higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

FINANCIAL MANAGEMENT
NQF LEVEL 2

(3011012)

15 March 2018 (X-Paper)
09:00–12:00

Nonprogrammable calculators may be used.

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

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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. Use only BLACK or BLUE ink.
6. Amounts must be rounded off to TWO decimal places.
7. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 Choose a/an item/word from COLUMN B that matches a description in COLUMN A. Write only the letter (A–N) next to the question number (1.1.1–1.1.10).

COLUMN A		COLUMN B	
1.1.1	Books of account used for first entry of transactions	A	petty cash voucher
1.1.2	A journal used to record returns by the business to its suppliers	B	balance sheet
1.1.3	A document with detailed information regarding small cash payments made by a business	C	drawings
1.1.4	A bank account for individuals to earn interest and encourage savings	D	VAT
1.1.5	The summary of a business' financial position on a specific date	E	creditors allowance journal
1.1.6	The bank that has to pay the person who presents a cheque for payment	F	breakage
1.1.7	When money is withdrawn from a bank account and the bank balance goes below zero	G	overdraft
1.1.8	Stock that is damaged	H	debtors allowance journal
1.1.9	Document that proves that money was deposited at the bank	I	subsidiary journals
1.1.10	The business which issues the cheque	J	deposit slip
		K	savings account
		L	drawee
		M	drawer
		N	shrinkage

(10 × 1) (10)

1.2 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (1.2.1–1.2.10).

1.2.1 (Petty cash/Cash float) is a sum of money used as change in a business.

1.2.2 VAT is a payment to SARS and will have a (positive/negative) influence on profit.

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

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

1.2.5 A (debit note/credit note) is a document issued to a supplier by a business, indicating that the supplier's account has been reduced.

1.2.6 (Profits/Dividends) are payments made to the shareholders of a company.

1.2.7 The money that is spent on the day-to-day operations of a business is called (unexpected expenses/operating expenses).

1.2.8 Insurance (deposits/premiums) are paid to an insurance company to cover the value of goods in case of theft or damage.

1.2.9 (Gross profit/retained income) is the income of a business after the payment of interest, tax and dividends.

1.2.10 Fresh fruit and vegetables are (tax exempt/zero-rated) items.

(10 × 1) (10)
[20]

QUESTION 2

2.1 Complete the following sentences by filling in the missing word(s). Write only the word(s) next to the question number (2.1.1–2.1.10).

2.1.1 A/an … document serves as the main source of information from which a transaction is recorded.

2.1.2 … is calculated by subtracting a business operating expenses from the gross income.

2.1.3 The difference between sales and cost of sales is … .

2.1.4 … is the money used by the owner to start a business.

2.1.5 A/an … is a cheque written by the payer for a date in the future.

2.1.6 A/an … is a person or business from whom another business buys goods on credit.

2.1.7 … stock is stock that is at the end of its product lifecycle and is not likely to be sold because it is outdated.

2.1.8 A person who oversees the entire accounting function in a business is the …

2.1.9 A … cheque is a cheque on which the person that it is made out to has written someone else's name on the back of it so that the person can receive the monetary value of the cheque.

2.1.10 The … statement includes transactions showing the actual inflow and outflow of cash.

(10 × 1) (10)

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2.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (2.2.1–2.2.10).

2.2.1 When cash is received, the duplicate receipt remains in the business to record the transaction.

2.2.2 Working capital includes the vehicles of a business.

2.2.3 A business issues the original invoice to their customers when it sells goods on credit.

2.2.4 A trade discount received by a business results in an increase in the cost price of the goods.

2.2.5 Each account in the general ledger has a debit side and a credit side.

2.2.6 An office computer is an example of a non-current asset.

2.2.7 A mentor is a person whose job is to manage the financial affairs of a business.

2.2.8 Bank charges is an example of an operating expense.

2.2.9 VAT on brown bread is charged at 14%.

2.2.10 Liabilities are the obligations or debts of a business.

(10 × 1) (10)

2.3 Give ONE word/term for each of the following descriptions by choosing a word/term from the list below. Write only the word/term next to the question number (2.3.1–2.3.10).

