higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

FINANCIAL MANAGEMENT
NQF LEVEL 3

(3011013)

13 March 2018 (X-paper)
09:00–12:00

Nonprogrammable calculators may be used.

This question paper consists of 13 pages and an answer book of 19 pages.

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TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. Answer ALL the questions in the attached ANSWER BOOK.
3. Read ALL the questions carefully.
4. Show ALL calculations for marks to be allocated.
5. Use pens with BLUE or BLACK ink only.
6. Write neatly and legibly.
7. Use the table below to guide you on the time you should spend on each question.

QUESTION NUMBER	TOPIC	MARKS	RECOMMENDED TIME GUIDE
1	Short questions (multiple choice, match the column and choose the missing word(s)) ALL topics are integrated	40	36
2	Calculate and record value-added tax transactions	40	36
3	Prepare salaries and wages journals Petty cash system	40	36
4	Compile reconciliation statement	40	36
5	Basic manual administration of non-current assets	40	36
	TOTAL	**200**	**180 minutes**

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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 Which ONE of the following subsidiary journals is used to record cheque payments?

A Creditors journal
B Cash receipts journal
C Cash payments journal
D Petty cash journal

1.1.2 The method of calculating depreciation, when the depreciation amount is the same each year, is known as the …

A diminishing balance method.
B straight-line method.
C cost less accumulated depreciation method.
D carrying amount less depreciation method.

1.1.3 What will the amount be to restore the imprest petty cash amount of R500,00 if the total expenditure for the month amounts to R175,00?

A R325,00
B R675,00
C R175,00
D R500,00

1.1.4 Which ONE of the following CANNOT be categorised as non-current assets?

A Land and buildings
B Tables and chairs
C Capital
D Vehicles

1.1.5 Financial service fees, like a withdrawal cost, form part of …

A creditors' expenditure.
B insurance costs.
C debtors' income.
D bank charges.

1.1.6 Which ONE of the following deductions is voluntary for employees?

A PAYE
B Social/sports club fees
C Medical aid
D Pension fund

1.1.7 How much VAT is charged on an inclusive amount of R5 650,00?

A R693.86
B R791.00
C R690.00
D R790.00

1.1.8 When a business makes a payment to a creditor, the creditors control will be …

A added.
B debited.
C credited.
D recorded.

1.1.9 An employee's gross salary less pension fund is called the …

A net salary.
B gross income.
C taxable income.
D deduction.

1.1.10 Total assets minus total liabilities is equal to …

A owner's equity.
B current assets.
C non-current assets.
D capital assets.

(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) in the ANSWER BOOK.

1.2.1 (Output/Input) VAT is the amount that the business receives on goods and services sold to customers.

1.2.2 The hours worked beyond the agreed working hours is called (normal/overtime) hours.

1.2.3 (Current/Non-current) assets cannot be converted into cash easily.

1.2.4 Credit entries on the bank statement are the (deposits/ withdrawals) on the current account of the business.

1.2.5 (Early/Trade) discounts are deducted from an amount before VAT is added to the selling price.

1.2.6 (Input/Output) VAT appears in the cash payments journal.

1.2.7 The (gross/net) salary is the final remuneration received by an employee.

1.2.8 Employee tax is (compulsory/not compulsory) for everyone earning a wage or salary.

1.2.9 (Financial services/Exported goods) are VAT-exempt supplies.

1.2.10 An incorrect posting to the general ledger account is called a (reconciliation/discrepancy).

(10 × 1) (10)

1.3 Choose a/an word/item from COLUMN B that matches a description in COLUMN A. Write only the letter (A–L) next to the question number (1.3.1–1.3.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.3.1	The sale of an asset for less than its book value	A	cash receipts journal
1.3.2	Payments received from debtors are recorded in this journal	B	creditor
1.3.3	The damage of assets that builds up from continuous use	C	VAT return
1.3.4	This document indicates the bank charges in a business	D	asset disposal
1.3.5	A pension fund is a typical example	E	dishonoured cheque
1.3.6	A source document only used within the business	F	wear and tear
1.3.7	A cheque marked “return to drawer”	G	deduction
1.3.8	The process of selling a non-current asset	H	loss on sale
1.3.9	A formal document that a vendor sends to SARS	I	internal document
1.3.10	An individual or supplier that is financially owed by the business	J	bank statement
		K	general journal
		L	wage payslip

