



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

**FINANCIAL MANAGEMENT
NQF LEVEL 3**

SUPPLEMENTARY EXAMINATION

(3011013)

**27 February 2014 (X-Paper)
09:00–12:00**

Non-programmable calculators may be used.

This question paper consists of 13 pages and an answer book with 19 pages.

TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. This question paper consists of TWO sections namely SECTION A and SECTION B.
2. Answer ALL the questions 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 amounts to 2 decimals.
8. Write neatly and legibly.

QUESTION	TOPICS	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Short questions	40	40 minutes
SECTION B			
2	Calculate and record value-added tax transactions	40	35 minutes
3	Prepare salaries and wages journals	20	20 minutes
4	The Petty Cash System	20	15 minutes
5	Compile reconciliation statements	40	40 minutes
6	Basic administration of non-current assets manually	40	30 minutes
	TOTAL	200	180 minutes

SECTION A**QUESTION 1**

1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A–D) next to the question number (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 A VAT 201 form is a return form that vendors use for VAT ...

- A remittance.
- B admittance.
- C collection.
- D submission.

1.1.2 The imprest amount is R850,00 and petty cash on hand at the end of the month is R225,00. How much will be required to restore the imprest amount?

- A R850,00
- B R625,00
- C R225,00
- D R600,00

1.1.3 If the VAT exclusive selling price of an item is R1 670,00 what is the VAT amount that will be charged?

- A R233,80
- B R205,09
- C R680,40
- D R267,00

1.1.4 ... is tax paid by all consumers of goods and services.

- A SITE
- B VAT
- C PAYE
- D Excise duty

1.1.5 All transactions recorded by the bank are shown in the ...

- A income statement.
- B cash flow statement.
- C statement of account.
- D bank statement.

1.1.6 The total earnings of an employee, before deductions, is known as ...

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

1.1.7 An incorrect entry made by the bank would be rectified in the ...

- A Bank Statement.
- B Bank Reconciliation Statement.
- C Debtors' Journal.
- D Creditors' Journal.

1.1.8 Interest on overdraft will be recorded in the ... Journal.

- A Petty Cash
- B Cash Receipts
- C Cash Payments
- D Creditors' Allowances

1.1.9 In which one of the following journals will output VAT be recorded?

- A Cash receipts journal
- B Cash payments journal
- C Creditors' journal
- D Petty cash journal

1.1.10 Bank charges are recorded in the ...

- A Petty cash journal.
- B Cash receipts journal.
- C Cash payments journal.
- D Creditors' journal.

(10 × 1) (10)

1.2 Choose the answer from the words in brackets. Write only the word(s) next to the corresponding question number (1.2.1–1.2.10) in your ANSWER BOOK.

1.2.1 (Value-Added Tax/Income tax) is a direct system of taxation.

1.2.2 Banks charge (service fees/interest) for withdrawals made from an ATM.

1.2.3 When calculating income tax, both gross salary and (pension fund/medical aid) must be considered.

1.2.4 Assets that the business intends to keep for a long time are known as (current/non-current) assets.

- 1.2.5 (Debit/Credit) entries on the bank statement indicate that money has been deposited to the bank.
- 1.2.6 Output vat is paid by the (vendor/end-user).
- 1.2.7 When input VAT is greater than output VAT, the difference is called (VAT payable/VAT refundable).
- 1.2.8 Creditors' 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 (Output/Input) VAT is tax that the vendor collects from customers on behalf of SARS when selling goods and services.

(10 × 1) (10)

- 1.3 Choose an item/word from COLUMN B that matches a description in COLUMN A. Write only the letter (A–M) next to the question number (1.3.1–1.3.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.3.1	The reduction in the value of assets due to wear and tear	A	unemployment insurance fund
1.3.2	Remuneration for working on Sundays	B	debtors' list
1.3.3	Eggs; petrol; maize meal	C	taxable income
1.3.4	The process of comparing accounting records with the bank statement	D	imprest
1.3.5	Amount left after deducting pension fund from gross salary	E	PAYE
1.3.6	VAT paid by vendors when buying goods and services	F	net income
1.3.7	A record of all customers that owe the business	G	carrying amount
1.3.8	A compulsory contribution that is made by the employer regarding employees' remuneration	H	zero-rated supplies
1.3.9	With this system the business starts off with a specific petty cash amount every month	I	depreciation
1.3.10	The remaining value of an asset after depreciation	J	overtime
		K	bank reconciliation
		L	input VAT
		M	exempt supplies

(10 × 1) (10)

