higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

FINANCIAL MANAGEMENT
NQF LEVEL 3

(3011013)

11 December 2020 (Y-paper)
13:00–16:00

Nonprogrammable calculators may be used.

This question paper consists of 13 pages and an answer book of 17 pages.

553Q1N2011

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TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer all the questions on the attached ANSWER BOOK.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Show all calculations for marks to be allocated.
5. Use the table below as guide on how much time to spend on each question.
6. Use only a black or blue pen.
7. Write neatly and legibly.

QUESTION NUMBER	TOPIC	MARKS	RECOMMENDED TIME GUIDE
1	Short questions ALL topics	40	36
2	Calculate and record value-added tax transactions	40	36
3	Prepare the salaries/wages journal The petty cash system	40	36
4	Compile reconciliation statement Debtors/creditors reconciliation	40	36
5	Basic manual administration of noncurrent assets Debtors ledger	40	36
	TOTAL	**200**	**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 All documents and records related to tax calculations must be stored for a period of … years according to legislation.

A five
B three
C six
D two

1.1.2 The total of a tax invoice of goods purchased for R3 210 (excluding VAT) is …

A R481,50
B R2 728,50
C R3 691,50
D R418,69

1.1.3 An outstanding cheque that is older than six months is a/an … cheque.

A debit
B stale
C post-dated
D honoured

1.1.4 A/An … is a document that validates the purchases of small items.

A cheque counterfoil
B tax invoice
C original receipt
D petty cash voucher

1.1.5 Public education services is an example of … services.

A zero-rated
B standard-rated
C VAT-exempt
D current-rated

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1.1.6 … are fees deducted according to the bank statement for services rendered by the financial institution.

A Bank charges
B Interest on loans
C Financial charges
D Sundry charges

1.1.7 The Crown (Pty) Ltd is a category C VAT vendor with a turnover of over thirty million rand per year. Their tax return period will be …

A two-monthly.
B six-monthly.
C monthly.
D four-monthly.

1.1.8 The … journal is used for recording all small amount transactions.

A cash payments
B petty cash
C cash receipts
D creditors

1.1.9 Which ONE of the following does not form part of the nominal section in the trial balance?

A Sales
B Wages
C Capital
D Salaries

1.1.10 A tax invoice was issued to T. Trevors for R6 500 (VAT inclusive).

The VAT exclusive price is …

A R847,82
B R5 652,18
C R975
D R5 525

(10 × 1) (10)

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1.2 Choose the correct option from those given in brackets. Write only the answer next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

1.2.1 The (input/output) VAT is the amount of VAT charged by the business on goods sold to customers.

1.2.2 Exempt supplier vendors (can/cannot) claim input VAT paid on purchases.

1.2.3 (VAT/PAYE) tax is a compulsory statutory amount payable by every employee.

1.2.4 (Wages/Salaries) is a remuneration usually calculated on the number of hours worked and is normally paid per week.

1.2.5 Deposits in the bank statement are also known as the (credit/debit) amounts.

1.2.6 When input VAT is more than output VAT, the difference will be (payable/refundable).

1.2.7 The (Cash receipts/Cash payments) journal will be compared with the debits on the bank statement.

1.2.8 The method where every month is started with a fixed amount of money in the petty cash box, is known as the (imprest/balance varying) system.

1.2.9 Interest on the overdraft indicated on a bank statement is an (income/expense) for the business.

1.2.10 A medical fund amount is a (voluntary/compulsory) deduction from an employee's salary.

(10 × 1) (10)

1.3 Complete the following sentences by writing only the missing word or words next to the question number (1.3.1–1.3.10) in the ANSWER BOOK.

1.3.1 VAT totals from supplementary journals are recorded in the …, in the general ledger.

1.3.2 A/An … is received from a financial institution showing a record of debits and credits of the business.

1.3.3 A list of balances of customers with outstanding credit is compiled from the … ledger.

1.3.4 The current standard rate of VAT in South Africa is …

1.3.5 The gross wage minus total deductions is called the …

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1.3.6 A pension fund deduction is always calculated on the … salary or wage of an employee.

