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TOTAL MARKS

NATIONAL SENIOR CERTIFICATE EXAMINATION
MAY 2025

ACCOUNTING: PAPER II

EXAMINATION NUMBER

Time: 2 hours

100 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 12 pages, an Information Booklet of 11 pages (i–xi) 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. It is advisable to substantiate arguments with figures / percentages / ratios even when the question does not explicitly state this.
8. The allocation of marks and appropriate time to be spent on each question are as follows:

	Possible marks	Actual marks	Marker signature	Moderator signature
Question 1: Reconciliations (36 minutes)	**30**			
Question 2: Company Analysis (46 minutes)	**38**			
Question 3: Budgets (38 minutes)	**32**			
TOTAL	**100**			

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QUESTION 1 RECONCILIATIONS [30 marks; 36 minutes]

Refer to the information relating to The Karaoke Club.

This question consists of three parts, namely Part A, Part B and Part C.

PART A [15 marks; 18 minutes]

Use the information relating to the debtors of The Karaoke Club to answer the questions below.

1.1 Prepare the age analysis for debtor **Beefcakes** on 30 April 2025. Show all your workings so part-marks may be awarded.

Note: All transactions should be indicated as part of your workings, regardless of the net effect.

90+ days	60+ days	30+ days	Current
Do not calculate			

(13)

1.2 Refer to the payment made by debtor **Ed's Diner** on 30 March 2025, and the additional information provided, to calculate the percentage discount granted.

(2)

PART B **[9 marks; 11 minutes]**

Use the information relating to the **only creditor** of The Karaoke Club to answer the questions below.

1.3 Reconcile the Creditors Ledger to the Creditors Reconciliation using the table below. Negative figures should be placed in brackets '()'. Where no change is needed in neither the Creditors Ledger nor the Creditors Reconciliation Statement, place an 'X' in the 'No effect/No entry' column.

Calculations (where needed)	Creditors Ledger R	Creditors Reconciliation Statement R	No effect/ No entry (X)
1. & 2. Incorrect opening balances		203 670	
3.			
4.			
5.			
6.			
7.			
8.			
9. Corrected balances			

(9)

PART C **[6 marks; 7 minutes]**

1.4 Critically analyse the ratios provided and make appropriate suggestions where concerns are uncovered.

(6)

30

QUESTION 2 COMPANY ANALYSIS [38 marks; 46 minutes]

Refer to the information relating to KAP Industrial Holdings Limited.

2.1 2.1.1 Calculate gross profit as a percentage of sales for **2023**.

(2)

2.1.2 Calculate operating expenses as a percentage of sales for **2022**.

(2)

2.1.3 In the Director's Report it states that '*Group revenue (sales) increased by 6% with price increases adequately offsetting raw material cost escalations and rising operating expenses*'.

Critically evaluate this statement referring to:

- Revenue (sales) versus cost of sales year-on-year.
- The change in operating expenses year-on-year.

Quote financial results (figures/ratios) to support your discussion.

Revenue (sales) vs cost of sales year-on-year
Operating expenses year-on-year

(6)

2.2 At the **2023** Annual General Meeting (AGM) a majority shareholder suggested the company take out a loan of R350 million to increase cash flow since it will only increase the risk by 0,03:1.

2.2.1 Prove, by means of a calculation, how the risk will increase by 0,03:1 (assuming no change in equity).

(3)

2.2.2 By referring to the **return on average capital employed and gearing**, evaluate why taking out this loan will **not** be in the best financial interest of the company, despite the risk only increasing marginally.

(4)

2.3 Shareholders are concerned about (a) the return on their investment in KAP, (b) earnings and dividends and (c) the value of shares.

Discuss, quoting financial indicators/ratios, why they have reason to be concerned.

(a) The return on their investment
(3)
(b) Earnings and dividends
(4)
(c) The value of shares
(3)

2.4 Additional shares were issued, and other shares were repurchased during 2023.

2.4.1 Who authorises the transaction to buy back the shares?

(1)

2.4.2 What external audit evidence can be supplied to the independent auditor that this transaction was concluded?

(1)

2.5 KAP Ltd runs extensive CSR programmes and adheres to King IV.

Explain TWO financial advantages and TWO **different** financial disadvantages for KAP Ltd as a direct/indirect result of their CSR programmes.

Advantages
•
•
Disadvantages
•
•

(4)

2.6 Refer to Article D.

2.6.1 Why is 'price-fixing' considered unethical business practice?

(1)

2.6.2 Evaluate why it would be within the power of KAP Holdings to dismiss the individuals responsible.

•
•

(2)

2.6.3 This article caused a significant drop in the trading price of shares on the JSE before it started to climb again.

What measures/actions did they introduce to limit damage and create this turnaround in share price?

•
•

(2)

38

QUESTION 3 BUDGETS [32 marks; 38 minutes]

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

PART A [12 marks; 14 minutes]

Refer to the information relating to The Flying Spanner Workshop.

3.1 Calculate the missing figures marked A–D in the Cash Budget and Creditors Payment Schedule.

A.	
B.	
C.	
D.	D1
	D2
	D3

(6)

3.2 Calculate the trade discount for the month of **June 2025** and explain why this figure would not be shown in the Projected Statement of Comprehensive Income.

(6)

PART B **[20 marks; 24 minutes]**

Refer to the information relating to Mzansi Amanzi.

Refer to Information A.

3.3 Critically evaluate sales for **April 2025** and the impact this may have had on Mzansi Amanzi. Substantiate your reasoning with figures.

(5)

Refer to Information A and Information B

3.4 In April 2025 the actual commission paid on sales was lower than budgeted. In May 2025 the actual increased substantially more than the increase in sales. Provide TWO reasons for this.

•
•

(2)

3.5 Sipho reduced the mark-up percentage in May 2025. Analyse the positive effect this had on the number of kilolitres sold in May 2025. How did this contribute to cash flow? Provide figures to substantiate your answers.

Effect on kilolitres sold
•
Contribution to cash flow
•
•
•

(4)

3.6 Explain why the morale of the salespeople would have increased substantially from April to May 2025. Provide figures as proof.

Also explain why the morale of the manager would have decreased substantially for the same timeframe. Provide figures as proof.

Why morale of salespeople increased
Why morale of manager decreased

(2)

3.7 Do you believe it was the correct decision to close two of the containers at the end of April 2025? Justify your answer and substantiate with figures.

☐ Yes, it was the correct decision ☐ No, it was the incorrect decision

(2)

Refer to Information C.

3.8 Calculate the total value of the **capital portion** of the proposed loan.

(1)

3.9 Why would taking out the loan be a better financial decision for the business?

(2)

3.10 From the information available, identify a possible way Sipho can purchase the containers at a later stage without making use of the loan.

(2)

32

Total: 100 marks