higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

FINANCIAL MANAGEMENT
NQF LEVEL 3

(3011013)

24 November 2023 (X-paper)
09:00–12:00

Non-programmable calculators may be used.

This question paper consists of 12 pages and an answer book of 16 pages.

303Q1N2324

Copyright reserved

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)
FINANCIAL MANAGEMENT
NQF LEVEL 3
TIME: 3 HOURS
MARKS: 200

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. Use only a black or blue pen.
6. Write neatly and legibly.

QUESTION NUMBER	TOPIC	MARKS	RECOMMENDED TIME GUIDE
SECTION A 1–4	Short questions (All topics integrated)	40	36 minutes
SECTION B 5	Value-added tax transactions	40	36 minutes
6	Salary journal Petty cash system	40	36 minutes
7	Bank reconciliation	40	36 minutes
8	Non-current asset administration General journal	40	36 minutes
	TOTAL	200	180 minutes

Copyright reserved

SECTION A

QUESTION 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 (1.1–1.10) in the ANSWER BOOK.

1.1 A … cheque cannot be paid out because there are insufficient funds in the drawers' account.

A stale
B postdated
C crossed
D dishonoured

1.2 … is VAT charged by a business on goods and services sold to customers.

A Zero-rated tax
B Output tax
C Exclusive tax
D Input tax

1.3 … contributions are a fixed percentage of the gross salaries and are applicable to permanent employees only.

A Pension fund
B Medical aid
C PAYE
D Staff fund

1.4 The credit side of the cash book replaces the …

A cash receipts journal.
B bank account.
C cash payments journal.
D debtors journal.

1.5 Payments made to SARS for VAT, must be received by SARS on or before the … of the month, or the last preceding business day.

A 1st
B 25th
C 30th
D 7th

1.6 If the inclusive selling price is R947,28, the VAT charged is …

A R142,09
B R123,56
C R116,33
D R123,52

1.7 A vehicle cost R348 000 and accumulates depreciation of R17 900. Using the diminishing balance method, depreciation for two months at 15% per annum will be …

A R8 252,50.
B R49 515,00.
C R8 700,50.
D R52 200,00.

1.8 A business has to apply in writing for … VAT submission on a *monthly* basis.

A Category E
B Category C
C Category D
D Category A or B

1.9 The … journal is used to record all credit sales transactions of goods and services including VAT on these sales.

A cash receipts
B creditors
C debtors
D creditors allowances

1.10 The … system is when the amount that has been used during the month is given back to the petty cashier at the end of the month, so that the cash on hand is the same at the beginning of the following month.

A imprest
B petty cash
C varying balance
D cash book

(10 × 1) **[10]**

Copyright reserved

QUESTION 2

Choose a/an term/item from COLUMN B that matches a description in COLUMN A. Write only the letter (A–N) next to the question number (2.1–2.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1	A term used that involves that the debtors' outstanding amounts are being written off	A	zero-rated
2.2	Not subject to VAT taxation	B	dispose
2.3	The unemployment insurance fund contribution by an employee	C	original credit invoice
2.4	Deducted on goods already marked with a selling price to reduce the invoice amount	D	depreciation
2.5	The reduction in the value of an asset over time, due to wear and tear	E	bad debts
2.6	The source document used to record into the creditors' ledger or journal	F	one percent
2.7	The service fee, cash handling fee and tax levy	G	trade discount
2.8	An amount of money kept to cover small everyday expenses	H	exempt
2.9	The VAT rate for fresh fruit, brown bread and dried beans	I	duplicate credit invoice
2.10	Supporting document attached to the petty cash voucher as proof of purchase	J	petty cash
		K	bank charges
		L	till slip
		M	invoice discount
		N	cash float

(10 × 1) **[10]**

QUESTION 3

Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (3.1–3.10) in the ANSWER BOOK.

3.1 When a creditor issues an invoice to a business because of a credit purchase made, the bookkeeper will renumber the invoice to make it easier for referencing or auditing purposes.

3.2 The output tax plus input tax in a particular tax period equal the amount payable to SARS, or refundable from SARS.

3.3 Two systems are used to determine employees' wages, namely the hourly wage system and the imprest system.

3.4 The term *reconciliation* is used when total payments for petty cash used, agree with the petty cash vouchers completed.

3.5 If the bank has omitted to record a cash entry, that entry must be recorded in the cash receipts or cash payments journal.

3.6 When a product or service is sold exclusive of VAT, it means that 14% VAT is still to be added to the selling price.

3.7 The petty cash book has an analysis column where entries are made using the petty cash vouchers.

3.8 It is a requirement that petty cash vouchers are filed for a period of five years as per legislation.

3.9 Petty cash is a liability and will increase on the credit side of the cash book.

3.10 A VAT return form may not be submitted via eFiling and must be hand-delivered to the SARS offices.

(10 × 1) **[10]**

QUESTION 4

Complete the following sentences by writing only the missing word or words next to the question number (4.1–4.10) in the ANSWER BOOK.

