higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE (VOCATIONAL)

SUPPLEMENTARY EXAMINATION 2011

FINANCIAL MANAGEMENT
NQF LEVEL 2

17 MARCH 2011

This marking guideline consists of 7 pages.

QUESTION 1

1.1	1.1.1	Variable ✓✓	(2)
	1.1.2	Internal journal memo ✓✓ General Journal	(2)
	1.1.3	Capital (Start-up cost) ✓✓	(2)
	1.1.4	Petty cash voucher ✓✓	(2)
	1.1.5	Gross profit ✓✓ Gross income	(2)
1.2	1.2.1	Fixed ✓✓	(2)
	1.2.2	Out flow ✓✓	(2)
	1.2.3	PAYE ✓✓	(2)
	1.2.4	Payee ✓✓	(2)
	1.2.5	Close Corporation ✓✓	(2)
1.3	1.3.1	C ✓✓ Debit note	(2)
	1.3.2	A ✓✓R630,00	(2)
	1.3.3	C ✓✓Imprest system	(2)
	1.3.4	C ✓✓Stock rotation	(2)
	1.3.5	B ✓✓R300 000,00	(2)
			[30]

QUESTION 2

2.1 2.1.1 $45\ 000 \times \frac{14}{100}$ ✓

= R6 300 ✓ (2)

2.1.2 $23\ 500 \times \frac{14}{114}$ ✓

= R2 886 ✓ (3)

2.1.3 No ✓

The input VAT is less than the output VAT. ✓✓

SARS can only give a refund where total input VAT is more than output VAT. (3)

INCOME STATEMENT OF KENNS DEALERS FOR YEAR END 30 JUNE 2010

Sales		✓300 000
Less: Cost of sales		✓105 000
Opening stock	☑50 000	
Plus purchases	☑80 000	
	☑130 000	
Less closing stock	☑25 000	
Gross profit		✓195 000
Add: other income		✓15 500
Interest received	☑12 500	
Rent income	☑3 000	
Gross income		✓210 500
Less: operating expenses		✓**45 500**
Fuel	☑1 200	
Printing	☑800	
Salaries	☑30 000	
Water and electricity	☑13 500	
Net profit		✓**165 000**

Allocate ½ marks as indicated ☑ (12)

2.3 More number of units were sold✓✓
Price per item increased
Advertising was very effective and attract more customers, etc. (2)

2.4 R300 000 × $\frac{5}{100}$ ✓
= R15 000 ✓
It will have a **negative impact** ✓ on the gross profit (reduces) ✓ (4)

2.5

PETTY CASH VOUCHER	NO: 23
	DATE **13 June 2010**☑
Amount: **Thirty rand R30.00** ✓	
For: **Repairs** ☑	
Petty cashier: **Wendy** ✓	
Received by/buyer: **T. Zakes** ✓	
Authorised by: **M. Pendulum** ✓	
✓ = 1 mark; ☑ = ½ mark	

(5)
[30]

QUESTION 3

3.1 3.1.1 Calculation for profit after tax and interest

= 37 000 - (1 800 + 4 500) ✓
= R30 700✓✓ (3)

3.1.2 Net profit margin = $\frac{\text{profit after tax and interest}}{\text{Sales}} \times \frac{100}{1}$

$\frac{30\ 700}{120\ 000} \times \frac{100}{1}$✓

= 25,58 %✓✓ (3)

3.1.3

Gross profit margin = $\frac{\text{gross profit}}{\text{Sales}} \times \frac{100}{1}$

= $\frac{75\ 000}{100\ 000} \times \frac{100}{1}$ ✓

= 75%✓✓ (3)

3.1.4 Yes, 2009 was more profitable than 2010 ✓
Net profit before tax was higher in 2009 than in 2010 ✓
More tax was paid in 2010 (2)

3.1.5 An income statement provides a summary of a business' performance✓ during a particular financial period. ✓
An income statement reflects the total income and total expenses over a given financial period (e.g. a year)
An income statement is used to calculate the net profit/net income for a financial period (2)

3.2 To attract more clients. (The price per item will be lower but the turnover will be more.) ✓✓
To encourage bulk buying
To encourage cash sales at reduced selling prices
Increase sales and, therefore, cash flow increases (2)

