



eduresourceza.com



INTERNATIONAL SECONDARY CERTIFICATE EXAMINATION
MAY 2024

ACCOUNTING: PAPER II

Time: 2 hours

100 marks

INFORMATION BOOKLET

QUESTION 1 BUDGETS**[35 marks; 42 minutes]****The following information relates to Inter Escolas Publishers Ltd.**

Inter Escolas Publishers Ltd is situated in Beira, Mozambique. They specialise in printing and selling study materials for university students. They have small pop-up book stalls on the campuses of all major universities at the beginning of each semester. The financial year ends on 28 February each year. The company was registered with Authorised Share Capital of 4 600 000 ordinary shares.

- A. Extract from the Statement of Financial Position on 28 February 2024 (previous financial year)**

Ordinary share equity (40% of authorised share capital)	R20 976 000
---	-------------

- B. Budgeted collection from debtors from 1 September 2024 to 30 November 2024**

Month	Credit sales	Collection Period 2024			Bad Debts	Discount Allowed
		Sep	Oct	Nov		
Sept.	2 250 000	1 102 500	675 000	337 500	112 500	22 500
Oct.	2 275 000	–	1 114 750	682 600	–	22 750
Nov.	2 750 000	–	–	1 347 500	–	27 500

C. Additional information

- Debtors
 - Discount is granted to debtors who make payment in the same month of sale.
 - After the month of sale, debtors are allowed 60 days to settle their debts, whereafter it is written off as irrecoverable.
- A delivery vehicle will be purchased on 1 October 2024 for R840 000 and paid off in 60 equal instalments from the first month. Depreciation on vehicles is provided at 12% per annum on cost.
- Inter Escolas Publishers Ltd has unused floor space which will be rented by Xará's Xima starting 1 October 2024. Monthly rent amounts to R35 000. Xará's Xima has made an arrangement to pay rent for October and November 2024 on 1 November 2024.
- An advertising contract for the budgeted period will be paid in September 2024, R90 000.
- Inter Escolas Publishers Ltd has a mortgage loan of R4 000 000 with Access Bank PLC. The interest rate is 12% per annum. The bank charges their interest on the loan quarterly in advance (in the months of January, April, July and October).
- Inter Escolas Publishers Ltd plans to sell an additional 120 000 shares in October 2024 at 1 050 cents per share.
- An interim dividend of 8 cents per share will be paid in November 2024 and will be distributed to all shareholders.

QUESTION 2 COMPANY ANALYSIS**[40 marks; 48 minutes]**

This question consists of two parts, namely Part A and Part B that are related.

PART A

The information for this part of the question relates to Royal Bafokeng Platinum Limited.



Royal Bafokeng Platinum Limited is a mining company that mines metals like platinum and palladium. They sell these metals in South Africa, Europe, Japan, Asia and North America. It was founded in 2008.

A. Adapted from the Group Trading Statement for the year:

	2022 R 'million	2021 R 'million	% Change
Sales revenue	15 911	16 428	↓ 3,15
Cost of sales	(11 670)	(9 618)	↑ 21,33
Gross profit	4 241	6 810	↓ 37,75

B. Extract from the Group Annual Report for 2022:**OUR APPROACH TO ENVIRONMENTAL MANAGEMENT**

Our approach is based on international best practice, legal compliance, and maintaining our environmental and social licence to operate.

Key focus areas of our environmental impact are:

- Carbon footprint
- Renewable energy
- Recycling
- Air emissions
- Water use

C. Extract from the Group Cash Flow Statement for 2022:

	R' million
Cash flows from operating activities	1 642
Cash flows from investing activities	(1 841)
Cash flows from financing activities	(346)

D. Additional information:

	2022	2021
Profit before income tax (in R' million)	4 421	
Profit after income tax (in R' million)	3 321	
Shareholder's equity (in R' million)	24 685	24 267
Authorised share capital	600 000 000	600 000 000
Number of shares in issue	289 790 000	293 580 000
Return on average shareholder's equity	?	24,2%
Earnings per share	1 146 cents	2 332 cents
Dividends per share	780 cents	1 070 cents
Debt to equity	0,4 : 1	0,3 : 1
Return on capital employed	14,3%	13,7%
Average interest rate on borrowings	8,5%	
Average rate of fixed deposit	6,5%	

PART B

- E. The information for this part of the question provides a comparison between Northam Platinum Holdings Limited and Royal Bafokeng Platinum Limited for 2022.**

	Northam Platinum Holdings Limited 	Royal Bafokeng Platinum Limited 
Year the company started	2020	2008
Return on average shareholder's equity	35,82%	<i>Question 2.8</i>
Earnings per share	26 149 cents	1 146 cents
Dividends per share	0 cents	780 cents
Net asset value	9 552 cents	8 503 cents
JSE price on last day of year	16 701 cents	15 425 cents
Debt to equity	0,67 : 1	0,4 : 1
Return on capital employed	28,5%	14,3%
Average interest rate on borrowings	10%	8,5%

QUESTION 3 RECONCILIATIONS**[25 marks; 30 minutes]****Information relating to Swakopmund Stores.**

You are employed as a junior accountant of Swakopmund Stores. It is located in the city of Swakopmund in Namibia.

2023		Transaction	Debit	Credit	Balance
Feb	18	Invoice CC570	56 250		56 250
March	3	Credit note CN101		15 750	40 500
	29	Invoice CC662	62 250		102 750
April	6	Receipt 899		53 200	49 550
May	10	Invoice CC1008	42 000		91 550
	12	Credit note CN177		10 500	81 050
	19	Invoice CC1120	84 330		165 380
	22	Receipt 1430		37 500	127 880
		<i>Total outstanding balance</i>			127 880

Age Analysis:	90+ days	60+ days	30+ days	Current
	?	?	?	?

Terms:

- Payment is strictly 30 days after date of statement.
- 5% discount if paid within 10 days of date of invoice.

Additional information for Question 3.2 only:

- A. Invoice CC1008 was recorded incorrectly on the statement. It should be R24 000.
- B. Invoice CC1120 was issued to Tsumeb Stores.
- C. Gugu paid R20 000 via EFT into the account of Windhoek Wholesalers on 31 May 2023.
- D. The bookkeeper of Swakopmund Stores incorrectly entered credit note CN101 as R17 570 and posted it as such.
- E. Receipt 899 was entered correctly in the journal but in casting it to the ledgers, the following errors were made:
 - E1. It was omitted from the General Ledger in error.
 - E2. It was entered on the credit side of the Creditors Ledger.
- F. According to the terms, Swakopmund Stores qualified for the 5% payment discount when they paid on 6 April 2023. In an email Windhoek Wholesalers acknowledged the mistake and promised to reflect the correction on the next statement based on the payment already received.