NATIONAL SENIOR CERTIFICATE EXAMINATION
MAY 2024

ACCOUNTING: PAPER II

Time: 2 hours 100 marks

INFORMATION BOOKLET

QUESTION 1 BUDGETS [35 marks; 42 minutes]

The following information relates to La Meme (Pty) Ltd

LA MEME

La Meme (Pty) Ltd is a small company that prints memes on T-shirts that they then sell. They sell their T-shirts to Mr Price, Jet and a few smaller stores on credit. They also have pop-up stores at country markets and other events where they sell their t-shirts for cash.

The company was registered with an Authorised Share Capital of 2 000 000 ordinary shares. The financial year ends on 28 February each year.

A. Extract from the Statement of Financial Position on 29 February 2024

Ordinary Shareholders' Equity

Ordinary share capital (60% of authorised share capital)	R 1 840 000
Retained income	R 1 280 000

B. Budgeted collection from debtors from 1 September 2024 to 30 November 2024

Month	Credit sales	Collection Period 2024			Bad Debts	Discount Allowed
		Sep	Oct	Nov		
Sep	1 125 000	551 250	337 500	168 750	56 250	11 250
Oct	1 137 500	–	557 375	341 250	–	11 375
Nov	1 375 000	–	–	673 750	–	13 750

C. Extract from the cash budget for September 2024 to 30 November 2024

	Sep	Oct	Nov
Surplus/deficit for the month	171 400	(328 100)	(441 300)
Balance at the beginning of the month	623 500	794 900	466 800
Balance at the end of the month	794 900	466 800	25 500

D. Additional information

- Debtors
  - Discount is granted to debtors who make payment in the same month of purchase.
  - Debtors are allowed a total of 60 days to settle their debts, whereafter it is written off as irrecoverable.

- A delivery vehicle will be purchased on 1 October 2024 for R600 000 and paid off in 60 equal instalments from the first month. Depreciation on equipment is provided at 10% per annum on cost.

- La Meme (Pty) Ltd has unused floor space which will be rented by Nick's Nacks starting 1 October 2024. Monthly rent amounts to R75 000. Nick's Nacks has made an arrangement to pay rent for October and November 2024 on 1 November 2024.

- La Meme (Pty) Ltd has R650 000 invested in a fixed deposit that will mature on 10 December 2024, together with the capitalised interest.

- The company plans to sell an additional 120 000 shares in January 2025.

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

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

Northam Platinum Holdings Limited is a mining company that mines metals like platinum and palladium. They sell these metals in South Africa, Europe, Japan, Asia and North America. It was founded in 2020.

NORTHAM
PLATINUM HOLDINGS LIMITED

A. Adapted from the Group Trading Statement for the year:

	2022 R 'million	2021 R 'million	% Change
Sales revenue	34 064	32 627	↑ 4,4
Cost of sales	(19 179)	(16 520)	↑ 16,1
Gross profit	14 885	16 107	↓ 7,6

B. Extract from the Group Annual Report for 2022:

Our environmental impact

Northam produces PGMs, these are special metals that are critical to the achievement of a cleaner, greener, fairer world.

Key focus areas of our environmental impact are:

- Carbon footprint
- Renewable energy
- Recycling
- Air emissions
- Water use

C. Extract from the Group Statement of Cash Flow for 2022:

	R' million
Cash flows from operating activities	11 392
Cash flows from investing activities	(12 457)
Cash flows from financing activities	(1 648)

D.

	2022	**2021**
Profit before income tax (in R' million)	13 675	
Profit after income tax (in R' million)	9 846	
Shareholder's equity (in R' million)	35 967	19 015
Authorised share capital	800 000 000	800 000 000
Number of shares in issue	376 533 110	383 014 500
Return on average shareholder's equity	?	26,24%
Earnings per share	26 149 cents	24 495 cents
Dividends per share	0 cents	158 cents
Debt to Equity	0,67 : 1	0,55 : 1
Return on capital employed	28,5%	27,2%
Average interest rate on borrowings	10%	
Average rate of fixed deposit	6,5%	

PART B

E. The information for this part of the question provides a comparison between Northam Platinum Holdings Limited and Royal Bafokeng Platinum Limited for 2022.

