



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

**FINANCIAL MANAGEMENT
NQF LEVEL 3**

NOVEMBER 2011

(3011013)

**24 November (X-Paper)
09:00 – 12:00**

Non-programmable calculators may be used.

This question paper consists of 11 pages and a 16-page answer book.

TIME: 3 HOURS MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. This question paper consists of FIVE questions.
3. Answer ALL the questions in the attached ANSWER BOOK.
4. Read ALL the questions carefully.
5. Number the answers according to the numbering system used in this question paper.
6. Show ALL calculations in order for marks to be allocated.
7. Use only BLACK or BLUE ink.
8. ROUND OFF amounts to TWO decimal places.
9. Write neatly and legibly.

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 administration of non-current assets manually	40	40
	TOTAL	200	180 mins

QUESTION 1

- 1.1 Choose an item/word from COLUMN B to match a description in COLUMN A. Write only the letter (A – L) next to the question number (1.1.1 – 1.1.10) in the ANSWER BOOK.

COLUMN A		COLUMN B
1.1.1	Tax that a vendor collects on behalf of SARS from customers when goods and services are sold	A asset disposal B Pay As You Earn
1.1.2	All small cash payments are recorded in this journal	C gross wages D output VAT
1.1.3	The process of selling older non-current assets	E petty cash journal F non-current assets
1.1.4	A tax that is levied by the government on people's individual earnings	G bank statement H tax invoice
1.1.5	The sum total remuneration for normal time and overtime worked	I pension fund contribution J normal time
1.1.6	A document received from the bank indicating all the monetary transactions for the month	K current assets L costs of sales
1.1.7	An amount that is subtracted from an employee's earnings and paid to a specific fund to make provision for his/her retirement	
1.1.8	Assets that can be converted into cash at short notice	
1.1.9	A document containing a list of goods or services to a business that have been supplied together with prices	
1.1.10	The difference between selling price of an item and profit mark up	

(10 × 1) (10)

1.2 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 (1.2.1 – 1.2.10) in the ANSWER BOOK.

- 1.2.1 Value added tax is tax that is levied on all ...
A people earning income.
B goods and services at 14%.
C goods and services at 41%.
D motorists. (1)
- 1.2.2 If the VAT inclusive selling price of an item is R2 520,00, what is the VAT amount that was charged?
A R520,00
B R309,47
C R352,80
D R252,00 (1)
- 1.2.3 Bank charges will be recorded in one of the following subsidiary journals:
A Debtors Journal
B Petty Cash Journal
C Cash Receipts Journal
D Cash Payments Journal (1)
- 1.2.4 ABC Enterprises maintains a petty cash float of R1 500,00. By the end of October 2011 the amount of money left in the petty cash box was R600,00. How much will be needed to restore the imprest amount?
A R1 500,00
B R 600,00
C R 150,00
D R 900,00 (1)
- 1.2.5 ... is/are paid weekly or fortnightly.
A Salaries
B VAT
C Wages
D Telephone (1)
- 1.2.6 If an item is marked R171,00, inclusive of VAT, what is the selling price excluding VAT?
A R155,45
B R150,00
C R194,94
D R139,24 (1)

- 1.2.7 In which ONE of the following subsidiary journals will you record credit purchases?
- A Debtors Journal
 - B Petty Cash Journal
 - C Creditors Journal
 - D Cash Payments Journal
- (1)
- 1.2.8 The petty cash voucher is a/an ... source document for recording petty cash payments.
- A external
 - B smart
 - C internal
 - D gross
- (1)
- 1.2.9 A vendor business must file and store all financial records and documents for ... years for VAT inspection purposes.
- A one
 - B three
 - C two
 - D five
- (1)
- 1.2.10 An office desk with a carrying value of R1 360,00 is sold to an employee of the business. A profit of R60,00 was made. How much was it sold for?
- A R2 720,00
 - B R1 420,00
 - C R1 390,00
 - D R1 300,00
- (1)
- 1.3 Choose the correct answer from the words within brackets. Write only the correct answer next to the question number (1.3.1 – 1.3.10) in the ANSWER BOOK.
- 1.3.1 Petrol, brown bread and vegetables are examples of (zero-rated/vat exempt) supplies. (1)
- 1.3.2 The difference between gross salary and pension fund deduction is called (net salary/taxable income). (1)
- 1.3.3 The method of calculating depreciation as a percentage of the carrying value of an asset is called the (straight-line/diminishing balance method). (1)
- 1.3.4 Interest on overdraft, as indicated on the bank statement, is an (income/expense) for the business. (1)
- 1.3.5 Possessions of the business that last for a period longer than a year are known as (non-current assets/current liabilities). (1)

