higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

FINANCIAL MANAGEMENT
NQF LEVEL 3

SUPPLEMENTARY EXAMINATION 2013

(3011013)

18 February (X-Paper)
09:00 – 12:00

Non-programmable calculators may be used.

This question paper consists of 14 pages.

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TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. This question paper consists of TWO sections.
2. Answer all the questions in both sections in the ANSWER BOOK provided.
3. Read ALL the questions carefully.
4. Number the answers according to the numbering system used in this question paper.
5. Show ALL calculations in order for marks to be allocated.
6. Use only black or blue ink. Lead pencil answers will not be marked.
7. Round off all amounts to 2 decimals.
8. Write neatly and legibly.

QUESTION NUMBER	TOPIC	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Short questions	20	20
2	Short questions	20	20
SECTION B			
3	Calculate and record value-added tax transactions	40	35
4	Prepare salaries and wages journals	20	20
5	The petty cash system	20	20
6	Compile reconciliation statements	40	45
7	Basic administration of non-current assets	40	20
	TOTAL	200	3 HOURS

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SECTION A

QUESTION 1

1.1 Various options are provided 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 – 1.1.10) in the ANSWER BOOK.

1.1.1 If the VAT exclusive selling price of an item is R4 320,00, what is the VAT amount that will be charged?

A R530,53
B R640,00
C R680,40
D R604,80

1.1.2 A list of balances of outstanding debtors is compiled from the …

A creditor's ledger.
B debtor's ledger.
C general ledger.
D nominal ledger.

1.1.3 Output VAT is paid by the ...

A vendor.
B end user.
C supplier.
D employee.

1.1.4 Eddie's Shoes maintains a petty cash float of R2 000. At the end of October 2012, the total petty cash payments amounted to R1 850,00. How much will be required to restore the imprest amount?

A R150,00
B R2 000,00
C R1 850,00
D R2 150,00

1.1.5 Credits that appear on the bank statement are recorded in the ...

A cash payments journal.
B cash receipts journal.
C debtors' allowances journal.
D creditors' allowances journal.

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1.1.6 A VAT 201 form is issued to vendors for the ... of VAT.

A admittance
B remittance
C submission
D collection

1.1.7 Money used in the business to make small cash payments is known as ...

A cash float.
B petty cash.
C payments.
D receipts.

1.1.8 In which one of the following journals will input VAT be recorded?

A Petty cash journal
B Cash receipts journal
C Debtors journal
D Debtors allowances journal

1.1.9 The amount, before any deductions have been made from one's salary, is known as ...

A net salary.
B gross salary.
C taxable salary.
D monthly salary.

1.1.10 Pay as you earn is tax that is levied on ...

A goods and services.
B people earning income.
C unemployed people.
D exports. (10)

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

1.2.1 Value-added tax is (a direct/an indirect) system of taxation.

1.2.2 Road transport for passengers and public education services are examples of (VAT exempted/zero-rated) supplies.

1.2.3 The difference between an employee's gross salary and all the deductions is called (net income/taxable income).

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1.2.4 A cheque that has not been paid by the bank due to insufficient funds is known as (a dishonoured/an outstanding) cheque.

1.2.5 Payment received from a debtor will be recorded in the (cash receipts/cash payments) journal.

1.2.6 (Current/Non-current) assets are also called capital assets.

1.2.7 Category A and B VAT vendors have VAT periods of (two/four) months.

1.2.8 Debtors control decreases when it is (debited/credited) in the ledger.

1.2.9 The method of calculating depreciation as a percentage of the cost price is called the (straight-line/diminishing balance) method.

1.2.10 A business must file and safely store all financial records and documents for (three/five) years for VAT inspection purposes. (10)

[20]

QUESTION 2

2.1 Choose a/an word/item from COLUMN B to match a description in COLUMN A. Write only the letter (A – M) next to the question number (2.1.1 – 2.1.10) in the ANSWER BOOK.

	COLUMN A	COLUMN B
2.1.1	A record of all assets owned by an organisation	A withdrawals
2.1.2	Remuneration for services rendered	B inclusive
2.1.3	Petrol, maize meal, raw vegetables and fruit are examples of this category of supplies	C skills development levy
2.1.4	Items that appear on the CRJ but are not yet reflected on the bank statement	D imprest
2.1.5	Debit entries on the bank statement	E exclusive
2.1.6	The VAT that a business adds on to goods and services sold to customers	F wages
2.1.7	Selling price that has VAT already included in it	G capital budgeting
2.1.8	Amount paid by employers to fund the education and training of employees	H zero-rated
2.1.9	In this system only the cash that is recorded as spent is replenished	I input VAT
2.1.10	Planning, monitoring and managing of the investment in non-current assets	J asset register
		K outstanding deposits
		L output VAT
		M exempt supplies

(10)

2.2 Complete the following sentences by using the words in the list below. Write only the word(s) next to the question number (2.2.1 – 2.2.10) in the ANSWER BOOK.

creditor; VAT payable; bank statement; internal; category C; debtor; external; category A; overtime; carrying value; VAT refundable; debit order; manual payment; current assets.