Vendor; VAT; Credit card; Business plan; Current account; Income statement; periodic system; Teller; Cost price; EFT; Income Tax; Stop order

2.3.1 An indirect tax levied on goods and services.

2.3.2 A business that has registered with SARS to pay VAT.

2.3.3 A summary of a business's financial performance during an accounting period.

2.3.4 The document that sets out the objectives and financial strategy of a business.

2.3.5 It allows a person to pay for goods and services without providing cash.

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2.3.6 An instruction issued to the bank to make a series of future-dated recurring payments to a particular person or business.

2.3.7 A stock system that determines the cost of sales at the end of the financial period after a physical stock take is conducted.

2.3.8 The electronic transfer of money from one bank account to another via a computer-based system.

2.3.9 The price that a retailer pays for an item.

2.3.10 A person who receives and pays out money at a bank.

(10 × 1) (10)
[30]

TOTAL SECTION A: 50

NC1260

SECTION B

QUESTION 3

3.1 Two friends, Peter and Pan, started a business called P&P Traders. They do not have any business experience and requested you to assist them in some financial matters.

Study the bank statement below, for the first month of business and answer the questions that follow:

ABSA BANK
BANK STATEMENT

P&P Traders
29 White Ribbon Street
Delmas
2210

Statement no.: 01
Account no.: 031038832
Date: 30 June 2017

DATE	DETAIL	DEBIT	CREDIT	BALANCE
01/06/17	Balance b/f			146 258.66
04/06/17	Dep 001		13 450.00	159 708.66
09/06/17	Cheque no. 101	1 485.22		158 223.44
13/06/17	Cheque no. 108	789.12		157 434.32
18/06/17	Service fees	56.25		157 378.07
21/06/17	Dep 002		21 123.00	178 501.07
23/06/17	Interest on current acc		156.25	??
26/06/17	Cheque book	152.00		??
29/06/17	Debit order: Multichoice	789.00		??

3.1.1 What type of account does P&P Traders have at Absa bank? Give ONE reason for your answer. (2)

3.1.2 Calculate the bank charges for June 2017. (2)

3.1.3 Briefly explain the debit order transaction on 29 June 2017. (2)

3.1.4 Calculate the bank balance on 30 June 2017. Show ALL workings. (4)

3.1.5 Is the balance calculated in QUESTION 3.1.4 above, favourable or unfavourable? Give ONE reason for your answer. (2)

3.1.6 Did the business receive or pay the interest on 23 June 2017? (1)

3.1.7 In which financial statement will the interest referred to in QUESTION 3.1.6 above, be recorded? (1)

3.1.8 Calculate the total value of the cheques that were presented for payment in June 2017. (2)

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3.1.9 Calculate the total value of the deposits for June 2017. (2)

3.1.10 In which subsidiary journal are the deposits recorded? (1)

3.2 Identify the subsidiary journal and a source document for each of the transactions listed below. Write only the answer next to the question number (3.2.1–3.2.8).

TRANSACTION	SUBSIDIARY JOURNAL	SOURCE DOCUMENT
Credit sales of stock	3.2.1	3.2.2
Returns of stock to suppliers	3.2.3	3.2.4
Payments made by cheque	3.2.5	3.2.6
Small payments made in cash	3.2.7	3.2.8
Credit purchases of stock	3.2.9	3.2.10

(10)

3.3 Name THREE sections of the cash flow statement. (3)

3.4 Suggest TWO ways that P&P Traders can use to manage their assets in the business. (2)

3.5 Briefly define the following terms and give an example of each:

3.5.1 Non-current assets

3.5.2 Current liabilities

3.5.3 Current assets

(3 × 2) (6)

[40]

QUESTION 4

4.1 Silver Moon Enterprises bought goods for R2 700 (excluding VAT) from their supplier. They sold the goods to Bontle Traders for R4 617 (including VAT).

