



**higher education  
& training**

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

**NATIONAL CERTIFICATE (VOCATIONAL)**

**FINANCIAL MANAGEMENT  
NQF LEVEL 3**

**SUPPLEMENTARY EXAMINATION 2012**

**(3011013)**

**22 March (X-Paper)  
09:00 – 12:00**

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

**This question paper consists of 13 pages and a 20-page answer book.**

**TIME: 3 HOURS**  
**MARKS: 200**

### 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 as marks are to be allocated for them.
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.

QUESTION NUMBER	TOPIC	MARKS	RECOMMENDED TIME GUIDE
1	Short questions	40	20
2	Calculate and record value-added tax transactions	40	40
3	Prepare salaries and wages journals	20	20
	The Petty Cash system	20	20
4	Compile reconciliation statements	40	40
5	Basic administration of non-current assets manually	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 answer and write only the letter (A – D) next to the question number (1.1.1 – 1.1.12) in the ANSWER BOOK.

1.1.1 Credit entries on the bank statement are recorded in the ...

- A Cash Receipts Journal.
- B Creditors Journal.
- C Cash Payments Journal.
- D Debtors Journal. (1)

1.1.2 The employer does NOT contribute to this fund.

- A UIF
- B Medical Fund
- C PAYE
- D Pension Fund (1)

1.1.3 Which ONE of the following items is an example of a zero-rated supply?

- A Clothes
- B Cars
- C White bread
- D Brown bread (1)

1.1.4 A list of outstanding debtors is compiled from the ... ledger.

- A General
- B Creditors
- C Debtors
- D Cash (1)

1.1.5 Output VAT is recorded in the ... journal.

- A Cash Receipts
- B Cash Payments
- C Creditors
- D Petty Cash (1)

1.1.6 A person who is rendering a service to the business and an amount is due/owing to him, is called a ...

- A creditor.
- B debtor.
- C survivor.
- D tenant. (1)

- 1.1.7 The fee the business needs to pay the bank at the end of the month for rendering a service, is called ...
- A VAT.
  - B honorarium.
  - C bank charges.
  - D salaries.
- (1)
- 1.1.8 The net profit of a business is calculated as follows:
- A Sales minus Costs of Sales
  - B Sales plus Income minus Expenses
  - C Income minus Expenses
  - D Gross profit plus Income minus Expenses
- (1)
- 1.1.9 In which ONE of the following accounts is the net profit (or loss) of a business determined (or calculated)?
- A Balance Sheet
  - B Trial Balance
  - C Trading account
  - D Profit and Loss account
- (1)
- 1.1.10 Which ONE of the following petty cash systems are used where the business must ensure that there is enough money in the petty cash box at the end of the month?
- A Varying system
  - B Imprest system
  - C Book keeping system
  - D Double-entry system
- (1)
- 1.1.11 The system used in the business where the book keeper records all transactions by hand, is called the ... system.
- A computerized
  - B financial
  - C updated
  - D manual
- (1)
- 1.1.12 In which ONE of the following documents is the net worth of a business shown?
- A Income Statement
  - B Trading account
  - C Profit and Loss account
  - D Trial balance
- (1)

1.2 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (1.2.1 – 1.2.10) in the ANSWER BOOK.

- 1.2.1 When a payment is made to a creditor, the creditors' control account will be (debited/credited) (1)
- 1.2.2 VAT paid by a vendor when buying goods and services is called (input VAT/output VAT) (1)
- 1.2.3 Investment in non-current assets is called (capital budgeting/capital expenditure). (1)
- 1.2.4 (Straight line method/Diminishing balance method) means that the annual depreciation will be the same amount for the asset's useful life. (1)
- 1.2.5 Goods and services that are not subject to VAT are called (exempt supplies/zero-rated supplies). (1)
- 1.2.6 A (bank reconciliation/cash flow) is done to ensure that the book keeping has done an update of the accounts of the business. (1)
- 1.2.7 Total assets minus total liabilities are equal to (owners' equity/current liabilities). (1)
- 1.2.8 When a person returns damaged or incorrect goods to the business, they issue them with a (debit/credit) note. (1)
- 1.2.9 Opening stock plus purchases less closing stock is called (sales/costs of sales). (1)
- 1.2.10 The total of the stationery account in the general ledger is normally a (debit/credit). (1)

1.3 Give ONE word/term for each of the following descriptions by choosing a word/term from the list below. Write only the word/term next to the question number (1.3.1 – 1.3.5) in the ANSWER BOOK.

VAT; salaries journal; debtors reconciliation statement; discrepancies; current account; loss; accounting systems; inventory

- 1.3.1 When a non-current asset is sold for less than the book value. (1)
- 1.3.2 This subsidiary journal is used to record all the payments the business makes to its employees at the end of each month. (1)
- 1.3.3 Tax which is charged by the government on all goods and services supplied and must be paid by businesses and individuals. (1)

1.3.4 Goods a business has in stock to sell to the customers. (1)

1.3.5 A bank account that is opened for a new business. This account has a low interest rate and money can be withdrawn at any time. The account may also include a cheque book. (1)

1.4 Choose an item from COLUMN B to match a description in COLUMN A. Write only the letter (A – J) next to the question number (1.4.1 – 1.4.8) in the ANSWER BOOK.

