



**higher education  
& training**

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

**NATIONAL CERTIFICATE (VOCATIONAL)**

**FINANCIAL MANAGEMENT  
NQF LEVEL 2**

**SUPPLEMENTARY 2012**

**(3011012)**

**23 February (X-Paper)  
09:00 – 11:30**

**This question paper consists of 9 pages and a 2-page answer sheet.**

<b>TIME: 2½ HOURS</b> <b>MARKS: 150</b>
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## INSTRUCTIONS AND INFORMATION

1. This question paper consists of FIVE questions.
2. Show ALL calculations in order for marks to be allocated.
3. Number the answers according to the numbering system used in this question paper.
4. Use only black or blue ink. Lead pencil answers will not be marked.
5. Value Added Tax (VAT) is calculated at 14%.
6. Round off amounts to 2 decimals.
7. Read ALL the questions carefully.
8. Write neatly and legibly.

QUESTION NUMBER	TOPIC	MARKS	RECOMMENDED TIME GUIDE
1	Short questions (All topics)	30	20
2	All topics integrated	30	32
3	All topics integrated	30	32
4	All topics integrated	30	33
5	All topics integrated	30	33
	<b>TOTAL</b>	<b>150</b>	<b>150 minutes</b>

**QUESTION 1**

- 1.1 Give one word/term for the following statements. Write only a/the word(s)/term next to the question number (1.1.1 – 1.1.10) in the ANSWER BOOK.
- 1.1.1 A type of tax that is deducted from the gross salary of every employee (2)
- 1.1.2 Supporting document used to record transactions in the petty cash journal. (2)
- 1.1.3 The type of bank account that gives the owner an opportunity to withdraw more than he/she has in his/her account. (2)
- 1.1.4 A cheque with words 'or bearer', that appear below the date, and are not crossed out. (2)
- 1.1.5 Income of a business before deduction of operating expenses. (2)
- 1.1.6 An original source document received by the business when purchasing goods from the suppliers. (2)
- 1.1.7 One man business. (2)
- 1.1.8 Final earnings of the business after deduction of interest, tax and dividends. (2)
- 1.1.9 Businesses sometimes offer this to attract more customers. (2)
- 1.1.10 A type of shrinkage that will have a negative influence in profit. (2)
- 1.2 Complete the following sentences by filling in the missing word(s). Write only the word(s) next to the question number (1.2.1 – 1.2.5) in the ANSWER BOOK.
- 1.2.1 ... is money owed by the business to suppliers. (1)
- 1.2.2 VAT received from customers is called... (1)
- 1.2.3 The ... is the bank where the cheque account holder has an account. (1)
- 1.2.4 Interest on loan will have a/an ... effect on the net profit of the business. (1)
- 1.2.5 Transactions that occurred as the result of sales and services rendered will be recorded in ... journal (1)

- 1.3 Choose a/an item/word from COLUMN B that matches a/an description/word/item 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	A business is issued with this document when they register as a VAT vendor	A	expenses
1.3.2	The purpose of this financial statement is to determine the financial position of the business	B	gross profit
1.3.3	It is submitted to the South African Receiver of Revenue (SARS) annually	C	balance sheet
1.3.4	The difference between turnover and cost of sales	D	personal income tax return
1.3.5	The journal where all small cash items purchased by the business would be recorded	E	vat return
		F	petty cash journal

(5)  
[30]

**QUESTION 2**

- 2.1 Mrs. Vilakazi had been saving for many years and managed to save an amount of R65 000,00. She wants to invest her money by starting a bakery business, called Future Bakery. She had to borrow an extra R150 000,00 from ABSA to finance the business. She bought the following items for the business:

2 mixing machines	R80 000,00
3 ovens	R45 000,00
Computer	R 4 500,00

On average she uses:

20 x 50 kg packets of flour

20 kg of yeast per month

12,5 kg of sugar.

Unfortunately the cash she has does not allow her to have her own building, but she rents a building at R 3 500,00 per month.

As the business was still new, it had to advertise by using different media at a cost of R1 200,00.

Use the information given above to answer the questions that follow:

- 2.1.1 How much capital was invested in this business? (2)
- 2.1.2 Are there any liabilities in this business? If any, to what value? (2)
- 2.1.3 Name the non-current assets of this business. (3)
- 2.1.4 Calculate the value of non-current assets. (5)
- 2.1.5 Name one regular expense for this business. (2)
- 2.2 Define the term *shrinkage*. (4)
- 2.3
- Future Bakery empowers their employees by allowing them to sell their products (vetkoek) at schools and colleges during their free time. One of their employees, Martha has rented a caravan at Maluti FET college at a cost of R120,00 per month. She pays R0,50 per vetkoek at Future Bakery and sells an average of 1 000 vetkoek per month. As she cannot be at the point of sale all the time, she decided to employ an assistant to run the business for her. She pays the assistant R150,00 per month. Martha aims to make a net profit of 20%.
- 2.3.1 Calculate the selling price per vetkoek. (5)
- 2.3.2 Will there be a net profit on each vetkoek? If so, how much will it be? (2)

- 2.4 Mrs. Vilakazi, the founder of Future Bakery, uses cheques to pay her employees. On 11 February 2011, she asked you to help her complete a cheque for R1 300,00 that is payable to Mr. Rosow. This was in payment of his weekly wages. Use the ANSWER SHEET provided.

(5)  
[30]

### QUESTION 3

- 3.1 Future Bakery has been operating for some time now and has to calculate how profitable the business is.

