higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

FINANCIAL MANAGEMENT
NQF LEVEL 2

(3011012)

22 November 2022 (Y-paper)
13:00–16:00

Calculators may be used.

This question paper consists of 11 pages and 1 answer sheet.

555Q1N2222

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TIME: 3 HOURS
MARKS: 150

INSTRUCTIONS AND INFORMATION

1. Answer all the questions.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Show all calculations in order for marks to be allocated.
5. Value-Added Tax (VAT) is calculated at 15%.
6. Round off amounts to TWO decimals.
7. Use only a blue or black pen.
8. Write neatly and legibly.

QUESTION NUMBER	TOPIC	MARKS	RECOMMENDED TIME GUIDE
SECTION A			
1	Short questions	25	20 minutes
2	Short questions	25	20 minutes
SECTION B			
3	Topic 1	40	41 minutes
4	Topic 2	20	33 minutes
5	Topic 3	20	33 minutes
6	Topic 4	20	33 minutes
	TOTAL	150	180 minutes

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SECTION A

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 (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 A cheque that bears a date that is later than the date on which it is being deposited is called a … cheque.

A stale
B post-dated
C order
D cash

1.1.2 The income of a business, added to its gross profit, represents the … of a business.

A turnover
B net profit
C gross profit
D gross income

1.1.3 … is an accounting system where all the transactions are recorded by hand.

A Computerised system
B Software
C Manual system
D Accounting recordings

1.1.4 The VAT … is a form completed by a business to SARS for notice of change of tax period in respect of the submission of a return.

A 202
B 201
C 204
D 101

1.1.5 An increase in the cost price of an item or service is called a …

A discount.
B mark-down.
C profit.
D mark-up.

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1.1.6 A loan is a … payable over a period of 5, 10 or 20 years.

A current liability
B long-term liability
C non-current asset
D short-term liability

1.1.7 Net profit that is not divided amongst the shareholders, but kept back for investment is called ...

A retained income.
B dividends.
C profit before tax.
D profit after tax.

1.1.8 Expenditures can be either regular or irregular.

Which ONE of the following is an example of an irregular expenditure?

A Maintenance
B Telephone
C Rent expense
D Water and electricity

1.1.9 The loss of stock which can be due to factors such as shoplifting is called …

A shrinkage.
B stock loss.
C obsolete stock.
D stock rotation.

1.1.10 A method whereby an amount of money is placed in a petty cash box and added back to its original value when the balance is almost zero, is called …

A system of varying balance.
B the petty cash voucher.
C the imprest system.
D petty cash journal.

(10 × 1) (10)

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1.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (1.2.1–1.2.15) in the ANSWER BOOK.

1.2.1 A business with a turnover of less than R300 000 may register voluntarily as a VAT vendor.

1.2.2 One of the advantages of electronic equipment is that it can be expensive.

1.2.3 When you deposit cash into your current account you incur an interest income.

1.2.4 Financial year is a thirteen-month accounting period.

1.2.5 Commission income is a fee received from a range of services offered by the business that decreases the profit of the business.

1.2.6 Insurance premiums is the amount that a business has to pay, usually each month, to an insurance company to cover the value of goods that are stolen or damaged.

1.2.7 Payee refers to the fees charged by banks for the services they provide.

1.2.8 The VAT 101 form indicates the VAT amount refundable or payable to SARS at the end of the tax period of a business.

1.2.9 Money put into the business, usually as a loan, in contrast to money earned by the business is called interest.

1.2.10 A machine used in shops for recording sales and storing the money received is called a cash register.

1.2.11 Debit card: plastic cards, linked to a bank account, that allow you to buy goods on credit.

1.2.12 Double entry system: known as the accounting principle, this states that there must be an equal credit entry for every debit entry.

1.2.13 The loss of stock through theft, breakage and other factors is called over incomer.

1.2.14 A printed order for the payment of a special sum of money, issued by banks and the post office, is called money order.

1.2.15 Denomination: the face value of a banknote or coin.

(15 × 1) (15)

[25]

QUESTION 2

2.1 Choose the correct word or words from those given in brackets. Write only the word or words next to the question number (2.1.1–2.1.15) in the ANSWER BOOK.

2.1.1 All documents of the business should be kept for a period of (three/five) years, according to SARS regulations.

2.1.2 The standard rated items/goods in South Africa are charged VAT at (14%/15%).

2.1.3 The (balance sheet/trial balance) is prepared from the totals and balances in the general ledger.

2.1.4 A VAT (vendor/hawker) is a business that is registered with SARS to collect VAT on behalf of SARS.

2.1.5 To calculate inventory (usage/shrinkage), you need to take into account opening inventory and actual inventory.

2.1.6 A bank keeps control of deposits and payments of a business and then sends out a (bank/cheque) statement at the end of every month.

