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**TOTAL MARKS**

NATIONAL SENIOR CERTIFICATE EXAMINATION  
MAY 2024

**ACCOUNTING: PAPER II**

**EXAMINATION NUMBER**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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Time: 2 hours

100 marks

**PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY**

1. This question paper consists of 12 pages, an Information Booklet of 7 pages (i–vii) and a Formula Sheet of 1 page (i). Please check that your question paper is complete.
2. Read the questions carefully.
3. Answer the questions in the space provided.
4. It is in your own interest to write legibly and to present your work neatly.
5. You may **not** use red or green ink. **You may use a pencil, but please use a soft, dark pencil.**
6. All calculations should be rounded off to **two decimal places**.
7. The allocation of marks and appropriate time to be spent on each question are as follows:

|                                                  | Possible marks | Actual marks | Marker signature | Moderator signature |
|--------------------------------------------------|----------------|--------------|------------------|---------------------|
| <b>Question 1: Budgets (42 minutes)</b>          | <b>35</b>      |              |                  |                     |
| <b>Question 2: Company Analysis (48 minutes)</b> | <b>40</b>      |              |                  |                     |
| <b>Question 3: Reconciliations (30 minutes)</b>  | <b>25</b>      |              |                  |                     |
| <b>TOTAL</b>                                     | <b>100</b>     |              |                  |                     |

**QUESTION 1      BUDGETS**

**[35 marks; 42 minutes]**

**Refer to the information relating to La Meme (Pty) Ltd.**

1.1 Debtor's Collection

Determine the debtor's collection policy by calculating all **relevant percentages**. Show your workings.

|                                       |     |
|---------------------------------------|-----|
| Same month as the sale:               |     |
| Discount:                             | (6) |
| One month after the sale:             |     |
|                                       | (2) |
| Two months after the sale:            |     |
| <i>Not required to be calculated.</i> |     |
| Bad debts:                            |     |
|                                       | (2) |

1.2 Provide TWO suggestions how La Meme (Pty) Ltd can reduce their bad debts.

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(2)

1.3 Use the additional information supplied to complete the extract of the Cash Budget and the extract of the Projected Statement of Comprehensive Income for the period 1 September 2024 to 30 November 2024.

**Note:** Transactions that indicate a payment or expense must be bracketed.  
Salaries have been entered for you.

|                  | Cash Budget   |               |               | Projected Statement of Comprehensive Income |               |               |
|------------------|---------------|---------------|---------------|---------------------------------------------|---------------|---------------|
|                  | Sep 2024<br>R | Oct 2024<br>R | Nov 2024<br>R | Sep 2024<br>R                               | Oct 2024<br>R | Nov 2024<br>R |
| Salaries         | (300 000)     | (300 000)     | (327 000)     | (300 000)                                   | (300 000)     | (327 000)     |
| Delivery vehicle |               |               |               |                                             |               |               |
| Depreciation     |               |               |               |                                             |               |               |
| Rent income      |               |               |               |                                             |               |               |

(7)

1.4 Refer to the salaries line provided in Question 1.3 above. Workers received a 9% salary increase which is higher than inflation. Yet, on a survey sent out to staff, they indicated that staff morale (how your employees feel about their work environment and their role in it) is very low and they feel there should be more benefits. From extract C it is clear that increasing medical aid and pension fund contributions are not a feasible option at this stage.

Suggest TWO other ways staff morale could be improved whilst not having a major financial impact on La Meme (Pty) Ltd.

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(2)

1.5 Based on information C, the chief operating officer has expressed her concern about the present cash situation and has suggested that the company applies for a long-term loan of R200 000 in December 2024.

According to her research, the company will qualify for a loan from ABSA at 15% p.a. if the interest is not capitalised or a loan from FNB at 14% p.a. if the interest is capitalised.

1.5.1 Which GAAP principle dictates that interest on loan be shown as a separate line item in the Statement of Comprehensive Income, even if it is capitalised?

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(1)

1.5.2 Explain the importance of showing it as a separate line item.

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1.5.3 Which of the two loans would you advise the company to take? Provide TWO well-explained reasons for your choice.

Absa (15%, non-capitalised)                       FNB (14%, capitalised)

|                                                     |
|-----------------------------------------------------|
| <ul style="list-style-type: none"> <li>•</li> </ul> |
|                                                     |
|                                                     |
| <ul style="list-style-type: none"> <li>•</li> </ul> |
|                                                     |
|                                                     |

(2)

1.5.4 Based on the information provided, supply TWO reasons why taking out a long-term loan in December 2024 would not be a sound financial decision.

|                                                     |
|-----------------------------------------------------|
| <ul style="list-style-type: none"> <li>•</li> </ul> |
|                                                     |
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(2)

1.6 The company plans to issue 120 000 additional shares in January 2025 in order to expand the business by adding an online store to their offering.

