education

Department:
Education
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

FINANCIAL MANAGEMENT
NQF LEVEL 2

SUPPLEMENTARY EXAMINATION 2009

(3011012)

25 February (Y-Paper)
13:00 – 15:30

Calculators may be used.

This question paper consists of 13 pages and a 3-page answer sheet.

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TIME: 2½ HOURS
MARKS: 150

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. Answer SECTION A on the attached ANSWER SHEET.
3. Calculators may be used, but you must show ALL the calculations.
4. Read ALL the questions carefully.
5. Number the answers correctly according to the numbering system used in this question paper.
6. Use the table below to guide you in how much time to spend answering each question.
7. Write neatly and legibly.

QUESTIONS	TOPICS	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Short questions	25	20 minutes
2	Short questions	25	20 minutes
SECTION B			
3	Manage finances for a new venture	40	40 minutes
4	Perform basic business calculations	25	30 minutes
5	Conduct basic financial transactions	15	15 minutes
6	Complete basic business calculations	20	25 minutes
	TOTAL	150	150 minutes

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SECTION A

QUESTION 1

1.1 Various possible options are given as 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 SHEET.

1.1.1 The type of discount that is given to a customer when paying cash for items is called …

A trade discount.
B a cash discount.
C a quantity discount .
D a manufacturer discount. (2)

1.1.2 An instruction given to the bank by a third party to take money off a person's bank account on a specific day of the month and pay it to a beneficiary is/are …

A bank charges.
B stop sign.
C debit order.
D stop order (2)

1.1.3 The percentage of VAT charged on goods and for services rendered is …

A 20%.
B 44%.
C 14%.
D 31%. (2)

1.1.4 On the bank statement of a business, cheques issued by this business and presented for payment by the payee will be indicated by an amount, with …

A minus sign.
B plus sign.
C asterisk.
D stop sign. (2)

1.1.5 Stock losses can be reduced by …

A looking at stock sheets.
B providing fire detection and fire fighting equipment.
C increasing the sales figure.
D applying a double entry system. (2)

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1.1.6 The main aim of a business is to make a …

A loss.
B profit.
C living.
D sale. (2)

1.1.7 The following is NOT an asset in a business.

A Drawings
B Vehicles
C Equipment
D Land and buildings (2)

1.1.8 Which of the following is NOT a party to a cheque?

A Drawee
B Payee
C Drawer
D Depositor (2)

1.1.9 The difference between total sales and total cost of sales is called …

A gross profit.
B dividends.
C shrinkage.
D inflation. (2)

1.1.10 A document that is issued when payments are made to a business is called a …

A balance sheet.
B cash payment.
C receipt.
D cheque. (2)

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1.2 Choose a/an item/word from COLUMN B that matches a description in COLUMN A. Write only the letter (A - G) next to the question number (1.2.1 - 1.2.5) on the attached ANSWER SHEET.

COLUMN A		COLUMN B	
1.2.1	The amount owed by the business to somebody else	A	drawings
1.2.2	An accounting system where all the transactions are recorded by hand	B	gross profit
1.2.3	The loss in a business caused by stock disappearance as a result of theft	C	shrinkage
1.2.4	The period for which credit is granted	D	liability
1.2.5	Money or valuables withdrawn from a business by the owner for own or personal use	E	manual system
		F	cheque
		G	credit period

(5)
[25]

QUESTION 2

2.1 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question number (2.1.1 – 2.1.5) on the attached ANSWER SHEET.

2.1.1 An income statement indicates the financial position of a business enterprise on a specific date. (1)

2.1.2 Accounting is based on the principle of double entry which means that for every transaction there is a debit entry and a corresponding credit entry. (1)

2.1.3 Discount received is an example of an operating expense. (1)

2.1.4 Fixed costs are costs which remain unchanged regardless the activity of the business. (1)

2.1.5 Inventory is the stock of a business. (1)

2.2 Complete the following sentences by filling in the missing word(s). Write only word(s) next to the question number (2.2.1 – 2.2.5) on the attached ANSWER SHEET.

