higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

FINANCIAL MANAGEMENT
NQF LEVEL 2

(3011012)

26 November 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. This question paper consists of FIVE questions.
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. Amounts must be rounded off to TWO decimal places.
7. Use only BLACK or BLUE ink.
8. Where applicable, VAT is charged at 14%.
9. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 Give ONE word or a term for each of the following descriptions by choosing a word or term from the list below. Write only the word or term next to the question number (1.1.1–1.1.10).

cash flow statement; input VAT; working capital; cash book; commission; discount received; gross profit; business plan; gross income; inventory; bank charges; income statement; output VAT; current account

1.1.1 A document that sets out the objectives and financial strategy of a business venture

1.1.2 The total income of a business before expenses have been deducted

1.1.3 Money needed by a business to pay for everyday expenses

1.1.4 The stock of a business

1.1.5 Fees charged by banks for services they provide

1.1.6 A report showing the flow of money in and out of a business over a period of time

1.1.7 A reduction in the amount payable to a supplier

1.1.8 VAT paid to suppliers on purchases

1.1.9 A bank account from which cheque payments can be made

1.1.10 A journal that contains a business' cash receipts and payments

(10 × 1) (10)

1.2 Complete the following sentences by writing down only the missing word or words next to the question number (1.2.1–1.2.10).

1.2.1 Insurance is an example of … in a business.

1.2.2 … is another term for the turnover of a business.

1.2.3 An accounting ….. performs a variety of general accounting support tasks in the accounting department of a business.

1.2.4 Shrinkages will … the profits of a business.

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1.2.5 A … cheque is one that is dated more than six months in advance.

1.2.6 A/An … cheque is signed at the back, indicating that it can be paid to a third party.

1.2.7 A … is a document that confirms that payment has been received.

1.2.8 A credit facility offered by the banks allowing an account holder to withdraw more money than is actually in the account, is known as an ...

1.2.9 A form of business ownership in which the business is restricted to have only one owner is called a …

1.2.10 An … statement shows the financial performance of a business.

(10 × 1) (10)

1.3 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 (1.3.1–1.3.10) in the ANSWER BOOK.

1.3.1 A document that provides information about the business's bank account:

A Cheque account
B Balance sheet
C Deposit book
D Bank statement

1.3.2 Most businesses use … to make cash payments.

A cheques
B invoices
C receipts
D bank notes

1.3.3 A/An … shows the financial position of a business.

A income statement
B cash flow statement
C balance sheet
D general journal

1.3.4 A business will complete a … when it is depositing money into its bank account.

A duplicate receipt
B deposit slip
C cash receipts journal
D bank statement

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1.3.5 A … is a document issued to a supplier by a business, indicating that the supplier's account has been reduced.

A tax invoice
B credit note
C debit note
D journal voucher

1.3.6 … is loss of stock through theft, breakage or obsolescence.

A Theft
B Obsolete stock
C Shrinkage
D Stock rotation

1.3.7 One of the following is an example of an income in a business:

A Telephone
B Interest on current account
C Service fees
D Advertising

1.3.8 A … is an instruction given to a bank to deduct money from the holder's account to make regular, fixed payments on the holder's behalf:

A bank charges
B debit order
C debit note
D bank overdraft

1.3.9 … VAT is received from a business' customers.

A Expense
B Input
C Refundable
D Output

1.3.10 Fresh fruit and vegetables, rice and milk are supplies of ... items.

A standard-rated
B rated at 14%
C tax-exempt
D zero-rated

(10 × 1) (10)

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1.4 Choose a word from COLUMN B that matches a description in COLUMN A. Write only the letter (A–N) next to the question number (1.4.1 –1.4.10)

COLUMN A		COLUMN B	
1.4.1	The income of the business after deducting the operating expenses	A	payable to SARS
1.4.2	The long term possessions of a business	B	stationery
1.4.3	When output VAT is greater than input VAT	C	net profit
1.4.4	An example of operating expense	D	cheque counterfoil
1.4.5	That part of the cheque that remains with the business after it makes a cheque payment	E	mark up
1.4.6	The amount added to the cost price of goods to determine the selling price	F	income tax
1.4.7	Indirect tax	G	gross income
1.4.8	A person who records the financial transactions of the business	H	mark down
1.4.9	This account provides a higher rate of interest than a savings account	I	petty cash
1.4.10	Money kept in the business to purchase small items such as tea or coffee	J	bookkeeper
		K	non-current assets
		L	fixed deposit
		M	cheque
		N	VAT

(10 × 1) (10)

1.5 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (1.5.1 – 1.5.10).

1.5.1 A savings account holder can make cheque payments from this account.

1.5.2 A profit forecast is an estimation of the future profits of a business.

1.5.3 The amount due to the supplier is referred to as the credit term.

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1.5.4 A trade discount is granted by a debtor to a business.

1.5.5 A business should always ensure that it a safe place to store its cash before banking.

1.5.6 In the imprest system of petty cash, the opening balance on the petty cash account differs each month.

1.5.7 A deposit slip is completed when cash is deposited into a bank account.

1.5.8 A business may register voluntarily as a VAT vendor if its turnover for twelve consecutive months exceeds R1 000 000.