- 1.4 Complete the following sentences by using the word(s) in the list below. Write only the word(s) next to the question number (1.4.1–1.4.10) in the ANSWER BOOK.

credit purchase invoice; petty cash; asset register; VAT; credit sales invoice; SARS; wages; net income; float; salaries; asset disposal; outstanding; creditor

- 1.4.1 ... are paid weekly or fortnightly.
- 1.4.2 Money that the employee takes home after deductions
- 1.4.3 A document issued to a customer for goods sold on credit
- 1.4.4 A business with a turnover of less than R1 million per year can apply to SARS to be categorised as a ... vendor.
- 1.4.5 The process of selling an older asset is known as ...
- 1.4.6 The ... is a record of all the assets owned by the business.
- 1.4.7 A sum of money used to provide change is known as ...
- 1.4.8 A/An ... is a person to whom an amount of money is due.
- 1.4.9 A cheque that has not yet been presented to the bank for payment is called a/an ... cheque.
- 1.4.10 A/An ... is an external source document.

(10 × 1) (10)

TOTAL SECTION A: [40]

SECTION B

This section consists of FIVE questions. Answer ALL the questions.

QUESTION 2

Patty Trading 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 account, but posts directly to the VAT Control Account.

TRANSACTIONS:

March 2014	01	Bought trading stock on credit from Mega Wholesalers for R15 000,00 excluding VAT and received invoice INV15.
	03	Cash sales according to cash register roll CRR 1 amounted to R7 300.00, excluding VAT (cost of sales R5 840,00).
	07	Issued debit note no. DBN1 to Mega Wholesalers for R1 500,00 including VAT, for damaged goods returned to them.
	14	Sold goods on credit to J. White and issued credit invoice no. 111 for R2 280,00 including VAT (cost of sales R1 200,00).
	16	J. White returned goods which were not according to sample. Issued credit note CRN1 for R570,00 including VAT (cost of sales R400,00).
	20	Cash sales of trading stock according to the cash register roll CRR 2 amounted to R6 500,00 excluding VAT (Cost of sales R5 200,00).
	23	Paid Telkom by cheque no. 220 for telephone, R880,00 including VAT.
	28	Issued cheque No. 221 to the municipality to pay for water and electricity R2 320,00, including VAT.
	31	Sold goods on credit to K. Jazz for R3 450.00 and issued credit invoice no. 112 exclusive of VAT (Cost of sales R2 760,00).

REQUIRED:

- 2.1 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)
- 2.2 Post only to the VAT control account in the general ledger and balance the account. (7)

[40]

QUESTION 3

Use the information given below to complete the salaries journal of Patty Trading for March 2014 in the ANSWER BOOK provided.

P. Hassan and C. Byron are employees of Patty Trading.

Salaries per month:	
P. Hassan	R10 433,00
C. Byron	R 9 708,00
Marital Status:	
P. Hassan	Married with two dependants
C. Byron	Married with one dependant
Deductions:	
Medical Aid	
-Single	R700,00
-Married with one dependant	R850,00
-Married with two dependants	R950,00
Pension:	Both employees belong to Phila Pension Fund and contribute 7,5% of their salaries to the fund.
Income Tax:	Calculated at 15% of gross salary after deducting pension fund.
UIF:	1% of gross salary
Employer's contributions:	
-Pension	R1 for every R1 contributed by the employee
-Medical Aid	R1,50 for every R1 contributed by the employee
-UIF	Rand-for-rand basis

[20]

QUESTION 4

4.1 The petty cash transactions below took place during March 2014.

Complete the petty cash journal of Patty Trading for March 2014. All the amounts include VAT and the business uses the imprest system. (14)

2014 March

- 02 Bought flowers for a staff member in hospital for R80,00, voucher No. 111
- 05 Paid R100,00 wages for the casual labourer, voucher no. 112
- 09 Paid R55,00 for posting a parcel, voucher no. 113
- 12 Bought stationery for R86,00, voucher no. 114
- 16 Bought tea, coffee and biscuits from Spar Supermarket for R165,00, voucher no. 115
- 20 Bought fuel for R200,00, voucher no. 116

Refer to the table below with regards to VAT:

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

4.2 Explain THREE possible reasons for discrepancies in the petty cash.

(6)
[20]

QUESTION 5

As a bookkeeper of Patty Trading, one of your responsibilities is to prepare monthly bank reconciliation statements. Use the information below to complete the following:

- 5.1 Make supplementary entries in the cash receipts journal and cash payments journal on 31 March 2014. Add only the bank column totals in both journals. (7)
- 5.2 Post to the bank account in the general ledger and balance the account. (4)
- 5.3 Prepare the bank reconciliation statement on 31 March 2014. (9)

INFORMATION:

The Bank account in the ledger had a debit balance of R15 213,00 on 31 March 2014.

