



**higher education  
& training**

Department:  
Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**

**NATIONAL CERTIFICATE (VOCATIONAL)**

**FINANCIAL MANAGEMENT  
NQF LEVEL 3**

**SUPPLEMENTARY EXAMINATION 2011**

**(3011013)**

**16 March (Y-Paper)  
13:00 – 16:00**

**Non-programmable calculators may be used.**

**This question paper consists of 11 pages and a 17-page answer book.**

|   |
|---|
| <b>TIME: 3 HOURS</b><br><b>MARKS: 200</b> |
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### INSTRUCTIONS AND INFORMATION

1. This question paper consists of FIVE questions.
  2. Answer all the questions in the ANSWER BOOK provided.
  3. Read ALL the questions carefully.
  4. Show ALL calculations in order for marks to be allocated.
  5. Non-programmable calculators may be used.
  6. Use only black or blue ink. Lead pencil answers will not be marked.
  7. Round off amounts to 2 decimals.
  8. Write neatly and legibly.
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| QUESTION<br>NUMBER | TOPIC   | MARKS      | RECOMMENDED<br>TIME GUIDE |
|--------------------|---|------------|---------------------------|
|                    |   |            |                           |
| 1                  | Short questions   | 40         | 20                        |
| 2                  | Calculate and record value added tax transactions   | 40         | 40                        |
| 3                  | Prepare salaries and wages journals<br>The Petty Cash system  | 20<br>20   | 20<br>20                  |
| 4                  | Compile reconciliation statements   | 40         | 40                        |
| 5                  | Basic administration of non-current assets manually<br>Calculate and record value added tax transactions<br>The Petty Cash System | 40         | 40                        |
|                    | <b>TOTAL</b>  | <b>200</b> | <b>180 minutes</b>        |

**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 – 1.1.5) in the ANSWER BOOK.

- 1.1.1 If the VAT exclusive selling price of an item is R5 780,00, what is the VAT amount that was charged?
- A R750,00  
B R809,20  
C R679,00  
D R567,00 (2)
- 1.1.2 A document that a bank issues to a business at the end of every month that indicates every transaction that the bank has recorded for that business is called a ...
- A receipt.  
B invoice.  
C bank statement.  
D credit note. (2)
- 1.1.3 A list of balances of outstanding creditors is compiled from the ... ledger.
- A creditors  
B debtors  
C general  
D normal (2)
- 1.1.4 The petty cash imprest amount was R650,00 and the petty cash on hand at the end of the month amounted to R52,00. How much would the petty cashier request to restore the imprest amount?
- A R598,00  
B R702,00  
C R650,00  
D R560,00 (2)
- 1.1.5 An incorrect entry would be rectify by making an entry in the ...
- A debtors journal.  
B cash payments journal.  
C creditors journal.  
D general journal. (2)

1.2 Choose the correct answer from the words within brackets. Write only the correct answer next to the question number (1.2.1 – 1.2.5) in your ANSWER BOOK.

- 1.2.1 A (debtor/creditor) is a person who owes money to a business or another person. (2)
- 1.2.2 Debit entries on a bank statement indicate to the bank account holder the funds that have been (deposited/withdrawn) to/from the bank account. (2)
- 1.2.3 Assets that a business plans to keep for longer than one year are known as (current/non-current) assets. (2)
- 1.2.4 The process of selling an older asset is called (depreciation/asset disposal). (2)
- 1.2.5 Items which appear in the debit column of the bank statement but are not yet reflected in the books of the business are entered in the (cash payments/cash receipts) journal. (2)

1.3 Choose an/a item/word from COLUMN B to match a description in COLUMN A. Write only the letter (A – F) next to the question number (1.3.1 – 1.3.5) in the ANSWER BOOK.

| COLUMN A |  | COLUMN B         |
|----------|--|------------------|
| 1.3.1    | Fees that a client of a bank pays in exchange for services offered by the bank | A Net carrying   |
| 1.3.2    | The adjustment in the value of a non-current asset to its net book value       | B Bank charges   |
| 1.3.3    | This document is a record of all the assets owned by an organisation           | C Wages          |
| 1.3.4    | Gross salary minus deductions  | D Asset register |
| 1.3.5    | Compensation that workers receive in exchange for their labour                 | E Net salary     |
|          |  | F Invoice        |

(10)

1.4 Complete the following sentences by filling in the missing word(s). Write ONLY the missing word(s) next to the question number (1.4.1 – 1.4.5) in the ANSWER BOOK.

