higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

FINANCIAL MANAGEMENT
NQF LEVEL 3

(3011013)

20 November 2019 (X-Paper)
09:00–12:00

This question paper consists of 13 pages and an answer book 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 for marks to be allocated.
5. Use only a pen with BLUE or BLACK ink.
6. Use the table below to guide you on how much time to spend on each question.
7. Write neatly and legibly.

QUESTION NUMBER	TOPIC	MARKS	RECOMMENDED TIME GUIDE
1	Short questions (multiple-choice questions, match-the-columns questions and questions on filling in the missing word(s)) ALL topics are integrated.	40	36
2	Calculating and recording value-added tax transactions	40	36
3	Preparing salaries and wages journals The petty cash system	40	36
4	Compiling reconciliation statement	40	36
5	Basic manual administration of non-current assets Theory and 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 … is an example of zero-rated supplies/products.

A Education provided by the state
B Passenger transport
C Life insurance premiums
D Raw vegetables

1.1.2 Input VAT is recorded in the … journal.

A cash receipts
B debtors
C creditors allowance
D cash payment

1.1.3 The … form is a formal document to be completed by a VAT vendor when making submissions to SARS.

A VAT 201
B VAT 101
C VAT 601
D VAT 404

1.1.4 A/An … is a fee charged by a bank for rendering a service to a business or individual on their bank account.

A handling charge
B interest charge
C bank charge
D credit charge

1.1.5 The current percentage of VAT in South Africa is …

A 15%.
B 14%.
C 14% and 15%.
D 11%.

1.1.6 The … provides information on the financial position of the business.

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

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1.1.7 The … method is keeping cash in the petty cash box at a fixed amount at the beginning of each month.

A balance-varying
B imprest system
C petty cash account
D petty cash voucher

1.1.8 An office laptop was purchased for R6 999, including VAT. The VAT amount is …, using the current VAT percentage.

A R912,91
B R6 086,09
C R859,53
D R7 858,53

1.1.9 A payment received from a debtor, C. August, was incorrectly posted to J. September's account. Correct the error by …

A crediting J. September and debiting C. August.
B debiting the debtors control account and crediting J. September.
C debiting J. September and crediting C. August.
D debiting C. August and crediting the debtors control account.

1.1.10 A/An … system records all transactions of the business, using a software program.

A computerised
B financial
C updated
D manual

(10 × 1) (10)

1.2 Choose an item or word 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	A business that receives and pays value-added tax	A	discrepancy
1.2.2	The ten-digit identification of a value-added tax vendor	B	mortgage bond
1.2.3	Total sales income	C	wages
1.2.4	Excessive hours worked	D	VAT registration number
1.2.5	Long-term liability	E	cheque counterfoil
1.2.6	Compensation received by workers in exchange for their labour	F	dishonoured cheque
1.2.7	The source document used to record transactions in the cash payments journal	G	float
1.2.8	VAT added up incorrectly in a journal	H	overtime
1.2.9	A cheque returned to the drawer due to alterations	I	VAT vendor
1.2.10	A term used to provide change in a business	J	revenue
		K	stale cheque
		L	VAT 101

(10 × 1) (10)

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

1.3.1 An enterprise that is registered under Category E should submit its VAT returns on a … basis.

1.3.2 Purchases of non-current assets are called … expenditure.

1.3.3 A … discount is deducted from an invoice before VAT is calculated.

1.3.4 A/An … is the monthly remuneration before any deductions.

1.3.5 The … fund is used to purchase small items in a business.

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1.3.6 A/An … is an individual/supplier to whom an amount of money is owed.

1.3.7 Interest received from the drawee will be recorded on the … side/column of the bank statement of the account holder.

1.3.8 A/An … refers to the possessions of a business.

1.3.9 … is the process of matching and comparing a cash book to the presented bank statement.

1.3.10 … tax is a compulsory deduction from an employee's remuneration.

(10 × 1) (10)

1.4 Complete the following sentences by using the word or words in the list below. Write only the missing word or words next to the question number (1.4.1–1.4.10) in the ANSWER BOOK.

salary; petty cash voucher; carrying value; VAT; capital; input VAT; depreciation; asset disposal; output VAT; general journal; salvage value; debtors

1.4.1 … is a tax imposed on the value of goods and services in South Africa.

1.4.2 A … is a periodic (usually monthly) remuneration.

1.4.3 … is the process of selling and replacing an older asset.

1.4.4 A … is a source document used to record small payments made by the petty cashier.

1.4.5 The reduction in the value of an asset caused by wear and tear is known as …

1.4.6 … is paid on goods purchased from suppliers.