2.1.7 The cash (payments/receipts) journal contains the information about money received from customers in one book.

2.1.8 (Profit forecast/Profit motive) is an estimate of the future profits of the business.

2.1.9 A confirmation/copy that payment has been made by means of a cheque is a (debit note/cheque counterfoil).

2.1.10 (Mark-up/Mark-down) is a reduction in the price of a particular product or service.

2.1.11 The price of a product is regarded as (VAT inclusive/VAT exclusive) if the VAT amount is accounted for on the final amount.

2.1.12 VAT category (A/C) is for VAT vendors who submit returns to SARS every month.

2.1.13 (Liabilities/Owner's equities) are the money owed by a business to somebody else.

2.1.14 A book that contains a business' receipts and payments is called (cash book/cash receipts journal).

2.1.15 (Working capital/Start capital) is the money needed by a business to pay for everyday expenses such as stock and overheads.

(15 × 1) (15)

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2.2 Choose an item or word from COLUMN B that matches a description in COLUMN A. Write only the letter (A–L) next to the question number (2.2.1–2.2.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.2.1	An example of a zero-rated item.	A	business plan
2.2.2	Suppliers to whom the business owes money for goods or services it has purchased	B	deposit book
		C	operating expenses
2.2.3	A document that sets out the objectives and financial strategy of a business venture	D	bookkeeper
		E	creditors
2.2.4	Money used for running/ everyday expenses of the business	F	petty cash voucher
		G	white bread
2.2.5	A bound book containing documents (in duplicate or triplicate) for recording the details of bank deposits	H	credit term
		I	current account
		J	input VAT
2.2.6	An agreement between a buyer and a seller that lists the timing and amounts of payments the buyer will make in future	K	Value-Added Tax
		L	output VAT
2.2.7	A source document used to record small cash transactions		
2.2.8	A bank account from which money may be withdrawn without giving notice		
2.2.9	The person in a business who keeps a record of all the facts and figures relating to the financial transactions of the business		
2.2.10	VAT which the business collects from customers for goods sold or services rendered		

(10 × 1) (10)
[25]

TOTAL SECTION A: 50

SECTION B

QUESTION 3

3.1 The balance sheet below appeared in the books of Sandra Williams Traders on 30 June 2021. Study it and answer the questions.

BALANCE SHEET OF SANDRA WILLIAMS TRADERS ON 30 JUNE 2021		
	NOTE	**AMOUNT**
NON-CURRENT ASSETS		
Property, Plant and Equipment		45 000
CURRENT ASSETS		
Inventory (stock)		13 000
Trade and other debtors		2 500
Cash	**1**	21 900
TOTAL ASSETS		**82 400**
EQUITY AND LIABILITIES		
Owner's equity	**2**	?
NON-CURRENT LIABILITIES		
Mortgage bond: ASBA Bank		17 000
CURRENT LIABILITIES		
Trade and other creditors		14 400
TOTAL EQUITY AND LIABILITIES		**82 400**

NOTES:

1. CASH		**2. OWNER'S' EQUITY**	
Bank	R18 500	Capital	R41 150
Petty cash	R1 500	Net profit	R11 200
Float	R1 900	Drawings	R1 350

3.1.1 Calculate the value of owner's equity of this business. Show all your calculations. (3)

3.1.2 Was a loss or profit generated by the business in the financial year? How much? (2)

3.1.3 Calculate the total current assets. (3)

3.1.4 Determine the profit forecast for the year 2022 by adding 12% to the profit of 2021. (3)

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3.1.5 Calculate the interest on the mortgage bond for 2021. The bond was obtained on 1 September 2020 at a rate of 15%. (3)

3.1.6 Briefly explain what float is and its use. (2)

3.2

SMALL BUSINESS LENDING DURING COVID-19

Small businesses and farms were hit hard by restrictions that limited their ability to pay operating costs during the COVID-19 crisis. Banks played an important supportive role, substantially expanding the loans available to these firms during the early months of the crisis. The growth in lending was associated with small business participation in the Paycheck Protection Program (PPP) and bank use of the PPP Liquidity Facility. Analysing data for the first half of 2020 suggests that these programs were successful in supporting lending growth during the crisis, particularly among small banks.

