higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

FINANCIAL MANAGEMENT
NQF LEVEL 3

(3011013)

20 November 2018 (X-Paper)
09:00–12:00

This question paper consists of 10 pages and answer sheet of 18 pages.

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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. Show ALL calculations in order for marks to be allocated.
5. Use only black or blue ink. Lead pencil answers will not be marked.
6. Use the table below to guide you on how time should be spent on a question.
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)	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.	55	52
5	Basic manual administration of non- current assets.	25	20
	TOTAL:	**200**	**180 minutes**

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QUESTION 1

1.1 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (1.1.1–1.1.5) in the ANSWER BOOK.

1.1.1 A vendor business must file and store all financial records and documents for (two/five) year for VAT inspection purposes.

1.1.2 (Output/Input) VAT is tax payable by the business on goods and services from suppliers.

1.1.3 VAT inclusive amount, its VAT calculation formula will be:

$$\left(\frac{14}{114} \div \frac{14}{100}\right)$$

1.1.4 Reduction in a basic price of an item (selling price/discount).

1.1.5 (Net/gross) salary is the amount that an employee earns monthly after all the relevant deductions have been made.

(5 × 2) (10)

1.2 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 (1.2.1–1.2.5) in the ANSWER BOOK.

1.2.1 Tax invoice to a client for R4 500 (excl. VAT) how much is VAT payable.

A R630,00
B R603,00
C R552,63
D R500,00

1.2.2 Goods purchased for R10 000(VAT exclusive) and a 10% trade discount was given.

Calculate the VAT payable taking into account the discount given.

A R1 400,00
B R1 260,00
C R1 228,07
D R1 105,26

1.2.3 Financial services and public education services are examples of …

A taxable income.
B zero rated.
C VAT exempt.
D VAT at 14%.

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1.2.4 ONE of the following is an internal source document for small purchases.

A Cheque counterfoil
B Petty cash voucher
C Original tax invoice
D Duplicate tax invoice

1.2.5 It is NOT a compulsory deduction for an employee.

A Medical fund
B PAYE
C SITE
D Pension fund

(5 × 2) (10)

1.3 Choose a/an item/word from COLUMN B that matches a description in COLUMN A. Write only the letter (A–G) next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

	COLUMN A		COLUMN B
1.3.1	The appropriate source document used when recording transactions in the petty cash journal	A	PAYE
		B	bank statement
1.3.2	Suppliers or person that the business owes	C	creditor
		D	cheque counterfoil
1.3.3	The employer does NOT contribute to this fund	E	petty cash voucher
1.3.4	A document received from the bank indicating all the monetary transactions for the month	F	UIF
		G	bank reconciliation
1.3.4	A stub on which the details of an issued cheque are recorded by the drawer		

(5 × 2) (10)

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1.4 Complete the following sentences by filling in the missing word(s). Write only word(s) next to the question number (1.4.1–1.4.5) in the ANSWER BOOK.

1.4.1 A weekly or fortnightly payment is called …

1.4.2 VAT is collected from the business by … on behalf of the government.

1.4.3 … it is the sum of money in a shop to provide change.

1.4.4 The balance sheet provides information regarding the financial … of a business.

1.4.5 ... is a remuneration given for working total hours beyond the normal hours.

(5 × 2) (10)
[40]

QUESTION 2

Genesis Suppliers is a registered VAT vendor. They record VAT at 14% on the invoice basis.

NOTE: Genesis Suppliers do not make use of separate input and output VAT account, but post directly to VAT control account.

ALL amounts are exclusive.

TRANSACTIONS:

Dec 2015 02 Cash sales of goods according to the cash register roll amount R12 500,00. Cost of sales R7 800,00.

05 Issued receipt no.45 for goods sold on cash for R1 200,00 to T Trevor. Cost of sales R650,00.

08 Issued cheque no. 020 to Makungo Motors for petrol R750,00.

15 Trading stock purchased from Marias Suppliers for R18 000,00. Issue cheque no.021.

18 Issued cheque no. 022 to the local Municipality for Water and electricity account. R2 252,00.

20 Bought stamps from DNK, petty cash voucher no.01 R18,50.

23 Paid casual workers for cleaning the business yard, R350,00. Petty cash voucher no.02 was issued.

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25 Received tax invoice no.20 from DX Suppliers for goods bought on credit, R450,00.

29 Credit sales of merchandise to B Black R785,00. Cost of sales R550,00. Tax invoice 35 was issued.

30 Return goods to DX Suppliers, debit note no.12 R125,00.

31 Issued credit note.111 to B Black R89,99. Cost of sales R65,99.

REQUIRED:

2.1 Record the transaction above in the appropriate subsidiary journals for Dec 2015. Total only the VAT columns in all journals at the end of the month. (30)

2.2 Post ONLY to the VAT control account in the general ledger. Balance the account. (10)
[40]

QUESTION 3

3.1 You have been given the opportunity to prepare the wages journals of Themba Plumbers for the week ending 31 December 2015.

Round your figures to the nearest rand.

- Normal hours per week are 40 hours, which consists of 5 days in a week and 8 hours per day
- T. Mudogwa worked 45 hrs for the week at a normal rate of R45,00 and R60,00 for overtime.
- N. Nikki worked on Monday 10 hours, Tuesday 8 hours, Wednesday 8 hours, Thursday 12 hours and Friday13 hours.(Tariff per hour normal time: R30,00;Tariff per hour overtime:R45,00

DEDUCTIONS:

EMPLOYEE	CARE MEDICAL FUND	AC PENSION FUND	PAYE	UIF
T. Mudogwa	R250,00	7,5% of normal wage	18% of taxable income	1% of normal wage
N. Nikki	R200,00			

Employer's contribution:

- Pension fund – 40% of the employees contribution
- Medical aid – Rand for rand basis
- UIF – R1,00 for every R1,00 contributed by the employee

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REQUIRED:

Use the information above to complete a wages journal of Themba Plumbers for the week ending 31 Dec 2015.