	Northam Platinum Holdings Limited NORTHAM PLATINUM HOLDINGS LIMITED	**Royal Bafokeng Platinum Limited** ROYAL BAFOKENG PLATINUM MORE THAN MINING
Year the company started	2020	2008
Return on average shareholder's equity	*Question 2.8*	13,5%
Earnings per share	26 149 cents	11 443 cents
Dividends per share	0 cents	780 cents
Net asset value	9 552 cents	8 503 cents
JSE price on last day of year	16 701 cents	15 425 cents
Debt to Equity	0,67 : 1	0,1 : 1
Return on capital employed	28,5%	11,3%
Average interest rate on borrowings	10%	10%

QUESTION 3 RECONCILIATIONS [25 marks; 30 minutes]

Information relating to Gas Monkey Garage

Gas Monkey Garage is an intermediary (link between producer and consumer) of motorcycles. They buy motorcycles from AMID Importers on credit.

They have an agreement with Harley Davidson SA to supply their dealerships with motorcycles. The dealerships are given 45 days to settle their accounts with Gas Monkey Garage.

Part A – Debtors

Note: The opening balance on the statement below of R519 000 comprises of R410 400 purchased on 15 March 2024 and the rest was purchased on 4 April 2024.

Gas Monkey Garage
103 Atlas Road
Boksburg
1923

Harley Davidson SA
Catherine Close, Sandton

Acc no: 2469
Statement date: 27 May 2024

DATE		TRANSACTIONS	DEBIT	CREDIT	BALANCE
May	01	Opening balance			519 000
	05	Invoice no 1505	669 600		1 188 600
	06	Credit note 245		19 200	1 169 400
	07	Receipt no 720		180 000	989 400
	07	Discount		14 400	975 000
	13	Invoice no 1802	1 069 200		2 044 200
	19	Receipt no 990		326 000	1 718 200
	26	Credit note 880		50 400	1 667 800

60+ days	30+ days	Current
– R54 000	R39 000	1 138 800

Credit terms:

- All debts to be settled within 45 days after the date of the statement.
- An 8% settlement discount on payments is given if payments are made within 30 days of purchase.

Part B – Creditors

Gas Monkey Garage received a statement of account from its supplier AMID Importers. The statement is dated 31 May 2024. The statement indicated a debit balance of R873 800.

According to the Creditor's Ledger of Gas Monkey Garage, an amount of R320 600 is owed to AMID Importers.

The following errors and omissions were noted when comparing the statement of account to the Creditor's Ledger:

(a) Invoice 3228 of R180 000, dated 15 May 2023, was omitted from the statement of account.

(b) Invoice 3560 relates to goods purchased during a special discount offer of 30% by AMID Importers for Father's Day. The invoice showed an amount payable of R67 200 (reflecting the discounted price). This was, however, captured at the normal purchase price in the accounting records of Gas Monkey Garage.

(c) Credit note 503 for R50 000 was debited to the statement on 18 May 2024.

(d) Invoice 3788 for R80 400 was recorded on the statement on 21 and 22 May 2024, but recorded correctly (and only once) in the account of AMID Importers.

(e) An EFT of R320 000 was made by Gas Monkey Garage on 25 May 2024 but does not reflect on the statement as yet.

(f) The statement reflects invoice 3840 for R261 600. The invoice is set to be processed by Gas Monkey Garage on 5 June 2024. However, the date on the corresponding delivery note and goods received note, signed by Gas Monkey Garage, indicates the date of delivery as 31 May 2024.

(g) The bookkeeper of Gas Monkey Garage is convinced he pre-loaded a payment of R88 000 on the online banking platform for **31 May 2024**. Upon investigation it was found that the payment did indeed go through the online bank account. No bookkeeping entries were made.