COLUMN A		COLUMN B
1.4.1	A source document that is used to record purchase transactions that were paid in cash by the business	A general journal B overtime
1.4.2	The total price on the tax invoice including VAT	C reconciliation D trade discount
1.4.3	This document is a record of all the assets owned by an organisation	E cheque counterfoil F VAT inclusive
1.4.4	The amount of time that a person works beyond normal working time	G asset register H petty cash voucher
1.4.5	Comparing figures from accounting records against those presented on the bank statement	I turnover J credit note
1.4.6	Discount between two traders with the intention to sell the product again	
1.4.7	Total sales income or revenue of a business	
1.4.8	The appropriate source document used when recording transactions in the petty cash journal	

(8)

1.5 Complete the following sentences by filling in the missing word(s). Write only the word(s) next to the question number (1.5.1 – 1.5.5) in the ANSWER BOOK.

- 1.5.1 Loss on sale of an asset is when asset is sold for less than its ... value. (1)
- 1.5.2 When input VAT is ... than output VAT, it means that SARS owes you. (1)
- 1.5.3 A ... form is completed to file a VAT return to the South African Revenue Services (SARS). (1)
- 1.5.4 ... salary is the amount that an employee earns monthly after all the relevant deductions have been made. (1)
- 1.5.5 A ... is a person who owes money to a business because of services rendered to him/her. (1)
- [40]**

## QUESTION 2

2.1 FJN Enterprise is registered as a VAT vendor and records VAT at 14 % on the invoice basis. You are the bookkeeper and your duty is to record transactions and calculate input and output VAT.

**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 2012	02	Cash sales according to cash register roll no. 01 amounted to R18 600,00 excluding VAT (cost of sales R14 880).
	04	Issued cheque no. 21 to Via Africa Bookshop for stationery bought from them, R1 450,00 (inclusive of VAT).
	07	Sold trading stock on credit to Jimmy Stores for R6 470,00, excluding VAT (cost of sales R4 140,80). Issued credit invoice no. 40.
	13	Bought trading stock on credit from Faku Wholesalers for R17 450,00 excluding VAT and received their credit invoice no. 103
	18	Jimmy Stores returned goods that were not according to sample. Issued credit note no. CNO1 for R940,00 excluding VAT (cost of sales R752,00)

- 20 Cash sales according to the cash register roll no. 02 amounted to R25 000,00 excluding VAT (Cost of sales, R20 000,00).
- 23 Bought trading stock/inventory from Msengeni Wholesalers for R19 300,00 VAT exclusive. Issued cheque no. 22.
- 25 Received credit note, no.12 from Faku Wholesalers for R1 750,00, excluding VAT, for damaged trading stock/inventory returned to them.
- 28 Issued cheque no. 23 for R1 365,00 including VAT to Telkom to pay for telephone account.

**REQUIRED:**

- 2.1 Record the transactions above in the appropriate subsidiary journals for February 2012. 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 FJN Enterprise makes use of a Wages Journal to record the remuneration of employees. Study the information below and complete the Wages Journal for employees 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				
S. Mbethe	R80,00	R120,00	40	55	Single	None
G. Adams	R90,00	R135,00	40	51	Married	Two

Deductions:	
Medical Aid:	
• Single	R50,00 per week
• Married with one dependent.	R63,00 per week
• Married with two dependents.	R75,00 per week



Pension:	Both employees belong to the Phila Pension Fund and contribute 7,5% of employees' wages for normal working hours.
Income Tax:	Calculated at 18% of gross wages after deduction of pension.
UIF:	1% of employees' gross wages for normal working hours.
Employer's contributions are as follows:	
Pension:	R1,50 for every R1 contributed by employee.
Medical Aid:	Half of employee's amount.
UIF:	R1,00 for every R1,00 contributed by employee.

(20)

3.2 FJN Enterprise has not been managing petty cash well. There is no record of small items paid from petty cash. You have been appointed as the new petty cashier of the business.

Study the following petty cash transactions which took place during February 2012 and demonstrate how to record the petty cash vouchers in the Petty Cash Journal. ALL the amounts are inclusive of VAT. Total up only the Petty cash and VAT columns.

REQUIRED:

3.2.1 Complete a Petty Cash Journal for FJN Enterprise for February 2012.

DATE Feb 2012	DETAILS	VOUCHER NO.	AMOUNT
03	Bought tea, sugar and coffee for staff from Spar.	001	R136,89
04	Bought stamps from the post office.	002	R28,00
09	Bought flowers for the reception area from Candy Florists.	003	R89,00
13	Paid the casual labourer.	004	R70,00
18	Paid Engen for fuel.	005	R200,00
23	Bought printing paper from City Stationers	006	R55,00

(14)

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 for a business. (2)
- 3.2.3 State TWO reasons for discrepancies in the petty cash system. (4)
- [40]**

#### QUESTION 4

The owner of FJN Enterprise does not understand why the information in the books of the business is not the same as the amounts appearing on the bank statement.

