

May/June 2015 Exam Memo references

Question 1

1.1: Requirements of sound corporate governance

a) Board of Directors: composition and appointments (3 comments)

Refer to King III Report Principle 2.16, principle 2.16 point 38, principle 2.16 point 39, principle 2.18 and principle 2.18 point 73 point.

b) Audit Committee: composition and appointments (3 comments)

Refer to King III Report principle 3.2 point 9, principle 3.2 point 11, principle 3.3, principle 3.2 point 10, principle 3.2 point 12 and principle 2.23 point 131.

c) Risk Committee: composition and appointments (2 comments)

Refer to King III Report principle 2.23 point 131, principle 4.3 point 21, and principle 4.3 point 20.

d) General remarks (3 comments)

Refer to King III Report principle 2.21 point 95, principle 2.21 point 98, principle 2.1 point 1, principle 2.19 point 83, principle 2.19 point 3.

1 mark was awarded for clear communication, logic, structure and presentation

1.2: The main function of the remuneration committee, and the best candidate for chairperson of the remuneration committee

Refer to the King III Report principle 2.25 point 150 as well as principle 2.23 point 131.

1.3: Explanation of the main objective of the term “combined assurance model”

Refer to the King III Report principle 3.5 point 46.

Question 2

2.1: Functions of the revenue and receipts cycle

Refer to Jackson & Stent (2014:10/3-10/5)

2.2: Net realizable value

Refer to Jackson & Stent (2014: 12/18)

2.3: Value to present inventory at in financial statements

Refer to Jackson & Stent (2014: 12/19)

2.4: Three cost formulas to cost inventory as per IAS 2

Refer to Jackson & Stent (2014: 12/19)

2.5: What should the cost price consist of?

Refer to Jackson & Stent (2014: 12/19)

2.6: Costs included or excluded when valuing inventory

Refer to Jackson & Stent (2014: 12/19)

½ a mark was awarded for clear communication, logic, structure and presentation

Question 3

3.1: Controls which should be carried out when employee details are updated in the employees' masterfile

Refer to Jackson & Stent 2014: 13/16-13/18)

3.2: Four input controls for adding new employees to the Masterfile accurately

Refer to Jackson & Stent (2014:8/35-8/37)

3.3: Components of internal control and control activities

Refer to Jackson & Stent (2014: 5/7-5/19)

1 mark was awarded for presentation of answer in tabular format

3.4: Weaknesses relating to the payment of suppliers

Refer to Jackson & Stent (2014: 11/12-11/13)

1 mark was awarded for presentation of answer in tabular format