4.1.1 Calculate the input VAT for Silver Moon Enterprises. (2)

4.1.2 Calculate the output tax collected from Bontle Traders. (2)

4.1.3 Calculate the amount payable to or refundable by SARS for Silver Moon Enterprises. Clearly state if the amount is payable or refundable. (3)

4.1.4 Bontle Traders returned 5% of the goods as they were damaged. Calculate the value of this return. (2)

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4.2 P&P Traders bought merchandise from Macro Suppliers on 15 June 2017 for R59 500 including VAT. Macro Suppliers allow a 7.5% discount to all customers who pay within 30 days from the date of invoice.

4.2.1 How much will P&P Traders save if it settles this invoice on 30 June 2017? (2)

4.2.2 Calculate the amount payable after the discount. (2)

4.2.3 What is the last date that P&P Traders has to settle this invoice in order to qualify for the 7.5% discount? (1)

4.3 List TWO advantages of using electronic equipment. (2)

4.4 List ONE way in which a business can register for VAT purposes. (1)

4.5 List ONE example of each:

4.5.1 VAT exempt item

4.5.2 VAT standard item

4.5.3 VAT zero-rated item

(3 × 1) (3)
[20]

QUESTION 5

5.1 P&P Traders received money from their clients in the form of cheques, coins and bank notes. Assist Peter Plum in completing the deposit slip for the following amounts on the ANSWER SHEET (attached):

Cash received:

Notes	R66 450.00
Coins	R3.70

Cheques received:

DRAWER	BANK	BRANCH CODE	AMOUNT
1. N Nkosi	ABSA	004620	R2 784.60
2. B Bertrami	Standard Bank	052544	R11 005.00

Additional information:

Account number:	014785236	Date:	31 July 2017
Deposited by:	Peter Plum	Reference no:	DEP001
Tel:	013 258 9632		

(11)

5.2 Give ONE reason why is it important to issue a receipt to a person paying cash to a business. (1)

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5.3 Name TWO petty cash systems that businesses can use. (2)

5.4 Study the cheque below that P&P Traders issued and answer the questions that follow:

ABSA
22 Marshall Street
DELMAS
2210

No. 13 Date: 17 June ~~2016~~ 2017

Pay/Betaal: Agri Delmas

Amount/Bedrag: Fifteen thousand two hundred and forty two rand only R 15 240.00

P&P Traders

5.4.1 Identify THREE reasons why the bank will refuse to cash this cheque. (3)

5.4.2 Identify the drawer, drawee and payee on the cheque. (3)
[20]

QUESTION 6

6.1 Use the information below to prepare the Income Statement of P&P Traders for the year ended 31 August 2017:

Sales	520 000
Cost of sales	160 000
Interest received	5 000
Rent received	15 000
Sundry expenses	48 000
Stationery	550
Insurance	8 000
Salaries and wages	120 000
Water and electricity	60 000

(12)

6.2 Name ONE method that can be used by a business to reduce shrinkage. (1)

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6.3 An extract from the income statement of Pathudi CC appears below. As the bookkeeper, the owners want you to clarify some missing figures.

	R
Earnings before tax and interest	6.3.1
Interest paid	15 000
Earnings after interest and before tax	340 000
Taxation 25%	6.3.2
Earnings after tax	6.3.3

6.3.1 Calculate the earnings before tax and interest. (3)

6.3.2 Calculate the tax to be paid by the business. (2)

6.3.3 Calculate the earnings after tax. (2)
[20]

TOTAL SECTION B: 100
GRAND TOTAL: 150

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ANSWER SHEET

EXAMINATION NUMBER: | | | | | | | | | | | | | |

CENTRE NUMBER: | | | | | | | | | | | |

QUESTION 2.2

ABSA
DELMAS
DEPOSIT SLIP

Credit: _____ **Date:** _____

BANK STAMP	**Paid by:** _____ **Signature:** _____ **Tel: (____)**_____		**R**	**c**
		Notes		
		Coins		
		MO/PW and PO		
		Subtotal		

Drawer's name	**Bank**	**Branch name/code**		
		Total		
Account number		**Reference**		

(11)

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