1.4.7 The difference between the cost price and the accumulated depreciation of a non-current asset is the …

1.4.8 The … is the amount that an asset is worth after its useful lifetime.

1.4.9 The future planning, monitoring, and management of the investment of a non-current asset is called … budgeting.

1.4.10 The … is used to record incorrect entries.

(10 × 1) (10)
[40]

TOTAL SECTION A: 40

SECTION B

QUESTION 2

Bamuza Ltd is a registered VAT vendor. This company records VAT at 15% on an invoice basis.

NOTE: Bamuza Ltd does NOT make use of separate VAT input and output accounts, but it posts VAT transactions directly to the VAT control account.

ALL amounts indicated are VAT inclusive.

TRANSACTIONS

Feb 2018	1	Paid TPC Stationers R650 for stationery. Issued cheque no. 400.
	5	Cash sales of merchandise equals R15 500, while the cost of sales is R6 500. Issued receipt no. 25.
	8	The owner made a capital contribution of R75 000. Issued receipt no. 26.
	10	Received R12 500 from T. Bam for rental of offices in the building. Issued receipt no. 27.
	15	Issued cheque no. 401 to Blue Motors for fuel. Received a zero-rated invoice for R1 600.
	18	Received invoice no. 01 from Swart CC for trading stock purchased on credit, R4 500.
	20	Issued invoice no. 85 to K. Kennedy for goods sold on credit, R850. Cost of sales is R550.
	24	Returned stock to Swart CC. Debit note no.15 was issued for R500.
	28	Bank charges on the bank statement from Treasure Bank, R145.
	28	Issued credit note no. 80 to K. Kennedy for goods returned, R85. Cost of sales is R47,50.

Required

2.1 Record the transactions above in the relevant subsidiary journals for February 2018. Total only the VAT columns in ALL the journals at the end of the month. (29)

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

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2.3 From the general ledger account in QUESTION 2.2, answer the following questions:

2.3.1 Will the business pay VAT to SARS or receive a refund from SARS? (2)

2.3.2 Identify the amount. (1)

[40]

QUESTION 3

3.1 The following information was obtained from Debra Fashions.

During the week ending 31 May 2018, the following hourly paid employees were employed by Debra Fashions. ALL employees work 40 normal hours per week.

The details of hours worked and remuneration for the week ending 31 May 2018 are indicated below:

NAME	MARITAL STATUS	DEPENDENTS	HOURS WORKED	RATE/NORMAL TIME	RATE/ OVERTIME
Kate Mtiki	Single	None	54	R45	R65
Chedza Booi	Married	3	49	R55	R70

DEDUCTIONS

- Tax (PAYE): 18% of taxable income
- Medical fund contributions are deducted as follows:
  - R100 per week for single persons
  - R150 per week for married persons and an additional contribution of R50 per dependent
- The employer contributes R1,50 for every R1 contributed by the employee towards medical aid.
- Pension fund: 7,5% of the normal wage of employees. The employer contributes R2 for every R1 contributed by the employee.
- UIF: 1% of the gross income of an employee. The employer contributes the same percentage of the employee's gross income.

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Required

Complete the wages journal of Debra Fashions for the week ending 31 May 2018. Do NOT total the wages journal columns.

NO posting is required. (22)

3.2 The petty cash transactions below is an extract from the books of Patel Ltd for the month of March 2018. The business uses the varying balance system.

NOTE: ALL amounts are VAT exclusive.

March 2018	1	Bought a whiteboard duster, R45 (voucher no. 01).
	3	Purchased flowers for reception, R65 (voucher no. 02).
	9	Bought ink for the printer, R85, from Broses Ltd (voucher no. 03).
	15	Bought fruit juice for the company visitors, R50 (voucher no. 04).
	19	Sent a parcel by mail and paid R95,50 (voucher no. 05).

Required

3.2.1 Complete the petty cash journal of Patel Ltd for March 2018. Total only the petty cash column. (14)

3.2.2 Post the petty cash journal above to the petty cash account in the general ledger and balance the account at the end of the month.

NOTE: Use the varying balances method. At the beginning of March 2018, a cash cheque for R800 was issued to the petty cashier. (4)

[40]

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QUESTION 4

Trevor More Suppliers has provided you with the following information for its financial year ending 31 August 2018:

INFORMATION

1. The cashbook had a debit balance of R120 800 on 1 August 2018.

2. A comparison of the bank statement to the cash book on 31 August 2018 revealed the following differences:

   a) The bank statement showed a credit balance of R159 200.

   b) The following cheques had not yet been presented for payment:

No. 400	R8 400
No. 401	R65 800
No. 402	R12 800

   c) Cheque no. 390 to the value of R40 000 was sent to PDF Suppliers as payment on the business's account. It was lost in the post and must therefore be cancelled.

