

Tutorial letter 201/1/2020

**Principles of strategy, risk & financial
management techniques**

MAC2602

Semester 1

Department of Management Accounting

IMPORTANT INFORMATION:

This tutorial letter contains important information
about your module.

BAR CODE

TUTORIAL LETTER 201/2020 FOR MAC2602**Dear Student**

Enclosed please find the suggested solutions in respect of compulsory assignment 01/2020 for the first semester. It is in your own interest to work through this solution in conjunction with the assignment and your own answer.

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With kind regards

Your lecturers: MAC2602

**ANNEXURE: SUGGESTED SOLUTION – COMPULSORY ASSIGNMENT 01/2020
(FIRST SEMESTER)**

1. Alternative (4) is the correct answer. (2)
(SG 1, p. 10)

Statements (c) and (d) are correct.
Statement (a) and (b) are characteristics of a mission statement (SG 1, p. 6).
2. Alternative (1) is the correct answer. (2)
(SG 1, p. 13)
3. Alternative (4) is the correct answer. (2)
(SG 1, p. 29)

Alternative (1) has to do with how well different goals blend with each other.
Alternative (2) describes a step in strategic planning.
Alternative (3) entails that one goal is used as a method of obtaining the next goal.
4. Alternative (3) is the correct answer. (2)
(SG 1, p. 35)

Statement (b) should be bargaining power of suppliers not shareholders if it is to form part of Porter's five forces.
Statement (d) should be rivalry amongst existing competitors and not new competitors if it is to form part of Porter's five forces.
5. Alternative (2) is the correct answer. (2)
(SG 1, p. 24)
6. Alternative (3) is the correct answer. (2)
(SG 1, p. 55)
7. Alternative (1) is the correct answer. (2)
(SG 1, p. 48)
8. Alternative (3) is the correct answer. (2)
(SG 1, p. 48 - 49)
9. Alternative (2) is the correct answer. (2)
(SG 1, p. 63)
10. Alternative (1) is the correct answer. (2)
(SG 1, p. 66)
11. Alternative (3) is the correct answer. (2)
(SG 1, p. 97 - 99)

Statements (a), (c) and (d) are correct.
Statement (b) relates to periodic rate. (SG 1, p. 96)
12. Alternative (4) is the correct answer. (2)
(SG 1, p. 95 - 96)
13. Alternative (1) is the correct answer. (2)
(SG 1, p. 107)

14. Alternative (4) is the correct answer. (2)
(SG 1, p. 83, 113(3a) & 145) Future value ordinary annuity - Table D
15. Alternative (2) is the correct answer. (2)
(SG 1, p. 83, 84, 113(1a) & 144) Future value single amount – Table C
16. Alternative (2) is the correct answer. (2)
(SG 1, p. 102) Extrapolation

<i>a</i>	<i>b</i>	<i>c</i>
6%	7%	?%
R208,55	R185,25	R166,33
<i>x</i>	<i>y</i>	<i>z</i>

$$\begin{aligned}
 & b + \left[\frac{y - z}{x - y} \times (b - a) \right] \\
 &= 7\% + \left[\frac{(185,25 - 166,33)}{(208,55 - 185,25)} \times (7\% - 6\%) \right] \\
 &= 7\% + \left[\frac{(18,92)}{(23,30)} \times (7\% - 6\%) \right] \\
 &= 7\% + (0,8120)(1) \\
 &= 7\% + 0,08120 \\
 &= 7,8120\% \\
 &= 7,81\% \text{ (rounded to two decimal places)}
 \end{aligned}$$

17. Alternative (3) is the correct answer. (2)
(SG 1, p. 96)
18. Alternative (2) is the correct answer. (2)
(SG 1, p. 79)

$$R\ 23\ 000 \times (2\% \times 2) \times 5 \text{ years} = R4\ 600$$

19. Alternative (2) is the correct answer.
(SG 1, p. 89 and 125) PV ordinary annuity

(2)

$$\begin{aligned}
 \text{PV annuity} &= I \times \left[\frac{1 - \frac{1}{(1+i)^n}}{i} \right] \\
 &= R15\,000 \times \left[\frac{1 - \frac{1}{(1+0,08)^{15}}}{0,08} \right] \\
 &= R15\,000 \times \left[\frac{1 - \frac{1}{(1,08)^{15}}}{0,08} \right] \\
 &= R15\,000 \times \left[\frac{1 - \frac{1}{3,1722}}{0,08} \right] \\
 &= R15\,000 \times \left[\frac{1 - 0,3152}{0,08} \right] \\
 &= R15\,000 \times \left[\frac{0,6848}{0,08} \right] \\
 &= R15\,000 \times 8,5595 \\
 &= R128\,392
 \end{aligned}$$

20. Alternative (4) is the correct answer.
(SG 1, p. 82 - 83)

(2)

$$\begin{aligned}
 \text{FV} &= \text{PV}(1+i)^n \\
 &= R3\,000 (1 + 0,055)^5 \\
 &= R3\,000 (1,3070) \\
 &= R3\,920,88 \\
 &= R3\,921
 \end{aligned}$$

Total [40]