



ST PETER'S
COLLEGE

PRELIMINARY EXAMINATION
GRADE 12 – ACCOUNTING PAPER 1 – SESSION 1

30 JULY 2025

EXAMINER: MS S. MEYER

MODERATOR: MS C. LOVELL
MS N. MATAKALATSA

Time: 2 hours

200 marks

ANSWER BOOKLET

NAME: **MARKING GUIDELINES**

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY:

1. This question paper consists of **11 pages**, an Information Booklet of **10 pages** and a Formula sheet of **1 page**. 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: Inventory & VAT (23 minutes)	34		
Question 2: Manufacturing (27 minutes)	47		
Question 3: Statement of Cash Flow (30 minutes)	57		
Question 4: Company Financials (40 minutes)	62		
TOTAL	200		

QUESTION 1**INVENTORY & VAT****34 MARKS, 23 MIN****QUESTION 1A****INVENTORY****21 MARKS**

Refer to the information for **QUATRO WHEELS** and answer the following questions:

1. Calculate the value of closing stock using the FIFO method. (5)

335 Units

$$\begin{aligned} (300 - 45) 255 &= 561\,000 \\ 80 &= 160\,000 \\ \hline &= 721\,000 \end{aligned}$$

2. Calculate the cost of sales. (5)

$$\begin{aligned} &45 \times 2200 \\ 333\,000 &+ (2\,376\,000 - 99\,000) - 721\,000 \text{ (see 1)} = 1\,889\,000 \\ &2\,277\,000 \end{aligned}$$

756 000 + 960 000 + 660 000 = 2 376 000 (some copied ind amounts and not total)

3. Calculate for how long the closing stock is expected to last. (3)

$$721\,000 / 1\,889\,000 \times 365 = 139,31 \text{ days}$$

4. Calculate the number of mag wheels stolen. (6)

$$185 + 1\,200 - 45 - 995 = 345 \text{ on hand } 335 = 10 \text{ stolen}$$

5. Give two points of advice to ensure this doesn't happen again. (2)

Proper stock control / Limit access / Keep stock locked away. Any 2 ✓✓

QUESTION 1B**VAT****13 MARKS****Information relating to Delta Traders is supplied.**

6. Calculate the amount of VAT receivable or payable to SARS.

(11)

+ 72 000 (552 000 ✓ x 15/115 ✓)
 - 39 276 (261 840 ✓ x 15/100 ✓)
 + 2 192 (16 802 ✓ - 14 610 ✓)
 - 3 450 ✓
 - 2 025 ✓
 - 1 163 ✓
28 278 ✓

Payable ✓ / **Receivable** (indicate your answer by circling it)

7. Danny suggested that the business should charge VAT but stop submitting returns to SARS in future. Give your opinion regarding this matter.

(2)

VAT Fraud ✓

Illegal

Could lead to fines and even imprisonment. ✓

13

34

QUESTION 2**MANUFACTURING****47 MARKS; 27 MIN**

Use the information provided for **PARTY PACKS** and complete the following:

2.1 Calculate the following :

2.1.1 Raw materials issued to the factory.

(4)

$$115\,200\checkmark + 361\,800\checkmark - 157\,550\checkmark = 319\,450\checkmark$$

2.1.2 Direct labour for the year.

(7)

$$\begin{aligned} 1\,680\checkmark \times 60\checkmark &= 100\,800 \times 3 = \mathbf{302\,400} \\ 1\,152\checkmark \times 95\checkmark &= 109\,440 \times 3 = \mathbf{328\,320} \\ 100\,800\checkmark \times 11,5\%\checkmark &= \frac{11\,592}{221\,832\checkmark} \times 3 = \mathbf{665\,496} \end{aligned}$$

2.2 Prepare the following note to the Production Cost Statement:

2.2.1 FACTORY OVERHEAD COSTS

Consumable stores (16 500✓ + 54 000 ✓ – 11 500) ✓ (59 000 x 3/4)✓	44 250
Factory supervisor 150 000/12✓ = 12 500✓ x 7 ✓ = 87 500 12 500 x 1.12✓ = 14 000 x 5 ✓ = 70 000 Bonus = 14 000✓ or (70 000 + 14 000 = 84 000✓✓✓)	171 500✓
Depreciation (28000 + 1800 + 3200)✓ – 3000 ✓ 200 000) ✓ x 22 400✓	3 360
Rent expense (16 800 x 560✓/280✓)	33 600
	252 710✓

(18)

2.3 Prepare the Production Cost Statement :

**PRODUCTION COST STATEMENT FOR THE YEAR ENDED
30 JUNE 2025**

PRIME COST	984 946☑
Direct (raw) material costs	319 450☑see 2.1.2
Direct labour✓	665 496☑see 2.1.2
Factory Overheads	252 710☑see 2.2.1
Total manufacturing cost	1 237 656
Work in progress (beginning of the year)	11 200✓
	1 248 856
Work in progress (end of the year) not 1 120 000	(128 856)☑
Cost of production of finished goods (22 400 x 50)	1 120 000✓✓

(9)

2.4 Should the business be satisfied with the number of units that they produced and sold during the current financial year? Comment on the productivity of the employees. Quote figures in your answer.

