

GAUTENG DEPARTMENT OF EDUCATION
SENIOR CERTIFICATE EXAMINATION

TYPING SG
(First Paper: Timed Accuracy Test)

POSSIBLE ANSWERS SUPP 2007

QUESTION 1
TIMED ACCURACY TEST

The timed accuracy test is to be typed in double line or 1½ line spacing, on one side of the paper only. Use margins of 10°. A minimum of 35 w.p.m. is expected and the limits are indicated by (...).

TIME: 10 MINUTES

[60]

The capital budget of an enterprise is a future plan in which the requirements for investment funds appear, as well as the manner in which these requirements is to be financed. The capital budget therefore focuses on both the investment and financing decision. While this paper deals with only the former aspect, the interdependence of these two decisions should not be forgotten. Since the financing decision influences the cost of capital of an enterprise and the latter forms the criterion for the evaluation of investment projects, it is clear that the two decisions are to a large extent interwoven. An optimal capital budget as well as an optimal investment policy are therefore necessary for an enterprise to achieve its stated objective.

The investment budget of an enterprise specifically focuses on the planned capital investments for the coming financial year and contains details in this regard. It is therefore fitting that the details concerning the investment amounts, the lifespan of assets, estimated residual values at the end of their lifespan, the divisions in which the investments will take place and the planned completion date receive the necessary attention when the investment budget is drawn up. While investment proposals may originate within or outside the enterprise,

continuous investment management plays an essential role. The implementation of investment proposals may furthermore enjoy a lower priority or even be rejected as a result of capital rationing.

Prerequisite for preparing a capital budget for the short and long term is that top management should have an investment policy for the enterprise. The investment (35 wpm)

policy is a preplanned code of behaviour which serves as a guide to give top management direction in making decisions concerning the enterprise's capital requirement and its application on assets, the chief criterion being profitability (40 wpm) expectations.

Based on this description, it is focused on the investment decision, in other words, only the demand side of the capital budget, and more particularly decisions as to which assets the enterprise requires, how many of them, at which stage (45 wpm)

and for how long. It is also necessary to formulate a policy with regard to when a proposed investment should be included in the capital budget. This results in the investment plan and programme being forerunners to the capital budget. (50 wpm)

The investment plan is the forerunner to the investment programme. It consists of a number of plans which have as a basic point of departure the short- and long-term aims of the enterprise. Planning implies an investigation into and motivation (55 wpm)