higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

FINANCIAL MANAGEMENT
NQF LEVEL 3

(3011013)

12 March 2020 (X-paper)
09:00–12:00

Non-programmable calculators may be used.

This question paper consists of 14 pages and an answer book of 17 pages.

545Q1S2012

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TIME: 3 HOURS
MARKS: 200

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. All the questions must be answered in the attached ANSWER BOOK.
5 Show all calculations for marks to be allocated.
6 Use only blue or black ink.
7. Write neatly and legibly.

QUESTION NUMBER	TOPIC	MARKS	RECOMMENDED TIME GUIDE
1	Short questions (multiple choice, match the column and choose the missing word(s) ALL topics integrated	40	36
2	Calculate and record value-added-tax transactions	40	36
3	Prepare salaries and wages journals The petty-cash system	40	36
4	Compile reconciliation statement	40	36
5	Basic manual administration of non-current assets Correcting discrepancies	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 A business purchases equipment for R30 000 excluding VAT. The VAT amount calculated is …

A R4 200.
B R4 500.
C R3 600.
D R3 900.

1.1.2 Output tax of an organisation is recorded in the … journal.

A cash receipts
B cash payments
C creditors
D bank reconciliation

1.1.3 Which one of the following is not a zero-rated tax item?

A Exported goods
B Petrol
C Diesel
D Financial services

1.1.4 A trade discount of 10% calculated on R13 043,48 excluding VAT is …

A R1 500.
B R1 826,09.
C R11 739,13.
D R1 304,35.

1.1.5 Which ONE of the following is a voluntary deduction?

A Pension fund
B Membership fee
C Medical fund
D Income tax

1.1.6 Calculate the overtime rate, if the normal rate per hour is R55 and the overtime rate per hour is 1,33 of the normal rate.

A R55,00
B R53,67
C R73,15
D R41,35

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1.1.7 A company maintains a monthly petty cash float of R1 000. At the end of the month the total petty cash incurred was R850.

How much is needed to restore the imprest amount?

A R150
B R1 000
C R850
D R1 850

1.1.8 An example of a bank charge deducted from a bank statement includes …

A electronic deposits.
B electronic payments.
C debit order deductions.
D ledger fees.

1.1.9 Value added tax is tax that is levied on …

A wages of employees.
B goods and services at 15%.
C goods and services at 14%.
D salaries of employees.

1.1.10 The petty cash voucher is a/an … source document used to record petty cash payments.

A internal
B subsidiary
C external
D supporting

(10 × 1) (10)

1.2 Choose an item from COLUMN B that matches a description in COLUMN A. Write only the letter (A–L) next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	An individual or company registered with SARS	A	salvage value
1.2.2	The timespan for SARS VAT submission for farming activities	B	salary package
1.2.3	Income before necessary deductions	C	balance sheet
1.2.4	A gross salary including benefits	D	deposits
1.2.5	Hours worked in excess of normal time	E	six-monthly
1.2.6	A statement of the wealth of a business	F	asset register
1.2.7	A credit entry on a bank statement	G	net salary
1.2.8	A document used to record all the assets owned by a business	H	remuneration
1.2.9	Value of an asset after its useful life	I	overtime
1.2.10	Payment in the form of a wage or a salary	J	gross salary
		K	vendor
		L	two-monthly

(10 × 1) (10)

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

1.3.1 A/An … is the process of comparing and matching amounts from accounting records.

1.3.2 According to the law a business is required to store its documents for a period of … years.

1.3.3 Interest indicated on the credit side of the bank statement will be recorded in the … journal.

1.3.4 All credit purchases are recorded in the … journal.

1.3.5 A/An … liability is a debt for a service rendered or goods bought on credit.

1.3.6 A/An … asset is used in a business for a period of a year or longer.

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1.3.7 The … method of annual depreciation involves the same amount each year for the asset's useful life.

1.3.8 Goods and services that are not subject to VAT are known as … items.

1.3.9 When input VAT is more than output VAT, the business will receive a … from SARS.

1.3.10 A/An … note is issued when a person/business returns damaged or incorrect goods to the business.

(10 × 1) (10)

1.4 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (1.4.1–1.4.10) in the ANSWER BOOK.

1.4.1 Only organisations registered for VAT may claim VAT back from SARS.

1.4.2 A company with a turnover of R1 000 000 is obliged to register with SARS.

1.4.3 Photocopies or faxed VAT 201 forms are accepted by SARS.

1.4.4 Hours worked on Sundays and holidays will be calculated as part of an employee's normal salary.

1.4.5 PAYE deductions from all employees' wages or salaries are enforced by the law.

1.4.6 Salaries are payable weekly.

1.4.7 A petty cash amount is given to a petty cashier before the completion of the petty cash request form.

1.4.8 Rented land and buildings are included in the value of fixed assets of a company.

1.4.9 The balance sheet is one of the components needed to compile the bank reconciliation statement.

1.4.10 The petty cash voucher validates the transaction recorded in the petty cash journal.

(10 × 1) (10)
[40]

TOTAL SECTION A: 40

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SECTION B

QUESTION 2

Barney Plumbers is a registered VAT vendor. They record VAT at 15% on the invoice basis.

