NATIONAL SENIOR CERTIFICATE EXAMINATION
MAY 2025

ACCOUNTING: PAPER II

Time: 2 hours 100 marks

INFORMATION BOOKLET

QUESTION 1 RECONCILIATIONS [30 marks; 36 minutes]

Information relating to The Karaoke Club.

The Karaoke Club is a company that sells and rents out karaoke equipment and also offers vocal training courses. They recently lost some of their files containing valuable information regarding some of their debtors and creditors. Debtors are allowed 30 days credit, and their only creditor allows them 90 days to pay before charging interest.

PART A [15 marks; 18 minutes]

The information below relates to the two debtors of The Karaoke Club.

Most of the income of The Karaoke Club is cash, except for two debtors who are regular customers. These debtors are allowed 30 days credit.

A. Balances of debtors on 1 January 2025

Beefcakes Restaurant (remains a debtor – returning customer)	R2 700 (Cr)
Ed's Diner	R4 320 (Dr)

B. Summary of invoices for January to April 2025

Invoice number	Invoice date	Customer	Invoice amount
123	02/01/2025	Ed's Diner	R26 100
124	16/01/2025	Beefcakes	R25 700
125	30/01/2025	Ed's Diner	R21 600
126	03/02/2025	Beefcakes	R46 260
127	22/02/2025	Beefcakes	R27 900
128	01/03/2025	Ed's Diner	R40 320
129	13/03/2025	Beefcakes	R35 640
130	27/04/2025	Beefcakes	R55 800

C. Summary of receipts for January to April 2025

Receipt number	Receipt date	Customer	Receipt amount
201	20/01/2025	Beefcakes	R15 300
202	02/02/2025	Ed's Diner	R36 000
203	28/02/2025	Beefcakes	R36 900
204	28/02/2025	Ed's Diner	R16 020
205	29/03/2025	Beefcakes	R 8 820
206	30/03/2025	Ed's Diner	R39 312
207	20/04/2025	Beefcakes	R 3 600

D. Other information relating to debtors

- The payment made by Beefcakes on 20 April 2025 did not reflect on the bank statement of The Karaoke Club. Upon investigation it was found that Beefcakes sent a proof of payment (POP) for an electronic funds transfer which was used to issue receipt 207. The deposit, however, never reflected as it was paid into an incorrect bank account and must be reversed.

- A credit note was issued to Beefcakes on 16 March 2025 for R11 700.

- The payment made by Ed's Diner on 30 March 2025 was to settle a debt of R40 320.

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

The following information pertains to the only creditor of The Karaoke Club for May 2025. They allow 90 days for payment before charging interest.

1. The Creditors Ledger account had a balance of R? on 31 May 2025 before any of the transactions below were recorded.

2. The statement of account received (dated 25 May 2025) showed a balance of R203 670 before any of the transactions below were recorded.

3. An invoice for R45 000 on 8 May 2025 was omitted from the Creditors Journal. The creditor allocated the invoice to a different customer but will correct it in June 2025.

4. The Cash Payments Journal for May 2025 had a Creditors Control total of R263 700 but was incorrectly entered in the Creditors Control account in the General Ledger as R296 100.

5. A payment of R75 240 was made on 31 May 2025 via EFT to take advantage of a 5% discount offer. The statement of account does not reflect the payment nor the discount due to the date of issue of the Statement of Account (timing difference).

6. Hein, the owner, ordered karaoke backtracks etc of R63 000 for his wife's private 40^{th} birthday party coming up in June 2025. It was correctly recorded as drawings in the Creditors Journal (CJ) by The Karaoke Club, but the supplier incorrectly opened a separate account called Hein Stores. The owner wants it to go through in the name of the business. The supplier will correct this in June 2025.

7. An entry in the Creditors Journal (CJ) was understated by R61 200.

8. A return in the Creditors Allowances Journal of R18 450 was posted to the credit side of the Creditors Ledger account.

