

**SECTION A****[30 marks]**

1.1	B	✓
1.2	D	✓
1.3	D	✓
1.4	C	✓
1.5	C	✓
1.6	B	✓
1.7	A	✓
1.8	C	✓
1.9	A	✓
1.10	B	✓
1.11	B	✓✓
1.12	C	✓✓
1.13	D	✓✓
1.14	C	✓✓
1.15	A	✓✓
1.16	A	✓✓
1.17	C	✓✓
1.18	A	✓✓
1.19	A	✓✓
1.20	A	✓✓

**SECTION B****[20 marks]****2.1 3 marks (5 available)**

FV	=	50 000	✓
PV	=	4 000	✓
I/YR	=	5%	✓
N	=	51.77	✓

Total time  
(years) =  $3\sqrt{\phantom{x}} + 51.77$   
54.77

**2.2 7 marks (8 available)**

PMT	=	1400	✓
I/YR	=	8%	✓
N	=	25	✓
$PV_{(t=6)}$	=	14944.69	✓P

FV	=	14944.69	✓P
I/YR	=	8%	✓
N	=	6	✓
$PV_{(t=0)}$	=	9417.69	✓P

### QUESTION 3

3.1

Unsystematic, or diversifiable risk ✓ - affects a limited number of securities✓. It can be eliminated through investing in securities from various industries and geographic regions✓.

Systematic risk ✓ - is risk which affects most, or all, securities. ✓It cannot be diversified away✓.

3.2

$$R_m = 16/6 = 10\% \checkmark \checkmark$$

$$10\% + 8.5\% = 18.5\% \checkmark$$

3.3

$$R_e = 8.5\% + 16\%$$

$$R_e = 24.50\% \checkmark \checkmark$$

**SECTION C****[50 marks]****Question 4****(25 marks)**

	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>
<b>Sales</b>	600	800	900	700
<b>Purchases (70% of following months sales)</b>	560✓	630✓	490	
<b>Description</b>				
<b>Beginning receivables</b>	120	300 ✓P	400 ✓P	
<b>Sales</b>	600	800	900	
<b>Ending Receivables (15/30 x current month's sales)</b>	300 ✓✓	400 ✓	450 ✓	
<b>Cash Collections (O/B + Sales – C/B)</b>	<b>420 ✓</b>	<b>700</b>	<b>850</b>	
<b>Description</b>				
<b>Beginning payables</b>	80	560	630 ✓P	
<b>Purchases</b>	560	630 ✓P	490	
<b>Ending Receivables (30/30 x current month's sales)</b>	560 ✓✓	630 ✓	490 ✓	
<b>Cash Disbursements (O/B + Purchases – C/B)</b>	<b>80 ✓</b>	<b>560 ✓</b>	<b>630</b>	
<b>Description</b>				
<b>Opening balance</b>	430	590 ✓P	550✓P	
<b>Cash Collections</b>	420 ✓P	700 ✓P	850	
<b>Cash Disbursements from purchases</b>	80 ✓P	560 ✓P	630	
<b>Cash disbursements for cash expenses</b>	180	180	180	
<b>Closing balance</b>	<b>590 ✓✓</b>	<b>550</b>	<b>590</b>	

## QUESTION 5

### 5.1 (4 marks)

Discount bond: Yield to maturity > Current yield > Coupon rate✓✓

Premium bond: Yield to maturity < Current yield < Coupon rate✓✓

### 5.2 (4 marks)

Dividend yield✓ = which measures the annual percentage income return on a share. ✓

Capital gains yield✓ = which is the percentage of price appreciation or depreciation. ✓

### 5.3 (3 marks)

$$V = D1/(r-g)$$

$$V = (4.56 \text{ } 1.07) \checkmark / (0.19 - 0.07) \checkmark$$

$$V = 40.66 \checkmark$$

### 5.4 (2 marks)

$$Re = (15\% * 100) \checkmark / 125 \checkmark$$

$$Re = 0.12 = 12\%$$

### 5.5 (4 marks)

$$N = 7 \checkmark$$

$$PMT = 100 \checkmark$$

$$FV = 1000$$

$$I = 8.78\% \checkmark$$

$$PV = 1\,061.86 \checkmark$$

### 5.6 (8 marks)

Description	Price Per unit	Quantity	Market Value	Weights ✓	Cost	WACC ✓✓
Share Capital	40.66	300 000	12 198 000 ✓	12.09%	19%	2.20%
Preference shares	125	200 000	25 000 000 ✓	24.77%	12%	2.97%
Bonds	1 061.86	60 000	63 711 600 ✓	63.14%	6.41% ✓	4.05%

					(8.78*73%)	
			100 909 600			9.22% ✓

1.1	B	
1.2	D	
1.3	D	
1.4	C	
1.5	C	
1.6	B	
1.7	A	
1.8	C	
1.9	A	
1.10	B	
1.11	B	$FV = R225\,000(1.04)^3 = R253\,094.40$ $FV = R225\,000(1.035)^3 = R249\,461.52$ $\text{Difference} = R253\,094.40 - R249\,461.52 = R3\,632.88$
1.12	C	$PV = R48,613.24/1.0405^{28} = R15,994.70$
1.13	D	$\text{Quick ratio} = (68 + 142)/235$
1.14	C	$\text{Inventory turnover} = R368,600/[(R54,700 + 58,200)/2] = 6.53$ $\text{Inventory period} = 365/6.53 = 55.90 \text{ days}$
1.15	A	$\text{July collections} = .84(R950) + .13(R860) + .01(R770) = R918$
1.16	A	$PV=1020.50$ $FV= 1000$ $N=20$ $PMT=80$ $I=7.79$
1.17	C	$V=1.50/17\%$ $V=8.82$
1.18	A	$R=4.5\% + (1.5*6\%)$ $R=13.5\%$
1.19	A	$14.5\%=(w*(16\%)+((1-w)*6.5\%))$ $W= 84.21\%$
1.20	A	$Rf=17.5-(1.5*5)= 10\%$