JUNE 2013 EXAMINATION

DATE: 5 JUNE 2013

TIME: 14H00 – 17H00 TOTAL: 100 MARKS

DURATION: 3 HOURS PASS MARK: 40%

(APPL-ACC)
APPLIED ACCOUNTING

THIS EXAMINATION PAPER CONSISTS OF 3 SECTIONS:

SECTION A: CONSISTS OF:
(i) 10 MULTIPLE-CHOICE QUESTIONS (10 MARKS)
(ii) 10 MATCHING-STATEMENT QUESTIONS (10 MARKS)
ANSWER ALL THE QUESTIONS

SECTION B: CONSISTS OF 5 QUESTIONS (60 MARKS)
ANSWER ALL THE QUESTIONS

SECTION C: CONSISTS OF 3 QUESTIONS (20 MARKS)
ANSWER ANY ONE OF THE QUESTIONS

INSTRUCTIONS:
1. Read the following instructions carefully before answering the paper, as failure to act upon them will result in a loss of marks.
2. Write your answers in your answer book, which is provided in the exam.
3. Ensure that your name and student number are clearly indicated on your answer book.
4. Write your answers in either blue or black ink in your answer book.
5. Read each question very carefully before you answer it and number your answers exactly as the questions are numbered.
6. Begin with the question for which you think you will get the best marks.
7. Note the mark allocations for each question – give enough facts to earn the marks allocated. Don't waste time by giving more information than required.
8. You are welcome to use diagrams to illustrate your answers.
9. Please write neatly – we cannot mark illegible handwriting.
10. Any student caught cheating will have his or her examination paper and notes confiscated. The College will take disciplinary measures to protect the integrity of these examinations.
11. If there is something wrong with or missing from your exam paper or your answer book, please inform your invigilator immediately. If you do not inform your invigilator about a problem, the College will not be able to rectify it afterwards, and your marks cannot be adjusted to allow for the problem.
12. This paper may be removed from the examination hall after the examination has taken place.

NOTE: TEMPLATES FOR THE ANSWERS TO QUESTIONS 1 AND 5 OF SECTION B ARE ATTACHED TO THE END OF THIS QUESTION PAPER. DETACH AND HAND IN WITH YOUR ANSWER BOOK.

YOU MAY USE A NON-PROGRAMMABLE CALCULATOR.
SECTION A (20 MARKS)

ANSWER ALL THE QUESTIONS

(i) MULTIPLE-CHOICE QUESTIONS

Choose the correct option for each of the following. Write only the question number and your chosen answer. For instance, if you think that the correct answer for number 1 is (a), then write it as 1. (a).

1. A partnership is an organisation:
   (a) where the maximum number of members is ten.
   (b) where the maximum number of members is fifteen.
   (c) where the maximum number of members is twenty.
   (d) where the maximum number of members is twenty-five.

2. In a closed corporation:
   (a) members have an interest in the organisation, which is expressed as a percentage.
   (b) membership may not exceed twenty.
   (c) members have an interest in the organisation, which is expressed as the number of shares issued.
   (d) members must not be related to each other.

3. In a Co-operation:
   (a) the profit is more important than the service motive.
   (b) maximum profit is the goal irrespective of the consequences.
   (c) only the directors share in the profit.
   (d) the service motive is more important than profit.

4. A sole owner:
   (a) is entitled to all the profit.
   (b) must share the profit he makes with the workers.
   (c) may not employ any workers.
   (d) will always make a loss.

5. Debtors (accounts receivable):
   (a) are those persons to whom the organisation owes money
   (b) are those persons who owe money to the organisation.
   (c) are those persons who do not owe money to the organisation.
   (d) are those persons who feel they have an obligation to the organisation.
6. Source documents:
   (a) are issued by employers.
   (b) are documents that are preprinted.
   (c) are those documents on which all transactions are first recorded.
   (d) show where goods have come from.

7. A drawer:
   (a) is the person to whom a cheque will be paid.
   (b) is the person who has the current account and gives the order to the bank to pay a cheque.
   (c) is the bank that makes the payment to the payee.
   (d) is the amount of money the owner takes from the business for private purposes.

8. Payee:
   (a) is the person to whom a cheque will be paid.
   (b) is the person who has the current account and gives the order to the bank to pay a cheque.
   (c) is the bank that makes the payment to the payee.
   (d) is the amount of money the owner takes from the business for private purposes.

9. Drawee:
   (a) is the person to whom a cheque will be paid.
   (b) is the person who has the current account and gives the order to the bank to pay a cheque.
   (c) is the bank that makes the payment to the payee.
   (d) is the amount of money the owner takes from the business for private purposes.

10. Drawings:
    (a) is the person to whom a cheque will be paid.
    (b) is the person who has the current account and gives the order to the bank to pay a cheque.
    (c) is the bank that makes the payment to the payee.
    (d) is the amount of money the owner takes from the business for private purposes.
### MATCHING-STATEMENT QUESTIONS

Match the statements in Column B to the terms in Column A. Write down the answers only, for example 1. (a).