1.3.7 A business that is registered for VAT purposes is known as a/an …

1.3.8 An individual's gross salary less pension fund contribution is called the … income.

1.3.9 An indirect tax levied by the government on goods and services is called …

1.3.10 A/An … can be identified when comparing the creditor's control account to the creditor's list.

(10 × 1) (10)

1.4 Choose an item from the list below that matches each of the following descriptions. Write only the answer next to the question number (1.4.1–1.4.10) in the ANSWER BOOK.

debit order; cash float; post-dated; tax invoice; trade discount; debtor; credit; negotiable; VAT201; debit; reconciliation; creditors allowances journal

1.4.1 A return for remittance to SARS is done by completing this form

1.4.2 An individual who owes the business money

1.4.3 This document contains a list of goods or services supplied to a business together with the prices

1.4.4 The process of matching and comparing figures from accounting records against those in the bank statement

1.4.5 Input tax is recorded on this side of the VAT control account

1.4.6 The sum of money kept in the business to provide change

1.4.7 A cheque that represents a promise to credit the business later

1.4.8 A reduction in price between the manufacturer and a distributor

1.4.9 An instruction to the bank to deduct money and pay it to a specific beneficiary

1.4.10 It is used to record all returns of goods and services to suppliers

(10 × 1) (10)

[40]

TOTAL SECTION A: 40

SECTION B

QUESTION 2

Lalapanzi Traders is a registered VAT vendor. It records VAT at 15% on the invoice basis.

NOTE: Lalapanzi Traders does not make use of separate VAT input and output accounts, but posts directly to the VAT control account.

All amounts are *VAT exclusive*.

TRANSACTIONS

Jan 2019	02	Paid R3 500 by cheque no. 100 for water and electricity to Thulamela Municipality.
	05	Received a cash invoice for R28 500 from HT Wholesalers, for goods bought and paid by cheque no. 101.
	07	Cash sales of merchandise according to the cash register roll, R15 200. Cost of sales R10 200.
	10	An original receipt was issued to BS Arnold for goods sold for cash R5 600. Cost of sales R3 250.
	12	An original invoice no. 25 was issued to H. Hobwane for merchandise sold on credit, R3 150. Cost of sales R1 230.
	18	An original invoice no.15 was received from Maanda (Pty) Ltd for goods bought on credit, R4 550.
	22	Cheque no. 102 was issued for wages, R3 500.
	27	Duplicate debit note no. 65 was issued to Maanda (Pty) Ltd for goods not according to specification, R1 250.
	30	Issued a credit note no. 12 to H. Hobwane for goods returned, R650. Cost of sales R320.

REQUIRED

2.1 Record the transactions above in the appropriate subsidiary journals for January 2019. Total the VAT columns only in all journals at the end of the month. (32)

2.2 Post ONLY to the VAT control account in the general ledger. Balance the account at the end of the month. (8)

[40]

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QUESTION 3

3.1 The following information is provided to prepare the wages journal of Wisdom Practice Ltd.

The employees are paid an hourly rate for a working week of 40 hours.

Details of hours worked and remuneration for the week ending 30 June 2019:

Names	Marital status	Hours clocked	Normal rate per hour	Overtime rate
J. Mtati	Single	55	R75	1,5 times normal rate
R. Rooney	Married with 2 kids	48	R80	Double normal rate

DEDUCTIONS

- Tax (PAYE): 18% of taxable income.
- Medical aid contributions are deducted as follows:

– R200 per week for single persons.

– R100 per week for married persons and an additional contribution of R65 per dependent.

- Pension fund: 7,5% of normal wage of employee. The employer contributes R2 for every R1 contributed by the employee.
- Medical aid: Employer contributes R2,50 for every R1 contributed by the employee.
- UIF: 1% of gross income of employee. The employer contributes the same percentage.

REQUIRED

Complete the wages journal for Wisdom Practice Ltd for the week ending 30 June 2019. Do not total the wages journal columns.

NOTE: Round off figures to TWO decimals.

No posting is required. (21)

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3.2 The petty cash transactions below are taken from the books of Pramjee Ltd for the month of June 2019. The business uses the imprest system method.

NOTE: Applicable amounts are VAT inclusive.

June 2019	03	Bought a broom from Clickets for R150 and issued petty cash voucher no. 01.
	08	Purchased pens and pencils from CAN for R65 and issued petty cash voucher no. 02.
	10	Cold drinks, tea and coffee were purchased for visitors of the company for R110 and petty cash voucher no. 03 was issued.
	14	Sent a parcel by mail and paid R45. Issued petty cash voucher no. 04.
	28	Petty cash voucher no. 05 for R100, was issued to pay a local worker to clean the business yard.

REQUIRED

3.2.1 Complete the petty cash journal of Pramjee Ltd for June 2019. Total ONLY the petty cash column. (13)

3.2.2 Post to the petty cash account in the general ledger and balance the account at the end of the month. Restore the imprest amount.

