

## QUESTION 5

5.1	Letter
5.1.1	C✓✓
5.1.2	D✓✓
5.1.3	B✓✓
5.1.4	E✓✓
5.1.5	A✓✓
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5.2.1	<p>Comment on whether the business was more profitable in 2012 than in 2011. Support your answer with a suitable financial indicator. Show your calculation. [Refer to information A]</p> <p><b>Operating profit on turnover</b></p> $\frac{300\,000}{1\,470\,000} \times \frac{100}{1} = 20.4\%$ <p>20.4%✓*</p> <p><b>* If any one of the above figures is correct other than 100</b></p> <p>Yes. ✓</p> <p>The operating profit improved from 16%✓ in 2011 to 20,4%✓ in 2012.</p>
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5.2.2	<p>Comment on whether the owner should be pleased with his return. Use a suitable financial indicator to support your answer. Show your calculation. [Refer to information A]</p> <p><b>Return on owners' equity</b></p> $\frac{300\,000}{1\,173\,310} \times \frac{100}{1} = 25.56\%$ <p>25.56%✓*</p> <p><b>* If any one of the above figures is correct other than 100</b></p> <p>Yes. ✓</p> <ul style="list-style-type: none"> <li>Return on equity improved from 20% in 2011✓ to 25, 56%✓ in 2012.</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>The return of 25, 56%✓ in the business far exceeds the return on investment of approximately 8% from a financial institution.✓</li> </ul>
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**QUESTION 5****5.1.1 Calculate Direct Labour Cost**

$$\begin{aligned}
 &R192\,600 \checkmark + (1\% \times R192\,600) \checkmark + (10.5\% \times R192\,600) \checkmark \\
 &= R192\,600 \checkmark + R1\,926 \checkmark \checkmark + R20\,223 \checkmark \checkmark \\
 &= R214\,749 \checkmark \checkmark
 \end{aligned}$$

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**5.1.2****GENERAL LEDGER OF SNUG-FIT CALCULATORS****BALANCE SHEET ACCOUNT SECTION**

Dr.		Raw Materials Stock						Cr.
2014				✓	2015			✓✓
Mar	01	Balance	b/d	107 000	Feb	28	Creditors Control	✓
								16 000
2015		250 000 +		✓✓✓				✓
Feb	28	15 400	✓	265 400			Raw Material Issued	✓
		Bank						428 900
		158 000		✓✓				
		Creditors control	✓	158 000			Balance	c/d
								85 500
				530 400				530 400
2015				✓				
Mar	01	Balance	b/d	85 500				

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Dr.		Work-in-Process Stock						Cr.
2014				✓	2015			✓✓
Mar	01	Balance	b/d	25 800	Feb	28	Finished Goods Stock	✓
								800 000
2015		Direct	✓	✓				✓
Feb	28	Materials Cost		428 900			Balance	c/d
								86 414
		Direct Labour Cost	✓	✓				
				214 749				
		Factory Overhead Cost	✓	✓				
				216 965				
				886 414				886 414
2015				✓				
Mar	01	Balance	b/d	86 414				

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