

May | June 2017

1.1 F
1.2 T
1.3 F
1.4 T
1.5 F
1.6 F
1.7 T
1.8 T
1.9 T
1.10 T

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2.1 C
2.2 B
2.3 D
2.4 A
2.5 A
2.6 D
2.7 D
2.8 D
2.9 B
2.10 A

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5. Debt ratio = $\frac{\text{Total debt}}{\text{Total Assets}} \times 100$

$$= \frac{550\,000 + 200\,000 + 1100\,000}{550\,000 + 200\,000 + 1100\,000 + 910\,000 + 1200\,000} \times 100$$

$$= 47\%$$

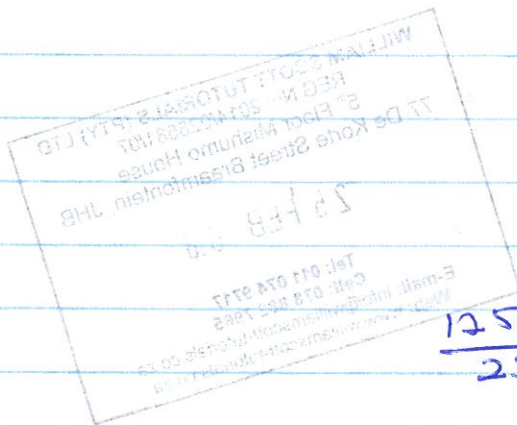
5.2 To track performance of the company

5.3 - Based on historical data:
 - ratio on its own is not useful

6.1 B

6.2 A

6.3 B

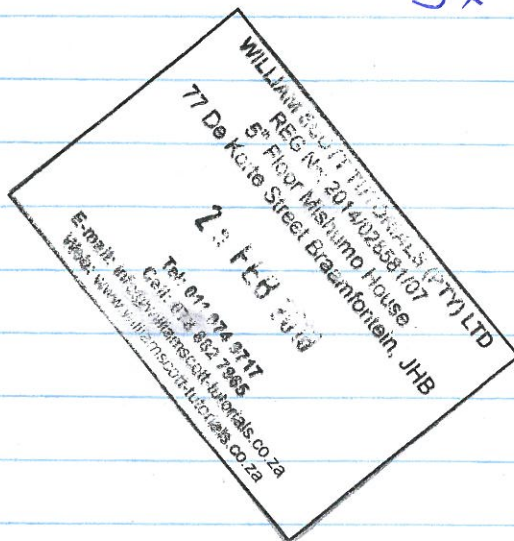


$\frac{1250\,000}{250\,000} = 5$

6.4 A

$5 \times 220\,000 = 1100\,000$

6.5 C



6.6 A

6.7 C

6.8 B

6.9 D

6.10 B

$$\begin{aligned}
 5.1.1 \text{ Gross profit \%} &= \frac{\text{Gross profit}}{\text{Sales}} \times 100 \\
 &= \frac{1200000 - 800000}{1200000} \times 100 \\
 &= 33\%
 \end{aligned}$$

$$\begin{aligned}
 5.1.2 \text{ Current ratio} &= \frac{\text{CA}}{\text{CL}} \\
 &= \frac{600000 + 200000 + 400000}{550000 + 200000} \\
 &= 1.6 : 1
 \end{aligned}$$

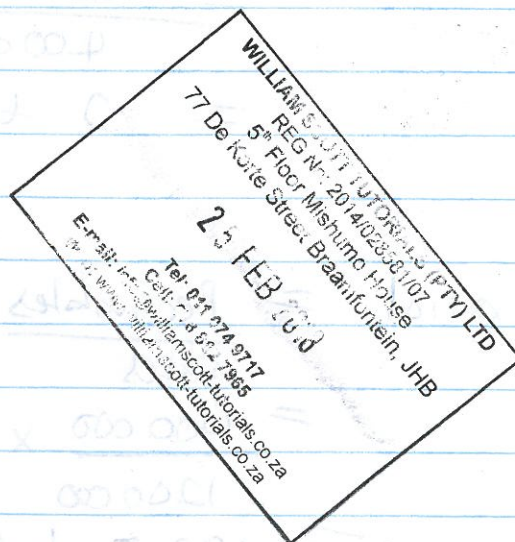
$$\begin{aligned}
 5.1.3 \text{ Quick ratio} &= \frac{\text{CA} - \text{Inventory}}{\text{CL}} \\
 &= \frac{600000 + 200000}{550000 + 200000} \\
 &= 1.07 : 1
 \end{aligned}$$

$$\begin{aligned}
 5.1.4 \text{ Inventory turnover} &= \frac{\text{C.O.S}}{\text{Inventory}} \\
 &= \frac{800000}{400000} \\
 &= 2 \text{ times}
 \end{aligned}$$

$$\begin{aligned}
 5.1.5 \text{ Collection period} &= \frac{\text{Receivables}}{\text{Sales}} \times 365 \\
 &= \frac{600000}{1200000} \times 365 \\
 &= 182.5 \text{ days}
 \end{aligned}$$

4. Cost of goods manufactured & sold.

Opening Materials	45000
<u>Add Purchases</u>	229 200
	274 200
less closing stock	(44 400)
material issued to production	229 800
Direct labour	250 000
Indirect labour	11 000
Depreciation on machinery	24 000
Water & electricity	18 000
Sundry overheads	21 000
factory insurance	10 000
factory rent	18 000
<u>Total Manufacturing cost</u>	581 800
<u>Add opening W.I.P</u>	78 000
<u>less C.I.W.I.P</u>	(30 000)
<u>Cost of goods manufactured</u>	629 800
Opening stock of finished goods	106 000
<u>Add C.O.G.M</u>	629 800
<u>less Closing stock</u>	(33 000)
<u>C.O.G. sold</u>	702 800



Cash budget

Receipts	December	January
Cash sales	90 000	78 000
Collections from debtors	540 000	515 000
Total receipts	630 000	585 000
Payments	(625 000)	650 000
payments to creditors	380 000	405 000
water & electricity	50 000	50 000
rent	60 000	60 000
salaries	120 000	120 000
stationery	10 000	10 000
delivery charges	5 000	5 000
Surplus (Deficit)	5 000	(65 000)
Bank balance b/d	15 000	20 000
Balance b/d	20 000	(45 000)

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Recovery rate

$$= \frac{\text{labour cost}}{\text{hours}}$$

$$S = \frac{844\,48}{1864} = 45.30$$

$$N = \frac{72\,384}{1864} = 38.83$$

3. Collection schedule.

October	O	N	D	J
Credit sales	600 000	500 000	600 000	350 000
30%	180 000	150 000	180 000	105 000
60%	—	360 000	300 000	360 000
10%	—	—	60 000	50 000

Payment schedule

	No	A	Jan
Purchases	350 000	450 000	300 000
30%		135 000	90 000
70%		245 000	315 000

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