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. assets</td>
<td>(a) how wealthy a owner is or the amount of money due to him by the business</td>
</tr>
<tr>
<td>2. owner</td>
<td>(b) the right hand side of a ledger account</td>
</tr>
<tr>
<td>3. owner’s equity</td>
<td>(c) assets which are not for sale in the short term</td>
</tr>
<tr>
<td>4. debit side</td>
<td>(d) the allowance given by one dealer to another</td>
</tr>
<tr>
<td>5. credit side</td>
<td>(e) an asset for the organisation and is classified as a current asset together with the bank</td>
</tr>
<tr>
<td>6. fixed asset</td>
<td>(f) all the possessions a person owns</td>
</tr>
<tr>
<td>7. current assets</td>
<td>(g) the person who starts the organisation</td>
</tr>
<tr>
<td>8. depreciation</td>
<td>(h) is the left hand side of a ledger account</td>
</tr>
<tr>
<td>9. the float</td>
<td>(i) assets which will be converted into cash in the short term</td>
</tr>
<tr>
<td>10. trade discount</td>
<td>(j) the rate at which the value of an asset decreases annually</td>
</tr>
</tbody>
</table>

[10]

[20]
SECTION B

ANSWER ALL THE QUESTIONS

QUESTION 1

During November 2012 Brenda Brown Traders bought trading stock (refrigerators) on credit from Fridgeweb.

On November 10 two damaged refrigerators were returned to Fridgeweb together with a debit note for R3 000.

On November 14 Brenda Brown received a credit note from Fridgeweb for R3 000. This was for the two damaged refrigerators that had been returned.

You are required to:

Complete the debit note sent to Fridgeweb by Brenda Brown Traders. (Indicate whether this is an original or duplicate and internal or external document. Use the template provided at the end of this document. Remember to detach it and hand it in with your answer book.)

QUESTION 2

A business, Sabie Tables, was formed on 1 February 2013. On this date the owner invested R50 000 into the business from his own funds and borrowed R190 000 from Cando Bank.

During the month of February the business acquired the following assets:

Cash at bank R30 000 and a motor vehicle which cost R210 000.

(a) What was the total value of the assets on 28 February 2013?
(b) What was the total value of the liabilities on 28 February 2013?
(c) What was the owner’s capital on 1 February 2013?
(d) Compile an accounting equation to reflect Sabie Tables financial position on 28 February 2013.

QUESTION 3

How do you determine where the mistake is in a trial balance that has a different total on the credit side as against the debit side? Describe in detail the process that you should follow.
QUESTION 4

List, together with the source or other documents, the six steps in the cycle of trade activities. [15]

QUESTION 5

On the 10 April 2013 Dipet Traders purchased a 2010 Nissan pickup vehicle on credit from Rolyat Motors for R114 000 (inclusive of VAT at 14%).

You are required to:

(a) Complete the credit invoice that serves as a source document for the entry in the books of Dipet Traders. Use the template at the end of this question paper to answer the question. Remember to detach this and hand it in with your answer book.

(b) Indicate whether it is an original or a duplicate document and whether it is internal or external.

(c) Indicate the influence of the transaction on the accounting equation.

Note: Use your own data where necessary such as chassis number, engine number, registration number and addresses. [20]
(a) The transactions listed below are taken from the records of Donkey Traders and affects Drop Zone Spaza's account.

<table>
<thead>
<tr>
<th>Day</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Balance brought forward from the previous month R141 375,78</td>
</tr>
<tr>
<td>3</td>
<td>Received an account statement from DZS (Drop Zone Spaza) which shows that the outstanding balance is now R141 524,12 due to interest charged. Issued journal voucher no. V001 to record interest.</td>
</tr>
<tr>
<td>4</td>
<td>Purchased merchandise on credit from DZS for R13 412,95 less 12% bulk trade discount. Received invoice PR099 from DZS.</td>
</tr>
<tr>
<td>6</td>
<td>Received debit note D49 from DZS, being for an 'under charge' of R840 excluding VAT, on invoice PR17.</td>
</tr>
<tr>
<td>9</td>
<td>Returned goods valued at R1 050 (including VAT) to DZS and received their credit note Y03 in this respect.</td>
</tr>
<tr>
<td>24</td>
<td>Issued cheque no 120 for R151 000 to DZS in full settlement of our account. Journal voucher V23 was issued to account for the discount.</td>
</tr>
</tbody>
</table>

You are required to:

Use the information given above to compile the CREDITORS JOURNAL of Drop Zone Spaza in the books of Donkey Traders.  (13)

(b) After completing the bank reconciliation process for Parity Suppliers for September 2011 the following was noted:

1. Items not recorded in the cashbook receipts amounted to R102 881,34:
2. Items not recorded in the cashbook payments amounted to R16 337,77:
3. Items not recorded or incorrectly recorded by the bank:

Balance as per bank statement, Dr R20 423,74

Outstanding cheques:
- Chq 201101       R4 132,35
- Chq 201103       R852,61
- Chq 201102       R5 161,78
Outstanding deposits:
CS201101 R9 577,79
CS201102 R19 574,80

Cheque no, ABC101 was incorrectly debited to the business's account, R1 621,59

You are required to:

Use the relevant information given above to compile the Bank Reconciliation Statement as at 30 September 2011.