NOTE: NO posting is required. (24)

3.2 Themba Plumbers uses the imprest system method to control their petty cash.

The following below transactions took place during the month of December 2015.

NOTE: ALL amount are inclusive of VAT.

03 Bought a burger at KFC for the owner's child R35,00. Voucher no 10

05 Bought stamps at Postnet for R16,88. Voucher no 11

07 Sent parcel by mail and paid R45,00 to the post office. Voucher no 12

09 Bought marking pens R60,00 from TNC. Voucher no 13

10 Bought milk and sugar from Checkers for the office R100,00 voucher no 14

15 Paid R75,00 to the local cleaning ladies for cleaning the office windows voucher no 15

18 Bought file dividers from ABC Printers for office use. R25,00 voucher no 16

Refer to the following table with regard to VAT:

ITEMS	IS VAT CHARGED?	
	YES	NO
Postage	✓	
Personal use		✓
Stationery	✓	
Refreshments	✓	
Petrol		✓
Salaries and wages		✓

REQUIRED:

3.2.1 Enter the transactions in the petty cash journal of Themba Plumbers. Total only the petty cash column. (11)

3.2.2 Complete the petty cash account in the General Ledger. Balance on 1 Dec 2015. R1 500,00 (5)

[40]

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QUESTION 4

Noxolo Traders provided you with the following information about their financial recordings for the month of December 2015.

4.1 Make supplementary entries in the Cash Book on 31 December 2015. Add only the bank column totals in both journals on 31 Dec 2015. (15)

4.2 Post to the bank account in the general ledger and balance the bank account. (5)

4.3 Prepare the bank reconciliation of Noxolo Traders – Dec 2015. (6)

INFORMATION:

A comparison of the bank statement from Dare Bank and the cash books on 31 Dec 2015 reflected the following differences:

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

- The bank account had a debit balance of R34 588,00
- CRJ totals R124 324,00
- CPJ totals R57 602,00

(b) The following deposit have been recorded in the Cash Receipts Journal, but not on the Bank Statement: R6 946,00 and R258,00

(c) The following cheques had NOT yet been presented to the bank for payment.

No. 80 R240,00

No. 81 R19 340,00

(d) The bank debited Noxolo Traders account with R828,00 as bank charges.

(e) A debit order in favour of Barovhi Insurance company for R4 800,00 appears on the bank statement of the business.

(f) A debit order for R16 624,00 was debited from Noxolo Traders account. This is for rent paid to TT. Boom Estates.

(g) Cheque for R540,00 received from B. Brenda and R394,00 from C. Chikopa were dishonored by Dare Bank due to insufficient funds.

(h) The business bank statement showed a credit balance of R90 500,00.

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4.4 The following extract is from the records of Maringa Traders during Dec 2015. The bookkeeper recorded the following journal entries incorrect.

DATE	JOURNAL ENTRIES	DEBIT	CREDIT
1 Dec	Bank Capital	 42 000	42 000
4 Dec	Machinery Purchased on credit from Malibu stores	7 050 7 050	
8 Dec	Salaries and wages Bank	 12 250	12 250
19 Dec	Bank Sales (cash)	7 500 	 7 500
23 Dec	Paid Malibu stores by cheque 015	5 000	5 000
30 Dec	Creditors control Sales (credit)	21 500 	 21 500

REQUIRED:

4.4.1 Record the above journal entries correctly in the books of Maringa traders. (14)

4.4.2 Use the correct entries from QUESTION 4.4.1 to draw up the trial balance of Maringa traders on 31 December 2015. (12)

4.4.3 Identify any THREE purposes of a trial balance. (3)
[55]

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QUESTION 5

The following information refers to the books of Gideon Traders. Ignore VAT for this question.

The policy of the organisation is to depreciate all equipment at a rate of 15% per annum using the diminishing balance (carrying value) method. The financial year ends on 31 Dec 2015.

5.1 Use the extract from the asset register to complete the missing details (indicated with question marks) on the corresponding answer sheet. (6)

GIDEON TRADERS				
Asset description: **OFFICE COMPUTERS**				
General ledger account: **EQUIPMENT**		Bought from: **CAT SUPPLIERS**		
Date purchased: **1 July 2014**		Cost Price: **R450 000,00**		
Depreciation method: **15% pa diminishing method**				
Date sold:	Sold to:	Selling price:		
DATE	**COST**	**DEPRECIATION**	**ACCUMULATED DEPRECIATION**	**CARRYING AMOUNT**
1 July 2014	R450 000,00			R450 000,00
31 Dec 2014		5.1.1	5.1.2	5.1.3
31 Dec 2015		5.1.4	5.1.5	5.1.6

5.2 The following information is from Maggie's confectionery, on 31 Dec 2015 an equipment with a cost price of R80 000,00 was sold for R25 000,00. Accumulated depreciation on the equipment was R43 420,00.

Use the information given and complete the following accounts on the ANSWER SHEET.

5.2.1 Equipment (3)

5.2.2 Accumulated depreciation (2)

5.2.3 Asset disposal (7)

5.2.4 Profit or Loss account (3)

5.2.5 Is the purchase of delivery vehicle part of capital expenditure? State whether the statement above is true or false. (1)

5.2.6 Identify THREE examples of non-current assets (3)

[25]

TOTAL: 200

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