



**ACCOUNTING: PAPER II  
ANSWER BOOKLET**

NAME: \_\_\_\_\_

**INSTRUCTIONS**

1. This answer booklet consists of 10 pages. Please check that you have each page included herein.
2. There is a clearly marked page for each answer. **Use the blank facing page on the left for rough work.**
3. Make sure your rough work is legible and comprehensible.
4. You may **not** use green or red ink. **You may use a soft, dark pencil.**

<b>QUESTION</b>	<b>POSSIBLE MARKS</b>	<b>ACTUAL MARKS</b>
1	50	
2	20	
3	20	
4	10	
<b>TOTAL</b>	<b>100 MARKS</b>	

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**QUESTION 1**

Calculations

<b>Ratio</b>	<b>2007 Calculations</b>	<b>2006</b>
1. Current		3.60 : 1
2. Acid Test		0.93 : 1
3. Operating Expenses on Sales		20%
3. Number Days Stock on hand		240 days
4. Debtors Collection Period		50 days
5. Creditors Payment Period		91 days
6. Debt: Equity		1.35 : 1
7. Return on Owners Equity: Reginald		28%
8. Interest Rate of Loan		

Liquidity situation


Stock levels


Control of working capital


Control of operating expenses


Loans used


6. Comment on Gearing


Reginald's offer


Investment in Putco


**50 marks**

**QUESTION 2**

1. Function of Internal Auditor


2. Difference between Internal and External


3. Transparency


4. Possible types of fraud


5. How the risk of fraud can be reduced


6. Accountability


**20 marks**

**QUESTION 3**

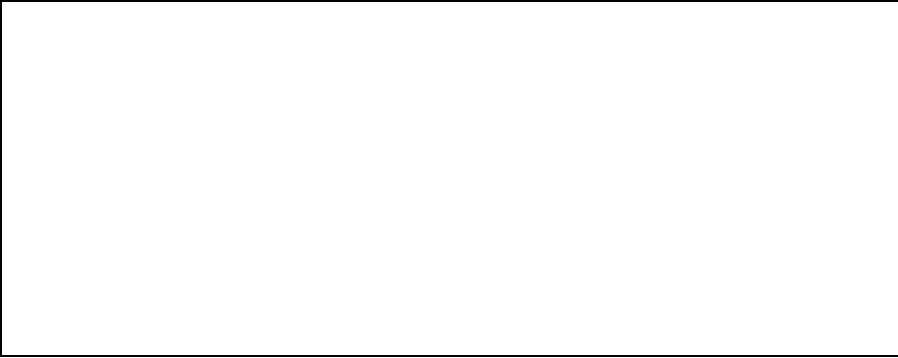
1. Weakening exchange rate

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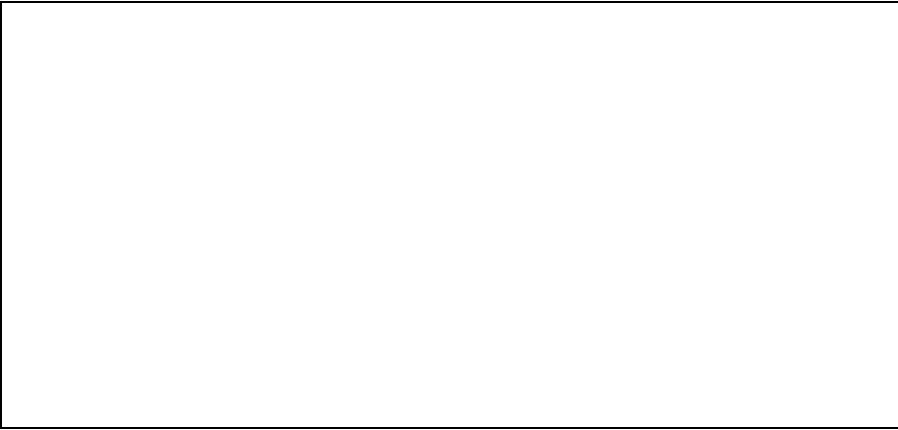
2.



3.



4.1



4.2



5.


6.






A3.

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PART B

B4.

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B5.

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<b>10 marks</b>
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