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TOTAL MARKS

Sequence number

NATIONAL SENIOR CERTIFICATE EXAMINATION
NOVEMBER 2025

ACCOUNTING: PAPER II

EXAMINATION NUMBER

Time: 2 hours 100 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 13 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 the 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 (48 minutes)	**40**			
Question 3: Budgets (36 minutes)	**30**			
TOTAL	**100**			

QUESTION 1 RECONCILIATIONS [30 marks; 36 minutes]

This question consists of two parts: Part A and Part B.

Part A: Debtors (12 marks; 15 minutes)

Refer to the information relating to Eden Garden Centre.

1.1 Prepare the age analysis on 31 October 2025 using the statement provided. Show all your workings so part-marks may be awarded.

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

(10)

1.2 Eden Garden Centre is **not** correctly applying the credit terms stipulated at the bottom of the statement.

Discuss **two different points** that support this statement.

•
•

(2)

PART A
12

Part B: Creditors **(18 marks; 21 minutes)**

Refer to the information relating to Micro Meals.

1.3 Complete the Creditor's Reconciliation for September 2025 using the table below.

Details and calculations	Creditor's Ledger	Creditor's Reconciliation Statement	No entry (X)
Balance b/d			
	Do not calculate		

(10)

1.4 Micro Meals wants to benefit from the 5% discount that is offered on payments made **within 7 days of the invoice**.

Calculate the discount that they would qualify for if they made a payment on 30 September 2025.

(3)

1.5 Refer to information C and identify ONE poor internal control for each business. Then, provide a practical solution that they can use to improve the situation.

Micro Meals
Poor control identified:
Practical solution:
Valhalla's Kitchen
Poor control identified:
Practical solution:

(4)

1.6 What audit evidence can Valhalla's Kitchen give to their external auditors that thorough credit checks were conducted when Micro Meals opened their account with them?

(1)

PART B
18

PART A		PART B		**TOTAL: Q1**
	+		=	
12		18		**30**

QUESTION 2 COMPANY ANALYSIS [40 marks; 48 minutes]

Refer to the information relating to We Buy Cars Holdings Limited (We Buy Cars) and Combined Motor Holdings Limited (CMH).

2.1 Calculate the acid-test ratio for **We Buy Cars for 2024**.

(3)

2.2 Calculate the period stock on hand for **We Buy Cars for 2024**.

(4)

2.3 Calculate the average creditors payment period for **CMH for 2024**. Assume that they use a fixed base level of stock.

(4)

2.4 Study the liquidity indicators of both We Buy Cars and CMH for **2024**.

Identify TWO possible problems **in one or both companies**, quote figures that helped you come to this conclusion and provide a solution to each problem identified.

Problem 1 identified, with proof, and solution
Problem 2 identified, with proof, and solution

(6)

2.5 In **2024**, the solvency ratio for We Buy Cars was 2,23:1, while, for CMH, it was 1,36:1.

Identify the **main** reason that resulted in this 0,87:1 difference.

(1)

2.6 Calculate the return on average shareholders' equity for **We Buy Cars for 2024**.

(3)

2.7 As a shareholder, would you be satisfied with your return on investment and the dividend policy applied by **We Buy Cars** from **2023 to 2024**?

☐ Yes, I would be satisfied. ☐ No, I would not be satisfied.

(6)

2.8 If both We Buy Cars and CMH applied to the same financial institution for a loan with an interest rate of 15% p.a., who would be more likely to obtain the loan first based on their risk, return and gearing?

Discuss the **risk, return** and **gearing** of both companies to substantiate your choice.

Risk, return and gearing of **We Buy Cars**
Risk, return and gearing of **CMH**
More likely to obtain a loan and reason

(10)

2.9 Refer to the extract from the Independent Auditors Report (information C).

2.9.1 Why do they specifically refer to the pages that they have audited?

(1)

2.9.2 What type of audit report did We Buy Cars receive based on their findings? Why did they issue this type of report?

(2)

40

QUESTION 3 BUDGETS [30 marks; 36 minutes]

Refer to the information relating to Gator Charms Ltd.

3.1 Explain how a cash budget can be used retrospectively (after it has occurred) as a tool by management.

(1)

3.2 Identify TWO items from **information A,** other than discount received and discount allowed, that should not be in the cash budget.

•
•

(2)

3.3 Refer to the Debtors' Collection Schedule provided (information B) and the information provided in the Cash Budget (information A).

Determine the debtor's payment pattern by completing the table below.

Show all calculations and write the percentages in the space provided to complete the sentences.

Calculation	Payment pattern identified
	5% of debtors are written off as irrecoverable in the third month after the sale.
	15% of debtors pay in the second month following the sale.
	_____% of debtors pay in the month following the sale.
	_____% of debtors pay within the month of sale to qualify for _____% discount.

(7)

3.4 Calculate the missing figures marked A and B in the Cash Budget.

A.	
B.	

(6)

3.5 Partnering with the SOAR Foundation could possibly **lead to higher profits** for Gator Charms Ltd, as the general public might want to buy from them to support this venture.

Evaluate how their operations benefit or contradict the other two elements of the Triple Bottom Line.

• Planet:
• People:

(2)

3.6 Zoom In, an investigative television show, is threatening to run a documentary on **31 October 2025** that claims that Gator Charms Ltd does not pay over the full 50 cents per shoe charm sold to the SOAR Foundation.

3.6.1 Explain TWO possible negative financial impacts that the business could experience as a result of reputational damage should the story air on television.

•
•

(2)

3.6.2 Based on information E, evaluate if the allegation by Zoom In is correct. Provide a calculation to support your conclusion.

☐ Zoom In is correct in their calculations.

☐ Zoom In is incorrect in their calculations.

(5)

3.6.3 Upon investigation, it was uncovered that the bookkeeper, the daughter of the CEO (Chief Executive Officer), does the monthly calculation and should have paid over the money. A payment for the difference was found to have been authorised and paid to the school fee account of her son's school. When confronted, she admitted she authorised this payment instead of paying it to the SOAR Foundation.

Provide TWO actions that Gator Charms Ltd should take based on the above occurrences.

•
•

(2)

3.7 Gator Charms Ltd estimates that an annual increase in January 2026 will increase their salary expense from R540 000 to R583 200. The trade union representing their workers has declared a dispute, stating that their workers deserve more. The only director will receive his annual increase on 1 December 2025.

Advocate (provide support) on behalf of Gator Charms Ltd as to why this is a very reasonable increase. Substantiate your reasoning with a calculation.

•
•

(3)

30

Total: 100 marks