2.2.1 Owner's equity is the amount that a business is … to its owner. (2)

2.2.2 The ... is the profit after overhead expenses have been deducted. (2)

2.2.3 … refers to stock that is damaged and therefore cannot be sold. (2)

2.2.4 The payee's signature on the back of a cheque is called a/an … . (2)

2.2.5 … documents support the source document to verify a transaction or accounting entry. (2)

2.3 Choose the correct answer from the words within brackets. Write only the answer next to the question number (2.3.1 – 2.3.5) in the ANSWER SHEET.

2.3.1 The (Cash Receipts Journal/Cash Payments Journal) is the subsidiary journal used for all payments made by a business. (2)

2.3.2 (Mark-up/Mark-down) is the profit on an item or service. (2)

2.3.3 An (entrepreneur/intrapreneur) is a person who starts a new business and takes the financial risk. (2)

2.3.4 A (credit note/debit note) is a document issued to a supplier by a business indicating that the business intends to debit the supplier's account. (2)

2.3.5 (Input/Output) VAT is the VAT that a business pays on goods and services and which can be claimed back from the South African Revenue Service. (2)

[25]

TOTAL SECTION A: 50

SECTION B

This section consists of FOUR questions. Answer ALL the questions.

QUESTION 3

3.1 Study the following bank statement of CM and RS Builders and answer the questions that follow:

TWIGH LIGHT BANK BANK STATEMENT

CM and RS Builders
94 Short Street
PRETORIA
0001

Statement no. 1
Cheque account no: 50672145051

DATE: 30 June 2008

DATE	DETAILS	DEBIT (-)	CREDIT (+)	BALANCE
01/06/2008	Balance brought forward			R2 500,00
05/06/2008	Direct deposit: L. Mano		5 000,00	7 500,00
07/06/2008	Cheque no: 01	1 500,00		6 000,00
10/06/2008	Cheque no: 03	1 700,00		4 300,00
14/06/2008	Deposit		600,00	4 900,00
17/06/2008	C/B	45,00		4 855,00
18/06/2008	Cheque no: 02	1 000,00		3 855,00
20/06/2008	Debit order: WesBank	3 500,00		355,00
22/06/2008	Cheque no: 04	500,00		(145,00)
25/06/2008	Deposit		1 500, 00	1 355,00
28/06/2008	S/F	90 ,00		1 265,00
30/06/2008	Interest on current account		230,00	?

D/O Debit order for insurance premium paid directly to WesBank
C/B Cheque book charges/fees
S/F Monthly service fees charged

3.1.1 What is the bank statement number? (1)

3.1.2 What is the opening balance on the bank statement? (1)

3.1.3 What transaction took place on 20 June 2008 and what is the transaction amount? (3)

3.1.4 Calculate the bank charges that CM and RS Builders has paid the bank during June 2008. (2)

3.1.5 How much interest did the bank pay to CM and RS Builders during June 2008? (2)

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3.1.6 Why would certain amounts appear in the debit column and others in the credit column of the bank statement? (2)

3.1.7 Calculate the closing balance and state whether it is favourable or unfavourable. (3)

3.2 CM and RS Builders want to apply for a loan to expand their business. They must submit a business plan to Twigh Light Bank. In your own words, explain what a business plan is. (4)

3.3 The following business transactions appear in the books of CM and RS Builders. Specify whether the transactions are cash inflows or cash outflows. Write only 'inflow' or 'outflow' next to the question number (3.3.1 - 3.3.4) in the ANSWER BOOK.