Use the information obtained from the books of FJN Enterprise and the bank statement to help reconcile the two.

- 4.1 Make supplementary entries in the Cash Receipts Journal and Cash Payments Journal on 31 March 2012. Add ONLY the Bank column totals in both journals on 31 March 2012. (11)
- 4.2 Post to the Bank Account in the General ledger and balance the Bank Account of FJN Enterprise. (4)
- 4.3 Prepare the Bank Reconciliation Statement on 31 March 2012 so that you can explain why the amounts on the bank statements and the amounts in the books of the business are not the same. (9)

#### INFORMATION:

The Bank account had a debit balance of R2 830,00 on 1 March 2012. Monthly totals before supplementary entries were made: CRJ R28 790; and CPJ R22 360.

A comparison of the Bank Statement with the Cash Receipts Journal and the Cash Payments Journal on 31 March 2012 revealed the following differences:

- Item 1: The Bank Statement reflected a credit balance of R8 620,00 on 31 March 2012.
- Item 2: A deposit of R3 800,00 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. 25 R1 350,00
  - No. 28 R3 075,00
- Item 4: A cheque of R1 260,00 received from a debtor, S. Kaija, that has been recorded in the Cash Receipts Journal had been dishonoured by the bank due to insufficient funds.

Item 5: Eesy Bank had charged the cheque/current account of FJN Enterprise with the following amounts:

- Cost of cheque book R60,00
- Service fees R325,00
- Tax levies R70,00
- Interest on overdraft R250,00

Item 6: The Bank Statement reflected a monthly debit order for R1 500,00 in favour of Regent. This was insurance.

Item 7: Y. Basi (a debtor) deposited R3 200,00 directly into the current account of the business in payment of his account.

Item 8: A cheque for R1 000,00 withdrawn by the owner from his personal cheque account, appears as a debit on the Bank Statement of the business.

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

Balances taken from the Creditors' Ledger on 31 March 2012:

Gala Suppliers	R7 200,00
Vusi Stores	R8 900,00
Barnes Trading	R12 000,00

The Creditors' Control account in the General Ledger has a credit balance of R28 100,00.

After closer investigation the following information was found on the Bank Statement, received on 31 March 2012:

A cheque for R6 000,00 was paid to Barnes Trading in part payment of the account. This transaction was not recorded.

A cheque (cheque no.105) was issued to settle the account of Gala Suppliers. This transaction was not recorded.

REQUIRED:

Use the information above and make the appropriate entries in the ANSWER BOOK.

4.4.1 Make journal entries in the General Journal to give effect to the transactions above. (Cash Receipts and Payments Journals are not required.) (6)

4.4.2 Make the necessary entries in the creditors' individual ledger accounts of FJN Enterprise. (7)

- 4.4.3 Compile a list of the creditors on 31 March 2012 after the entries have been made.

(3)  
[40]

## QUESTION 5

FJN Enterprise exercises strict control of all the assets of the business. The manager instructs you as his book-keeper to keep accurate record of all the assets in the asset register. The policy of the organisation is to depreciate all vehicles at a rate of 15% per annum using the straight-line (cost price) method. Ignore VAT for this question.

- 5.1 Use the following information to complete the Asset register of FJN Enterprise. Complete the record of depreciation from date of purchase to the current date.

Asset description:	Toyota Bakkie
Bought from:	Mike's Car Dealership
Serial number:	DTG828
Date purchased:	1 March 2009
Cost price:	R180 000,00

(14)

- 5.2 On 28 February 2012, a photocopier with a cost price of R25 000,00 and accumulated depreciation of R3 750,00 was sold for R20 000,00 on credit to Jody Williams.

No other purchase or sale of equipment took place during the financial year

- 5.2.1 Complete only the Asset Disposal account in the General Ledger of FJN Enterprise to give effect to the sale of the asset. Close off the Asset Disposal Account.

(7)

- 5.2.2 Indicate whether a profit or a loss was made with the sale of the asset. How much was the profit/loss?

(2)

- 5.2.3 What was the book value of the asset?

(3)

- 5.2.4 What is the effect of the disposal of the asset on the total non-current assets of the organisation?

(3)

- 5.3 Explain the following terms:

- 5.3.1 Depreciation

(3)

- 5.3.2 Net book value/Carrying amount

(3)

- 5.4 List THREE items or transactions that are found in the bank statement, but not in the cash journals.

(3)

- 5.5 List TWO items or transactions that are found in the cash journals but not on the bank statements.

(2)  
[40]

**TOTAL: 200**