- 1.3.6 (Output /Input) VAT is the tax that a business pays on goods and services which they receive from its suppliers. (1)
- 1.3.7 A VAT201 form is a return form for (remittance/admittance) of VAT which SARS gives to vendors for their submission of VAT. (1)
- 1.3.8 The (carrying value/depreciation) is the difference between the cost price and the accumulated depreciation of a non-current asset. (1)
- 1.3.9 The (daily/asset) register is a record of all the assets owned by an organisation. (1)
- 1.3.10 (Trade and other creditors/Trade and other debtors) is an example of a current liability. (1)
- 1.4 Complete the following sentences by filling in the missing word(s). Write only word(s) next to the question number (1.4.1 – 1.4.10) in the ANSWER BOOK.
- 1.4.1 A ... form must be completed by the person requesting money from the petty cash for the purchase of small items. (1)
- 1.4.2 A VAT... form is completed when submitting a VAT return to the South African Revenue Services (SARS). (1)
- 1.4.3 The reduction in the value of an asset caused by wear and tear is known as (1)
- 1.4.4 Medical deductions are a ... amount that is deducted on a weekly or monthly basis from the employee's earnings. (1)
- 1.4.5 A list of balances of outstanding debtors is compiled from the ... ledger. (1)
- 1.4.6 A ... is the stub on which the details of an issued cheque are recorded by the drawer. (1)
- 1.4.7 Any business needs a ... of cash in the till every day when starting to do business. (1)
- 1.4.8 After any discrepancies have been sorted, the amount entered in the general ledger should match the amount in the applicable ... journal. (1)
- 1.4.9 The formal report which must be sent to Receiver of Revenue (SARS) is called a (1)
- 1.4.10 An amount which a business start an account with is called a(n) ... balance. (1)

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QUESTION 2

Simunye Builders is a registered VAT vendor that records VAT on the invoice basis. The business does not make use of separate input and output accounts, but rather posts directly to the VAT Control Account.

REQUIRED:

2.1 Record the transactions below in the appropriate subsidiary journals for September 2011. Total ONLY the VAT columns in ALL the journals at the end of the month. (32)

2.2 Post ONLY to the VAT Control Account in the General ledger. Balance the account. (8)

Sept 2011

03 Cash sales according to cash register roll CRR 01 amounted to R9 080,00 exclusive of VAT (cost of sales R7 264,00).

10 Cheque no. 110 for R650,00 was issued to Telkom to pay the telephone account of the business.

11 Bought trading stock on credit from Build Rite for R4 000,00 inclusive of VAT and received invoice no. 231.

14 Sold goods on credit to Sam Jones and issued credit invoice no. 81 for R3 500,00 excluding VAT (cost of sales R2 800,00).

17 Received credit note no. JT3 from Build Rite for poor quality stock returned to them, R1 000,00 including VAT.

21 Cash sales of trading stock according to cash register roll CRR02 amounted to R11 500,00 excluding VAT (cost of sales R9 200,00).

23 Sam Jones returned goods which were damaged. Issued credit note no. 21 for R600,00 excluding VAT (cost of sales R480,00)

25 Issued cheque no. 111 for R1 282,00 including VAT to the municipality for water and electricity.

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QUESTION 3

- 3.1 Simunye Builders decided to employ you as a salaries clerk. You are provided with the following information to prepare the Salaries Journal for September 2011:

Salaries	
Zuko	R13 500,00 per month
Barry	R11 800,00 per month
Dependants	
Zuko	Married with two dependants
Barry	Single
Deductions	
Medical aid	
- Single	R450,00
- Married with one dependant	R600,00
- Married with two dependants	R750,00
- Married with three or more dependants	R950,00
Pension	Both employees contribute 7,5% to the Pension Fund
PAYE	PAYE is calculated at 18% of gross salaries after the deduction of pension fund
UIF	1% of gross salaries
Employer's contributions	
Pension	R2 for every R1 contributed by the employee
Medical aid	50% of the employee's contribution
UIF	Rand for rand basis

REQUIRED:

- 3.1.1 Use the above information to prepare a Salaries Journal of Simunye Builders for September 2011.
- 3.1.2 Total up the columns of the Salaries Journal on 30 September 2011. NO posting is required. (20)

- 3.2 Simunye Builders make use of the imprest system to control petty cash. At the beginning of November 2011, a cheque for R2 000,00 was issued to the petty cashier to be cashed for petty cash float.