Note: Only the bank reconciliation statement is required; you need not complete the supplementary cashbook receipts or the supplementary cashbook payments. (7) [20]
QUESTION 2

Below is a list of transactions that was taken from Jonty's books for one month:

<table>
<thead>
<tr>
<th>Day</th>
<th>Description</th>
<th>Value (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Draw a personal cheque in favour of the business which was deposited in the bank account of the business</td>
<td>20 000,00</td>
</tr>
<tr>
<td>8</td>
<td>Sold two Type F couches to Jan Noxa for cash price each R7 000 2,5% trade discount allowed. Cash invoice CV3 issued to the customer</td>
<td>14 000,00</td>
</tr>
<tr>
<td>10</td>
<td>Cash sales for the day mounted to</td>
<td>15 236,58</td>
</tr>
<tr>
<td>11</td>
<td>Issued receipt RC02 to Runway Dealers in full settlement of their account for a prompt settlement discount was allowed. Journal voucher JV4 was completed</td>
<td>3 500,00</td>
</tr>
<tr>
<td>15</td>
<td>Cash Sales amounted to</td>
<td>11 217,75</td>
</tr>
<tr>
<td>25</td>
<td>Cash sales amounted to</td>
<td>15 390,00</td>
</tr>
<tr>
<td>26</td>
<td>Purchased cold-drinks from petty cash</td>
<td>44,24</td>
</tr>
<tr>
<td>27</td>
<td>Owner took for personal use from petty cash</td>
<td>100,00</td>
</tr>
<tr>
<td>27</td>
<td>Drew cash cheque to pay wages</td>
<td>750,00</td>
</tr>
<tr>
<td>30</td>
<td>Cash sales (VAT included) amounted to</td>
<td>20 142,80</td>
</tr>
<tr>
<td></td>
<td>Bank Statement reflected</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Credits:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– for interest of</td>
<td>345,28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13 650,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>18 736,58</td>
</tr>
<tr>
<td></td>
<td></td>
<td>21 973,65</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15 390,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20 142,80</td>
</tr>
</tbody>
</table>

You are required to:

Use the relevant transactions taken from the above to compile the Cash Book Receipts for Jonty's business.

Notes: Ignore Document and Folio numbers
Ignore Cost of Sales

OR
QUESTION 3

The following data is a list of petty cash expenses for Fred Ferret, owner of Solman Solutions.

<table>
<thead>
<tr>
<th>Date</th>
<th>Details</th>
<th>Doc No</th>
<th>Reason / Additional information</th>
<th>TOTAL AMOUNT (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>02-Nov</td>
<td>TumTum's Stationers</td>
<td></td>
<td>Postage Stamps</td>
<td>112,00</td>
</tr>
<tr>
<td>05-Nov</td>
<td>Joe's Service Station</td>
<td></td>
<td>Fuel for Fred Ferret private vehicle</td>
<td>220,00</td>
</tr>
<tr>
<td>10-Nov</td>
<td>Grever Grocers</td>
<td></td>
<td>Beverages for staff room</td>
<td>71,22</td>
</tr>
<tr>
<td>20-Nov</td>
<td>TumTum's Stationers</td>
<td></td>
<td>2 reams of paper – one for owner's use</td>
<td>50,00</td>
</tr>
<tr>
<td>26-Nov</td>
<td>Joe's Service Station</td>
<td></td>
<td>Fuel for delivery vehicle</td>
<td>300,00</td>
</tr>
<tr>
<td>29-Nov</td>
<td>Themba Sono</td>
<td></td>
<td>Casual Wages</td>
<td>500,00</td>
</tr>
<tr>
<td>30-Nov</td>
<td>Sports Warehouse</td>
<td></td>
<td>Goods for resale</td>
<td>485,00</td>
</tr>
</tbody>
</table>

You are required to:

Prepare the petty cash journal with additional columns for postage and stationery, staff refreshments and VAT.  

[20]

Section A: 20 marks  
Section B: 60 marks  
Section C: 20 marks  
TOTAL: 100 MARKS
**DEBIT NOTE**

BRENDA BROWN TRADERS

78 Whynot Street

Cape Town

Date: 

<table>
<thead>
<tr>
<th>Date</th>
<th>Price</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Description</th>
<th>Price</th>
<th>Amount</th>
</tr>
</thead>
</table>

**ANSWER TO SECTION B QUESTION 5**

ROLYAT MOTORS

58 Western Road

Hazyview

1233

☎ 586 1779

TO: AA 156

<table>
<thead>
<tr>
<th>DETAILS</th>
<th>R</th>
<th>c</th>
</tr>
</thead>
</table>

Make
Model
Registration No
Engine No
Chassis No

VAT
Total
Deposit

AMOUNT OWING

Deliver on your behalf to:

DETACH AND INSERT THIS PAGE INTO YOUR ANSWER BOOK