



**higher education  
& training**

Department:  
Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**

**NATIONAL CERTIFICATE (VOCATIONAL)**

**FINANCIAL MANAGEMENT  
NQF LEVEL 3**

**NOVEMBER 2010**

**(3011013)**

**18 November (Y-Paper)  
13:00 – 16:00**

**Non-programmable calculators may be used.**

**This question paper consists of 12 pages and a 24-page answer book.**

<b>TIME: 3 HOURS</b> <b>MARKS: 200</b>
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**INSTRUCTIONS AND INFORMATION**

1. This question paper consists of five questions.
2. Answer all the questions in the ANSWER BOOK provided.
3. Read ALL the questions carefully.
4. Write neatly and legibly.
5. Show ALL calculations in order for marks to be allocated.
6. Use only black or blue ink. Lead pencil answers will NOT be marked.
7. Round off amounts to TWO decimals.

QUESTION NUMBER	TOPIC	MARKS	RECOMMENDED TIME GUIDE
1	Short theoretical questions	40	20
2	Calculate and record value added tax transactions	40	40
3	Prepare salaries and wages journals. The petty-cash system.	40	40
4	Compile reconciliation statements.	40	40
5	Basic manual administration of non-current assets. Calculate and record value added tax transactions. The petty-cash system.	40	40
	<b>TOTAL</b>	<b>200</b>	<b>180 minutes</b>

**QUESTION 1**

- 1.1 Choose an item/word from COLUMN B to match the description in COLUMN A. Write only the letter (A – F) next to the question number (1.1.1 – 1.1.5) in the ANSWER BOOK, for example 1.1.6 G.

<b>COLUMN A</b>		<b>COLUMN B</b>
1.1.1	The document used to issue small amounts to the petty cashier	A carrying value
1.1.2	Remuneration paid for additional hours worked	B vendor
1.1.3	A person or business that is registered with SARS for value added tax	C overtime
1.1.4	Possessions of a business which are kept for long periods	D petty cash voucher
1.1.5	The difference between the cost price and the accumulated depreciation of a non-current asset	E gross salary
		F non-current assets

(10)

- 1.2 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 (1.2.1 – 1.2.5) in the ANSWER BOOK, for example 1.2.6 A.

- 1.2.1 A VAT201 form is a return form for ... of VAT which SARS gives to vendors for their submission of VAT.

A admittance  
 B remittance  
 C submittance  
 D saving

(2)

- 1.2.2 If the VAT-exclusive selling price of an item is R4 320,00, what is the VAT amount that will be charged?

A R450,00  
 B R604,80  
 C R560,90  
 D R760,10

(2)

- 1.2.3 In which ONE of the following subsidiary journals will cheque payments made by the business, be recorded?
- A Debtors Journal
  - B Petty Cash Journal
  - C Cash Receipts Journal
  - D Cash Payments Journal
- (2)
- 1.2.4 If total petty cash payments amount to R655,00, how much should the petty cashier request to restore the imprest amount of R780,00?
- A R250,00
  - B R125,00
  - C R655,00
  - D R167,00
- (2)
- 1.2.5 Interest received on a credit balance on the Bank Statement is recorded in the ...
- A Debtors Journal.
  - B Cash Payments Journal.
  - C Creditors Journal.
  - D Cash Receipts Journal.
- (2)
- 1.3 Choose the correct answer from the words in brackets. Write only the answer next to the question number (1.3.1 – 1.3.5) in the ANSWER BOOK.
- 1.3.1 Land and buildings are examples of (non-current assets/non-current liabilities). (2)
- 1.3.2 Credit entries on a Bank Statement indicate to the bank account holder the funds that have been (deposited/withdrawn) to/from the bank account. (2)
- 1.3.3 The method of calculating depreciation as a percentage of the cost price is called the (straight-line/diminishing-balance) method. (2)
- 1.3.4 (Bank reconciliation/Balancing) is the process of comparing the Bank Statement with the Cash Receipts Journal and Cash Payments Journal of a business. (2)
- 1.3.5 The Petty-cash Voucher is an (internal/external) source document for recording petty-cash payments. (2)
- (10)

1.4 Complete the following sentences by filling in the missing word(s). Write only the missing word(s) next to the question number (2.3.1 – 2.3.5) in the ANSWER BOOK.

- 1.4.1 The ... register is a record of all the assets owned by an organisation. (2)
- 1.4.2 ... is the process of selling an older asset. (2)
- 1.4.3 ... VAT is the VAT that a business pays when it buys goods and services from its suppliers. (2)
- 1.4.4 A ... is a financial statement of the wealth of the business on a given date with information about the financial position of the business. (2)
- 1.4.5 Planning, monitoring and managing investment in non-current assets is known as.... (2)

**[40]**

## QUESTION 2

Ms Z. Somila started her business *Somi Trading* two years ago and is now registered as a VAT vendor. She records VAT on the invoice basis. The bookkeeper of the business was given the following information which he should enter into the subsidiary journals. Help him to record the following transactions of *Somi Trading* for February 2010 in the appropriate subsidiary journals in the ANSWER BOOK.