(9)

No✓
8x5x48 = 1920 normal hours✓, but only worked 1680✓. Need to investigate why.
Too much overtime ✓ – almost the same as normal time
Should have produced (2832 x10) 28 320 ✓ units, only produced 22 400✓. Need to investigate why employees were not productive enough. Short of 5 920 units ✓
Could also mean that employees claimed overtime✓ when it was actually normal time – administration of wages not done effectively. ✓

Calculations:

Depreciation	
$\frac{(28000 + 1800 + 3200)✓ - 3000 ✓}{200\ 000) ✓} \times 22\ 400✓$	3 360

QUESTION 3**CASH FLOW STATEMENTS****57 MARKS; 30 MIN**

Refer to the information in the Information Booklet relating for **Immune Boost LTD**.

3.1 Prepare the note to the Cash Flow Statement for the reconciliation of profit before taxation and cash generated from operations on 31 July 2022. (20)

Net Profit before taxation (1 722 000 ✓ x 100/70 ✓)	2 460 000 ✓
Adjustment in respect of:	DO NOT CALCULATE
• Depreciation (11 700 ✓ + 93 120 ✓)	104 820 ✓
• Interest expense ✓	285 000 ✓
Operating profit before changes in working capital	DO NOT CALCULATE
Changes in working capital	DO NOT CALCULATE
• Increase ✓ in Inventories (see calculations)	(101 520) ✓
• Increase ✓ in Trade and Other Receivables	(51 000) ✓
• Decrease ✓ in Trade and Other Payables	(108 920) ✓
	DO NOT CALCULATE

Show the Calculations for the following to earn part marks

- Calculation for Depreciation on Equipment

$$45\,000 - 33\,300 = 11\,700$$

- Calculation for Changes in Working Capital

Inventories

$$775\,650 \checkmark - 877\,000 \checkmark = 101\,520$$

Receivables

$$393\,000 + 9\,300 = 402\,300 \checkmark$$

$$340\,800 + 10\,500 = 351\,300 \checkmark$$

Payables

$$200\,040 + 9\,000 = 209\,040 \checkmark$$

$$311\,960 + 6\,000 = 317\,960 \checkmark$$

- 3.2 Calculate the Tax paid amount as it would appear in the Cash Flow statement for the year ended 30 June 2025. (4)

$$188\,880\checkmark + 420\,000\checkmark - 738\,000\boxtimes = 129\,120\checkmark$$

- 3.3 Calculate the Dividends paid amount as it would appear in the Cash Flow statement for the year ended 30 June 2025. (6)

$$1\,500\,000\checkmark + 300\,000\checkmark = 1\,800\,000 \times 48c\checkmark = 864\,000\checkmark$$

$$864\,000 + 1\,275\,000\checkmark = 2\,139\,000\boxtimes$$

- 3.4 Complete the extract to the Cash Flow Statement of Immune Boost LTD for the year ended 30 June 2025. Show all workings in brackets.

Cash flow from investing activities	DO NOT CALCULATE
Purchase of tangible assets (900 000Land✓✓ + 18 000Veh✓✓✓✓ + 12 000Eq✓✓)	(930 000) ✓
Proceeds from the sale of tangible assets	147 600 ✓
Increase✓ in fixed deposit (1 200 000 - 360 000)	(840 000)✓✓
Cash flow from financing activities	DO NOT CALCULATE
Proceeds from shares issued (300 000 x 8)✓✓	2 400 000
Repurchase of Shares (206 250✓ x 8,40)✓	(1 732 500)
Increase in long-term borrowings (see calculations)	000 000✓✓ ¹ ✓
(835 000 - 285 000)✓✓	550 000
Repayment of capital portion of long-term borrowings	
Net Change in Cash and Cash Equivalents	556 360 ✓
Cash and cash equivalents - beginning of the year 102 600 - 8 400✓✓	(94 200) ✓
Cash and cash equivalents - end of the year	462 160✓

(27)

Calculations:

Additions	
L: 11 700 000 – 10 800 000 = 900 000	
E: 123 000 – 111 000 = 12 000	
V: 537 600 ✓ – (93 120 ✓ + 147 600 ✓ + 314 880 ✓ = 18 000	Loan 835 000 2 100 000 2 550 000 285 000 3 385 000 3 385 000

57

QUESTION 4 COMPANY FINANCIAL STATEMENTS 62 MARKS; 40 MIN**Use the information supplied for Devito Limited and complete the following:**

- 4.1 Indicate the amounts that would appear in the Statement of Comprehensive Income for the following accounts:

Sales (4 642 000 + 5 200 ✓)	4 647 200
Packing material (18 900 + 600 ✓ – 975 ✓) or - 375 ✓✓	18 525
Rent Income (66 000 + 12 000 ✓ – 6 000 ✓ or + 6 000 ✓✓)	72 000

(5)

4.2 Complete the Statement of Financial Position on 30 June 2025.

NOTE: Show all calculations in brackets where notes are not given.