4.1 A/An … can be set up directly at the bank, to pay fixed monthly expenses that would appear on a bank statement.

4.2 A VAT … return is a form where details reflect for input and output tax.

4.3 … is/are payable when salary earners work longer hours that contractually stipulated.

4.4 A/An … document is used to record transactions into journals.

4.5 Interest reflected on the credit side of the bank statement, represents interest … by the business.

4.6 A debit balance brought down in the VAT control account, is an amount … to/from SARS.

4.7 Petty cash vouchers must be … by a senior employee as a control measure.

4.8 The purpose of petty cash reconciliation is to determine … and to make corrections as soon as possible.

Copyright reserved

4.9 The … should be compared to the debtors control account to reconcile.

4.10 If a business has a turnover exceeding …, it is compulsory to register for VAT purposes with SARS.

(10 × 1) **[10]**

TOTAL SECTION A: 40

SECTION B

QUESTION 5

Big Ben Traders is a registered VAT vendor. VAT is recorded at 15% on the invoice basis. The business sold goods at 100% profit on the cost price.

NOTE: Big Ben Traders does not make use of separate VAT input and output accounts but post directly to the VAT control account.

ALL amounts are VAT *exclusive*.

A summary of the transactions for February 2022 is indicated below:

DAY	SOURCE DOCUMENT NO.	DESCRIPTION	AMOUNT
01	Rec.276	Ben Breyton increased his capital contribution from R750 000 to R830 000	**?**
04	CRR42	Cash sales according to the cash register roll (Cost of sales R600)	R1 200
09	EFT144	Telkom was paid for the business telephone account	R870
15	Original credit invoice ES22	Els Suppliers delivered inventory for R20 180 and an office chair for R3 780	R23 960
18	Duplicate credit invoice BB198	Sold goods on credit to VT Cole (Cost of sales, R4 260)	R8 520
21	Debit note DN03	Returned goods to Els Suppliers for R1 440, not according to order and also the office chair (see transaction on 15 February 2022)	**?**
23	CRR43	Cash sales according to the cash register roll (Cost of sales R940)	**?**
26	EFT145	Salary paid to V van Gogh for February 2022	R26 350
26	Credit note CN14	Customer VT Cole, returned damaged goods (Cost of sales R130)	R260
28	EFT146	Water and electricity account was paid to the municipality	R2 419
28	Duplicate credit invoice BB199	Inventory sold on credit to Drake Discount Store (Cost of sales ?)	R4 200
28	Rec.277	VT Cole paid his account	R2 560

Copyright reserved

REQUIRED

5.1 Record the transactions above for February 2022 in the appropriate journals (5.1.1–5.1.6) in the ANSWER BOOK. Total only the VAT columns in all the journals at the end of the month. (33)

5.2 Post only to the VAT control account in the general ledger. Balance the account at the end of the month. (7)
[40]

QUESTION 6

6.1 Use the information below, to complete the salaries journal of Vettie Glassware for the month ended 31 July 2022.

Round off all figures to the *nearest* rand. It is not necessary to total the columns in the salaries journal.

Employee	Annual Salary	Mariage status	Pension fund	UIF	PAYE	Medical aid
V Victor	R391 200	Single	7,5% of gross income	1% of gross income	18%	As indicated below
S Trump	R330 600	Married with 1 child	7,5% of gross income	1% of gross income	18%	As indicated below

Medical aid deductions

Principal member	R640
Spouse/Adult dependant	R520
Child	R300

Employer's contributions

Pension fund:	8% of gross income
UIF:	Equal to employee's contribution
Medical aid:	Two-thirds of the total monthly fee

(21)

6.2 Vettie Glassware use the imprest system to control their petty cash.

The following transactions took place during the month of July 2022.

NOTE: All amounts are *inclusive* of VAT where applicable.

TRANSACTIONS FOR JULY 2022

7 Bought envelopes at Postnet for R37,48. Voucher number VG13.

11 Paid for the courier of a parcel to Vaalwater at PostQuick, R99. Voucher number VG14.

Copyright reserved

14 Paid R150 to the gardener for cleaning the garden. Voucher number VG15.

17 Used cash to repair a tyre of the delivery vehicle at Hard Tyres, R244. Voucher number VG16.

27 Filled up the delivery van with petrol at SASOL before the increase in fuel prices, R867. Voucher number VG17.

Refer to the following table with regard to VAT:

Item	Is VAT charged?	
	Yes	No
Postage	✓	
Repairs	✓	
Stationery	✓	
Salaries and wages		✓
Fuel		✓

