



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

**FINANCIAL MANAGEMENT
NQF LEVEL 2**

NOVEMBER 2012

(3011012)

**9 November (X-Paper)
09:00 – 11:30**

This question paper consists of 11 pages and an answer sheet.

TIME: 2½ HOURS
MARKS: 150

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
 2. Read ALL the questions carefully.
 3. QUESTION 2.5 and 3.2 must be answered on the attached ANSWER SHEET.
 4. Number the answers according to the numbering system used in this question paper.
 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. Value-added tax (VAT) is calculated at 14%.
 8. Round off amounts to 2 decimals.
 9. Write neatly and legibly.
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QUESTION NUMBER	TOPIC	MARKS	RECOMMENDED TIME GUIDE
1	Short questions	30	30
2	All topics integrated	30	30
3	All topics integrated	30	30
4	All topics integrated	30	30
5	All topics integrated	30	30
	TOTAL	150	2½ hours

QUESTION 1

1.1 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 (1.1.1 – 1.1.10) in the ANSWER BOOK.

- 1.1.1 How much VAT is payable on R6 500,00?
- A R910,00
 - B R798,20
 - C R910,20
 - D R650,00
- (1)
- 1.1.2 Which source document is used when a customer returns damaged goods to the business?
- A Debit note
 - B Internal journal memorandum
 - C Tax invoice
 - D Credit note
- (1)
- 1.1.3 ... discount is when suppliers give price reductions for large quantities purchased.
- A Trade
 - B Quantity
 - C Seasonal
 - D Cash
- (1)
- 1.1.4 All expenses have a negative effect on the net profit of the business. Which ONE of the following is a regular expense?
- A Depreciation
 - B Maintenance
 - C Water and electricity
 - D Advertising
- (1)
- 1.1.5 This type of cheque is payable only to the payee (a person whose name appears on the cheque):
- A Cash cheque
 - B Order cheque
 - C Bearer cheque
 - D Bank guaranteed cheque
- (1)
- 1.1.6 Which ONE of the following is an example of current assets?
- A Vehicles
 - B Land and buildings
 - C Cash
 - D Equipment
- (1)

- 1.1.7 The following is a disadvantage of using electronic equipment in your organisation:
- A Easy to operate
 - B Enable users to do quick and accurate calculations
 - C Expensive to purchase
 - D Conveniently small (1)
- 1.1.8 The current VAT charged on goods and services is calculated at ...
- A 12%.
 - B 13%.
 - C 28%.
 - D 14%. (1)
- 1.1.9 The type of account that gives you the opportunity to withdraw more than the amount that you have in your account:
- A Investment account
 - B Cheque account
 - C Savings account
 - D Transmission account (1)
- 1.1.10 Regular replacement of stock that is sold with new stock, is called ...
- A stock rotation.
 - B stockpiling.
 - C obsolete stock.
 - D shrinkage of stock. (1)
- (10)

- 1.2 Choose an item from COLUMN B to match a description in COLUMN A. Write only the letter (A – G) next to the question number (1.2.1 – 1.2.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Excess stock that does not sell but piles up in a business	A	stale cheque
1.2.2	Money used to pay for everyday expenses of the business	B	overdraft
1.2.3	A bank allows a business to borrow money on its current account	C	business plan
1.2.4	Cheque dated six months later than the date on which it must be deposited	D	obsolete stock
1.2.5	A document that sets out the objectives and financial strategy of a business venture	E	capital
		F	working capital
		G	postdated cheque

(5 × 1)

(5)

- 1.3 Complete the following sentences by filling in the missing words. Write only the word(s) next to the question number (1.3.1 – 1.3.5) in the ANSWER BOOK.

- 1.3.1 Good accounting support structures include the appointment of suitable accounting
- 1.3.2 Net profit that is not divided among the shareholders but kept back for reinvestment is called
- 1.3.3 ... is an indirect tax levied by the government on goods and services.
- 1.3.4 Turnover less cost of sales equals
- 1.3.5 ... is the money invested by the owner to start a business. (5 × 1)

(5)

1.4 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (1.4.1 – 1.4.5) in the ANSWER BOOK.

- 1.4.1 (Debtors/Creditors) supply services, merchandise and non-current assets to a business on credit.
- 1.4.2 The (income statement/cash flow statement) is a report that shows the flow of money in and out of the business over a period of time.
- 1.4.3 (Fixed/Variable) costs remain unchanged regardless of the trading activity of the business.
- 1.4.4 The (trial balance/balance sheet) is compiled monthly to check the accuracy of accounting entries made.
- 1.4.5 A cheque becomes stale when it is dated more than (two/six) months before today's date.
- 1.4.6 The (drawer/drawee) is the person who has a cheque account and signs cheques to make payments.
- 1.4.7 (Gross income/Profit markup) is the amount added to the cost to determine the selling price of an item.
- 1.4.8 The business pays (VAT output/VAT input) when purchasing goods from the supplier.
- 1.4.9 When cash is received, the (original/duplicate) receipt remains in the business to record the financial transaction.
- 1.4.10 (An internal journal memo/A counterfoil) will be the supporting document when recording transactions such as depreciation and bad debts.

(10 × 1)

(10)
[30]

QUESTION 2

- 2.1 Mrs Clara Munyadziwa, the owner of Dembe Traders, has been in business for some years. She wants to know the financial results for the period ending 30 June 2012. She is not sure yet of her accounting skills. All the records are up to date. What is left is to complete the income statement.

Use the information below and complete the income statement for the year ended 30 June 2012 in your ANSWER BOOK.

	R	
Telephone	895	00
Water and electricity	1 000	00
Rent income	3 000	00
Cost of sales	35 000	00
Salaries	8 000	00
Stationery	250	00
Turnover	80 000	00
Insurance	160	00
Discount received	975	00

(12)

- 2.2 What effect will interest on fixed deposits have on Dembe Traders' net profit for the financial period ended June 2012?

(2)

- 2.3 Define the concept *shrinkage*.

(2)

- 2.4 Dembe Traders buys wardrobes from T & T Maphakela Suppliers for R400 per wardrobe. It also pays R1 200 per month for rent, as it does not have a building of its own. Dembe Traders hires an assistant and pays him/her R750 per month. The expected profit is 25% on total cost. On average 45 wardrobes are sold per month.

Calculate the total selling price per wardrobe.

(8)

- 2.5 On 2 April 2012 Clara Munyadziwa appointed K. Khoza as the petty cashier of Dembe Traders. In June 2012 the business started off with an amount of R800 in the petty cash box. Total payments for the month amounted to R450. Help K. Khoza calculate the amount needed to restore the petty cash imprest amount. Use the ANSWER SHEET to complete the petty cash account.

(5)

- 2.6 A ... journal is used to enter all cash payment transactions involving small amounts of money.

(1)

[30]

QUESTION 3

- 3.1 Dembe Traders gave you its income statement for two consecutive years. Help the company to analyse the performance of the business for the past two financial periods.

	2011		2012	
Sales	R300 000	00	R385 000	00
Gross profit	150 000	00	200 000	00
Expenses	65 000	00	78 000	00
Net profit	85 000	00	122 000	00

Calculate the gross profit margin for both years and explain to Dembe Traders the percentage change from 2011 to 2012.

Give TWO possible reasons for the changes.

(6)

- 3.2 Dembe Traders hired Mr M Maanda as financial manager. Amongst other duties, he is responsible for the banking. Help Mr Maanda, who is unsure of how to fill in the deposit slip. Use the information below and complete the deposit slip on the ANSWER SHEET.

Account holder: Dembe Traders

Account no: 331 501 805

Date: 31 June 2012

Cheque received

Drawer	Bank	Branch	Amount
J Smith	Nedbank	09876	R5 150

Notes

R10 x 3

R20 x 1

R50 x 5

R100 x 1

R200 x 4

Coins

R0,50 x 15

R1 x 4

R2 x 5

R5 x 8

(7)

- 3.3 Mr Maanda compiled the following balance sheet. He wants to prepare it for analysis by the board of directors. He needs your help in answering some of the possible questions that may be asked by the board members.

Study the information below and answer the questions that follow.

Balance sheet of Dembe Traders 30 June 2012

CAPITAL EMPLOYED		R
Owner's equity		200 000
Long-term liabilities		90 000
Loan: ABSA bank 10%	90 000	
TOTAL CAPITAL EMPLOYED		290 000
EMPLOYMENT OF CAPITAL		
Non-current assets		225 000
Land and buildings	115 000	
Equipment	60 000	
Vehicles	50 000	
Investment		45 000
Investment: Old Mutual (11% p.a.)	45 000	
Current assets		
Inventory	10 000	
Accounts receivable	5 000	
Cash	15 000	
Less: Current liabilities		
Accounts payable	10 000	
Net working capital		20 000
TOTAL EMPLOYMENT OF CAPITAL		290 000

- 3.3.1 What is the value of the current assets of Dembe Traders? (1)
- 3.3.2 How much did this business invest? (1)
- 3.3.3 What is the value of the non-current assets of Dembe Traders? (1)
- 3.3.4 How much is the start-up capital of this business? (1)
- 3.3.5 What do you understand by the term *fixed assets*? (2)
- 3.3.6 What is the purpose of preparing a balance sheet? (2)
- 3.3.7 Are there any liabilities in this business? If so, to what value? (2)

- 3.4 Dembe Traders has a turnover of more than R300 000 per annum. This compels the company to register as a VAT payer as per government regulation.

The company provided you with the following information for the month of June 2012.

Total purchases R35 000, VAT exclusive

Total sales R65 000, VAT inclusive

- 3.4.1 Calculate VAT output. (2)
- 3.4.2 Calculate VAT input. (2)
- 3.4.3 Will Dembe Traders get a refund from SARS or will it have to pay an extra amount? Give ONE reason for your answer. (3)
- [30]**

QUESTION 4

- 4.1 Dembe Traders, like all other developing businesses, uses cheques to make payments. Mr Maanda, the financial manager, wants to know more about cheques.

Name and define the THREE parties involved in cheques. (6)

- 4.2 Give brief descriptions of the following terms:

- 4.2.1 Selling price (3)
- 4.2.2 Price markup (3)
- 4.2.3 Price markdown (3)

- 4.3 Why do banks send bank statements to their clients? (2)

- 4.4 Dembe Traders purchased goods to the value of R20 000 on credit. The supplier told the trader that there was a discount of 10% if the account was settled within 30 days.

- 4.4.1 Calculate the amount that will be paid by Dembe Traders if the account is settled within 30 days. (3)
- 4.4.2 How much will Dembe Traders save if the account is settled within 30 days? (2)
- 4.4.3 Give ONE reason why a business gives discount on cash sales. (2)

- 4.5 Identify TWO factors that could contribute to an increase in sales. (4)

- 4.6 Expenses that are paid every month are called ... expenses. (2)

[30]

QUESTION 5

- 5.1 What are the THREE sources of data that Dembe Traders will need in order to prepare the cash flow statement? (6)
- 5.2 What is a dividend? (2)
- 5.3 To whom are dividends paid? (2)
- 5.4 What is the purpose of an income statement? (2)
- 5.5 Give TWO possible reasons for a large decrease in gross profit from one year to another. (4)
- 5.6 Why do banks not accept cheques with alterations on them? (2)
- 5.7 Name TWO methods that a business can apply to reduce shrinkage of stock. (4)
- 5.8 Dembe Traders, as a way of expanding its business venture, has opened a computer repair outlet in another town.

An assistant, Mr Henry, was hired at R80,00 per hour. It takes an average of two hours to repair one computer. Mr Henry works 100 hours per month. The monthly fixed costs amount to R1 500 and variable costs are R800.

Spare parts used to repair each computer cost R250. Dembe Traders adds 3% to the cost of all parts used as it intends making a profit of 20% per computer repaired.

Calculate the total invoice price per computer repaired. (8)

[30]**TOTAL: 150**

ANSWER SHEET**EXAMINATION NUMBER:**

CENTRE NUMBER:

QUESTION 2.5

PETTY CASH ACCOUNT									
Date		Details		Amount		Date		Details	Amount

(5)

QUESTION 3.2**ABSA Bank****Deposit slip**

Date_____			
Credit		Notes	
Account no		Coins	
Telephone no		Postal/Money orders	
Signature		Total cash and postal/money orders	
Bank stamp and cashier's signature	Cheque deposits		
	1.		
	2.		
Depositor's name		Total cheques	
Reference			
Total			

(7)