NO.	TRANSACTIONS	AMOUNT
1.	Cash sales	R15 000,00
2.	Stationery bought from Walton Stationers for cash	R1 200,00
3.	Damaged goods sold to vendor for cash	R 500,00
4.	Paid VAT due to Receiver of Revenue	R6 100,00

(4)

3.4 Name the THREE sections in a cash flow statement. (3)

3.5 Briefly explain the difference between a cash flow statement and an income statement. (4)

3.6 Study the Balance Sheet below and answer the questions that follow:

BALANCE SHEET OF INDWANA TRADING ON 31 MARCH 2008

ASSETS	NOTES	R
NON-CURRENT ASSETS		
Property, Equipment and Vehicles	1	400 000
Other Financial assets	2	120 000
CURRENT ASSETS		
Stock/Inventory		80 000
Trade and Other debtors		30 000
Cash		50 000
TOTAL ASSETS		680 000
EQUITY AND LIABILITIES		
OWNER'S EQUITY	3	450 000
NON-CURRENT LIABILITIES		
Mortgage Bond: Smart Bank		200 000
CURRENT LIABILITIES		
Trade and Other Creditors		30 000
TOTAL EQUITY AND LIABILITIES		680 000

NOTES TO BALANCE SHEET		
	NET CARRYING AMOUNT	
1. Property, Equipment and Vehicles		400 000
Land and Buildings	200 000	
Equipment	80 000	
Vehicles	120 000	
2. Other Financial Assets		120 000
Fixed deposit: Smart Bank (15%)	120 000	
3. Owner's equity		450 000
Capital balance at the beginning of the year	400 000	
Plus: Net profit	70 000	
Less: Drawings	20 000	

3.6.1 What is an asset? Give ONE example of an asset from the Balance Sheet. (2)

3.6.2 What effect does the profit have on the owner's equity of the business? (2)

3.6.3 How much did Indwana Trading invest in a fixed deposit? (2)

3.6.4 Calculate the value of the current assets. (3)

3.6.5 Give ONE example of a current liability from the balance sheet. (1)

3.6.6 What is the value of the mortgage bond at Smart Bank? (1)
[40]

QUESTION 4

4.1 You are a partner in Wheat Bakeries. A client, Mandla Khumalo, has purchased the following stock from you (Ignore VAT).

12 dozen wholewheat hamburger rolls @ R1,50 per dozen
7 loaves of white bread @ R5,50 per loaf
5 dozen doughnuts @ R12,50 per dozen

Complete a cash invoice for Mandla Khumalo on the attached ANSWER SHEET. (8)

4.2 Blue Bean Manufacturers is renting premises where they produce and sell chairs.

The following information was extracted from their records:

- Rent amounted to R5 000,00 per month
- Wages for labour amounted to R1 650,00 per month.
- Average number of chairs sold each month is 50.
- Cost price of a chair is R150,00.
- All costs mentioned above are included in the costing of one chair. Thereafter, 20% is added to this cost price per unit. Ignore VAT

Calculate the selling price per chair. (6)

4.3 Cash and Carry Wholesalers allows 10% discount to customers who pay within 30 days of invoice.

Calculate the amount that Zak Suppliers must pay if they bought for R75 000,00 and they pay within 30 days. (3)

4.4 Study the following information and answer the questions that follow. Susan purchased the following items at the corner shop:

QUANTITY	**DETAILS**	**PRICE** (including VAT where applicable)
1	Chocolate bar	6,99
1	2 litre Coke lite	14,60
1	Packet of chips	7,89
1	Loaf of brown bread	4,75
1	Litre full cream milk	6,99
1	Plastic bag	0,25

4.4.1 Which items are zero-rated from VAT? (2)

4.4.2 What is the total of Susan's purchases? (including VAT where applicable) (2)

4.4.3 If Susan was to buy white bread instead of brown bread would she pay VAT? Substantiate the answer. (2)

4.4.4 What percentage of VAT must Susan pay on the items that are not zero-rated? (2)

[25]

QUESTION 5

5.1 Use the information below to complete a deposit slip for the following on the attached ANSWER SHEET:

Credit	Jabula Traders
Account number	503644521090
Depositor	K. Campbell
Date	30 May 2008
Address	50 Fifth Avenue Pretoria 0001
Tel. number	012 8066290
Notes	R8 740,00
Coins	R44,20
Postal/money order	R500,00
Cheques	S. Ngaso ABSA Bank Branch code: 00432 R4 500,00

(7)

5.2 Study the following cheque which was received from a customer, in payment of an account and answer the questions that follow.