REQUIRED

6.2.1 Enter the transactions in the petty cash journal of Vettie Glassware. Total only the petty cash column in the journal. (14)

6.2.2 Complete the petty cash account in the general ledger and restore the imprest amount at the end of the month.

The petty cash balance on 1 July 2022 was R2 400. (5)

[40]

QUESTION 7

Nontobeko Traders provided the following information about their financial records for the month of June 2022:

INFORMATION

1. The monthly totals before the supplementary entries were made:

The bank account has a debit balance of R28 461
Cash receipts journal – R330 443
Cash payments journal – R374 198

2. A comparison of the bank statement of Unity Bank and the cash book on 30 June 2022 reflected the following differences:

(a) The bank statement showed a debit balance of R143 770.

(b) The bank has not yet credited a deposit of R141 900 which was made on 30 June 2022.

(c) The following cheques had not yet been presented for payment:

No. 650 R710
No. 744 R2 480
No. 761 R11 690

It had been noted that cheque no. 650 has been outstanding for more than six months. It was originally issued to Pen Stationers for stationery purchased.

(d) S. Steyn deposited R4 180 directly into the current account of the business for payment of his rent for the month.

(e) A cheque for R2 404 received from a debtor, L. Nzozo, has been dishonoured due to insufficient funds.

(f) The bank statement shows a debit order of R2 104, in favour of Telkom for business calls.

(g) Unity Bank debited the current account of Nontobeko Traders with the following amounts:

Cash handling fees R344
Service fees R602
Interest on overdraft R182

7.1 **REQUIRED**

7.1.1 Make supplementary entries in the cash receipts journal on 30 June 2022. Total only the bank column. (6)

7.1.2 Make supplementary entries in the cash payments journal on 30 June 2022. Total only the bank column. (10)

7.1.3 Post to the bank account in the general ledger. Balance off the bank account. (5)

7.1.4 Prepare the bank reconciliation statement on 30 June 2022. (7)

Copyright reserved

7. 2 An inexperienced junior clerk of Nontobeko Traders prepared the debtors ledger account of Star Traders for June 2022 as follows:

STAR TRADERS D1					
Date	**Details**	**Fol**	**Debit**	**Credit**	**Balance**
2022 June 1	Balance	b/d			17 480
3	Receipt no. 134	CRJ		7 000	24 480
3	Receipt no. 134 (Discount)	CRJ		840	25 320
13	Invoice no. A111	DJ	3 700		21 620
17	Credit note CN07	DAJ		1 400	20 220
30	Journal voucher (Bad debts)	GJ			0

ADDITIONAL INFORMATION

- The discount allowed on 3 June 2022 was R480 and not R840.
- The closing balance of Star Traders was written off on 30 June 2022 as irrecoverable.

Prepare the debtors ledger account of Star Traders correctly in the books of Nontobeko Traders for June 2022. (12)
[40]

QUESTION 8

8.1 The information below was taken from the asset register of Pure White Dry-Cleaners. Ignore VAT for this question.

The policy of the organisation is to depreciate all equipment at a rate of 17,5% per annum using the straight-line method. The financial year ends on 30 June 2022.

Asset description	Samsung washing machine (24 kg top loader)
Bought from	MAKRO
Asset registration number	SWM 326
Date purchased	1 April 2020
Cost price	R19 998

Complete the asset register for Pure White Dry-Cleaners. (15)

8.2 The following balances appeared in the books of Pure White Dry-Cleaners for the financial year ending 30 June 2022:

Vehicles	R434 600
Accumulated depreciation on vehicles	R178 680

On 30 June 2022, the business sold one of its delivery vehicles at a cost price of R127 000. The accumulated depreciation at the time of sale was R81 900. An amount of R50 000 was received in cash.

REQUIRED

Use the information above to *complete* and *balance off* the following general ledger accounts:

8.2.1 Vehicles

8.2.2 Accumulated depreciation on vehicles

8.2.3 Asset disposal

(3 × 5) (15)

8.3 The following information was taken from Pure White Dry-Cleaners. Ignore VAT for this question.

Balances taken from the creditors ledger on 30 June 2022 are as follows:

Eldo Suppliers	R7 400
Wheto Stores	R18 100

The creditors control account in the general ledger has a credit balance of R25 500.

After closer inspection, it was found that the following transactions had not yet been recorded:

- Cheque number 42 for R7 000, was issued to settle the account of Eldo Suppliers. This transaction and the discount were never recorded in the creditors ledger.
- Debit note number 55 for trading stock of R500 returned to Wheto Stores due to damaged packaging, was not recorded in the creditors ledger.

REQUIRED

Make journal entries in the general journal according to the accounting policy to give effect to the above transactions. (10)

[40]

TOTAL SECTION B: 160
GRAND TOTAL: 200

Copyright reserved