3.3 **Direct cost** is the cost of making the product ✓✓
Indirect cost is the cost involved in running the business ✓✓ (4)

3.4

Bank charges	R230,00✓	
Interest on loan	R15 000✓	
Advertising	R2 300✓	
Fuel	R12 000✓	
Water and electricity	R1 200✓	
Total expenses	**R30 730**✓	(6)

3.5 Drawer ✓,
Drawee ✓
Payee ✓ (3)

3.6 No ✓ Alterations on cheques make the cheques invalid/\may not be transacted ✓ (2)
[30]

QUESTION 4

4.1

Subsidiary journal ✓	Supporting documents
1. Debtors journal ✓	Duplicate invoice ✓
2. Cash receipts journal ✓	Cash register roll ✓
3. Cash payments journal ✓	Cheque counterfoil ✓
4. Cash receipt journal ✓	Receipt ✓
5. Cash payments journal ✓	Cheque counterfoil ✓

(10)

4.2 To show the monetary transactions between the business and bank ✓ e.g. deposits, ✓cheque payments, bank charges, ✓etc. (3)

4.3 **Working capital** is the money needed by a business to pay everyday operating expenses. ✓✓ (2)

4.4

RECEIPT **NO. 123**

Date: *4 April 2010* ✓

Received from: *Clara Nzima* ✓

The sum of *Three hundred and fifty* ✓**…………………………….rand**

***Nil* ……………………………………………………………..cents**

For *Cash sales* ✓**…………………………………………………………..**

R*350.00*✓

With thanks ✓____________________________________
Signature

(6)

4.5

Cost per burger	R20 ✓
Plus fixed cost per burger: (250 +150)/100	R 4 ✓
Total cost per burger	R24 ✓
Plus 25% profit	R 6✓✓
Selling price	R **30**✓✓

(Accept candidate's final answer (if incorrect) for 1 mark) (7)

4.6 Using own savings ✓
Borrowing money from relatives or friends ✓
Using an insurance pay-out (at maturity of a policy)
Applying for a bank loan
Using a retirement package
Using a retrenchment payout
Requesting an investor to put money in the business and become a co-owner
(Any two) (2)
[30]

QUESTION 5

5.1 A cash flow statement shows the summary of inflow and outflow ✓ of money, and supplies the information for decision-making. ✓
OR
A cash flow statement shows the business is able to generate cash ✓and how the business will use the cash ✓
OR
A cash flow statement shows the sources of funds ✓ and the application of funds ✓ within the business. (2)

5.2 Operating activities✓ i.e. the running costs ✓
Investment activities✓ i.e. extra cash invested in the business ✓
Financing activities✓ i.e. repayment of loans ✓ (6)

5.3 A Balance Sheet is a financial statement that gives a clear indication of the financial position✓ of a business on a particular date. ✓
Or
A Balance sheet is a statement of the assets, equity and liabilities on a particular date. (2)

5.4 Assets✓ and equity and liabilities✓
OR
Capital employed and employment of capital (2)

5.5 5.5.1 Coins
R5 x 6 = R30
R2 x 2 = R4
R1 x 10 = R10
R0,50 x 20 = R10

Total coins = R54,00✓✓ (2)

5.5.2 Notes
R200 x 2 = R400
R100 x 4 = R400
R50 x 3 = R150
R20 x 1 = R20
R10 x 5 = R50

Total notes = R1020
One thousand and twenty rand✓✓ (2)

5.5.3 Yes, deposit slips provide for cash and cheques on the same deposit slip ✓ (1)

5.6 Standard rate ✓ VAT at 14% ✓
Zero rated ✓ at 0% VAT ✓ (4)

5.7 VAT exempt product ✓✓ (2)

5.8 Dividends are the share ✓ of net profit that is divided ✓ among the shareholders ✓ (3)

5.9 Stock loss through:

Theft ✓✓
Breakage✓✓
Obsolete stock
Stock rotation
Literal shrinking
Fire and storm
Ageing
Fraud
Faulty accounting procedures (Any two) (4)
[30]

TOTAL: 150