DEVITO Ltd
STATEMENT OF FINANCIAL POSITION ON 30 JUNE 2025

ASSETS	
Non-current assets	Do not calculate
Tangible assets (4 766 409 – 250 000 ✓ – 22 000 ✓ dep)	4 494 409
Fixed deposit: Plan Bank (150 000 + 9 000 ✓ int - 50 000 ✓ mature (150 000/3))	109 000
Current assets	Do not calculate
Inventory (256 000)	(see 4.3.1)
Trade and other receivables (52 000 – (2 080 ✓ – 350 ✓) (1730) + 4 500 ✓ SARS IT - 670 ✓ bad debt + 30 000 ✓ prepd ins + 5 980 ✓)	63 080 ✓
Cash and cash equivalent (45 000 + 2 000 ✓ + 50 000 ✓ fix dep - 36 000 ✓ Insurance - 134 ✓ Bank Charges + 12 000 ✓ Rent)	52 000 ✓
TOTAL ASSETS	

SHAREHOLDERS' EQUITY AND LIABILITIES	
ORDINARY SHAREHOLDERS' EQUITY	Do not calculate
Ordinary share capital	(see 4.4.1)
Retained income	(see 4.4.2)
Non-Current Liabilities	Do not calculate
Loan: Fixit Bank (887 000 – 40 000 ✓)	847 000
Current Liabilities	Do not calculate
Trade and other payables	(see 4.4.3)
TOTAL EQUITY AND LIABILITIES	Do not calculate

(18)

4.3 Calculate the following:

4.3.1 Trading Stock Surplus/Deficit

(5)

Surplus/Deficit

Sold $28\,500 \times 100/95 \checkmark = 30\,000 \times 100/160 \checkmark = 18\,750$ not yet recorded

Invoice not recorded $5\,200 \times 100/160 \checkmark = 3\,250$

Bal as per Trial Balance $256\,000 - 18\,750 - 3\,250 = 234\,000$

Physical Stock Count $257\,500 - 18\,750 = 238\,750$

$238\,750 - 234\,000 = 4\,750 \checkmark$ surplus $\checkmark$

4.3.2 Packing material on hand.

(2)

$600 + 18\,900 = 19\,500 \checkmark$

$19\,500 \times 5\% \checkmark = 975$

4.3.3 Interest on Loan.

(4)

$787\,000 \checkmark \times 12\% = 94\,440$

New $100\,000 \checkmark \times 12\% \times 6/12 \checkmark = 6\,000$

Total = $100\,440 \checkmark - 47\,220 = 53\,220$ Accrued Expense

4.4 Complete the following Notes to the Financial Statements:

4.4.1 Ordinary Share Capital

(8)

500 000 $\checkmark$	In issue at the beginning of the year	2 000 000 $\checkmark$
(30 000) $\checkmark$	Repurchased of shares @ R4 each on 1 Sept $\checkmark$	(120 000) $\checkmark$
80 000 $\checkmark$	Shares issued on 1 January @ R5,30 $\checkmark$	424 000 $\checkmark$

4.4.2 Retained Income

(6)

Retained income at the beginning of the year	460 000
Net profit after tax $(1\,200\,000 \times 70\%) \checkmark \checkmark$ R1 200 000 – 360 000)	840 000
Buy back of 30 000 ordinary shares	36 000
Ordinary share dividends	(140 000) ☑
Paid	30 000 ✓
Declared $(550\,000 \times 20c)$	110 000 ✓ ✓
Retained income at the end of the year	Do not calculate

4.4.3 Trade and other payables

(14)

Trade creditors	66 500
SARS PAYE $(6\,000 - 180) \checkmark$	5 820
Creditors for salaries $(24\,500 - (3\,000 \checkmark - 180 \checkmark - 90 \checkmark) \text{ or } - 2\,730)$	23 330
Unemployment Insurance Fund	
Medical aid fund $(3\,000 - 90)$	2 910
Accrued expense $(24\,000 \checkmark + D\,Fees + 37\,000 \checkmark + Audit\,Fees + 53\,220 \checkmark)$ Int on loan	114 220
Deferred income (rent) $(12\,000/2)$	Or ✓ ☑ 6 000
SARS (VAT) ✓	✓ 780
Short term loan	✓ 40 000
Shareholders for dividend	☑ 110 000

SPACE FOR OTHER CALCULATIONS:
