



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

**FINANCIAL MANAGEMENT
NQF LEVEL 3**

NOVEMBER 2012

(3011013)

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

Non-programmable calculators may be used.

This question paper consists of 13 pages and a 16-page answer book.

TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. This question paper consists of TWO sections.
 2. Answer ALL the questions in both sections in the ANSWER BOOK provided.
 3. Read ALL the questions carefully.
 4. Show ALL calculations in order for marks to be allocated.
 5. Use only black or blue ink. Lead pencil answers will not be marked.
 6. Round off amounts to 2 decimals.
 7. Write neatly and legibly.
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QUESTION NUMBER	TOPIC	MARKS	RECOMMENDED TIME GUIDE
Section A			
1	Short questions	20	20
2	Short questions	20	20
Section B			
3	Calculate and record value-added tax transactions	40	35
4	Prepare salaries and wages journals	24	20
5	The petty cash system	20	20
6	Compile reconciliation statements	40	45
7	Basic administration of non-current assets manually	36	20
	TOTAL	200	180 minutes

SECTION A**QUESTION 1**

1.1 Various options are provided 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 – 1.1.10) in the ANSWER BOOK.

- 1.1.1 Wendy bought a packet of sweets at R13,50 and a loaf of brown bread at R6,00, both exclusive of VAT. The total VAT she paid for her groceries is ...
- A R1,89.
B R1,66.
C R2,73.
D R2,40. (1)
- 1.1.2 A list of balances of outstanding debtors is compiled from the ...
- A creditors' ledger.
B debtors' ledger.
C general ledger.
D nominal ledger. (1)
- 1.1.3 Debits on the bank statement are recorded in the ...
- A cash receipts journal.
B debtors' journal.
C cash payments journal.
D creditors' journal. (1)
- 1.1.4 ABC Shoes maintains a petty cash float of R1 500.00. By the end of October 2012 the amount of money left in the petty cash box was R400. How much will the imprest amount be?
- A R400,00
B R1 500,00
C R1 100,00
D R500,00 (1)
- 1.1.5 Interest on the credit balance of the bank account would be recorded in the ...
- A general journal.
B cash payments journal.
C creditors' journal.
D cash receipts journal. (1)

- 1.1.6 If the VAT inclusive selling price of an item is R2 000,00, what is the VAT amount charged?
- A R280,00
 - B R245,61
 - C R208,00
 - D R254,16
- (1)
- 1.1.7 Money used in the business to make small payments is called ...
- A cash float.
 - B petty cash.
 - C cash payments.
 - D cash receipts.
- (1)
- 1.1.8 In which of the following journals will a dishonoured cheque be recorded?
- A Petty cash journal
 - B Cash receipts journal
 - C Debtors journal
 - D Cash payments journal
- (1)
- 1.1.9 The amount before deductions have been made from one's salary is known as ...
- A net salary.
 - B gross salary.
 - C taxable salary.
 - D monthly salary.
- (1)
- 1.1.10 'Pay as you earn' is tax that is levied on all ...
- A goods and services.
 - B people earning income.
 - C unemployed people.
 - D exports.
- (1)
- 1.2 Choose the correct answer from the words in brackets. Write down only the answer next to the question number (1.2.1 – 1.2.10) in the ANSWER BOOK.
- 1.2.1 Milk, brown bread and vegetables are examples of (zero-rated/ VAT exempt) supplies. (1)
- 1.2.2 The difference between gross salary and pension fund deduction is called (net salary/taxable income). (1)
- 1.2.3 Interest on a credit balance indicated on the bank statement is an (income/expense) to the business. (1)

- 1.2.4 (Discount/Depreciation) is the loss in value of non-current assets due to wear and tear and other non-physical factors. (1)
- 1.2.5 The appropriate source document used when recording transactions in the petty cash journal is a (cash invoice/petty cash voucher). (1)
- 1.2.6 When output VAT is more than input VAT it means that (you owe SARS/SARS owes you) the difference. (1)
- 1.2.7 Fees that a client pays to a bank in exchange for services offered by the bank are known as (service fees/ledger fees). (1)
- 1.2.8 A (debtor/creditor) is a person or another business to whom the enterprise owes money. (1)
- 1.2.9 A source document issued to a debtor for goods sold on credit is a (credit invoice/credit note). (1)
- 1.2.10 (Bank reconciliation/Balancing) is the comparing of cash journals with the bank statement. (1)
- [20]**

QUESTION 2

- 2.1 Choose an item/word from COLUMN B to match a description in COLUMN A. Write only the letter (A – N) next to the question number (2.1.1 – 2.1.10) in the ANSWER BOOK.

COLUMN A		COLUMN B
2.1.1	Record of all payments made by the business	A straight-line
2.1.2	Tax that is levied by the government on individual earnings	B capital expenditure
2.1.3	The sum of normal wages and overtime wages	C debit note
2.1.4	The method by which assets are depreciated by the same amount every year	D asset register
2.1.5	Assets that last for more than one year or accounting period	E diminished balance
2.1.6	VAT received by vendors from clients	F Pay As You Earn
2.1.7	Tax that is levied on all goods sold and services rendered	G input VAT
2.1.8	A source document for goods returned to supplier	H current assets
2.1.9	Amounts with a (+) or Cr sign next to them on the bank statement	I cash payments journal
2.1.10	Investment in non-current assets	J deposits
		K non-current assets
		L output VAT
		M gross wages
		N VAT

[10]

- 2.2 Complete the following sentences by using the words provided in the list below. Write only the word(s) next to the question number (2.2.1 – 2.2.10) in the ANSWER BOOK.

input; first; expenditure; bank statement; assets; standard; pension; carrying amount; exclusive; output; inclusive; liabilities; five

- 2.2.1 ... rated goods and services are subject to VAT at 14%. (1)
- 2.2.2 Before calculating pay as you earn, ... fund must be deducted from gross income. (1)
- 2.2.3 A business must file and safely store all financial records and documents for ... years for VAT inspection and audit purposes. (1)
- 2.2.4 When the selling price already has VAT added to it, it is known as a VAT ... technique. (1)
- 2.2.5 VAT paid by vendors when they buy goods and services is known as ... VAT. (1)
- 2.2.6 A petty cash journal is a book of ... entry, in which all petty cash transactions are initially recorded. (1)
- 2.2.7 A document sent to an individual or business every month indicating all the transactions that the bank has recorded for that particular individual or business account is called a ... (1)
- 2.2.8 Depreciation is recorded in the income statement as ... (1)
- 2.2.9 The value of a non-current asset after deprecation is known as ... (1)
- 2.2.10 Debtors are ... to the business. (1)

[20]

TOTAL SECTION A: 40

SECTION B**QUESTION 3**

- 3.1 Amandla Builders is a registered VAT vendor that records VAT at 14 % on the invoice basis. The business does not make use of a separate input and output account, but rather posts directly to the VAT control account.

TRANSACTIONS:

Feb 2010	02	Sold goods on credit to Siya Jojo and issued credit invoice no. 91 for R3 500,00 excluding VAT (cost of sales R2 800,00)
	09	Siya Jojo returned goods which were not according to order. Issued credit note 01 for R800,00 VAT inclusive (cost of sales R650,00)
	13	Cash sales according to cash register roll CRR 01 amounted to R9 080,00 excluding VAT (cost of sales R7 264,00)
	15	Bought trading stock on credit from Build it for R4 000,00 including VAT and received credit invoice no. 231
	18	Received credit note no. CRN 12 from Build it for R1 000,00 including VAT, for damaged goods returned to it
	20	Cash sales of trading stock according to the cash register roll no. CRR 02 amounted to R11 500,00 excluding VAT (cost of sales, R9 200,00)
	23	Cheque no. 101 was issued to Telkom to pay the business telephone account of R650,00 (inclusive of VAT)
	26	Sold goods on credit to K. Garth for R4 750.00 excluding VAT (cost of sales R3 900,00). Issued credit invoice no. 92
	30	Bought trading stock from Quality Suppliers and paid R7 890,00 excluding VAT by cheque no. 102

REQUIRED:

- 3.1.1 Record the transactions above in the appropriate subsidiary journals for November 2012. Total **only** the VAT columns in all the journals at the end of the month. (33)
- 3.1.2 Post only to the VAT account in the general ledger and balance the account. (7)
- [40]**

QUESTION 4

Use the information given below to complete the wages journal of Strike Force Security in the ANSWER BOOK provided. Totalling of columns is not necessary as no posting is required.

INFORMATION:

Employee	Wages per hour		Normal hours	Hours worked	Marital status	Dependents
	Normal time	Overtime				
G. Adams	R65,00	R68,00	40	48	Single	None
S. Ngilana	R70,00	R75,00	40	46	Married	Two

Deductions:	
Medical aid:	
• Single	R30,00 per week
• Married with one dependent	R42,00 per week
• Married with two dependents	R52,00 per week

Pension:	Both employees belong to Old Mutual Pension Fund and contribute 7,5 % of employee's wages for normal time
Income tax:	Calculated at 18 % of gross wages after deduction of pension fund
UIF:	1 % of employee's gross wages for normal time
Employer's contributions are as follows:	
Pension:	R2 for every R1 contributed by the employee
Medical aid:	50% of the employee's contribution
UIF:	Rand-for-rand basis

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QUESTION 5

You are the petty cashier at Golden Incorporated, a firm of attorneys. The business is registered as a VAT vendor. The following petty cash transactions took place during September 2012. All the amounts are inclusive of VAT and the business maintains an imprest amount of R1 500,00.