   d) A cheque to the value of R22 200, withdrawn by the owner from his personal current account, appears on the business bank statement.

   e) The bank debited the current account of Trevor More Suppliers with the following amounts:

Cost of a cheque book	R140
Service fees	R3 260
Tax levies	R400

   f) A credit entry of R30 000 in respect of rent paid was made directly into the business bank account.

   g) The bank statement showed a debit order of R9 000 in favour of Badogwa Brokers for insurance.

   h) The bank had not yet credited a deposit of R91 200, which was made on 31 August 2018.

   i) The bank statement showed a monthly stop order of R6 000 in favour of MTG. This is to pay the owner's funeral policy.

   j) C. Clara deposited R21 000 directly into the current account of the business for services rendered on credit.

   k) A cheque of R7 400, received from a debtor, was dishonoured on account of insufficient funds.

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Required

4.1 Make supplementary entries in the cash receipts journal and cash payments journal. Total only the bank column in both journals on 31 August 2018. (15)

4.2 Post to the bank account in the general ledger and balance the bank account. (3)

4.3 Prepare the bank reconciliation on 31 August 2018. (7)

4.4 The following information was taken from the books of Eva & Eva CC, for the month of March 2018. Ignore VAT for this question.

List of debtors on 1 March 2018
- T. Mulisa R11 000
- D. Daniels R4 000

List of creditors on 1 March 2018
- Themba Traders R6 152
- Brooks Deliveries R6 500

1 Received a cheque for R10 900 from T. Mulisa in settlement of her account. Issued receipt no. 110.

9 Issued cheque no. 001 for R6 152 to Themba Traders in full settlement of the business's account.

15 Paid R3 500 to Brooks Deliveries by cheque no. 002. Received R200 discount.

17 Received a cheque for R2 000 from D. Daniels. Issued receipt no. 111.

Required

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

4.4.1 Make the necessary entries in the creditors and debtors individual ledger accounts for March 2018. (13)

4.4.2 Compile the debtors list and creditors list after taking into account the transactions above. (2)

[40]

QUESTION 5

The following information was taken from the asset register of Tshidino Bricks. 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. The financial year ends on 31 March 2018.

Tshidino Bricks purchased a delivery vehicle with the following specifications:

Type of vehicle	Ford Ranger	Colour	White
Cost price	R250 000	Date of purchase	1 October 2014
Registration no.	BA8888	Supplier	Mount Fuji Garage
Serial no.	SSN123789	Life span	5 years

TSHIDINO BRICKS		
Asset description: **?**		
General ledger account: Vehicle		Bought from: **?**
Serial number: SSN123789		Cost price: R250 000
Depreciation method: 10% pa, diminishing-balance method		
Date purchased: **?**	Colour: **?**	Registration no.: BA8888

Date	Cost	Depreciation	Accumulated depreciation	Carrying amount
1 October 2014	R250 000			R250 000
30 March 2015		**?**	**?**	**?**
30 March 2016		**?**	**?**	**?**
30 March 2017		**?**	**?**	**?**
30 March 2018		**?**	**?**	**?**

Required

5.1 Use the extract from the asset register to complete the missing details (indicated by question marks) in the ANSWER BOOK. (17)

5.2 The following information appears in the books of S. Winter Pty for the financial year ending 31 December 2018.

Its books indicated the following balances at the end of the financial year end:
Vehicle R350 000
Accumulated depreciation R300 000

On 31 December 2018, the business decided to sell the vehicle to B. Bram for R25 000 cash.

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Required

Use the information above to complete the general ledger account below in the ANSWER BOOK.

5.2.1 Vehicle account (2)

5.2.2 Accumulated depreciation account (2)

5.2.3 Asset disposal account (4)

5.2.4 Profit and loss account (1)

5.3 Give TWO possible reasons for a discrepancy occurring in the petty cash of a business. (2 × 2) (4)

5.4 Give TWO reasons for what could have happened if the debit side and credit side of a trial balance do not balance. (2 × 2) (4)

5.5 The following debtors control account in the general ledger of Frame CC has been balanced and totalled off incorrectly. Correct this discrepancy in the debtors control account in the ANSWER BOOK.

GENERAL LEDGER OF FRAME CC
DEBTORS CONTROL ACCOUNT

Date	Details	Fol.	Amount		Date	Details	Fol.	Amount
Aug 1 2018	Balance	b/d	23 450		Aug 31 2018	Bank and discount	CRJ	4 430
	Sales	DJ	2 830			Debtors allowance	DAJ	450
	Journal debits	GJ	320			Balance	c/d	25 100
			26 180					26 600
Sept 1	Balance	b/d	20 300					

(6)
[40]

TOTAL SECTION B: 160
GRAND TOTAL: 200

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