1.5.9 The main goal of every business is to open up a bank account.

1.5.10 The personal and confidential information of the owner appears on the bank statement of the business.

(10 × 1) (10)
[50]

TOTAL SECTION A: 50

NCV

SECTION B

QUESTION 2

2.1 Study the following balance sheet and answer the questions.

Balance sheet of Financial Aid Suppliers on 30 June 2017

ASSETS	Notes	R	R
Non-current assets			1 290 000
Land and buildings		970 000	
Vehicles		220 000	
Equipment		100 000	
			50 000
Financial assets			
Fixed deposit: ABSA (8% p.a.)		50 000	
Current assets			???
Trading stock		21 000	
Debtors' control		16 500	
Cash and cash equivalents		4 500	
TOTAL ASSETS			**1 382 000**
EQUITY AND LIABILITIES			
Owner's equity			1 146 000
Non-current liabilities			
Loan: Standard Bank (10% p.a.)			100 000
Current liabilities			
Creditors' control		90 000	136 000
Bank overdraft		46 000	
TOTAL EQUITY AND LIABILITIES			**1 382 000**

2.1.1 Calculate the value of the current assets. (4)

2.1.2 At which bank does the business have a fixed deposit? (1)

2.1.3 Calculate the interest that the business will receive on the fixed deposit at the end of the financial year. The fixed deposit was taken out on 1 July 2016. (3)

2.1.4 What is the value of the business' long-term debt? (1)

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2.1.5 Who granted the business this long-term debt? (1)

2.1.6 What interest rate is the business paying on its long term debt? (1)

2.1.7 Does the business have a positive or negative bank balance? (1)

2.1.8 Give ONE reason to support your answer in QUESTION 2.1.7 above. (2)

2.2 Give TWO reasons why banks charge service fees. (2 × 2) (4)

2.3 Name any THREE subsidiary journals that a business uses to record its transactions. (3 × 2) (6)

2.4 Briefly explain the difference between *start-up capital* and *working capital.* (4)

2.5 Give TWO guidelines on how a business can manage its liabilities. (2 × 2) (4)

2.6 What is the purpose of the cash flow statement? (2)

2.7 Name the THREE sections in a cash flow statement. (3 × 2) (6)

[40]

QUESTION 3

3.1 Briefly describe the term *Input VAT*. (2)

3.2 Luthando buys cookies from a wholesaler for R26 (VAT exclusive) per box. She sells them at a profit of 25%.

Calculate the following, showing all your calculations (assume that VAT is charged at 14% AND round off your answers to 2 decimals):

3.2.1 Cost price including VAT

3.2.2 Profit

3.2.3 Selling price (VAT exclusive)

3.2.4 VAT on the selling price

3.2.5 Selling price including VAT (5 × 2) (10)

3.3 Yebo Traders bought goods from Shisa Shop for R6 500 (VAT inclusive) and received a discount of 5%.

Calculate the price that Yebo Traders paid for the goods, after the discount. (4)

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3.4 Differentiate between the following with regards to VAT:

3.4.1 Exempt items

3.4.2 Zero-rated items (2 × 2) (4)
[20]

QUESTION 4

4.1 Study the petty cash journal below and answer the questions that follow:

Petty Cash Journal of Financial Aid Suppliers – June 2017 PCJ 06

DOC	DAY	DETAILS	PETTY CASH	POSTAGE	WAGES	SUNDRY ACCOUNTS	
						AMOUNT	DETAILS
V1	1	Tea & coffee	170			170	Refreshments
V2	9	Stamps	28	28			
V3	21	Cleaning office	150		150		
V4	28	Receipt books	455			455	Stationery
			803	**28**	**150**	**625**	

Additional information:

- The business uses the imprest method and has an opening balance of R1 000 in its petty cash account on 1 June 2017.

4.1.1 Post the above petty cash journal to the petty cash account in the general ledger. (Use the ANSWER SHEET attached) (7)

4.1.2 Complete the cheque and cheque counterfoil that will be issued to restore the imprest amount on 30 June 2017. (Use the ANSWER SHEET attached) (7)

4.2 Name and briefly describe the THREE different parties involved in a cheque payment. (3 × 2) (6)
[20]

QUESTION 5

5.1 The following information was extracted from the records of Thabo Traders:

	2016	2017
Sales	900 000	750 000
Less cost of sales	???	???
Gross Profit	250 000	275 000
Expenses	210 000	170 000
Net Profit	40 000	???

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5.1.1 Calculate the cost of sales for 2016 and 2017. (4)

5.1.2 Calculate the net profit for 2017. (2)

5.1.3 What effect does expenses have on the profit of a business? (1)

5.2 Study the following information from the records of Smith and Sons and answer the questions.

Sales	1 520 000
Cost of sales	836 000
Telephone	44 000
Water and electricity	68 000
Current assets	75 000
Current liabilities	40 000
Interest paid	15 000
Interest received	8 000
Rent income	25 000
Wages	30 000

5.2.1 Calculate the gross income. (6)

5.2.2 Calculate the total operating expenses. (4)

5.3 Financial Aid Suppliers had opening sock of R122 000 and purchased trading stock to the value of R828 760 during the financial year ending 30 June 2017.

At the **end** of the financial year, the following information was extracted from the business' records:

- stock sold for R1 990 000
- the trading stock account showed a balance of R320 760

The physical stock count on 30 June 2017 reflected stock on hand at year end of R306 400.

Calculate the shrinkage on 30 June 2017.

(3)
[20]

TOTAL SECTION B: 100
GRAND TOTAL: 150

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ANSWERSHEET EXAMINATION NUMBER:

CENTRE NUMBER:

4.1 4.1.1

General Ledger of Financial Aid Suppliers
Petty Cash B08

(7)

4.1.2

Date:_____

Pay:_____

For:_____

_____

_____

This cheque:_____

10045

ABSA
17 Rissik Street
Johannesburg
2000

Date: _____

Pay/Betaal:_____

Amount/Bedrag: _____

_____

_____
Financial Aid Suppliers

10045 // 052544 // 031038832

(7)

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