NOTE: On 1 June 2019 a cash cheque of R1 000 was issued to the petty cashier. (6)

[40]

QUESTION 4

Blue Bird Suppliers has provided the following information for their financial year ending 30 November 2019:

INFORMATION

1. There is a debit balance according to the bank account: R18 350.

2. The cash receipts journal shows a bank column total of R436 160 and the cash payments journal has a bank column total of R692 130 on 30 November 2019.

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3. A comparison of the bank statement with the cash book on 30 November 2019 revealed the following differences:

(a) The bank statement showed a debit balance of R230 180.

(b) The bank had not yet credited a deposit of R7 800, which was made on 30 November 2019.

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

No. 908	R3 780
No. 912	R14 060

(d) T. Budd deposited R2 500 directly into the current account of the business, in payment of his rent account.

(e) The bank has debited the current account of Blue Bird Suppliers with the following amounts:

Service fees	R790
Tax levies	R35
Interest on overdraft	R155

(f) A cheque of R1 700 received from a debtor, P. Mavhungu, has been dishonoured due to insufficient funds.

(g) The bank statement shows a stop order of R1 750, in favour of MTN for business calls.

(h) An amount of R670, paid to Bakwena CC, was in settlement of an account and debited on the bank statement.

REQUIRED

4.1 Make supplementary entries in the cash receipts journal and cash payments journal. Total only the bank column in both journals on 30 November 2019. (16)

4.2 Post to the bank account in the general ledger and balance the bank account. (4)

4.3 Prepare the bank reconciliation statement of Blue Bird Suppliers for November 2019. (6)

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4.4 The following information was taken from the books of Debra More Stores for July 2019. Ignore VAT for this question.

Debtors control	R9 840
List of debtors	R9 440
Creditors control	R4 520
List of creditors	R4 221

Discrepancies and mistakes were found during the month of July 2019 as follows:

(a) The total of the debtors control column of R300 in the cash receipts journal, was incorrectly posted to the debit side of the debtors control account.

(b) A debit note of R51 in the creditors allowances journal was not posted to the creditors ledger account.

(c) The account of a debtor in the debtor's ledger was balanced incorrectly. The balance should be R650 and not R550.

(d) The creditors control column in the creditor's journal was incorrectly added as R170 instead of R160 and posted as such.

(e) The balance of a creditors ledger account was omitted from the list of creditors, R340.

REQUIRED

Make use of the information above to make the appropriate entries.

4.4.1 Make the necessary corrections to reconcile the lists with the control accounts. Write the answer next to the letter (a–e) in the correct column(s).

FOR EXAMPLE:
The total of the sales column was entered incorrectly in the debtors control by R200. Correct the error.

Debtors control		List of debtors		Creditors control		List of creditors	
Debit	**Credit**	**Debit**	**Credit**	**Debit**	**Credit**	**Debit**	**Credit**
200							

(5)

4.4.2 Calculate the final balances and totals of the Debtors control, List of debtors, Creditors control and List of creditors. (9)

[40]

QUESTION 5

5.1 The information below was taken from the asset register of Deli Curry Restaurant. Ignore VAT for this question.

The policy of the organisation is to depreciate all equipment at a rate of 15% per annum using the straight-line method. The financial year ends on 30 October 2019.

Asset description	Defy washing machine
Bought from	Game Stores
Asset registration no.	DWD1589
Date purchased	1 June 2017
Cost price	R25 000

Complete the asset register for Deli Curry Restaurant. (16)

5.2 The following information appeared in the books of M. Mbado for the financial year ending 28 February 2019.

Their books indicated the following balances at the financial year end:

Equipment R145 500
Accumulated depreciation R50 700

On 28 February 2019, the business sold one of their industrial copiers with a cost price of R60 200. The accumulated depreciation at the time of sale was R38 000. An amount of R15 600 was received in cash for the sale.

REQUIRED

Use the information above to complete the following accounts:

5.2.1 Office equipment (5)

5.2.2 Accumulated depreciation (5)

5.2.3 Asset disposal (6)

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5.3 Study the debtor's ledger of WE Recycle below and answer the questions.

DEBTORS LEDGER OF WE RECYCLE D1

Date	Details	Journal	Debit	Credit	Balance
May 1	Account rendered	b/d			5 600
4	Invoice 121	DJ	300		
6	Credit note CC10	DAJ		150	
8	Journal voucher	GJ	75		5 825
20	Receipt 201	CRJ		2 300	

5.3.1 Explain the transaction on 4 May.

5.3.2 Explain the transaction on 6 May.

5.3.3 Explain the transaction that occurred on 8 May.

5.3.4 Calculate the balance on 20 May.

(4 × 2) (8)
[40]

TOTAL SECTION B: 160
GRAND TOTAL: 200

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