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TOTAL
MARKS

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INTERNATIONAL SECONDARY CERTIFICATE EXAMINATION
MAY 2025

ACCOUNTING: PAPER II

EXAMINATION NUMBER

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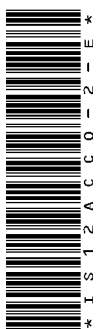
Time: 2 hours

100 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 9 pages, an Information Booklet of 7 pages (i–vii) 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 on the question paper.**
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. The allocation of marks and appropriate time to be spent on each question are as follows:

	Possible marks	Actual marks	Marker signature	Moderator signature
Question 1: Budgets (31 minutes)	26			
Question 2: Company Analysis (58 minutes)	48			
Question 3: Reconciliations (31 minutes)	26			
TOTAL	100			



QUESTION 1 BUDGETS

[26 marks, 31 minutes]

Refer to the information of Solar Sun (Pty) Ltd.

1.1 Calculate the figures marked A to D.

A	
B	
C	
D	

(5)

1.2 The number of products produced will be doubled, however it is expected that the direct labour cost will not increase in the same proportion. Give **ONE** reason why this is possible.

(2)

1.3 Even though direct material cost will increase in proportion to the production, the directors managed to negotiate a bulk discount with the suppliers.

Calculate the percentage of discount they agreed to.

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(4)

1.4 The production cost per unit is currently R1 445 per unit. Calculate what the change in production cost per unit will be when the business produces double the quantity of units.

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(4)

1.5 The directors would prefer to take out a loan instead of issuing more shares.

1.5.1 Give **TWO** advantages of not issuing additional shares.

(2)

1.5.2 The monthly instalment on the new loan includes a capital portion of R100 000. Calculate the interest expense part of the instalment.

--

(3)

1.5.3 A prospective investor suggested that the directors sell some of the unissued shares to him at the current net asset value instead of taking a loan for the expansions.

Calculate the percentage of the total shares they must sell to replace the value of the loan.

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(4)

1.6 The budgeted amount for advertising will not increase. Explain why the directors choose not to budget for an increase in advertising.

(2)

QUESTION 2 COMPANY ANALYSIS**[48 marks, 58 minutes]****Refer to the information on Nampak Ltd.**

- 2.1 The business uses the same mark-up on all their products. Calculate the mark-up percentage used.

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(2)

- 2.2 The operating expenses for 2023 is considerably more than in 2022.

- 2.2.1 Calculate the operating expenses to turnover percentage for 2023.

--

(1)

- 2.2.2 A decrease in percentage of operating expenses to turnover is expected in 2024. Explain the likely decrease in 2024. Use a calculation as part of your answer.

Prediction:

(4)

- 2.3 Shareholders received a dividend in 2022, but no dividends were distributed in 2023.

- 2.3.1 Calculate the dividend per share paid in 2022.

--

(2)

- 2.3.2 Even though the shareholders did not receive dividends in 2023 give **ONE** reason why this could be acceptable to them.

--

(2)

2.4 The employees received shares in the business instead of a cash bonus. No other shares were issued in 2023.

2.4.1 Calculate at what price these shares were issued.

--

(3)

2.4.2 Calculate the net asset value of a share on 30 September 2023.

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(3)

2.4.3 Should Walleinvestor's predictions be accurate what could the expected market value of an employee's shares be in 5 years' time?

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(1)

2.4.4 Some employees were dissatisfied that they would receive shares instead of a R1 000 bonus. A complaint was filed at the union.

Give **ONE** reason substantiated with figures as to why they will be dissatisfied.

(2)

2.4.5 Give **ONE** benefit for employees having shares in a business.

(2)

2.5 Nampak sold all their properties and equipment in Nigeria at the current market value.

2.5.1 Calculate the market value of these properties and equipment at the time they were sold.

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(5)

2.5.2 Give **ONE** reason why the directors decided it is best to sell these properties and equipment.

(2)

2.6 Liquidity is important to the business for their day-to-day operations.

2.6.1 Calculate the current ratio for 2023.

2023	2022
	2,01:1

(2)

2.6.2 Calculate the acid test ratio for 2023.

2023	2022
	1,10:1

(2)

2.6.3 Comment on the liquidity of the business with reference to the ratios in Question 2.6.1 and 2.6.2.

(5)

2.7 The shareholders are concerned that the loan obtained for the new plants will influence the favourable gearing of the company.

2.7.1 Use **TWO** financial indicators to determine the business' gearing at the end of 2023.

Indicator 1:
Indicator 2:

(6)

2.7.2 The shareholders are concerned that the additional loan has put the business at risk. Explain why you agree with the shareholders' concern.

(2)

2.8 The King code requires businesses to have a positive impact on the environment. Did Nampak meet the requirement? Motivate your answer.

(2)

48

QUESTION 3 RECONCILIATION

[26 marks, 31 minutes]

Refer to the information regarding Hilltop Dental Practice.

PART A

- 3.1 Update Namdental's Creditors Ledger account closing balance in the books of Hilltop Dental Practice.

	Debit	Credit	Balance
Account rendered			
			Do not calculate
			Do not calculate
			Do not calculate

(9)

- 3.2 Complete the Creditors Reconciliation for the three-month period ending 30 June 2024.

	DO NOT CALCULATE

(5)

PART B

3.3 Mr Kavari was very upset that the dentist refused to treat him when he had an emergency.

3.3.1 Would you consider the dentists' action as ethical? Motivate.

(2)

3.3.2 Mr Kavari stated that he was not aware of any overdue amounts. Give **TWO** reasons why he would be under the impression that all his debt was settled.

(4)

3.3.3 Explain **TWO** actions Hilltop Dental Practice can take to prevent similar incidents in future.

(4)

3.3.4 What is the overdue amount payable by the medical aid on 30 June?

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(2)

26

Total: 100 marks