NOTE: Barney Plumbers does NOT use separate VAT input and output accounts but posts directly to the VAT control account.

ALL amounts are VAT exclusive.

TRANSACTIONS:

July 2018	01	The owner deposited a capital contribution of R120 000 into the business' current account, receipt no. 01 issued.
	03	Paid the water and electricity account to the City Council, cheque no. 001 for R1 200.
	06	Cash received for services rendered according to the cash register roll, R12 300. (No cost of sales.)
	07	Cash sales of goods according to the cash register roll, is R5 000, cost of sales R2 500.
	08	Paid weekly wages, cheque no. 002, R4 500.
	23	Issued invoice no. 01 to C. Clara for credit sale of goods, R350, cost of sales R120.
	24	Received an invoice no. 25 from PPP Stationers for R180, for stationery purchased on credit.
	27	Issued credit note no. 12 to C. Clara, R65 for goods returned. Cost of sales R35.
	28	Returned stationery to PPP Stationers, R70, debit note no. 13.

REQUIRED:

2.1 Record the transactions above in the appropriate subsidiary journals for July 2018. Total ONLY the VAT columns in all the 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)

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QUESTION 3

3.1 The new payroll clerk at Madison Stores has been given the opportunity to prepare the salaries journal for Madison Stores for the month ending 31 October 2018, using the information provided below:

1. ALL employees receive a salary of R550 per day.
2. There are 22 normal working days in October 2018.
3. Olga Jack took two days' unpaid leave.
4. James May worked overtime on one Saturday at the normal salary per day plus 65%.
5. Both employer and employee contribute 1% of the gross salary to the Unemployment Insurance Fund (UIF).
6. Employees contribute 7,5% of their normal salary to the pension fund. The employer contributes 1/3 (one-third) of the employee's contribution.
7. Tax must be calculated as follows: 18% of taxable income.
8. Medical fund employee contributions are as follows:
   Olga Jack – R300 and James May – R350
   The employer contributes three-quarters (3/4) of the employee's total amount to the medical fund.

REQUIRED:

Complete the salaries journal of Madison Stores for the month ending 31 October 2018. Do NOT total the salaries journal columns.

Round off ALL figures to the nearest rand.

NO posting is required. (20)

3.2 The petty cash transactions below were recorded in the books of Cool Catz Ltd for the month of April 2018. The business uses the imprest system.

NOTE: ALL amounts are VAT exclusive.

April 2018		
	02	The owner took R90 for personal use. (Voucher no. 01)
	07	Paid R45 for pens and pencils purchased. (Voucher no. 02)
	10	Bought stamps from the post office, R35. (Voucher no. 03)

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16 Cleaned the office carpets and paid for labour, R145. (Voucher no. 04)

21 Bought biscuits and cold drinks, for R85 for office visitors. (Voucher no. 05)

REQUIRED:

3.2.1 Complete the petty cash journal of Cool Catz Ltd for April 2018. Total only the petty cash column. (12)

3.2.2 Post to the petty cash account in the general ledger and balance the account at the end of the month. A cheque of R900 was issued and cashed on 1 April 2018. Restore the imprest amount at the end of the month. (5)

3.2.3 Name THREE procedures to be followed when issuing petty cash. (3)

[40]

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QUESTION 4

World Enterprise has provided the following information for their financial year ending 31 May 2018.

4.1 Compare the bank statement with the cash books and make supplementary entries in the appropriate journals. Total only the bank column in both journals on 31 May 2018. (14)

4.2 Post to the bank account in the general ledger and balance the account at the end of the month. (3)

4.3 Prepare the bank reconciliation on 31 May 2018. (8)

INFORMATION:

BANK STATEMENT

PREMIER BANK
BANK STATEMENT

World Enterprise
350 Devall Street
Sunshine Valley
0001

Statement no. 15
Account no. 158 987 596
Date 31/05/2018

DATE	DETAILS	DEBIT(-)	CREDIT(+)	BALANCE
01/05/18	Balance			0
01/05/18	Credit		70 000	70 000
04/05/18	Cheque 002	10 500		59 500
06/05/18	Cheque 003	4 500		55 000
09/05/18	Credit		7 200	62 200
10/05/18	Cheque 004	230		61 970
11/05/18	Cheque 005	3 000		58 970
12/05/18	Hans Motors	1 500		57 470
16/05/18	Credit		690	58 160
21/05/18	Cheque 008	240		57 920
21/05/18	Cheque 007	670		57 250
21/05/18	Cheque book	5		57 245
21/05/18	Credit		5 450	62 695
24/05/18	Cheque 010	444		62 251
25/05/18	Cheque 009	600		61 651
30/05/18	Unpaid cheque	2 300		59 351
30/05/18	Tax levy	52		59 299
30/05/18	Service fee	123		59 176
30/05/18	Interest on balance		90	59 266
31/05/18	Cheque 012	7 500		51 766

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Cash receipts journal of World Enterprise for May 2018