2012 September

- 02 Bought fuel for delivery van, R200,00, voucher no. 11
- 05 Paid R120,00 wage for the cleaner, voucher no.12
- 09 Bought flowers for a sick staff member, R35,00, voucher no. 13
- 12 Bought printing paper for the office for R225,00, voucher no. 14
- 16 Bought tea, coffee and sugar for R150,00, voucher no. 15
- 20 Paid R95,00 postage for sending a parcel, voucher no.16

Refer to the table below with regards to VAT:

ITEMS	IS VAT CHARGED?	
	YES	NO
Beverages	✓	
Staff expenses	✓	
Fuel		✓
Stationery	✓	
Postage	✓	
Wages		✓

REQUIRED:

- 5.1 Complete the petty cash journal of Golden Incorporated for September 2012. (14)
 - 5.2 Post only to the petty cash account in the general ledger. Balance the account. (6)
- [20]**

QUESTION 6

You have just been employed by Hluma Distributors as a bookkeeper. One of your responsibilities is to prepare monthly bank reconciliation statements. Use the information below to complete the following:

- 6.1 Make supplementary entries in the cash receipts journal and cash payments journal on 30 November 2012. Add only the bank column totals in both journals on 30 November 2012. (16)
- 6.2 Post to the bank account in the general ledger and balance the bank account. (5)
- 6.3 Prepare the bank reconciliation statement on 30 November 2012. (9)

INFORMATON:

A comparison of the bank statement with the cash receipts journal and the cash payments journal on 30 November 2012 revealed the following differences:

- Item 1: The bank statement reflected a credit balance of R3 200,00 on 30 November 2012.
- Item 2: A deposit of R5 700,00 had not yet been credited by the bank.
- Item 3: The following cheques had not yet been paid by the bank:
- No. 17: R4 575,00
 - No. 19: R4 630,00
- Item 4: A cheque for R1 200,00 received from O. Boyce for rent had been dishonoured by the bank due to insufficient funds.
- Item 5: Salsa Bank had debited the cheque/current account of Hluma Distributors with the following amounts:
- Cost of cheque book R 35,00
 - Service fees R255,00
 - Tax levies R 85,00
- Item 6: The bank statement showed a monthly debit order in respect of insurance for R800,00 paid to Outsurance.
- Item 7: P. Danana (a debtor) deposited R1 800,00 directly into the current account of the business in payment of her account.
- Item 8: The bank credited the account of Hluma Distributors with R320,00 for interest on current account.
- Item 9: A cheque to the value of R1 050,00 withdrawn by the owner from his personal account appears on bank statement of the business.

- 6.4 Hluma Distributors provided you with the following information regarding its debtors for October 2012. Ignore VAT for this question.

Balances taken from the debtors' ledger on 31 October 2012:

L. Monalia	R 6 000,00
P. Daniel	R 8 000,00
B .Barnabas	R 4 300,00

The debtors' control account in the general ledger has a debit balance of R18 000,00.

After closer investigation the following information was found on the bank statement, received on 31 October 2012:

P. Daniel deposited a cheque of R8 000,00 directly into the account of the business in full settlement of her account on 11 October 2012. This transaction was not recorded in the books.

A cheque of R1 300,00 received from L. Monalia and recorded in the cash receipts journal was later returned by the bank marked RD. This return was not recorded in the books of the business.

REQUIRED:

Use the information above and do the following:

- 6.4.1 Make entries in the general journal to give effect to the transactions above. (Cash receipts and payments journals not required). (6)
- 6.4.2 Record the entries in the debtors' control account and balance the account on 31 October 2012. (4)
- [40]**

QUESTION 7

The following information is for Ban Solutions. Ignore VAT for this question.

The policy of the organisation is to depreciate all equipment at a rate of 20% per annum using the diminishing balance method.

- 7.1 Use the information to complete the asset register of Ban Solutions. Calculate and record the depreciation from the date of purchase to 30 June 2012.

Asset description:	HP Colour Printer
Bought from:	Ace Electronics
Serial number:	CEA 400723
Date purchased:	1 July 2012
Cost price:	R8 000,00

(13)

- 7.2 On 30 June 2012 a delivery van with a cost price of R250 000,00 and accumulated depreciation of R50 000,00 was sold for R195 000,00 on credit to Debbie Brown.

Balances on 1 July 2011

Vehicles	R300 000
Accumulated depreciation on vehicles	R 70 000

- 7.2.1 Complete the following ledger accounts in the general ledger of Ban Solutions to give effect to the sale of the asset. Close off all accounts.

- ❖ Vehicles account (6)
- ❖ Accumulated depreciation account (6)
- ❖ Asset disposal account (6)

- 7.2.2 Indicate whether a profit or a loss was made with the sale of the asset. (2)

- 7.2.3 What is the effect of the disposal of the asset on the total non-current assets of the organisation? (2)

- 7.2.4 Why do businesses find it necessary to sell assets from time to time? (1)

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TOTAL SECTION B: 160
GRAND TOTAL: 200