2.2.1 If the turnover of a business exceeds R30 million in a 12-month period, SARS will categorise the business as a ... vendor.

2.2.2 Remuneration paid for additional hours worked is ...

2.2.3 The difference between the cost price and the accumulated depreciation of a non-current asset is ...

2.2.4 If output VAT is more than input VAT, this leads to ... by the business.

2.2.5 Possessions of an organisation that can easily be converted into cash are known as ...

2.2.6 When VAT is paid by cheque, cash or postal order this type of payment is known as a/an ...

2.2.7 Bank service fees can be found in the ...

2.2.8 A … is a person or trade organisation to whom an amount of money is owed.

2.2.9 An item found in the bank statement for a payment made by the bank under instruction from the bank account owner is a ...

2.2.10 A petty cash voucher is a/an ... source document for recording petty cash payments. (10 × 1) (10)

[20]

TOTAL SECTION A: 40

SECTION B

Answer ALL FIVE questions in this section.

QUESTION 3

Lwando Electronics is a registered VAT vendor that records VAT at 14% on the invoice basis. The business does not make use of a separate input and output VAT account, but rather posts directly to the VAT control account.

TRANSACTIONS:

Feb 2013	03	Cash sales according to cash register roll CRR 001 amounted to R6 500,00, excluding VAT (cost of sales R4 250,00).
	07	Bought trading stock on credit from Alec Suppliers for R9 630,00 including VAT and received credit invoice no.10.
	10	Sold goods on credit to T. Seema and issued credit invoice no. 23 for R2 000,00 excluding VAT (cost of sales R1 400,00).
	15	T. Seema returned goods which were not according to order. Issued credit note CRN4 for R500,00 excluding VAT (cost of sales R325,00).
	16	Issued debit note no. DBN12 to Alec Suppliers for R1 300,00 including VAT, for damaged goods returned to them.
	18	Cash sales of trading stock according to the cash register roll CRR 002 amounted to R8 340,00 excluding VAT (cost of sales, R6 700,00).
	24	Bought stationery from CNA and paid by cheque no. 221 R380,00 (inclusive of VAT).
	27	Issued cheque no. 222 to the municipality to pay for water and electricity R1 832,00 (inclusive of VAT).
	30	Sold goods on credit to L. Jonas for R3 500.00 and issued credit invoice no. 24, exclusive of VAT (cost of sales R2 500,00).

REQUIRED:

3.1 Record the transactions above in the appropriate subsidiary journals for February 2013. Total **only** the VAT columns in all the journals at the end of the month. (33)

3.2 Post only to the VAT account in the general ledger and balance the account. (7)

[40]

QUESTION 4

Use the information given below to complete the salaries journal of Salem Trading for March 2013 in the ANSWER BOOK provided.

K. Rajesh and V. Simons are employees of Salem Trading.

Salaries per month:	
K. Rajesh	R16 500,00
V. Simon	R15 000,00
Marital Status:	
K. Rajesh	Married with two dependants
V. Simon	Single with no dependants
Deductions:	
Medical Aid	
- Single	R500,00
- Married with one dependant	R680,00
- Married with two dependants	R860,00
Pension:	Both employees belong to Mutual Pension Fund and contribute 7.5% of their salaries to the fund.
Income tax:	Calculated at 18% of gross salary after deducting pension fund.
UIF:	1% of gross salary
Employer's contributions:	
- Pension	R1 for every R1 contributed by employee
- Medical aid	One third of employee's contribution
- UIF	Rand-for-rand basis

[20]

QUESTION 5

Kaylan Moodley owns a motor cycle dealership. His business Kay's Motor Cycles is registered as a VAT vendor. The following petty cash transactions took place during February 2013. All the amounts are inclusive of VAT and the business uses the imprest system.

5.1 REQUIRED: Complete the petty cash journal of Kay's Motor Cycles for February 2013.

2013 February

02 Bought tea, coffee and sugar from Save More Supermarket, R55,00, voucher no. 15

05 Paid R100,00 casual wages for the cleaner, voucher no.16

09 Bought stationery, R86,00, voucher no. 17

12 Bought fuel for R100,00, voucher no. 18

16 Bought flowers for a staff member for R50,00, voucher no. 19

20 Paid R75,00 for postage stamps, voucher no. 20

Refer to the TABLE below with regards to VAT:

ITEMS	**WAS VAT CHARGED?**	
	YES	**NO**
Beverages	✓	
Staff expenses	✓	
Fuel		✓
Stationery	✓	
Postage	✓	
Wages		✓

(14)

5.2 Mention any TWO source documents that may be used to control the issuing of petty cash. (2)

5.3 Mention TWO possible reasons for discrepancies in the petty cash. (4)

[20]

QUESTION 6

You are the bookkeeper of Jeffrey Traders. One of your responsibilities is to prepare monthly bank reconciliation statements. Use the information that appears below to complete the following:

6.1 Make supplementary entries in the cash receipts journal and cash payments journal on 31 March 2013. Add only the bank column totals in both journals on 31 March 2013. (7)

6.2 Post to the bank account in the general ledger and balance the account. (4)

6.3 Prepare the bank reconciliation statement on 31 March 2013. (9)

INFORMATION:

The bank account had a debit balance of R13 512,00 on 31 March 2013.