(10 × 1) (10)

1.4 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 (1.4.1–1.4.10) in the ANSWER BOOK provided.

asset register; trial balance; six months; bank reconciliation; cash book; salvage value; debit note; imprest; carrying amount; debtor; skills development levy; credit note; taxable income

1.4.1 A scheme administered by the Department of Labour, for funding education and training of employees

1.4.2 Gross wages less allowable pension contributions

1.4.3 It records all assets owned by the business.

1.4.4 The method of topping up cash to restore the petty cash amount

1.4.5 A source document that serves as proof of goods returned by a customer

1.4.6 An individual who purchases goods on credit from a business

1.4.7 The process of matching and comparing cashbook and bank statement figures

1.4.8 It is prepared to test the accuracy of the double entry system once the general ledger accounts have been closed off.

1.4.9 The value of an asset after its useful life

1.4.10 The tax period for farming and agricultural businesses in South Africa whose turnover does not exceed R1 500 000

(10 × 1) (10)
[40]

TOTAL FOR SECTION A: 40

SECTION B

QUESTION 2

Sunny Side General Dealers is a registered VAT vendor. It records VAT at 14% on the invoice basis.

NOTE: Sunny Side General Dealers does not use separate VAT input and output accounts, but it posts directly to the VAT control account.

All amounts are VAT *exclusive*.

TRANSACTIONS

Feb 2016	3	Credit sales were made to A. Munzhe and invoice No. K130 was issued, R3 200,00 (cost of sales is R1 650,00).
	5	Paid the weekly wages per cheque No.112 for R5 000,00.
	8	Received invoice No. W121 from T. Thikho for goods bought on credit, R15 000,00.
	9	Zinhle, the owner, invested R20 000,00 from his personal savings in the business and received receipt No. 110.
	10	Cash sales according to the cash register are R12 300,00.
	11	Bought trading stock from Maemu Wholesalers for R4 550,00 and paid with cheque No. 113.
	15	Paid the city council for water and electricity, R785,00, and issued cheque No.114.
	20	Issued credit note No. J23 to A. Munzhe for R600,00 (cost of sales is R125,00).
	21	Returned stock to T. Thikho and received debit note No. X09 for R1 200,00.

Required: Round off all answers to TWO decimal places.

2.1 Record the transactions above in the appropriate subsidiary journals for February 2016. Total the VAT columns ONLY in ALL journals at the end of the month. (32)

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

[40]

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QUESTION 3

3.1 Use the following employee information to prepare the wages journal for King Golden Builders for the week ended 14 October 2016:

Name	Marital status	Dependents	Normal hours	Hours worked	Normal rate	Overtime rate
T. Thulas	Single	None	40	52	R60,00	R90,00
B. Benzy	Married	2	40	49	R50,00	R75,00

ADDITIONAL INFORMATION

(a) Pension fund contributions are deducted at 7,5% of employees' normal wage.

(b) Income tax (PAYE) is calculated at 19% of taxable income.

(c) UIF is deducted as per legislation.

(d) All employees contribute R5,00 per week to Club 30, their staff association.

(e) Medical aid fund contributions are deducted as follows:

R15,00 per week for a single person
R18,00 per week for a married person with 1 dependant
R21,00 per week for a married person with 2 dependants

(f) Employer contributions to the various funds are as follows:

- Pension fund is 7,5% of employee normal wage.
- UIF is deducted as per legislation.
- Medical aid contribution is double of what the employee has paid.

<u>Required</u>

Complete the salaries journal for King Golden Builders employees for the week ended 14 October 2016 in the ANSWER BOOK.

Round off all figures to the nearest rand.

NOTE: Do NOT total columns. No posting is required. (25)

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3.2 The information below is an extract from the books of Bright Future Suppliers for the month of March 2016.

March 2016	1	Bought stationery from CVA for R95,00 (VAT exclusive), voucher No. 35.
	5	Sent off a package at the post office and paid R35,00 (VAT inclusive), voucher No. 36.
	10	Bought cake and juice for office visitors and paid R60,00 (VAT inclusive), voucher No.37.
	13	Issued petty cash voucher No. 38 for casual wages of R80,00 paid to the cleaners for cleaning windows.