9. After all the above transactions were recorded, the correct Creditors Control balance was calculated to be R232 470.

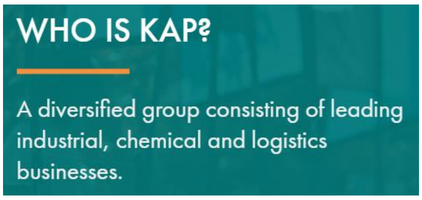
PART C **[6 marks; 7 minutes]**

The following ratios for the Karaoke Club were calculated on 28 February 2025, the end of the financial year:

	2025	**2024**
Average debtors' collection period	67,3 days	59,7 days
Average creditors payment period	92,8 days	93,6 days

QUESTION 2 COMPANY ANALYSIS [38 marks; 46 minutes]

Information relating to KAP Industrial Holdings Limited (referred to as 'KAP') with an annual financial year-end of 30 June.



BEING THE CHANGE

A. Extract from the Director's Report for the financial year ended 30 June 2023

Nature of the business:

KAP is incorporated in South Africa and listed on the JSE. KAP is a diversified group consisting of leading industrial, chemical and logistics businesses. The group operates in the below-mentioned six divisions:

PG Bison	PG Bison produces wood-based decorative panels.
Restonic	Restonic is an integrated manufacturer of mattresses.
Feltex	Feltex manufactures automotive components.
Safripol	Safripol produces polymers that are used in a broad range of applications in sectors such as packaging, infrastructure, agriculture and homeware.
Unitrans	Unitrans is a supply chain distribution (transportation) specialist.
Optix	Optix utilises leading global video telematics and predictive analysis to prevent road accidents and improve road safety.

Financial results:

- During the past year, the South African operating environment was characterised by rising interest rates and inflation, subdued consumer confidence and continued infrastructure disruptions, including increased levels of electricity loadshedding, all of which led to slower economic growth.

- Group revenue increased by 6% to R29 628 million [2022: R27 979 million], with price increases adequately offsetting raw material cost escalations and rising operating expenses.

Earnings:

- Earnings per share decreased by 76% to 16,7 cents per share [2022: 70,3 cents per share].

Dividends:

- In view of the current economic environment, average interest rates of 9,25% p.a., net debt levels and committed capital projects, the board has decided **not to declare** a dividend for the 2023 financial year [2022: 29 cents per share].

[<https://kap.co.za/wp-content/uploads/2023/08/kap-consolidated-and-company-annual-financial-statements-2023.pdf>]

B. Amounts extracted from the Group Statement of Comprehensive Income for the year

	2023 R 'million	2022 R 'million
Revenue (Sales)	29 628	27 979
Cost of sales	24 702	22 465
Gross profit	4 926	5 514
Operating expenses	2 559	2 578
Net profit before tax	796	2 347
Income tax for the year	310	581

C. Other amounts and financial indicators for the year

	2023	2022
Gross profit on sales	?	19,71%
Gross profit on cost of sales	19,94%	24,54%
Operating expenses on sales	8,64%	?
Number of shares in issue	2 477 million	2 472 million
Total shareholders' equity	R11 705 million	R11 705 million
Non-current liabilities (9,25% p.a.)	R9 735 million	R9 769 million
Return on average Shareholders' Equity	4,15%	15,03%
Return on average Capital Employed	7,58%	10,67%
Debt Equity ratio	0,83 : 1	0,83 : 1
Net asset value	R4,73	R4,75
Trading price on JSE	R2,70	R4,45
Earnings and dividends	*Refer to point A above*	

D. Article for Question 2.6

**** Public Press Release ****

The Competition Commission of South Africa initiated a complaint of *price-fixing** against PG Bison (part of KAP Holdings) and Sonae Arauco South Africa (Pty) Ltd and commenced its investigation with a dawn raid during which it seized certain documents and information.

As a result of ongoing and extensive internal investigations, PG Bison discovered certain conduct which it considered may have been in contravention of the Competition Act, 89 of 1998. Not only was this conduct unknown to the PG Bison and KAP boards and executive management, but it was also unauthorised and in absolute contravention of the KAP code of ethics and culture.

Anyone with information on suspected crimes or unethical behaviour can contact the ethics line anonymously, and the matter will be investigated. This is an independent line, which is administered 24 hours per day, 7 days per week by an independent service provider.

