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**TOTAL
MARKS**

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INTERNATIONAL SECONDARY CERTIFICATE EXAMINATION
MAY 2023

ACCOUNTING: PAPER II

EXAMINATION NUMBER

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Time: 2 hours

100 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 14 pages, an Information Booklet of 12 pages (i–xii) and a Formula Sheet of 1 page (i). Please check that your question paper is complete.
2. Read the questions carefully.
3. **Answer ALL the questions on the question paper and hand this in at the end of the examination. Remember to write your examination number 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 sharp, dark pencil.**
6. All calculations should be rounded off to **two decimal places**.
7. The allocation of marks and appropriate time to be spent on each question are as follows:

	Possible marks	Actual marks	Marker's signature	Moderator's signature
Question 1: Budgets (36 minutes)	30			
Question 2: Company Analysis (60 minutes)	50			
Question 3: Reconciliations (24 minutes)	20			
TOTAL	100			

QUESTION 1 BUDGETS**[30 MARKS; 36 MINUTES]**

Refer to the information relating to Royal Swazi Sun Hotel and Spa in the Information Booklet.

This question consists of two parts, Part A and Part B. They must be answered independently from each other.

Part A

- 1.1 Explain **TWO** ways in which a cash budget can be used as a management tool.

•
•

(2)

- 1.2 Based on the information given, explain why you think they budgeted for so few hotel guests during April 2023, which includes the Easter holiday period, but their budgeted food and beverage sales increased during the same month.

Reason for so few guests:
Reason for increased food and beverage sales:

(2)

1.3 Complete the creditors payment schedule for April 2023 and May 2023.

Month	Credit purchases R	April 2023 R	May 2023 R
February 2023	*	12 080	—
March 2023	66 000	*	*
April 2023	*	—	*

Calculations for February 2023
Calculations for March 2023
Calculations for April 2023

(7)

1.4 Calculate the amounts for A–F in the cash budget on page iv of the Information Booklet. Show calculations so that part-marks can be awarded.

Answer	Calculation
A.	
B.	
C.	
D.	
E.	
F.	

- 1.5 Provide **ONE** practical **preventative** control measure they can implement to make their gym equipment last longer.

(1)

- 1.6 When Lindokuhle, the manager, walked into the gym, she discovered three people who were not paying guests at the hotel using the gym.

Provide a solution to this problem.

(1)

- 1.7 1.7.1 Identify the **main** reason for the deficit in April 2023.

(1)

- 1.7.2 Suggest **TWO** different ways in which the hotel can generate an income in April.

•
•

(2)

Part B

1.8 Lindokuhle is adamant about implementing power-saving alternatives over the next five years.

1.8.1 Calculate the impact the three cost-saving initiatives would have on the electricity expense over the next year should they be implemented.

Saving from LED lights
Saving from air-conditioning thermostats with motion sensors
Saving from solar geysers

(5)

1.8.2 Based on your findings above, would you advise Lindokuhle to implement these measures or not? Substantiate your choice with reasoning and calculations.

☐

Implement the measures

☐

Do not implement the measures

Reasoning (with figures/calculations):

(3)

QUESTION 2 COMPANY ANALYSIS**[50 MARKS; 60 MINUTES]****Refer to the information relating to RFG Ltd in the Information Booklet.**

- 2.1 RFG Ltd does not display cost of sales as part of its statement of comprehensive income. Provide the reason for this and support your answer by quoting from the Statement of comprehensive income.

(2)

- 2.2 2.2.1 Calculate the current ratio for 2021.

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(2)

- 2.2.2 Calculate the acid–test ratio for 2021.

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(2)

- 2.2.3 Comment on the acceptability of the ratios calculated in Questions 2.2.1 and 2.2.2 without referring to the outdated norms of 2:1 and 1:1 respectively.

(2)

- 2.3 Using the financial indicators supplied on page ix of the Information Booklet, critically analyse the **liquidity cycle** of the company by quoting, comparing and commenting on **THREE** relevant financial indicators.

Quote three relevant financial indicators:
•
•
•

Comparison and analysis of financial indicators:

General comment:

- 2.4 As a shareholder you chose to invest in RFG Ltd rather than in alternative investments.

Calculate whether RFG Ltd offers a satisfactory return and provide reasons why you are satisfied with this return or not.

Calculate return:
Reasons why return is satisfactory or not:

(5)

- 2.5 RFG Ltd is considering expanding its Namibian operations. For this to materialise, it needs R200 million in additional funding.

2.5.1 Calculate the debt–equity ratio for 2021.

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(2)

2.5.2 Calculate the return on average capital employed (roce) for 2021.

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(5)

2.5.3 If ABSA offers to lend the R200 million to RFG Ltd at 12% p.a., should it accept the offer or rather issue additional shares? Give a valid explanation to support your answer.

7

Accept the loan

7

Issue additional shares

[illegible]

(2)

2.6 Calculate the dividends per share (DPS) for 2021.

Calculate the total dividends on ordinary shares for 2021:

Dividends per share calculation:

(6)

- 2.7 At the AGM the CFO stated that RFG would be able to **fund expansion and maintain shareholder confidence**.

Quote and discuss figures to prove this statement.

(4)

- 2.8 Calculate the net asset value (NAV) per share for 2021.

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(2)

- 2.9 Disgruntled shareholders that wanted to 'get rid of their shares' confronted RFG Ltd. The board of directors decided this was in the best interest of both parties and authorised the negotiations for the company to buy back the shares from these shareholders at 94 cents more than book value on 30 September 2021.

Explain why this is a fair offer. Use figures to support your answer.

(4)

2.10 A family member has gifted you with R20 000 for your 18th birthday on condition that you invest this money in shares until your 25th birthday.

Would you buy shares in RFG Ltd?

☐

Yes

☐

No

Explain your choice by highlighting **FOUR** aspects you identified whilst analysing this company.

•
•
•
•

(4)

50

QUESTION 3 RECONCILIATIONS**[20 MARKS; 24 MINUTES]**

Refer to the information relating to Tsumeb Packaging in the Information Booklet.

This question consists of two parts, Part A and Part B. They must be answered independently from each other.

Part A: Creditors reconciliation

- 3.1 Reconcile the statement of account to the creditors ledger on 28 February 2023 by completing the table below.

Creditors Reconciliation Statement		Creditors Ledger	
Debit	Credit	Debit	Credit
79 720			74 640
DO NOT BALANCE / TOTAL			

(8)

- 3.2 The owner wants to know how soon creditors are paid. Assist Stephanie by calculating Tsumeb Packaging's creditors payment period (in days).

(3)

(1)

(1)

3.4 Use the debtors ledger of O. Delta to prepare the age analysis of debtors on 31 March 2023.

90 days	60 days	30 days	Current
DO NOT TOTAL			

20	

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