#### INFORMATION FROM THE BOOKS OF FUTURE BAKERY FOR YEAR ENDED 28 FEBRUARY 2011

	R
Advertising	1 200,00
Rent Paid	3 500,00
Discount received	250,00
Opening Stock	8 000,00
Wages	7 500,00
Turnover	50 000,00
Purchases	14 000,00
Water and Electricity	800,00
Closing stock	4 000,00

Use the information provided to answer the questions that follow.

Show all your calculations.

- 3.1.1 Calculate the cost of sales for the year. (3)
- 3.1.2 Calculate the gross profit for the period. (3)
- 3.1.3 Calculate the gross income for the year ended 28 February 2011. (3)
- 3.1.4 Did the business generate a profit or loss? Indicate the amount of the profit or loss made. (2)
- 3.2 Differentiate between VAT and PAYE. (4)
- 3.3 Future Bakery determines the selling price by adding a profit mark-up of 10% on the cost price. If the cost price per cake is R85.00, calculate the selling price per cake (VAT inclusive). (3)

- 3.4 Assume that you are Future Bakery's bookkeeper and the owner Mrs Vilakazi, wants you to clarify some missing figures in the income statement you prepared.

	R
Earnings before tax and interest	?
Interest paid	78 000.00
Earnings after interest	350 000.00
Taxation 29%	?
Earnings after tax	248 500.00

- 3.4.1 Calculate earnings before interest. (2)
- 3.4.2 Calculate tax for the business. (2)
- 3.4.3 What are dividends and to whom are they payable? (2)

- 3.5 Future Bakery received a visit from possible investors, so Mrs Vilakazi decided to make a good impression and offered them refreshments.

The following is a tax invoice from Shoprite for the purchases made for the refreshments.

Shoprite Groceries Tax invoice Tel no: 015 963 1234 Fax no: 015 963 1235 VAT no: 1245 5674 8906	
Coke 2 Lt	R13.99
Sprite 2 Lt	R10.99
Black forest cake	R39.95
1x brown bread	R8.50
Bal due	R82.52
Rounding	R0.02
Cash tendered	R100.00
Change	R17.50
Taxable value	R?
VAT @ 14%	R9.09

- 3.5.1 Calculate the taxable value. (2)
- 3.5.2 In which subsidiary journal would the book-keeper of Future Bakery record this transaction? (2)
- 3.5.3 How much VAT was charged on the brown bread? State ONE reason for your answer. (2)

**[30]**

**QUESTION 4**

- 4.1 The information below is an extract from the books of Future Bakery. They want to determine how their business performed over the past two consecutive financial periods.

Use the information below to answer the questions that follow:

Extract from the income statement of Future Bakery for 2010 and 2011

	2010	2011
Sales	R160 000,00	R185 000,00
Gross profit	R105 000,00	R125 000,00
Total expenses	R65 000,00	R55 000,00
Interest paid	R15 000,00	R4,500,00
Taxation	R1 200,00	R1,000,00

- 4.1.1 Calculate the net profit margin for 2011. (3)
- 4.1.2 Calculate the gross profit margin for 2010. (3)
- 4.1.3 Indicate to Future Bakery the importance of preparing the income statement. (2)
- 4.1.4 Which subsidiary journal will be used to record the interest of R15 000,00 paid during the 2010 financial period? (2)
- 4.1.5 What effect will the taxation of R1 000,00, for the 2011 financial period, have on the net profit of Future Bakery? (2)
- 4.2 Name THREE sources that Future Bakery will consult when preparing the cash flow statement. (6)
- 4.3 The cashier at Future Bakery, C. Chabane, received cash on account from K.K. Tshivhase, the owner of Tshivhase's Feeding Scheme.
- Complete the receipt, issued on 1 May 2011 for the amount of R1 200,00, on the ANSWER SHEET. (5)
- 4.4 Future Bakery sells wedding cakes at R2 500,00 each (VAT exclusive). During December they decided to reduce prices.
- SHOW ALL YOUR CALCULATIONS for the following:
- 4.4.1 Calculate the selling price per cake after a 15% price reduction. (3)
- 4.4.2 What is the amount of discount if an extra 5% discount on each cake is allowed? (2)
- 4.4.3 Give ONE reason why a business would reduce the prices of its merchandise. (2)

**[30]**



**QUESTION 5**

- 5.1 Explain to *Future Bakery* what a *bank statement* is and why it is important for a business to receive a bank statement from the bank monthly. (2)
- 5.2 Name TWO examples of transactions that are found on a bank statement. (4)
- 5.3 How does working capital differ from start-up capital? (4)
- 5.4 Name THREE parties involved in a cheque. (3)
- 5.5 The owner of *Future Bakery* cannot understand why the bank has not cashed the cheque which was given to him by a client. He later discovered that the cheque was returned with a debit note marked "Stale cheque" Explain what a *stale cheque* is. (2)
- 5.6 The owner of *Future Bakery* knows how to prepare all the financial statements, but the biggest challenge is how to distinguish between the balance sheet and the cash flow statement. Explain the difference. (4)
- 5.7 What could be the reason for an increase in sales from one year to another? Give TWO reasons. (4)
- 5.8 The owner of *Future Bakery* has noticed unexplained shrinkage at the store. Give TWO examples of how the owner may reduce the incidence of shrinkage of merchandise. (4)
- 5.9 With reference to deductions from employees' wages and salaries, what do the following abbreviations mean?
- 5.9.1 UIF (1)
- 5.9.2 PAYE (1)
- 5.9.3 SITE (1)
- [30]**

**TOTAL: 150**

**EXAMINATION NUMBER:**

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**CENTRE NUMBER:**

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**ABSA BANK**

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## Future Bakery

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**Signature**