[Adapted from: <www.kap.co.za>]

Glossary:

**Price-fixing is an agreement among competitors to raise, lower, maintain or stabilize prices or price levels.*

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]

The following information relates to The Flying Spanner Workshop.

Steve owns The Flying Spanner Workshop. He has supplied you with the following information.

A. Sales

- Historically, current income from services in the workshop in July are 13% higher than June and sale of vehicle accessories in August is 5% lower than July.

B. Purchases

TOTAL PURCHASES	Actual R	Budgeted R
March 2025	78 000	
April 2025	70 000	
May 2025	72 000	
June 2025		?
July 2025		84 000
August 2025		76 000

- 55% of purchases are cash.
- 60% of the creditors are paid two months after purchase and the remaining amount in the month thereafter.
- 10% of monthly cash purchases qualify for 5% trade discount.

C. Extract from the Cash Budget for June to August 2025

	June 2025 R	July 2025 R	August 2025 R
RECEIPTS			
Current income from workshop services	124 500	**A**	136 465
Income from vehicle accessories	44 898	**B**	48 792
Commission income	?	?	?
Sundry income	?	?	?
PAYMENTS (extract)			
Cash purchases of parts and accessories	?	?	41 591
Creditors payments for parts and accessories	?	32 040	31 320
Salaries and wages	?	?	?
New equipment	192 400		
Cash surplus/(deficit)	**(435 000)**		**(960 000)**
Bank at beginning	**207 000**		**(523 000)**
Bank at end	**(228 000)**		**(1 483 000)**

D. Creditors payment schedule

Month of purchase	Credit purchases	June 2025 R	July 2025 R	August 2025 R
March 2025	**C**	**D2**		
April 2025	31 500	**D1**	12 600	
May 2025	32 400		19 440	12 960
June 2025	?			18 360
		D3	**32 040**	**31 320**

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

The following information relates to Mzansi Amanzi.

Mzansi Amanzi opened on 1 March 2025. They sell bottled water and water cooler refills to the general public for cash. They also sell bottled water with customised labels to corporate and events companies on credit.

They repurpose shipping containers into kiosks that they sell from. These kiosks are strategically placed in parking lots of malls and public transport hubs. They also have an administrative office at the home of the owner, Sipho Thalasa.

When Sipho prepared his quarterly budget for March to May 2025, he was the only service provider in the areas he chose to place his containers.

Each container kiosk is manned by a single salesperson that earns a percentage commission on sales to incentivise higher sales. The office-based business manager earns a salary for overseeing all operations.

A. Budgeted and actual figures extracted for April and May 2025:

	APRIL 2025		**MAY 2025**	
	Budgeted R	**Actual R**	**Budgeted R**	**Actual R**
Total sales *(also refer to B)*	1 620 000	1 198 800	1 782 000	1 749 600
Cash sales	1 134 000	599 400	1 247 400	524 880
Credit sales	486 000	599 400	534 600	1 224 720
Collection from debtors	369 360	359 640	406 296	734 832
Commission paid on sales	243 000	179 820	267 300	314 928
Salary of manager	30 000	30 000	33 000	33 000
Container rental	600 000	600 000	600 000	450 000

B. Breakdown of budgeted and actual sales details for April and May 2025:

	APRIL 2025		MAY 2025	
	Budgeted	**Actual**	**Budgeted**	**Actual**
Average cost price per kilolitre	R72	R72	R72	R72
Mark-up percentage	66⅔%	66⅔%	66⅔%	50%
Average selling price per kilolitre	R120	R120	R120	R108
Number of kilolitres to sell or sold	13 500	9 990	14 850	16 200
Number of container kiosks	8	8	8	6
% commission paid on sales	15%	?	15%	?

C. Container rental

Sipho hires containers at R75 000 per container per month. He is considering taking out a loan to purchase second-hand containers to use instead of hiring it. The bank requires a deposit of R185 750 on 1 July 2025 (8% of the capital portion of the loan). The remainder of the loan must be repaid in equal instalments over the 10-year period of the loan at 9% interest per annum.