REQUIRED:

- 3.2.1 Complete the petty cash journal for Simunye Builders for the month of November 2011 using the information given below:

DATE	DETAILS	VOUCHER NO.	AMOUNT (EXCLUDING VAT)
Nov 2	Bought printing paper for the office	100	R125,00
Nov 5	Bought fuel for the business car	101	R280,00
Nov 11	Paid wages for cleaner	102	R120,00
Nov 14	Bought flowers for a sick staff member	103	R50,00
Nov 20	Bought refreshments for clients from Spar	104	R85,00
Nov 25	Bought stamps from the post office	105	R25,00

(14)

- 3.2.2 After you have completed the petty cash journal, post the total of the petty cash expenditure to the general ledger of Simunye Builders and balance the account at the end of the month.

(6)
[40]

QUESTION 4

As a bookkeeper of Simunye Builders, one of your responsibilities is to prepare monthly Bank Reconciliation Statements. Use the information provided below to do the following:

- 4.1 Make supplementary entries in the Cash Receipts Journal and Cash Payments Journal on 30 November 2011. Close off ONLY the Bank columns in BOTH journals on 30 November 2011. (12)
- 4.2 Post to the bank account in the General Ledger and balance the bank account. (5)
- 4.3 Prepare the Bank Reconciliation Statement of Simunye Builders on 30 November 2011. (9)

INFORMATION:

A comparison of the bank statement from Boland Bank and the Cash Receipts as well as the Cash Payments Journal on 30 November 2011 reflected the following differences:

- (a) The business bank statement showed a credit balance of R23 916,00.
- (b) The bank had not yet credited a deposit of R8 900,00 which was made on 29 October 2011.

- (c) The following cheques had NOT yet been presented to the bank for payment:

No. 564	R 620,00
No. 565	R 980,00
No. 566	R2 400,00

- (d) The bank had charged the current account of Simunye Builders with the following amounts:

Cost of cheque book	R 50,00
Service fees	R240,00
Tax levies	R 80,00

- (e) The bank reflected a monthly debit order for R1 200,00 in favour of Sanlam, this is for insurance.

- (f) A cheque for R2 400,00 received from a debtor S. Bunny was dishonoured by the bank due to insufficient funds.

- (g) An amount of R191,00 in respect of interest on credit balance, was credited on the bank statement.

- (h) A cheque for R6 000,00 withdrawn by Sisonke Builders from their account, appears as a debit on Simunye Builders' bank statement.

- (i) The bank account showed a debit balance of R26 870,00 monthly totals before supplementary entries were:

- CRJ R35 400,00
- CPJ R23 675,00

- 4.4 You have been provided with the following information regarding debtors of Simunye Builders. Ignore VAT for this question.

Balances taken from the Debtors' Ledger on 31 October 2011:

Thando Joxo	R6 000,00
Siya Kheswa	R5 850,00
Ruth Brown	R2 500,00

The Debtors' Control account in the General Ledger has a debit balance of R14 350,00

After closer investigation the following discrepancies were discovered:

Ruth Brown paid R2 500,00 in full settlement of her account. The account of Reddy Brown was instead credited with this payment.

A cheque for R3 000,00 received from Thando Joxo, was later returned by the bank marked R/D (Refer to Drawer). This transaction was NOT recorded.

REQUIRED:

Study the information above and make the necessary entries in the given ANSWER BOOK.

- 4.4.1 Make journal entries in the General Journal to give effect to the transactions above. (Cash Receipts and Payments Journals not required). (6)
- 4.4.2 Open the Debtors' Control Account and post the journal entries above. Balance the account on 31 October 2011. (5)
- 4.4.3 Compile the debtors' list after the entries have been made. (3)
- [40]**

QUESTION 5

You are responsible for controlling the assets of Simunye Builders. The policy of the business is that all assets have to be recorded in the asset register.

- 5.1 Study the information below and answer the questions that follow:

Asset description	ACERC Computer
Bought from	Compusys
Serial No.	SYNC 793S
Date purchased	1 July 2009
Cost price	R8 000,00

Complete the asset register for Simunye Builders provided in the ANSWER BOOK. (18)

- 5.2 A delivery van with a cost price of R120 000,00 was sold for R85 000,00 to General Motors on 30 April 2011. The accumulated depreciation on the van was R40 000,00. Use the information given and complete the following accounts:

- 5.2.1 Vehicles (4)
- 5.2.2 Accumulated depreciation on vehicles (4)
- 5.2.3 Asset Disposal (8)
- 5.2.4 Was a profit or loss made with the sale of the asset? (2)
- 5.2.5 Indicate the amount of the profit or loss. (2)
- 5.2.6 Explain how the disposal of this delivery van will affect the total non-current assets of Simunye Builders. (2)
- [40]**

TOTAL: 200