Required

3.2.1 Complete the petty cash journal of Bright Future Suppliers. Total the petty cash column only. (10)

3.2.2 On 13 April 2016, J. Boom requested an amount of R85,00 for wages. During this time, M. Demba was the cashier and L. Lemmy gave permission for the transaction to take place.

Complete the petty cash voucher. (5)
[40]

QUESTION 4

Rosebank Motors provided the following information from their books for the month of July 2016:

4.1 Make supplementary entries in the cash receipts and cash payments journals.

Total ONLY the bank column on 31 July 2016 in both journals. (14)

4.2 Post to the bank account in the general ledger and balance the bank account at the end of the month. (4)

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4.3 Prepare the bank reconciliation of Rosebank Motors on 31 July 2016. (9)

INFORMATION

A comparison of the bank statement from Peoples Bank and the cash receipts and the cash payments journal on 30 July 2016 reflected the following differences:

(a) The bank account showed a debit balance of R3 035,60 on 1 July 2016.

(b) The bank statement showed a credit balance of R556,26 on 31 July 2016.

(c) The monthly totals before the supplementary entries were made:

Cash receipts journal	R12 968,80
Cash payments journal	R13 106,20

(d) A deposit of R3 672,90 is still outstanding on the bank statement.

(e) The bank debited Rosebank Motors' current account with the following:

Credit card levy	R5,00
Service fees	R38,60
Cheque book	R8,00
Deposit book	R14,50

(f) The following cheques were outstanding at People's Bank:

No. 321	R224,36
No. 345	R441,20
No. 348	R369,50

(g) The bank statement showed a debit order of R132,00 in favour of Bepha Insurance Ltd for the business.

(h) The bank statement showed a deposit of R720,00 that K. Mulaudzi paid directly into the account of Rosebank Motors for rental of office space.

(i) The bank statement showed a credit for interest on the current account, R22,60.

(j) A cheque of R92,60, received from M. Mola, a debtor, was dishonoured by the bank due to insufficient funds.

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(k) The bank debited the account of Rosebank Motors with R156,00 (cheque No. 112), instead of Roselinbank Cars' account. Correct this error.

4.4 Cinderella Traders provided you with the following information concerning its debtors for July 2016. Ignore VAT for this question.

Balances taken from the debtors ledger on 31 July 2016:

Sandra Smith	R5 000,00
Sibongile Msutu	R6 000,00
Sithembiso Botha	R850,00

The debtors control account in the general ledger has a debit balance of R25 000,00.

Transactions

The following discrepancies were discovered after investigation:

Received a cheque from Sibongile Msutu for R3 500,00, which transaction was not recorded.

A cheque of R785,00 received from Sandra Smith was returned by the bank marked R/D.

Required

4.4.1 Make journal entries in the general journal to show the effect of the discrepancies above. (Cash receipts and cash payments journals are not required.) (8)

4.4.2 Open the debtors control account and post the journal entries above. Balance the account. (5)

[40]

QUESTION 5

The following information was taken from the books of Ridding Red Traders. Ignore VAT for this question.

The policy of the organisation is to depreciate all assets at a rate of 25% per annum using the diminishing balance method. The financial year ends on 31 September 2016.

5.1 Study the information below and answer the question.

Description	
Bought from	Werda Motors
Date purchased	1 July 2014
Cost price	R250 000,00

Use the ANSWER BOOK to complete the missing details and figures of the asset register. (16)

5.2 The following opening balance appeared in the ledger account of Lutendo Plumbers on 1 September 2016:

Equipment R80 000,00

On 31 September 2016, Lutendo Plumbers decided to sell one of its computers to Tony for R3 000,00 cash. The cost price of the computer was R10 000,00 and the accumulated depreciation written off on the computer was R7 500,00

Required: Complete the following ledger accounts in the ANSWER BOOK:

5.2.1 Equipment (5)

5.2.2 Asset disposal (9)

5.2.3 Profit or loss on sale of assets (2)

5.3 Explain the concept of a *non-current asset*. (3)

5.4 The straight line/cost price method is used to depreciate machinery with a book value of R45 000,00. Depreciation is set at 20% per annum. The machinery is expected to last for five years.

Calculate the *book value* of the machinery after two years. (5)

[40]

TOTAL FOR SECTION B: 160
GRAND TOTAL: 200

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