

MARKING GUIDELINE

NATIONAL CERTIFICATE (VOCATIONAL) NOVEMBER 2010

FINANCIAL MANAGEMENT NQF LEVEL 2

19 NOVEMBER 2010

This marking guideline consists of 7 pages.

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QUESTION 1

1.1

	1.1.1	C✓✓	(2)
	1.1.2	A✓✓	(2)
	1.1.3	A✓✓	(2)
	1.1.4	B✓✓	(2)
	1.1.5	B✓✓	(2)
	1.1.6	C✓✓	(2)
	1.1.7	C /B✓✓	(2)
	1.1.8	B✓✓	(2)
	1.1.9	C✓✓	(2)
	1.1.10	A✓✓	(2)
1.2			
	1.2.1	G ✓Fixed cost	(1)
	1.2.2	E ✓Current account	(1)
	1.2.3	C ✓VAT	(1)
	1.2.4	D ✓Retained income	(1)
	1.2.5	B ✓Business plan	(1)
1.3			
	1.3.1	Trial balance ✓	(1)
	1.3.2	Partnership ✓	(1)
	1.3.3	Profit mark-up ✓	(1)
	1.3.4	Vat Input ✓	(1)
	1.3.5	Dividends ✓	(1) [30]

FINANCIAL MANAGEMENT

QUESTION 2

2.1 2.1.1 Gross profit x 100 Sales

> 790 000 x 100 1 420 000

55,63% ✓ (3)

Profit after tax and interest x 100 2.1.2 Sales

> 579 250 1 300 000

44.56% ✓ (3)

2.1.3 Total expenses x <u>100</u> Sales

> 28 060 1 420 000

1,98% ✓ (3)

Yes, ✓ 2.1.4

Better advertising ✓✓

Aggressive marketing campaigns/ techniques ✓ ✓

Sell more units (and ANY ONE reason)

2.1.5 Business will have more (or less) sales ✓ and less(or more) (2) expenses/costs ✓ OR: Mark-up could've changed OR Theft could've ocurred

2.1.6 No progress made ✓AND

Decrease in income ✓

Increase in some expenses ✓ (ANY ONE answer) (2)

2.2 To attract new customers ✓✓

To get rid of the slow moving stock ✓✓

To get rid of the seasonal stock

To get money in a short period of time so that they can invest in new projects

(ANY TWO answers) (4)

(3)

2.3 Drawer ✓

Drawee ✓

Payee ✓ (3)

2.4 Imprest system ✓

> System of varying balance ✓ (2)

Copyright reserved Please turn over 2.5 Loss of stock through ...

Theft ✓

Breakage ✓

Literal shrinking

Obsolete stock

Ageing

Fires

Storms (ANY TWO answers) (2)

2.6
$$\frac{350}{100} \times \frac{5}{100} \checkmark$$
 17,50 profit \checkmark

$$350 + 17,50 = R367,50$$
 selling price \checkmark (3) [30]

QUESTION 3

3.1

3.1.4 A statement ✓ showing the financial position ✓ or what the business is worth on a specific date ✓ (3)

3.1.6 total value of R37 400,00
$$\checkmark$$
 (2)

3.2

Dr.	PETTY CASH ACCOUNT										r.
Date		Details		Amount		Date		Details		Amount	
2010						2010					
May	01	Bank		√ 600	00	May	31	Total payments✓		√ 405	00
	15	Bank		√ 150	00			Balance		√ 345	00
				750	00					750	00
2010											
June	01	Balance		√ 345	00						