- 1.4.1 ... is the process to compare the bank statement with cash receipts and cash payments journals of a business. (2)
- 1.4.2 ... supplies are subject to no VAT. (2)

- 1.4.3 A business must file and safely store all financial records and documents for ... years for VAT inspection and audit purposes. (2)
- 1.4.4 When the selling price already has VAT added to it, this is known as a VAT ... technique (2)
- 1.4.5 A petty cash journal is a ... of first entry in which all petty cash transactions are recorded. (2)
- [40]**

## QUESTION 2

Wayne Lions started his business Wakes Enterprise this year. He is registered as a VAT vendor that records VAT at 14 % on the invoice basis. His book keeper is inexperienced and he does not know how to record transactions and calculate input and output VAT. He asked you to assist him in preparing the subsidiary journals for him.

NOTE: The business does not make use of a separate Input and Output account, but rather posts directly to a VAT Control Account.

### TRANSACTIONS:

|          |    |   |
|----------|----|---|
| Feb 2010 | 02 | Issued cheque no. 01 to Buffalo City Municipality for connection of water and electricity, R2 250,00 (Inclusive of VAT).                            |
|          | 04 | Issued cheque no. 02 to pay the business telephone account at Telkom, R1 450,00 (Inclusive of VAT).   |
|          | 10 | Cash sales according to cash register roll no. 001 amounted to R20 400,00, excluding VAT (cost of sales R17 500,00 ).                               |
|          | 15 | Bought trading stock/inventory on credit from Shambela Wholesalers for R15 370,00 excluding VAT and received their credit invoice no. 23.           |
|          | 18 | Received credit note no. 12 from Shambela Wholesalers for R1 537,00, including VAT, for damaged trading stock/inventory returned to them.           |
|          | 20 | Cash Sales of trading stock/inventory according to the cash register roll no. 002 amounted to R24 000,00 excluding VAT (Cost of sales, R20 000,00). |
|          | 23 | Bought trading stock/inventory from Metro Wholesalers for R17 200,00 VAT, inclusive. Issued cheque no. 03.  |
|          | 25 | Sold stock/inventory on credit to Clark Stores for R9 300,00, excluding VAT (cost of sales, R6 200,00). Credit invoice no. 01 was issued.           |

- 28 Clark Stores returned goods which were not according to order. Issued credit note 01 for R930,00, VAT inclusive (cost of sales R620,00).

**Required:**

- 2.1 Record the transactions above in the appropriate subsidiary journals for March 2010. Total ONLY the VAT columns in all the journals at the end of the month.
- 2.2 Post only to the VAT control account in the general ledger. Balance the account.

(33)

(7)  
[40]

**QUESTION 3**

- 3.1 Wakes Enterprise makes use of a Wages Journal to record the remuneration of employees. Study the information given and complete the Wages Journal for Wakes Enterprise in the ANSWER BOOK. Do not total the columns of the Journal as no posting is required.

**INFORMATION:**

| Employee   | Wages per hour |          | Normal Hours | Total Hours Worked | Marital Status | Dependents |
|------------|----------------|----------|--------------|--------------------|----------------|------------|
|            | Normal Time    | Overtime |              |                    |                |            |
| X. Manuel  | R65,00         | R85,00   | 40           | 53                 | Single         | None       |
| N. Matroos | R70,00         | R90,00   | 40           | 49                 | Married        | Two        |

|                               |                  |
|-------------------------------|------------------|
| Deductions:                   |                  |
| Medical Aid:                  |                  |
| • Single                      | R30,00 per week. |
| • Married with one dependent  | R42,00 per week. |
| • Married with two dependents | R51,00 per week. |
|                               |                  |

|  |  |
|--|--|
| Pension:                                 | Both employees belong to Old Mutual Fund and contribute 6,5 % of employee's wages for normal time. |
| Income Tax:                              | Calculated at 22 % of gross wages after deduction of pension.                                      |
| UIF:                                     | 1 % of employee's gross wages for normal time.   |
| Employer's contributions are as follows: |  |
| Pension:                                 | R1,50 for every R1 contributed by employees.   |
| Medical Aid:                             | Two thirds of employee's amount.   |
| UIF:                                     | R2,00 for every R1,00 contributed by employees.  |

(20)

- 3.2 One section of the business of Wakes Enterprise which he neglected was to deal with petty cash. You have been appointed as the new petty cashier of his business. He never bothered to record the payments of small items. Study the following petty cash transactions which took place during April 2010 and show Wakes Enterprise how to record the petty cash vouchers in the Petty Cash Journal for April 2010. All the amounts are inclusive of VAT. Total up only the Petty cash and VAT columns. Refer to the table on page 8 with regards to VAT.

