



ASSIGNMENT MEMORANDUM

SUBJECT : BUSINESS NUMERACY 1 (BN101)

ASSIGNMENT : 2ND SEMESTER 2011

The prescribed textbook is: Conradie, W., and Fourie, W. 2011. *Basic Financial Management*. 1st edn. Juta.

Answer ALL the questions

QUESTION 1 [20]

- 1.1 c
- 1.2 d
- 1.3 a
- 1.4 a
- 1.5 b
- 1.6 c
- 1.7 c
- 1.8 d
- 1.9 e
- 1.10 c

QUESTION 2 [15]

Solution			
Statement of comprehensive income for Ronnie for the period 1 March to 31 May 2011			
	R	R	Marks
Sales		10000	1
Less cost of sales		-6200	2
Gross profit		3800	1
Less operating expenses	2675		1
Wages	300		1
Van rental	1000		1
Van expenses	900		1
Bad debt written off	250		2
Telephone and postage	150		1
Interest charges	75		1
Net profit		1125	1

Note the following: 1, Drawings are approximations of profit and not expenses.

QUESTION 3 [10]

- (a) Assets (cash) increase by R5 000; liability (amount owed to the bank) increases by R5 000.
- (b) Assets (cash) decrease by R800; assets (stock) increase by R800.
- (c) Assets (cash) decrease by R50; capital decreases by R50. (The owner has taken R50 for his personal use.)
- (d) Assets (cash) increase by R440; assets (stock) decrease by R300; capital (the profit earned for the owner) increases by R140.
- (e) Assets (cash) decrease by R5 270; liabilities (the bank loan) decrease by R5 000; capital decreases by R270 (the owner suffered a 'loss' of R270 on the transaction).

(Two marks per answer 2 x 5 = 10)

QUESTION 4**[30]**

Tinos's Shoes			Marks
Statement of financial position as at 31 December 2010			2
	R	R	
Assets			
Non-current assets			
Freehold premises		50000	1
Furniture		8000	1
Motor vehicles		<u>9000</u>	1
		67000	1
Current assets		16900	2
Inventory	16000		1
Debtors	500		1
Prepaid expenses	300		1
Cash	100		1
Total assets		<u><u>83900</u></u>	2
Equity and liabilities			
Capital as at 1 January 2010		47600	1
Profit for the year		<u>8000</u>	2
		55600	2
Less drawings		<u>-4000</u>	1
		51600	1
Non-current liabilities			
Loan		25000	1
Current liabilities		7300	2
Bank overdraft	2000		1
Creditors	1200		1
Tax payable	3500		1
Accrued expenses	600		1
Total capital and liabilities		<u><u>83900</u></u>	2
			30

QUESTION 5**[25]**

Cats International		Marks
Cash flow statement for the year ending 30 June 2011		2
	R R	
CASH EFFECT OF OPERATING ACTIVITIES		
Net cash outflow from operating activities	-2150	1
CASH EFFECT OF INVESTING ACTIVITIES		
Purchase of fixed assets	-4500	1
Sale of fixed assets	800	1
Net cash outflow from investing activities	-3700	1
CASH EFFECT OF FINANCING ACTIVITIES		
Issue of share capital	2500	1
Repayment of loan	-1000	1
Net cash inflow from financing activities	1500	1
Decrease in cash and cash equivalents	-4350	1
Opening bank balance	850	1
Closing bank balance	-3500	1
Note 1:		
Reconciliation of operating profit		
Operating profit (R23350 - R22150)	1200	2
Depreciation (R2800 - (R1900 - R1650))	2550	2
Profit on sales of asset	-250	2
Increase/(reduction) in stock	-4200	2
Increase/(reduction) in debtors	-1700	2
Increase/(reduction) in creditors	250	2
Net cash outflow from operating activities	-2150	
		24
General layout		1
		25