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3.3 Installing security cameras (closed circuit television) ✓ Attaching security magnetic tags ✓ Installing magnetic tag detectors at exits Employing security personnel Changing shop layout – lower level shelves Put up warning signs indicating consequences of theft Screening employees to check for history of theft Strict theft policy (2)ALSO ACCEPT ANY2 OF 4 METHODS OF LIMITING SHRINKAGE: Stock control through: Budgeting✓ A stock system√ Physical control ✓ Managing stock procedures ✓ 3.4 3.4.1 Labour (150 x 2) = R300,00 ✓ Plus variable cost (3000 ÷ 100) 30,00√ Plus fixed cost (4500 ÷ 100) 45.00✓ OR 37500/100 🗸 🗸 Total cost = R375,00√ = R93,75 ✓ (accept) Plus profit R375 x25% =R468,75 ✓ Invoice price (6)3.4.2 Total cost TO REPAIRER: Cost of repair+ Cost of part $= R375(\checkmark) + R230\checkmark = R605(\checkmark)(accept)$ OR cost to customer: $=R468,75(\checkmark) + R253\checkmark = R721,75(\checkmark)$ (accept) (3)[30] **QUESTION 4** 4.1 4.1.1 A refund /money/deposit ✓ that the business received from SARS (2) ✓. 4.1.2 Bank overdraft. ✓ Business owes the bank money. ✓ (2) 4.1.3 A Debit Order is an agreement, ✓ made with a third party, for a direct payment from your bank account √to the third party **(2)** 4.1.4 Cheque account ✓ (Current account) (1) 4.1.5 R3 950,00 ✓ ✓ (2) 4.1.6 (R10 165) or – R10165 ✓ ✓ (2) 4.2 4.2.1 It means the cheque can only be deposited into an account ✓ with exactly the same name as that of the payee √stated on the cheque. (2) 4.2.2 No, ✓ cheques with alterations are invalid; need to be cancelled

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MARKING GUIDELINE -6-NC1010(E)(N19)V FINANCIAL MANAGEMENT and re-issued ✓OR No√, since 1 August 2001 it was agreed that altered cheque be returned to the drawer√ (2) 4.2.3 The cheque cannot be cashed because the client (account holder) has insufficient funds/no money in his bank account 🗸 🗸 The cheque is dishonoured by the bank as there are no funds to pay the payee The cheque is not worth the amount written on it (2) 4.3 R600 x 25 ✓ 100 Discount= R150 ✓ Selling price (R600 – R150) = R450,00 ✓ (3)4.4 4.4.1 SITE Standard Income Tax on Employees ✓ GIVE 1 MARK (1) 4.4.2 PAYE Pay As You Earn **✓ GIVE 1 MARK** (1) 4.5 Brown bread√: Milk√: and fresh fruit and vegetables Public transport/ education (ANY TWO answers) (2)4.6 Opening stock R 30 000 ✓ Plus purchases R 23 000 ✓ R 53 000 ✓ Less closing stock R 15 000 ✓ Cost of sales R 38 000 ✓ ✓ (6)[30] **QUESTION 5** 5.1 5.1.1 2500 X 10% = 250 Therefore R2500 – R250 = R2 250 payment ✓✓ (2) 5.1.2 $2500 \times 5\% = 125$

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Therefore R2 500 – R125 = R2375 payment \checkmark

5.1.3

R2 500 ✓✓

(2)

(2)

5.2

PETTY CASH JOURNAL for June 2010

Doc	Date	Details	Fol.	Petty	Repairs	Postage	Stationery	Sundry accounts		
				cash				Amount	Details	
2	03	Cleaning		70,00✓				70,00√	Wages√/Cleaning	
3	15	CC		89,00√	89,00					
		World/Repairs			✓					
✓				159,00						

(6)5.3 Details of non-current assets ✓✓ Two consecutive balance sheets ✓✓ Current income statement ✓✓ (6)5.4 Source document: duplicate credit sales /tax invoice ✓ ✓ Supporting document:original credit sales/tax invoice ✓ ✓ (4)5.5 Cash flow statement is a report showing the flow of money ✓ in and out of the business over the period of time. ✓ (2)5.6 5.6.1 Negative or minus effect √,e.g. interest on loan, is treated as an expense which is an outflow of cash ✓ (2) 5.6.2 Negative or minus effect √it is the share of profit given to the shareholders; and reduces the net profit of the business ✓ (2) 5.6.3 Positive or plus effect√, it represents the inflow of money and has to be added to the gross profit of the business. ✓ (2) [30]

TOTAL: 150