A comparison of the bank statement with the cash receipts journal and the cash payments journal on 31 March 2014 revealed the following differences:

- Item 1: The bank statement reflected a credit balance of R8 930,00 on 31 March 2014.
- Item 2: The following cheques had not yet been paid by the bank:
- No. 22 R4 500,00
 - No. 27 R3 600,00
- Item 3: A cheque for R2 500,00 received from J. Prince for payment of account, had been dishonoured by the bank due to insufficient funds.
- Item 4: A deposit of R5 000,00 had not yet been credited by the bank.
- Item 5: The bank statement showed a monthly debit order of R758,00 to Santam for insurance.
- Item 6: A tenant, V. Soso, deposited R2 500,00 directly into the current account of the business for rent.
- Item 7: A cheque for R2 000,00 drawn by Patty Trading on their account, appears on the bank statement of Patty Trading.
- Item 8: Gold Bank had debited the current account of Patty Trading with the following amounts:
- | | |
|----------------|---------|
| • Bank charges | R225,00 |
| • Tax levies | R88,00 |

- 5.4 Study the information below regarding the debtors of Patty Trading for the month of March 2014. Ignore VAT for this question.

Balances taken from the Debtors' Ledger on 31 March 2014:

A. Base	R 4 400,00
N. Dameni	R 3 250,00
V. Ruby	R 2 680,00

The debtors' control account in the general ledger has a debit balance of R10 330,00.

After closer investigation the following information was found on the bank statement received on 31 March 2014:

A cheque for R2 000,00 received from A. Base for part payment of account was not recorded in the books of the business.

A cheque of R1 500,00 received from V. Ruby and recorded in the cash receipts journal was later returned by the bank marked (R/D). This return was not recorded in the business' books.

REQUIRED:

- 5.4.1 Make journal entries in the general journal to give effect to the transactions above. (cash receipts and payments journals not required). (6)
- 5.4.2 Record the entries in the debtors control account and balance the account on 31 March 2014. (5)
- 5.4.3 Make the necessary entries in the debtors' individual ledger accounts. (6)
- 5.4.4 Compile the debtors list. (3)
- [40]**

QUESTION 6

The following information is taken from the asset register of Patty Trading. Ignore VAT for this question.

- 6.1 Study the page given below and answer the questions. Where required, do the necessary calculations in order to answer the question. Show all calculations.

PATTY TRADING Asset Register Page 9				
Asset description: Ford Bantam Bakkie General ledger account: B6 Account name: Vehicles				
Bought from: Vicky's Motors Engine number: FB639702				
Depreciation method: 15 % per annum on straight line method				
Date purchased: 1 March 2010 Cost Price: R130 000,00				
Date sold: 1 July 2013 Sold to:				
Selling Price:				
Date	Cost	Depreciation	Accumulated Depreciation	Carrying amount
28/02/2011	R130 000,00			
28/02/2012	R130 000,00			
28/02/2013	R130 000,00			

- 6.1.1 What is the purchase price of the asset? (1)
- 6.1.2 Name the method of depreciation that the business uses for this asset. (1)
- 6.1.3 From who was the vehicle bought? (1)
- 6.1.4 At which rate is the asset depreciated? (1)
- 6.1.5 Identify the folio number of the asset account. (1)
- 6.1.6 Calculate depreciation from purchase date to 28 February 2011. (3)
- 6.1.7 Calculate depreciation from 1 March 2013 to date of sale. (4)
- 6.1.8 What is the amount of the total accumulated depreciation on 28 February 2012? (3)
- 6.1.9 What is the carrying amount after 28 February 2013? (4)

- 6.2 On 1 September 2013 a Colour printer with a cost price of R5 000,00 and accumulated depreciation of R1 500,00 was sold for R3 000,00 cash.

Balances in the ledger on 1 September 2013:

Equipment R40 000,00

Accumulated depreciation on equipment R15 000,00

Use the given information to complete the following ledger accounts of Patty Trading:

- | | | |
|-------|--------------------------|-----|
| 6.2.1 | Equipment | (6) |
| 6.2.2 | Accumulated depreciation | (6) |
| 6.2.3 | Asset disposal | (6) |

- 6.3 Answer the following questions regarding this asset that was sold:

- | | | |
|-------|---|-------------|
| 6.3.1 | Was the asset sold at a profit or a loss? | (1) |
| 6.3.2 | 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