Please paste the barcoded label here	TOTAL MARKS

INTERNATIONAL SECONDARY CERTIFICATE EXAMINATION
NOVEMBER 2024

ACCOUNTING: PAPER II

EXAMINATION NUMBER

Time: 2 hours   100 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 11 pages, an Information Booklet of 8 pages (i–viii) 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 (32 minutes)	**27**			
Question 2: Company Analysis (58 minutes)	**48**			
Question 3: Reconciliations (30 minutes)	**25**			
TOTAL	**100**			

QUESTION 1 BUDGETS (27 marks; 32 minutes)

Refer to the information regarding Outdoor Adventures.

1.1 Calculate which percentage of total sales are cash sales.

(2)

1.2 Calculate the missing figures A to F.

A	(3)
B	(4)
C	(1)
D	(2)
E	(2)
F	(1)

1.3 Calculate the interest rate per annum on the loan.

(3)

1.4 Explain a possible reason why salaries and wages were more during December.

(2)

1.5 The financial manager has to decide on an option to manage the cash flow implications of a possible overdraft balance.

1.5.1 If the financial manager chooses option 2 and credit purchases are paid in 30 days, show the effect of option 2 on the closing bank balances for November and December.

	November	**December**
Surplus/Deficit		**865 054**
Opening balance	**(102 579)**	
Effect of goods bought on credit		
Effect of payments to creditors		
Closing balance		

(5)

1.5.2 Give **ONE** reason why the financial manager may choose option 1.

(2)

27

QUESTION 2 COMPANY ANALYSIS (48 marks; 58 minutes)

Refer to the information regarding Vivo Energy.

2.1 Answer the following questions regarding the gross profit of the business.

2.1.1 Calculate the gross profit earned on 1 litre of commercial fuel in 2023.

(2)

2.1.2 Vivo Energy does not determine the gross profit percentage charged on fuel. Explain why this statement is true.

(2)

2.2 2.2.1 Based on the significant increase in operating expenses use a relevant indicator calculation to determine if the directors would have been concerned.

2023	2022
Comment:	

(6)

2.2.2 What is the main reason for the increase in operating expenses from 2022 to 2023?

(2)

2.3 Gross profit is calculated from selling lubricants, retail and commercial fuel.

2.3.1 There are shops and restaurants on the Vivo premises. Why does the income from these shops not form part of Vivo Energy's gross profit?

(2)

2.3.2 Calculate the amount Vivo Energy has earned from the shops and restaurants at the expanded facilities during the current financial year.

(2)

2.4 Answer the following questions regarding the stock turnover of Vivo Energy.

2.4.1 Calculate the stock turnover period for 2023.

(4)

2.4.2 Some of the board members feel that the turnover period should be longer. Give **TWO** reasons why a longer turnover rate will not benefit the business.

•
•

(4)

2.5 A loan was obtained to pay for the expansions of the premises.

2.5.1 Determine the current financial year gearing indicator of Vivo Energy. Use **TWO** financial indicators to support your answer.

Gearing indicator 1
Gearing indicator 2

(4)

2.5.2 Comment on the impact of the additional loan on the gearing of Vivo Energy company.

(4)

2.5.3 Will the impact of the loan be acceptable from the shareholders' point of view?

(3)

2.6 Answer the following questions regarding the earnings and dividends of Vivo Energy.

2.6.1 Calculate the earnings per share for 2023.

(2)

2.6.2 Calculate the dividends per share for 2023.

(5)

2.6.3 The business could not afford to declare such a high dividend in 2023.

(i) Prove that this statement is true.

(2)

(ii) Why did the directors recommend such a high final dividend for all shareholders?

(2)

2.7 Explain why lease liabilities appear in the statement as part of non-current liabilities and as current liabilities.

(2)

48

QUESTION 3 RECONCILIATIONS (25 marks; 30 minutes)

Refer to the information regarding Spot On.

PART A

3.1 Complete the age analysis of the account of K Kavari after all errors and omissions were taken into account.

Age analysis of the account of K Kavari in the books of Spot On

120 days +	90 days	60 days	30 days	Current

(15)

3.2 Calculate the updated closing balance for K Kavari on 31 October 2024.

(2)

3.3 Do you think the notice sent to K Kavari on 1 November is still valid or should it be withdrawn? Motivate.

(2)

3.4 The accountant, Mr Samata, is dissatisfied with the appointment of Rita Rittman as debtors' clerk. Give a valid reason for his dissatisfaction.

(2)

PART B

3.5 Determine which business made the mistake.

(1)

3.6 Complete the General Journal entry needed to correct the error.

General Journal

Details	Debit	Credit

(3)

25

Total: 100 marks