1.6.1 Suggest to the directors a well thought through price they should issue these shares at. Support your answer with a suitable calculation and explanation.

|                                           |
|-------------------------------------------|
| Calculation:                              |
|                                           |
| Your suggested issue price:               |
|                                           |
| Reasoning for your suggested issue price: |
|                                           |
|                                           |
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|                                           |
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(5)

1.6.2 Based on their research, running the online store would add at least R17 000 per month to their expenses.

Based on the same research they expect their online sales to be as follows:

|              |               |            |
|--------------|---------------|------------|
| January 2025 | February 2025 | March 2025 |
| R160 000     | R214 000      | R280 000   |

Provide ONE advantage and TWO disadvantages of expanding online based on the information provided.

|                |
|----------------|
| Advantage:     |
| •              |
|                |
| Disadvantages: |
| •              |
|                |
| •              |
|                |

(3)

**QUESTION 2 COMPANY ANALYSIS**

**[40 marks; 48 minutes]**

This question consists of two parts, namely Part A and Part B that are related.

**PART A**

Refer to the information of Northam Platinum Holdings Limited for this part of the question.

Use information A to answer Questions 2.1–2.4.

2.1 Calculate the mark-up percentage achieved in **2022**.

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2.2 Calculate the gross profit on sales (profit margin) percentage achieved in **2022**.

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2.3 Refer to Questions 2.1 and 2.2.

Explain what each ratio calculates.

|                          |  |
|--------------------------|--|
| • Mark-up:               |  |
|                          |  |
| • Gross profit on sales: |  |
|                          |  |

(2)

2.4 Using the information from the '% Change' column, analyse the changes and then explain why management should be concerned with these results.

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**Refer to information B to answer Question 2.5.**

2.5 Why is it important for a listed company like Northam Platinum Holdings Limited to include information like extract B ('Our environmental impact') as part of their financial reports?

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**Use information C to answer Questions 2.6–2.7.**

2.6 Assuming cash and cash equivalents at the end of the 2022 financial year was R1 175 million, calculate the cash and cash equivalent figure at the beginning of the 2022 financial year.

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2.7 Give ONE possible item that could be listed under **changes in working capital** in cash flow from operating activities as an **inflow** of cash.

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**Use information D to answer Questions 2.8–2.12.**

2.8 Calculate the Return on Average Shareholder's Equity for **2022**.

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2.9 Critically analyse, quoting figures/ratios/percentages to support your answer, the **returns** and **distributions** and **retained profits** for 2022.

|                                     |
|-------------------------------------|
| Returns to shareholders:            |
|                                     |
|                                     |
|                                     |
|                                     |
| (2)                                 |
| Distributions and retained profits: |
|                                     |
|                                     |
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| (3)                                 |

2.10 Explain why your analysis in Question 2.9 would upset you as a **shareholder**.

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**PART B**

**Use information E to answer Question 2.13.**

2.13 Using the comparative information provided, choose the company you would rather invest in and discuss FIVE reasons for your choice. Use figures to substantiate your reasoning.

Northam Platinum Holdings Ltd

Royal Bafokeng Platinum Ltd

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**QUESTION 3 RECONCILIATIONS**

**[25 marks; 30 minutes]**

**Refer to the information relating to Gas Monkey Garage.**

**This question consists of two parts, Part A and Part B.**

**Part A – Debtors**

3.1 It is clear the age analysis on the statement received from Harley Davidson SA is incorrect.

Prepare the correct age analysis on 31 May 2024. Show all your workings so part-marks may be awarded.

| 60+ days     | 30+ days | Current |
|--------------|----------|---------|
|              |          |         |
| Do not total |          |         |

(9)

**Part B – Creditors**

3.2 Complete the Creditor's Reconciliation for May 2024 using the table below.

| Details and calculations | Creditor's Ledger | Creditor's Reconciliation |
|--------------------------|-------------------|---------------------------|
| Balance                  |                   |                           |
| (a)                      |                   |                           |
| (b)                      |                   |                           |
| (c)                      |                   |                           |
| (d)                      |                   |                           |
| (e)                      |                   |                           |
| (f)                      |                   |                           |
| (g)                      |                   |                           |
| Do not total             |                   |                           |

(10)

3.3 Refer to the discrepancy marked (g) – the online banking payment.

3.3.1 Why should management be concerned that this was only discovered when the bookkeeper mentioned it?

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3.3.2 What first accounting entry should be recorded for this transaction?

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3.3.3 Suggest TWO control measures the internal auditor should implement so this does not happen again in future.

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3.3.4 In order to prevent this from occurring again, the auditor advised the business to check their bank statements carefully each month.

List ONE reason why it is important to consult the bank statement received each month.

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(1)

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| <b>25</b> |

**Total: 100 marks**