Required:

- 3.2.1 Complete a Petty Cash Journal for Wakes Enterprise for April 2010.

(14)

| WAKES ENTERPRISE<br>PETTY CASH VOUCHER No. 15 |                |
|---|----------------|
| Date  | 2 April 2010   |
| Bought from: Web Stationers                   |                |
| Details                                       | Stationery     |
| Amount  | R50,00         |
| Petty Cashier                                 | Yonela Malgas  |
| Received by                                   | Laureen Pepper |
| Authorization                                 | Thabo Siwisa   |

| WAKES ENTERPRISE<br>PETTY CASH VOUCHER No. 16 |                       |
|---|-----------------------|
| Date  | 5 April 2010          |
| Bought from: Shoprite                         |                       |
| Details                                       | Coffee, tea and sugar |
| Amount  | R86,99                |
| Petty Cashier                                 | Yonela Malgas         |
| Received by                                   | Laureen Pepper        |
| Authorization                                 | Thabo Siwisa          |

| WAKES ENTERPRISE<br>PETTY CASH VOUCHER No. 18 |                                      |
|---|--------------------------------------|
| Date  | 16 April 2010                        |
| Bought from: Harry's Flower Basket            |                                      |
| Details                                       | Flowers for staff member in hospital |
| Amount  | R95,00                               |
| Petty Cashier                                 | Yonela Malgas                        |
| Received by                                   | Laureen Pepper                       |
| Authorization                                 | Thabo Siwisa                         |

| WAKES ENTERPRISE<br>PETTY CASH VOUCHER No. 19 |                |
|---|----------------|
| Date  | 20 April 2010  |
| Bought from: Sasol Garage                     |                |
| Details                                       | Fuel           |
| Amount  | R100,00        |
| Petty Cashier                                 | Yonela Malgas  |
| Received by                                   | Laureen Pepper |
| Authorization                                 | Thabo Siwisa   |

| <b>WAKES ENTERPRISE<br/>PETTY CASH VOUCHER      No. 17</b> |                |
|--|----------------|
| Date   | 12 April 2010  |
| Bought from  |                |
| Details  | Casual labour  |
| Amount   | R65,00         |
| Petty Cashier  | Yonela Malgas  |
| Received by  | Laureen Peffer |
| Authorization  | Thabo Siwisa   |

| <b>WAKES ENTERPRISE<br/>PETTY CASH VOUCHER      No. 20</b> |                |
|--|----------------|
| Date   | 25 April 2010  |
| Bought from:   | Post Office    |
| Details  | Stamps         |
| Amount   | R25,00         |
| Petty Cashier  | Yonela Malgas  |
| Received by  | Laureen Peffer |
| Authorization  | Thabo Siwisa   |

Items where VAT is calculated:

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

- 3.2.2 Name the document that must be completed when a person makes a request to purchase small items in a business. (2)
- 3.2.3 Give TWO reasons for discrepancies in the petty cash system. (4)
- [40]**

#### QUESTION 4

Wayne cannot understand why his books of the business are not in agreement with the amounts as on the bank statements. Use the information obtained from the books of Wakes Enterprise to complete the following to help Wayne understand why his books and the bank statement did not reconcile:

- 4.1 Make supplementary entries in the 4.1.1 Cash Receipts Journal and 4.1.2 Cash Payments Journal on 30 September 2010. Add ONLY the Bank column totals in both journals on 30 September 2010. (9)
- 4.2 Post to the Bank Account in the General ledger and balance the Bank Account of Wakes Enterprise. (6)
- 4.3 Prepare the Bank Reconciliation Statement on 30 September 2010 so that you can explain to Wayne why the amounts on the bank statements and the amounts in the books of his business are not the same. (9)



## INFORMATON:

The Bank Account had an unfavourable balance of R14 500,00 on 1 September 2010.

