higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE (VOCATIONAL)

FINANCIAL MANAGEMENT
NQF LEVEL 2

XX FEBRUARY 2020

This marking guideline consists of 7 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	D		
	1.1.2	A		
	1.1.3	B		
	1.1.4	C		
	1.1.5	C		
	1.1.6	B		
	1.1.7	D		
	1.1.8	A		
	1.1.9	C		
	1.1.10	C		
	1.1.11	C		
	1.1.12	A		
	1.1.13	B		
	1.1.14	D		
	1.1.15	B		
			(15 × 1)	(15)
1.2	1.2.1	F		
	1.2.2	A		
	1.2.3	H		
	1.2.4	C		
	1.2.5	K		
	1.2.6	B		
	1.2.7	I		
	1.2.8	G		
	1.2.9	J		
	1.2.10	M		
			(10 × 1)	(10)
				[25]

QUESTION 2

2.1	2.1.1	False		
	2.1.2	True		
	2.1.3	True		
	2.1.4	True		
	2.1.5	True		
	2.1.6	True		
	2.1.7	False		
	2.1.8	False		
	2.1.9	True		
	2.1.10	False		
			(10 × 1)	(10)

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2.2
2.2.1 receipts
2.2.2 operating
2.2.3 nominal
2.2.4 0%
2.2.5 fifth
2.2.6 savings
2.2.7 receipt
2.2.8 float
2.2.9 computerised
2.2.10 back-ups
2.2.11 source
2.2.12 VAT201
2.2.13 discount
2.2.14 financial statements
2.1.15 shrinkage

(15 × 1) (15)
[25]

TOTAL SECTION A: 50

QUESTION 3

3.1 3.1.1 Assets purchased by the business to be used over a long period of time to produce income.✓ They cannot be easily converted to cash✓ e.g. buildings✓ and equipment. (3)

3.1.2 These are the assets used by the business for trading in a business cycle.✓ Current assets do not last long✓ e.g. stock,✓ cash and debtors. (3)

3.2
- A business plan is a document that sets out:
  - the objectives and financial strategy of a business venture
  - the products or service to be produced or supplied
  - the estimated market
  - the turnover, profit and return for investors
  - executive summary
  - financial projections (Any 4 × 1) (4)

3.3 Stop order – it is a regular payment of the same amount✓ over a long period of time debited in the account of the buyer and credited in the account of the business/person you are paying.✓
Debit order – is when a client authorised the bank to pay accounts✓ of amounts that vary/differ every month.✓ (2 × 2) (4)

3.4
- The manual system is time consuming – takes a long time to write down each transaction.
- Different books are needed for different journals.
- A lot of space is needed for different journals.
- Journals can get lost.
- Mistakes can occur when posting to the ledger. (Any 2 × 1) (2)

3.5 3.5.1 Cost of sales = Opening stock + Purchases – Closing stock
= R120 000✓ + R260 000✓ – R132 000✓
= R248 000 (3)

3.5.2 Gross income = Gross profit✓ + Other income✓ (2)

3.5.3 R663 000 – (R350 000✓ + R180 000✓ + R12 400 + R20 600)✓
= R100 000✓ (4)

3.5.4 Turnover (1)

3.5.5 The purpose of the income statement is to evaluate the financial performance of a business✓ and to determine whether the business is profitable for a financial period.✓ (2)

3.6 3.6.1
- A decrease in the cost of sales
- An increase in sales
- An increase in the prices charged by the suppliers. (Any 2 × 2) (4)

3.6.2
- There is a decline in the amount of net profit.
- The business has more expenses than income.
- The business is not generating enough income to cover their expenses. (3)

3.7 3.7.1
- Rent expense
- Advertising (2)

3.7.2
- Record all assets in the assets register.
- Ensure that all assets that are no longer of value to the business are disposed of.
- Ensure that all costs incurred in relation to assets are recorded in the business' books. (Any 2 × 1) (2)

3.7.3 Loan: Peoples Bank (1)
[40]

QUESTION 4

4.1 4.1.1 $\frac{\text{R3 625 – R2 500}✓}{\text{R2 500}✓} \times 100$

= 45%✓ (3)