SWIFT BANK **004-003**
Oxford Street branch/tak **NOT TRANSFERABLE**

Date
Datum: 26 June 2008

Pay
Betaal S. Langa.

the sum of
die som van Five thousand rand only R5 000
for/vir
M. Booi
004-003 : 202 202 200505 SIGNATURE

5. 2.1 Identify the payee. (1)

5. 2.2 Identify the drawee. (1)

5. 2.3 What does the words 'NOT TRANSFERABLE' mean on the cheque? (1)

5. 2.4 Name TWO important aspects which one needs to consider when accepting cheques as payment. (2)

5.3 List THREE details that should be reflected on a petty cash voucher. (3)
[15]

QUESTION 6

6.1 Study the extract from the income statement for the 2006 and 2007 financial years below and answer the questions that follow:

	2006	2007
Sales	550 000	680 000
Gross profit	180 000	250 000
Expenses	125 000	148 000
Net profit	60 000	80 000

6. 1.1 By how much did sales increase in 2007? (1)

6. 1.2 Calculate the gross profit margin for 2006. (3)

6. 1.3 Calculate the expenses as a percentage of sales for the 2007 financial year. (3)

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6.2 What effect will shrinkage have on the profit of the business? (3)

6.3 Use the information below to answer the questions that follow. Show ALL the calculations.

Extract from the Ledger account totals from the books of Bruyn Waves Projects:

Services rendered	30 000
Rent income	5 000
Discount received	8 000
Interest received	3 000
Water and electricity	1 000
Telephone and fax	5 000
Wages	12 000
Insurance	2 400
Advertising	1 500

6. 3.1 Calculate the gross income for the year. (4)

6. 3.2 Calculate the net profit for the year. (4)

6.4 Name TWO stock systems that a business can make use of. (2)
[20]

TOTAL SECTION B: 100
GRAND TOTAL: 200

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EXAMINATION NUMBER: _____ **CENTRE NUMBER:**

ANSWER SHEET

SECTION A

QUESTION 1

1.1

1.1.1	A	B	C	D
1.1.2	A	B	C	D
1.1.3	A	B	C	D
1.1.4	A	B	C	D
1.1.5	A	B	C	D
1.1.6	A	B	C	D
1.1.7	A	B	C	D
1.1.8	A	B	C	D
1.1.9	A	B	C	D
1.1.10	A	B	C	D

(10 × 2) (20)

1.2

1.2.1 _____

1.2.2 _____

1.2.3 _____

1.2.4 _____

1.2.5 _____

(5 × 1) (5)
[25]

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EXAMINATION NUMBER: _____ **CENTRE NUMBER:** _____

2.1

2.1.1 _____

2.1.2 _____

2.1.3 _____

2.1.4 _____

2.1.5 _____

(5 × 1) (5)

2.2

2.2.1 _____

2.2.2 _____

2.2.3 _____

2.2.4 _____

2.2.5 _____

(5 × 2) (10)

2.3

2.3.1 _____

2.3.2 _____

2.3.3 _____

2.3.4 _____

2.3.5 _____

(5 × 2) (10)
[25]

TOTAL SECTION A: 50

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EXAMINATION NUMBER: _____ **CENTRE NUMBER:** _____

ANSWER SHEET

SECTION B

QUESTION 4.1

No: 01

CASH INVOICE

Date: _____

Quantity	**Items**	**Unit price**		**Total price**	

Sub-total

Total

QUESTION 5.1

DEPOSIT SLIP/DEPOSITOSTROKIE

Credit/Krediteer: _____ Date/Datum _____

				R	C
	Paid in by Inbetaal deur _____ Signature Handtekening _____ Tel ( ) _____		Notes/Note		
			Coins/Munte		
			MO/PW and/en PO		
			Subtotal/Subtotaal		
	Drawer's name Trekkers se naam	Bank	Branch name/Code		
	1.				
	2.				
	3.				

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