A Comparison of the Bank Statement with the Cash Receipts Journal and the Cash Payments Journal on 30 September 2010 revealed the following differences:

- Item 1: The Bank Statement reflected a credit balance of R8 320,00 on 30 September 2010.
- Item 2: A deposit of R2 500,00 which was which was recorded in the Cash Receipts Journal has not yet been recorded by the bank.
- Item 3: The following cheques had not yet been presented to the bank for payment:
- No. 17 R2 470,00
  - No. 19 R2 525,00
- Item 4: A cheque of R950,00 received from a debtor, P. Carels, which has been recorded in the Cash Receipts Journal had been dishonoured by the bank due to insufficient funds.
- Item 5: World Bank had charged the cheque/current account of Wakes Enterprise with the following amounts:
- Cost of cheque book R 60,00
  - Service fees R215,00.
  - Tax levies R 85,00
  - Interest on overdraft R165,00
- Item 6: The Bank Statement reflected a monthly debit order for R1 500,00 in favour of Sanlam. This was insurance.
- Item 7: J. Warmberg (a debtor) deposited R2 500,00 directly into the current account of the business in payment of his account.
- Item 8: The Bank Statement showed a debit order of R1 200,00 in favour of Health Med as payment of the owner's monthly membership fee.
- Item 9: A cheque to the value of R1 300,00 withdrawn by the owner out of his personal bank account, appears on the business Bank Statement.

4.4 The following information is taken from the books of Wakes Enterprise. Ignore VAT for this question.

Balances taken from the Creditors' Ledger on 31 March 2010:

|                   |            |
|-------------------|------------|
| Ruiters Suppliers | R 4 500,00 |
| Nduna Trading     | R 6 500,00 |
| Manuel Stores     | R11 000.00 |

The Creditors' Control account in the General ledger has a credit balance of R22 000,00.

After closer investigation the following information was found on the Bank Statement, received on 31 March 2010:

A cheque for R2 600,00 was paid to Manuel Stores in part payment of their account. This transaction was not recorded.

Cheque no. 001 was issued to Ruiters Suppliers in settlement of the business account.

Required:

Use the information above and make the appropriate entries in your 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 Make the necessary entries in the Creditors' individual ledger accounts of Wakes Enterprise. (7)
- 4.4.3 Compile a list of the Creditors on 31 March 2010 after the entries have been made. (3)
- [40]**

## QUESTION 5

Wakes Enterprise is very strict on recording everything that happens in the business. He wants to see evidence of all the assets therefore he reminds his book keeper to keep a strict record of all the assets in the asset register. The policy of the organisation is to depreciate all vehicles at a rate of 10% per annum using the straight line (cost price) method. Ignore VAT for this question.

- 5.1 Use the information to complete the Asset register of Wakes Enterprise. (16)

|                    |                       |
|--------------------|-----------------------|
| Asset description: | Isuzu Bakkie          |
| Bought from:       | Wesbank Motor Dealers |
| Serial number:     | FHG876                |
| Date purchased:    | 1 April 2009          |
| Cost price:        | R145 000,00           |

- 5.2 Calculate the depreciation from the date of purchase to 28 February 2010. (1)
- 5.3 On 31 March 2009, a Computer with a cost price of R12 500,00 and accumulated depreciation of R 1 250,00 was sold for R9 000,00 to Blanche Arendse for cash.
- No other purchase or sale of equipment took place during the 2009 financial period.
- Complete only the Asset Disposal account in the General Ledger of Wakes Enterprise to give effect to the sale of the asset. Close off the Asset Disposal account. (7)
- 5.4 5.4.1 Indicate whether a profit or a loss was made with the sale of the asset. Give a reason for your answer. (4)
- 5.4.2 Why do businesses find it necessary to sell assets from time to time? (2)
- 5.4.3 What is the effect of the disposal of the asset on the total non-current assets of the organisation? (2)
- 5.5 What is the difference between the following regarding the petty cash system:
- 5.5.1 Imprest System (2)
- 5.5.2 Varying System (2)
- 5.6 Mr Wayne Lyons bought milk and oats cereal, but could not understand why he had to pay VAT on the oats and not on the milk. Explain to him what the difference is between the two items he bought. (4)
- [40]**
- TOTAL: 200**