



PRELIMINARY EXAMINATION
GRADE 12 – ACCOUNTING PAPER 2 – SESSION 2
30 JULY 2025

EXAMINER: MS S. MEYER

MODERATOR: MS C. LOVELL
MS N MATAKALATSA

ACCOUNTING: PAPER 2

Time: 2 hours

100 marks

ANSWER BOOKLET

NAME:

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY:

1. This question paper consists of **10 pages**, an Information Booklet of **9 pages** and a Formula Sheet of **1 page**. Please check that your question paper is complete.
2. Read the questions carefully.
3. Answer the questions in the space provided.
4. You may **not** use red or green ink. **You may use a pencil, but please use a soft, dark pencil.**
5. All calculations should be rounded off to **two decimal places**.
6. The allocation of marks and appropriate time for each question are as follows:

	Possible marks	Actual marks	Moderated marks
Question 1: Reconciliations (40 minutes)	32		
Question 2: Budgets (30 minutes)	20		
Question 3: Company Analysis (50 minutes)	48		
TOTAL	100		

QUESTION 1 RECONCILIATION ; AGE ANALYSIS 32 MARKS; 40 MIN

This question consists of 2 independent sections, A and B.

SECTION A AGE ANALYSIS 20 MARKS

1. Calculate the average debtors' collection period (in days) for the year ended 31 March 2025. (4)

--

2. Explain if the collection period is satisfactory. **Quote** information to support your answer. (1)

3. Apart from your answer in 2 above, identify **TWO** other areas of concern that indicate that the debtors' department is not being managed effectively. (2)

4. Referring to R. Nadal's account:

a. Should Tennis Traders be concerned? Substantiate your answer. (1)

b. Provide **TWO** corrective measures (other than charging interest or offering a discount for prompt payment) that Tennis Traders could implement in managing R. Nadal's account. (2)

•
•

5. R. Nadal does not agree with the age analysis that appeared at the bottom of his statement and pointed out that his debt is not older than 30 days.

Use the information given in R. Nadal's account in the Debtors' Ledger (see information point 5) to prepare the correct age analysis. (10)

90 days	60 days	30 days	Current

SECTION B**RECONCILIATIONS****12 MARKS****Information relating to Racing World is supplied.**

1. Show how you would reconcile the difference in the balances by indicating the changes in the books of Racing World and the amounts to enter in the Creditors Reconciliation Statement on 31 July 2025.

	Creditors Ledger	Statement of Account
Balance	889 920	870 360
(a)		
(b)		
(c)		
(d)		
(e)		
(f)		

(9)

2. Would completing a Creditor's reconciliation be the responsibility of the internal or external auditor? Give a reason for your answer. (3)

External / Internal
Reason :

12

32

QUESTION 2**BUDGETS****20 MARKS; 30 MIN****Refer to the information relating to Tigers Soccer Shop.**

2.1 Complete the debtors' collection schedule for June to July 2024. (4)

	Credit sales	June	July
April			
May	665 000	218 785	332 500
June	700 000	-	Do not calculate

2.2 Calculate the percentage discount granted to debtors for early payment in the month following the sale. (2)

--

2.3 Calculate the missing amounts marked A – G in the prepared Cash Budget. (12)

A	
B	
C	
D	
E	
F	
G	

2.4 What expense, not on the Cash Budget, would be on the forecasted Income Statement relating to the vehicle purchased. (1)

--

2.5 What would the monthly advertising expense be on the forecasted Statement of Income? (1)

--

--

20

QUESTION 3**COMPANY ANALYSIS****48 MARKS; 50 MIN**

Information relating to WE BUY CARS is supplied.

Refer to the information B:

Audit Report

3.1 Who are the auditors of WeBuyCars? (1)

--

3.2 What is the significance of mentioning that they have been the auditors for one year? (2)

3.3 What type of audit report did WeBuyCars get from the auditors? Explain this type of audit report. (2)

3.4 What possible influence could this report have on the share price of the company on the JSE? (1)

Liquidity

3.5.1 Calculate the acid test ratio for 2024. (4)

3.5.2 Comment on the difference between the current ratio and the acid test ratio for 2024. (3)

Gearing and risk

3.6 WeBuyCars is committed to expanding their business even further.

3.6.1 Calculate and comment on the Debt:Equity ratio for 2024. (5)

3.6.2 Calculate the Return on Capital Employed (ROCE) for 2024. (5)

--

3.6.3 Based on the calculations in 3.6.1 and 3.6.2, advise WeBuyCars whether it would be better for the business to finance the expansion through issue of shares or taking out an additional loan. The current interest rate on loans is 18 % p.a. Provide reasons for your choice. (5)

☐ Issue more shares

☐ Take out a loan

Return

3.7 Calculate the Return on Shareholders Equity (ROSHE) and comment, taking 2023 into account. (7)

Directors and Auditors fees

3.8 Why do Directors fees and Audit fees have to be shown separately in the financial statements? (2)

Share price

3.9 Based on the graph on the share price of WeBuyCars, when would have been an ideal time to buy shares in the company? Why? (3)

3.10 Based on all the information supplied and calculated, if you were given the opportunity to buy shares in WeBuyCars on 30 June 2025 at a price of 4000 cents on 30 June 2025, would you buy these shares? Motivate. (3)

☐ Buy the shares

☐ Don't buy the shares

General

- 3.11 What is meant by the term triple bottom line? Prove that WeBuyCars adheres to the principles of the King Code, with regards to the triple bottom line, by **quoting** from the information provided. (3)

- 3.12 Explain the difference between EPS and DPS. (2)