4.1.2 R2 500✓ × $\frac{15✓}{100}$

= R375✓ (3)

4.1.3 R3 625✓ × $\frac{15✓}{100}$

= R543,75✓ (3)

4.1.4 Yes,✓ the business will pay SARS as they owe SARS because the output VAT is more than the input VAT.✓✓ (3)

4.2 Keyboard entries
Touch screen entries
Scanning barcodes (2)

4.3 4.3.1 R78 500 × 2,5%

= R1 962,50✓

R78 500 – R1 962,50 ✓

= R76 537,50✓ (3)

OR R78 500✓× 97,5% ✓

= R76 537,50✓

4.3.2 R78 500 × 5%✓

=R3 925✓ (2)

4.3.3
- Bigger inflow of cash
- Increase the turnover
- Have more money to purchase stock
- More money in the bank to earn interest
- Business will have additional finance for extending activities
- Discount on cash sales helps to get rid of old stock (Any ONE) (1)

[20]

QUESTION 5

5.1

PEOPLES BANK
DEVON
DEPOSIT SLIP

Credit: Extreme Games✓½ **Date:** 16 November 2018✓½

BANK STAMP	Paid by: Toy Small Signature: T SMALL ✓ Tel: (___)_____		R	c
		Notes	✓200	00
		Coins		
		MO/PW and PO		
		Subtotal	✓200	00

Drawer's name	Bank	Branch name/code		
Drops of Water ✓	BB Bank ✓	Delmas✓	✓6 000	00
		Total	✓6 200	00

Account number✓½	0	6	7	5	2	3	8	0	3	Reference✓½	N	O	V	1	8

(10)

5.1.2
- Documents serve as proof to auditors that the accounting entries have been done correctly.
- Documents are permanent records of completed transactions.
- Documents provide proof in case any queries should arise.

(Any 2 × 1) (2)

5.2 5.2.1 Bearer cheque – this cheque is payable to anyone who presents it for payment at the bank. (2)

5.2.2 Order cheque – if the words 'or bearer' are crossed out and the word 'order' is written above it, then only the person/business to whom the cheque is payable can receive the money. (2)

5.3
- No staff member must be allowed to borrow money from petty cash.
- A senior staff member must regularly check that the actual amount of cash in the petty cash box balances with the entries.
- All petty cash vouchers must be audited to ensure that the payments are authorized and valid.
- Regular inspection must be carried out to ensure that the necessary precautions regarding the safekeeping of the money are adhere to.

(Any 2 × 1) (2)

5.4
- Imprest system
- System of varying balances (Any 2 × 1) (2)

[20]

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QUESTION 6

6.1 6.1.1 Selling price: R90 × 200/100 = R180

Sales (15 × R180)	R2 700✓
Less: Cost of sales	(R1 440)✓
Opening stock	0
+Purchases(20 × R90)	R1 800✓
-Closing stock(4 × R90)	(R360)✓
Gross profit	R1 260✓

(5)

6.1.2 Selling price: R90 × 200/100 = R180

Sales (15 × R180)	R2 700✓
Less: Cost of sales	(R1 350)✓
Opening stock	0
+Purchases (20 × R90)	R1 800✓
-Closing stock (5 × R90)	(R 450)✓
Gross profit	R1 350✓

(5)

6.1.3 Negative✓ or it reduces the amount of gross profit. (1)

6.2
- Storage charges
- Warehouse storage costs
- Insurance of stock
- Transportation costs
- Breakage costs

(Any 3 × 1) (3)

6.3 $\frac{\text{Total expenses}✓}{\text{Sales}✓} \times 100$ (2)

6.4
- Stock control through budgeting✓ – By using historical financial statement information when compiling a new budget, over-buying of stock can be prevented. This results in less stock than can be damaged, and better stock control.✓
- Stock control through a stock system✓ – Cost of stock sold must be calculated to determine the value of the stock on hand. This ensures physical control and provide information to the manager or owner.✓
- Stock control through physical control✓ – A physical count shows how much stock is on hand.✓
- Stock control through managing stock processes✓ – Stock manager advises the financial manager when to buy and also how much.✓

(Any 2 × 2) (4)

[20]

TOTAL SECTION B: 100
GRAND TOTAL: 150

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