A comparison of the bank statement with the cash receipts journal and the cash payments journal on 31 March 2013 revealed the following differences:

Item 1: The bank statement reflected a credit balance of R6 450,00 on 30 March 2013.

Item 2: A deposit of R3 800,00 had not yet been credited by the bank.

Item 3: The following cheques had not yet been paid by the bank:

- No. 32 R3 200,00
- No. 35 R2 500,00

Item 4: A cheque for R2 935,00 received from S. Smith for rent, had been dishonoured by the bank due to insufficient funds.

Item 5: Absa Bank had debited the cheque/current account of Jeffrey Traders with the following amounts:

- Bank charges R285,00
- Tax levies R92,00

Item 6: The bank statement showed a monthly debit order of R950,00 to Regent for insurance.

Item 7: R. Brown (a debtor) deposited R1 500,00 directly into the current account of the business in payment of her account.

Item 8: A cheque to the value of R1 300,00 withdrawn by Jerry Stores out of their account, appears on the bank statement of Jeffrey Traders.

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6.4 Jeffrey Traders requested you to study the information below regarding their debtors for February 2013. Ignore VAT for this question.

Balances taken from the debtors' ledger on 28 February 2013:

A. Grey	R1 500,00
E. George	R3 800,00
T. Dokoda	R2 000,00

The debtors' control account in the general ledger had a debit balance of R7 300,00.

After closer investigation the following errors were found:

An invoice for R560,00 for goods sold on credit to A. Grey was incorrectly recorded and posted to the debtors' control account as R650,00

A cheque of R490,00 received from E. George and recorded in the cash receipts journal, was later returned by the bank marked (R/D). This entry was not recorded in the business' books.

REQUIRED:

Use the information above to do the following:

6.4.1 Make journal entries in the general journal to give effect to the transactions above. (Cash receipts and payments journals are not required.) (6)

6.4.2 Record the entries in the debtors' control account and balance the account on 31 October 2012. (5)

6.4.3 Make the necessary entries in the debtors' individual ledger accounts. (6)

6.4.4 Compile the debtors list. (3)

[40]

QUESTION 7

The following information is taken from the books of Sony Dealers. Ignore VAT for this question. Show ALL calculations.

7.1 Study the following extract from the Asset Register of Sony Dealers and answer the questions that follow.

SONY DEALERS **Asset Register**		Page B5		
Asset description: Toyota Bakkie				
General ledger account: B5			**Bought from:** Ronnies Motors	
Account name: Vehicles			**Serial number**: VGK 675	
Depreciation method: 20% per annum on straight line method				
Date purchased: 1 June 2010		Cost Price: R265 000,00		
Date sold:		Sold to:	Selling price:	
Date	**Cost**	**Depreciation**	**Accumulated depreciation**	**Carrying amount**
01/06/2010	R265 000,00			
28/02/2011	R265 000,00			
28/02/2012	R265 000,00			

7.1.1 What is the cost price of the asset? (1)

7.1.2 Name the method of depreciation used by the business. (1)

7.1.3 Where was the vehicle bought? (1)

7.1.4 What is the rate of depreciation for the asset? (1)

7.1.5 What is the folio number of the asset account? (1)

7.1.6 Calculate depreciation from 1 June 2010 to 28 February 2011. (4)

7.1.7 Calculate depreciation from 1 March 2011 to 28 February 2012. (3)

7.1.8 How much is the accumulated depreciation on 28 February 2012? (3)

7.1.9 What is the carrying amount on 28 February 2012? (3)

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7.2 On 28 February 2012 a photocopier with a cost price of R25 000,00 and accumulated depreciation of R10 000,00 was sold for R14 500,00 cash.

Balances on 28 February 2012

Equipment	R60 000,00
Accumulated depreciation on equipment	R20 000,00

Use the given information to complete the following ledger accounts of Sony Dealers:

7.2.1 Equipment (6)

7.2.2 Accumulated depreciation (6)

7.2.3 Asset disposal (6)

7.3 7.3.1 Was the asset sold at a profit or loss? (2)

7.3.2 What is the effect of the disposal on the total non-current assets of the organisation? (2)

[40]

TOTAL SECTION B: 160
GRAND TOTAL: 200

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