Doc.	Day	Details	Analysis of receipts	Bank	Sales	Debtors control	Sundry accounts	
							Amount	Details
001	01	W. World	65 000				65 000	Capital
CRR		Sales	5 000	70 000	5 000			
CRR	09	Sales	7 200	7 200	7 200			
CRR	16	Sales	690	690	690			
CRR	21	Sales	3 150		3 150			
002		D. Bekker	2 300	5 450		2 300		
CRR	27	Sales	600		600			
003		R Verster	944	1 544		944		
				84 884	**16 640**	**3 244**	**65 000**	

Cash payments journal of World Enterprise for May 2018

Doc.	Day	Name of payee	Fol.	Bank	Wages	Trading Stock	Sundry accounts	
							Amount	Details
001	02	Municipality		610			610	Water and electricity
002	03	Vikus Trading		10 500		10 500		
003	05	Dieter Wholesaler		4 500		4 500		
004	06	Uncle Gert		230			230	Stationery
005	11	Cash		3 000	3 000			
006	13	MCNR		115			115	Advertising
007	21	S Kemp		670		670		
008		P Lamb		240		240		
009	23	Lesley Print		600		600		
010		S Long		444		444		
011	27	Cash		1 300	1 300			
012	30	L Limited		7 500			7 500	Rent expense
				29 709	**4 300**	**16 954**	**8 455**	

ADDITIONAL INFORMATION:

(a) The payment of R1 500 to Hans Motors on 12 May 2018 was a debit order for the monthly installment on a delivery vehicle.

(b) The unpaid cheque was received from debtor, D. Bekker, on 21 May 2018. The bank returned the dishonoured cheque together with a debit slip.

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4.4 The following information was taken from the books of Bullzip Enterprises for the financial year ending 31 March 2018.

DATE	JOURNAL ENTRIES	DEBIT	CREDIT	REASON
01/03/18	Bank Capital	42 500	42 500	Increase in capital
05/03/18	Equipment Creditors control (Hardware Ltd)	7 250	7 250	Increase in assets Increase in liabilities
07/03/18	Wages Bank	13 250	13 250	Expense Decrease in assets
10/03/18	Bank Sales	7 500	7 500	Increase in assets Income
25/03/18	Creditors control (Hardware Ltd) Bank	5 200	5 200	Decrease in liabilities Decrease in assets
30/03/18	Debtors control Sales	22 500	22 500	Increase in assets Income

REQUIRED:

Use the journal entries above to make relevant entries in the ANSWER BOOK.

Draw up the trial balance of Bullzip Enterprises for the financial year ending 31 March 2018.

EXAMPLE: Show any calculations as follows:

	Debit	Credit
BALANCE SHEET SECTION		
Vehicles (65 000 + 75 000)	140 000	

(15)
[40]

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QUESTION 5

The following information refers to Great Car Garage. Ignore VAT for this question.

The policy of the organisation is to depreciate all equipment at a rate of 10% per annum using the diminishing balance method. Their financial year ends on 31 December 2018.

5.1 Use the extract from the asset register to complete the missing details (indicated with question marks) in the ANSWER BOOK.

NOTE: Round off to the nearest rand. (12)

GREAT CAR GARAGE				
Asset description: **Still cabinets**				
General ledger account: **Equipment**		Bought from: **Barnet Ltd**.		
Date purchased: **01 June 2016**		Cost Price : **R15 000**		
Depreciation method: 10% diminishing balance method				
Date sold:	Sold to:	Selling price:		
Date	**Cost**	**Depreciation**	**Accumulated depreciation**	**Carrying amount**
1 June 2016	R15 000			R15 000
31 Dec. 2016		?	?	?
31 Dec. 2017		?	?	?
31 Dec. 2018		?	?	?

5.2 The following information appears in the books of Thabelo Transport Ltd. on 1 August 2018.

Vehicles	R105 000
Accumulated depreciation on vehicle	R58 000

TRANSACTIONS:

0n 31 August 2018 the delivery vehicle (cost price R50 000) was sold for R30 000 cash.

The net carrying value of this vehicle on 31 August 2018 was R38 000.

REQUIRED:

5.2.1 What is the book value of the delivery vehicle on the date of sale? (2)

5.2.2 Complete the general ledger vehicle account. (3)

5.2.3 Complete the general ledger accumulated depreciation account. (3)

5.2.4 Complete the general ledger asset disposal account on 31 August 2018. (6)

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5.3 An inexperienced bookkeeper prepared the debtor's ledger account of B. Lagoon for August 2018, as follows:

B. Lagoon

Date	Details	Fol.	Debit	Credit	Balance
Aug 1	Account rendered	b/d			9 825
10	Invoice no. 23	DJ		1 855	11 680
17	Credit note no. 5	DAJ	160		11 840
23	Journal credit	GJ	420		12 260
28	Receipt no. 94	CRJ		4 360	7 900
31	Discount allowed	CRJ		630	7 270

ADDITIONAL INFORMATION:

The discount allowed on 31 August was R360 and not R630.

Prepare the ledger account of B. Lagoon correctly in the debtor's ledger on 31 August 2018. (14)
[40]

TOTAL SECTION B: 160
GRAND TOTAL: 200

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