Total only the VAT columns in all the journals of *Somi Trading* at the end of the month.

Post to the General Ledger of *Somi Trading*. Only the VAT account is required. (7)

### 2.1 Cash Receipts Journal

- Feb 3 Cash sales of merchandise for R9 000,00, cash register roll  
2010 no. 1 excluding VAT (costs of sales R7 200,00)
- 8 Cash sales of merchandise for R5 600,00, cash register roll CRR2,  
exclusive of VAT (cost of sales R4 480,00). (7)

### 2.2 Cash Payments Journal

- Feb 10 Cash purchase of stationery for R1 700,00, issue cheque no. 001,  
2010 including VAT, from *City Stationers*.
- 12 Cash purchase of merchandise, R4 000,00 including VAT, by  
cheque no. 002, from *Hoza Traders*. (7)

### 2.3 Debtors Journal

- Feb 10 Issue invoice no. 05 for merchandise sold on credit to V. Maso for  
2010 R2 550,00, VAT exclusive (cost of sales R2 040,00).
- 14 Issue invoice no. 06 for credit sale of goods to N. Tozo for  
R3 880,00 excluding VAT (cost of sales R3 104,00). (7)

### 2.4 Creditors Journal

- Feb 17 Received invoice no. 14 for credit purchase of merchandise from  
2010 T. Mantyi, R2 800,00 including VAT. (4)

### 2.5 Debtors Allowance Journal

- Feb 16 Issued credit note no. 03 for R255,00, VAT exclusive, to V. Maso  
2010 for return of damaged goods. (4)

### 2.6 Creditors Allowances Journal

- Feb 21 The return of goods purchased from T. Mantyi, debit note no. 20 for  
2010 R280,00 including VAT. (4)

**[40]**

**QUESTION 3**

Ms Z Somila of *Somi Trading* operated on her own and did not want to employ any staff unless her business is doing well. This year, after careful consideration, she decided to employ a salaries clerk who will do wages, salaries and petty cash for the business. She provides her with the following information to prepare a Salaries Journal for the month.

**3.1 REQUIRED:**

3.1.1 Use the information below to prepare a Salaries Journal for November 2010.

3.1.2 Total the columns of the Salaries Journal on 30 November 2010. No posting is required.

Employee Number	Employee Name	Annual salary	Pension fund	PAYE Tax Rate	Medical Aid contributions	Unemployment Insurance Fund
021	V. Madlebe	R155 500.00	7,5%	18%	R830.00	1%
022	M. Pike	R110 750.00	7,5%	18%	R680.00	1%

*Somi Trading* contributes to the various funds as follows:

Unemployment Insurance Fund contributions are done on a rand-for-rand basis.

Medical Aid Fund contributions are done on a rand-for-rand basis.

For every R1,00 contributed by the employee to the pension fund, R2,00 is contributed by the employer.

PAYE is calculated on gross salary less pension contribution. (20)

3.2 *Somi Trading* uses the imprest system to control petty cash. At the beginning of April 2010, cash cheque no. 05 for R2 500,00 was issued to the petty cashier. The cheque was cashed and the cash was put into the petty cash box. The total expenditure for April 2010 paid out of the petty cash box was R1 845,55.

**REQUIRED:**

3.2.1 Open the Petty-cash account in the General Ledger of *Somi Trading* and balance the account at the end of April 2010. (7)

3.2.2 The chief cashier issues cheque no. 010 on 30 April 2010 to restore the imprest. Complete the cheque and counterfoil for this transaction. (9)

- 3.3 *Somi Trading* incurs the following expenditures in a week. Identify the items which you think should be paid by petty cash. Do NOT make any entries for these transactions. Write only the items that will be paid with petty cash in the ANSWER BOOK.

APRIL 2010	TRANSACTIONS	AMOUNTS
5	Purchase 3-ring binders for the office.	R 45,00
8	Payment of rent for building.	R1 500,00
13	Payment of postage on a parcel.	R 75,00
15	Purchase of coffee and tea for the office.	R 68,00
25	Bought trading stock and paid by cheque no. 01.	R3 670,00
26	Paid casual labour.	R 80,00

(4)  
[40]



**QUESTION 4**

Use the information obtained from the books of *Somi Trading* to complete the following:

- 4.1 Make supplementary entries in the Cash Receipts Journal and Cash Payments Journal on 30 September 2010. Add ONLY the Bank column totals in both journals on 30 September 2010. (8)
- 4.2 Post to the Bank account in the General Ledger and balance the Bank account. (7)
- 4.3 *Somi Trading* cannot understand why the Bank balance in the Bank Statement does not match the Bank account in the General Ledger. Help them to prepare the Bank Reconciliation Statement on 30 September 2010 to ensure that all the accounts are reconciled. (9)

**INFORMATON:**

The following information must still be taken into account:

- (a) The Bank Statement reflected a credit balance on 30 September 2010, R5 196,00.
- (b) A deposit of R1 300,00 which was recorded in the Cash Receipts Journal has not yet been recorded by the bank.
- (c) A cheque of R600,00 received from a debtor, S. Njani, which has been recorded in the Cash Receipts Journal, had been dishonoured by the bank due to insufficient funds.
- (d) Gold Bank charged the current account of *Somi Trading* with the following amounts:
- |                       |         |
|-----------------------|---------|
| • Cost of cheque book | R 70,00 |
| • Service fees        | R154,00 |
| • Tax levies          | R120,00 |
- (e) Gold Bank credited the business' account with R240,00 for interest on their current account.
- (f) A. Noble (a debtor) deposited R2 200,00 directly into the current account of the business in payment of his account.
- (g) The Bank Statement reflected a monthly debit order for R750,00 in favour of *One Line Direct*. This was for insurance.
- (h) A cheque of R350,00 withdrawn by the owner from her personal account, appears on the business' Bank Statement.

(i) The following cheques had not yet been presented to the bank for payment:

- No. 12 R2 800,00
- No. 14 R3 300,00

4.4 The following information was taken from the books of *Somi Trading*. Ignore VAT for this question.

Balances taken from the Debtors' Ledger on 28 February 2010:

M. Mbewu	R1 670,00
J. Faku	R3 650,00

The Debtors' Control account in the General Ledger has a closing debit balance of R5 680,00. After closer investigation the following information was found on the Bank Statement, received on 28 February 2010:

An invoice for R780,00 for goods sold to M. Mbewu was incorrectly entered as R870,00 in the Debtors Journal and posted to the Debtors account.

A cheque for R450,00 was received from J. Faku, and recorded in the Cash Receipts Journal. However, it was returned by the bank marked R/D (Refer to Drawer). This transaction was not recorded.

**REQUIRED:**

You have been appointed as the bookkeeper of *Somi Trading*. Study the information above and enter the appropriate entries in the ANSWER BOOK.

- 4.4.1 Make journal entries in the General Journal to give effect to the transactions above. (The Cash Receipts Journal and Cash Payments Journal are not required). (6)
- 4.4.2 Record the entries in the Debtors Control account and balance the account on 28 February 2010. (5)
- 4.4.3 Make the necessary entries in the individual debtors' Ledger accounts. (5)
- [40]**

**QUESTION 5**

*Somi Trading* is very strict in controlling the assets of the business. They make sure that all assets are recorded in the Asset Register. The following information is for *Somi Trading*. Ignore VAT for this question.

- 5.1 Study the Asset Register of *Somi Trading* below and answer the questions that follow.

SOMI TRADING				
Asset Register				
Page 10				
Asset description: BMW 316 I				
General Ledger account: B4		Bought from: Vincent Motor Dealers		
Account name: Vehicles		Serial number: MPQ 378		
Depreciation method: 10% per annum on straight-line method (cost price)				
Date purchased: 1 September 2008		Cost Price R150 000,00		
Date sold:		Sold to:		Selling price:
Date	Cost	Depreciation	Accumulated Depreciation	Carrying amount
1/09/2008	R150 000,00			
28/02/2009	R150 000,00			
28/02/2010	R150 000,00			

- 5.1.1 What is the description of the asset (vehicle) in the Asset Register of *Somi Trading*? (1)
- 5.1.2 What is the cost price of the asset? (2)
- 5.1.3 Identify the depreciation method which *Somi Trading* is using to calculate depreciation. (2)
- 5.1.4 Who did *Somi Trading* buy the vehicle from? (1)
- 5.1.5 What is the folio number of the Asset account? (1)
- 5.1.6 Calculate depreciation for *Somi Trading* from 1 September 2009 to 28 February 2010. (3)
- 5.1.7 Calculate depreciation for *Somi Trading* from 28 February 2009 to 28 February 2010. (3)

5.2 Use the information below to complete the following General Ledger accounts of *Somi Trading*. Balance or close off the Ledger Accounts.

5.2.1 Equipment (6)

5.2.2 Accumulated Depreciation on Equipment (6)

5.2.3 Asset Disposal (6)

Balances on 1 March 2009:

Equipment	R40 000,00
Accumulated depreciation on equipment	R10 840,00

### TRANSACTIONS:

28 Feb 2010 Depreciation on equipment must be calculated at 10% per annum on the diminishing balance.

28 Feb 2010 Equipment with a cost price of R12 500,00, with accumulated depreciation on 1 March 2009 of R5000,00, is sold on credit to M. Johannes for R6 200,00.

5.3 What is the effect of the disposal of the asset on the total non-current assets of *Somi Trading*? (2)

5.4 When a business is registered as a VAT vendor, they need to charge VAT on their products and/or services and also need to pay VAT on purchases. Answer the following questions regarding VAT:

5.4.1 Name TWO journals in which input VAT will be recorded. (2)

5.4.2 Name TWO journals in which output VAT will be recorded. (2)

5.5 *Somi Trading's* petty cashier finds it very difficult to reconcile the float with the petty cash amounts in the journal. List FOUR possible reasons for discrepancies in the Petty Cash Journal. (4)

**[40]**

**TOTAL: 200**