3.2.1 What are the benefits of having a business bank account? Mention TWO benefits. (2 × 2) (4)

3.2.2 Give THREE details/types of information found in the bank statement. (3)

3.2.3 Differentiate between *stop order* and *debit order.* (4)

3.3 Indicate the correct source document and its subsidiary journal from the given transactions below:

DATE	TRANSACTIONS	SOURCE DOCUMENT	SUBSIDIARY JOURNAL
02/03/2021	Victor returned damaged iron bought on credit for R230.	3.3.1	3.3.2
03/03/2021	Cash sales of goods for R500.	3.3.3	CRJ
05/03/2021	Bought a new computer for R4 500 by cheque.	3.3.4	3.3.5
06/03/2021	Manase took stationary home for personal use.	Internal office memo	3.3.6

(6)

3.4 A cash flow statement is a financial statement that provides aggregate data regarding all cash inflows a company receives from its ongoing operations and external investment sources.

Give THREE activities of a cash flow statement. (3)

3.5 What is the purpose of the income statement? (2)

3.6 What elements do you need in order to calculate the gross profit? Mention TWO elements. (2)

[40]

QUESTION 4

4.1 Majozi Traders is a business that designs and makes cane chairs. Majozi Traders employs one worker who is paid R1 800 in wages per month. The rent of the shop is R1 200 per month. On average Majozi Traders sells 50 chairs every month. Majozi Traders buys the chairs for R120 each. Majozi Traders wants to make a profit of 40%.

4.1.1 Calculate the cost price and the selling price of each cane chair. (8)

4.1.2 The selling price of a product is affected by the cost of various factors.

How can Majozi Traders reduce the price of the cane chairs? Give ONE example. (2)

4.2 Majozi Traders gives a 2% discount on all cash sales. Their cash sales in June 2021 amounted to R45 000.

4.2.1 Calculate the total discount they gave their customers, and the amount after the discount. (4)

4.2.2 Give ONE possible reason why they are giving a discount on cash sales. (2)

4.3 Majozi Traders sold goods of R9 560, which were VAT inclusive, to its customers on 02 October 2021.

Calculate the amount of the goods before VAT as well as the VAT amount. (4)
[20]

QUESTION 5

5.1 Study the cheque for Smith Traders by making use of the following information and answer the questions.

Date: 05 November 2020
Pay to: Wayne Mlambo
Amount: R2 908
Signature:

5.1.1 Complete the cheque using the information given above on the ANSWER SHEET (attached). (6)

5.1.2 Identify the drawer, drawee and the payee on the above cheque. (3)

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5.2 Smith Traders keeps a petty cash journal for small payments and use the imprest system. On 03 May 2021 a cash cheque of R550 was issued to start the petty cash. The following took place in May 2021.

PETTY CASH JOURNAL OF SMITH TRADERS MAY 2021								
						Sundry account		
Doc	**Date**	**Details**	**Fol.**	**Petty cash**	**Stationery**	**Amount**	**Fol.**	**Details**
2	04/05	CNA		54		54		stamp
3	15/05	pens		115	115			
4	29/05	pencils		88	88			

Make use of the given information to complete the petty cash account using the imprest system for Smith Traders on the ANSWER SHEET (attached). (6)

5.3 Name THREE ways in which money can be kept safe in a business. (3)

5.4 When you deposit money in the bank using a deposit slip, there is important information that you need to complete/insert on the deposit slip.

Give only TWO examples of information you would insert on the deposit slip. (2)
[20]

QUESTION 6

6.1 The following information is taken from income statement of Chisa Nyama Eating House for 2021 and 2022.

	2021	**2022**
Sales	55 300	72 500
Opening stock (01/01/2022)	28 000	35 000
Purchases	12 000	17 000
Closing stock (31/01/2022)	16 500	19 000
Gross profit	?	?
Expenses	21 600	19 955
Net profit	?	?

6.1.1 Calculate the cost of sales for 2021 and 2022. (8)

6.1.2 Calculate the gross profit for 2021 and 2022. (4)

6.1.3 Calculate the net profit for 2021 and 2022. (4)

6.2 Briefly explain shrinkage and list TWO methods of reducing shrinkage that are used by businesses. (2 × 2) (4)
[20]

TOTAL SECTION B: 100
GRAND TOTAL: 150

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ANSWER SHEET EXAMINATION NUMBER:

QUESTION 5

5.1 5.1.1

MDD BANK
4240 Buffalo street
Lehae
1420

452-215

Date
Datum_____

Pay
Betaal_____or Bearer
of Toonder

The sum of
Die bedrag van_____

R

_____for/vir

_____

:113452: :234783: :034635:

(6)

5.2

Petty cash account							
Date	**Details**	**Fol.**	**Amount**	**Date**	**Details**	**Fol.**	**Amount**

(6)

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