing balance method
7. A physical stocktaking on 30 April 2018 revealed the following on hand:
 - Trading stock R17 020
 - Packaging material R680
8. The owner, Mr T. Ngwenya went overseas for business purposes. Before he left on the 30 April 2018, he paid the rental of the business telephone account for three months in advance.
9. The business upgraded the computerised accounting package on the accountant's computer. An invoice for R350 for the upgrade has not yet been paid.
10. Included in the commission income, is an amount of R400 which is for the next financial period.
11. The owner increased his capital contribution by 12,5% on the last day of the financial year. This entry has not yet been recorded.

REQUIRED

Record the adjustments in the general journal on 30 April 2018. Narrations are NOT required.

Round off your answers to the nearest Rand.

[40]

QUESTION 4

The following post-adjustment trial balance appeared in the records of Siyanda Car Dealers on 31 July 2018, the last day of its financial year.

**POST-ADJUSTMENT TRIAL BALANCE OF SIYANDA CAR DEALERS ON
31 JULY 2018**

	FOL	DEBIT		CREDIT	
BALANCE SHEET SECTION					
Capital (1 August 2017)	B1			165 000	00
Drawings	B2	42 000	00		
Land and buildings	B3	150 000	00		
Equipment	B4	45 000	00		
Accumulated depreciation on equipment	B5			12 000	00
Debtors control	B6	21 400	00		
Trading stock	B7	38 900	00		
Bank	B8			14 200	00
Petty cash	B9	980	00		
Accrued income	B10	1 600	00		
Income received in advance	B11			5 400	00
Provision for bad debts	B12			2 140	00
Creditors control	B13			37 520	00
Prepaid expense	B14	3 750	00		
NOMINAL ACCOUNTS SECTION					
Sales	N1			475 500	00
Cost of sales	N2	129 500	00		
Debtors allowance	N3	5 500	00		
Interest on loan	N4	36 200	00		
Provision for bad debts adjustment	N5	1 500	00		
Travel and accommodation expenses	N6	14 900	00		
Legal fees	N7	4 970	00		
Commission received	N8			15 660	00
Telephone	N9	13 450	00		
Stationery	N10	12 127	00		
Water and electricity	N11	23 897	00		
Rent income	N12			49 000	00
Interest received	N13			1 854	00
Depreciation	N14	26 000	00		
Trading stock deficit	N15	9 200	00		
Salaries and wages	N16	197 400	00		
		778 274	00	778 274	00

REQUIRED

Open the following accounts in the general ledger of Siyanda Car Dealers and post the closing transfers to them. Balance/Close off all these accounts on 31 July 2018.

4.1	Capital	(5)
4.2	Drawings	(2)
4.3	Provision for bad debts adjustment	(3)
4.4	Trading account	(5)
4.5	Profit and loss account	(15)
		[30]

QUESTION 5

Use the following information that was extracted from the books of Maseko Traders on 28 February 2018, its financial year end, to prepare the following on 28 February 2018:

5.1	Income statement	(26)
5.2	Balance sheet. Show ONLY the notes required in the ANSWER BOOK.	(24)

NOTE: Where applicable, show all workings in brackets. Round off the answers to the nearest Rand. **[50]**

ADJUSTMENTS

- Depreciation on equipment and vehicles is provided for as follows:
 - Vehicles at 15% per annum on the cost-price method
 - Equipment at 10% per annum on the diminishing balance method
- The physical stocktaking on 28 February 2018 revealed the following:

Trading stock	R30 000
Stationery	R440
- Write off the debt of S. Malinga, a debtor, as irrecoverable, R658.
- Adjust the provision for bad debts to 5% of debtors.
- Petty cash of R150 withdrawn from the business bank account has been erroneously entered in the cash float account.
- Adjust the interest on the loan. The loan was taken out on 1 May 2017.

7. Included in the insurance amount is an insurance premium of R6 000 paid annually on 1 January. This policy was taken out two years ago. Calculate the amount that has been paid in advance on the policy.

**PRE-ADJUSTMENT TRIAL BALANCE OF MASEKO TRADERS
FOR THE YEAR ENDED 28 FEBRUARY 2018**

	FOL	DEBIT		CREDIT	
BALANCE SHEET SECTION					
Capital (1 March 2017)	B1			189 000	00
Drawings	B2	36 000	00		
Vehicles	B3	125 600	00		
Accumulated depreciation on vehicles	B4			42 800	00
Equipment	B5	67 500	00		
Accumulated depreciation on equipment	B6			21 005	00
Trading stock	B7	31 600	00		
Bank	B8	14 500	00		
Petty cash	B9	850	00		
Cash float	B10	650	00		
Debtors control	B11	48 658	00		
Creditors control	B12			36 666	00
Provision for bad debts	B13			9 250	00
Loan: Giant Bank (15%)	B14			100 000	00
NOMINAL ACCOUNTS SECTION					
Sales	N1			392 588	00
Cost of sales	N2	220 600	00		
Debtors allowances	N3	8 600	00		
Wages	N4	196 000	00		
Bad debts	N5	4 680	00		
Discount received	N6			9 708	00
Stationery	N7	12 500	00		
Bank charges	N8	6 129	00		
Water and electricity	N9	49 500	00		
Rates and taxes	N10	12 600	00		
Bad debts recovered	N11			1 500	00
Rent income	N12			66 000	00
Subscription	N13	5 700	00		
Interest on loan	N14	10 400	00		
Insurance	N15	16 450	00		
		868 517	00	868 517	00

QUESTION 6

Analyse the transactions from the books of Caledon's Book Store on 31 March 2018, the last day of the financial year.

Show the account to be debited and the account to be credited in the general ledger. Show the effects on the elements of the accounting equation. Show an increase with +, a decrease with – and no effect with 0.

EXAMPLE:

Paid Waltons for stationery with cheque no. 22, R600.

Number	General ledger		Effect on the accounting equation		
	Account debited	Account credited	Assets	Owners equity	Liabilities
Example	Stationery	Bank	- 600	- 600	0

TRANSACTIONS

- 6.1 A cheque of R452 was issued to DSTV for the owner's personal DSTV account. The business DSTV subscription account was incorrectly debited. (4)
- 6.2 Purchased books from CLS Books and paid by cheque. This transaction was recorded, however, the discount of R500 has still not been received. (4)
- 6.3 Paid Umzinyathi Municipality R7 250 by cheque for water and electricity. The amount reflected on the invoice from the municipality is R17 520 and is correct. Rectify this error. (4)
- 6.4 Close off the net loss of R12 000. (4)
- 6.5 Rates and taxes are R1 360 per month. It increased by 10% per month from 1 March 2018. The rates and taxes are outstanding for the past 3 months. (4)

[20]

TOTAL SECTION B: 140
GRAND TOTAL: 200