

### QUESTION 1

<b>Cost of sales</b>	
Opening stock	5 700
Purchases (51 200 + 12 800)	64 000
Closing stock	(3 600)
<b>Cost of sales</b>	<b>66 100</b>
<b>Profit/Loss</b>	
Sales	56 600
Cost of sales	(66 100)
<b>Loss</b>	<b>(9 500)</b>

### QUESTION 2

Units lost:

200 + 1 400 – 1300	300 units
Closing stock	275 units
Units lost	25 units

**Loss:**

**25 units x R3 500 = R87 500**

### QUESTION 3

	<b>Units</b>	<b>Cost</b>	
<b>Closing stock</b>			
	34	2 600	88 400
230 -24	206	2 850	587 100
<b>Closing stock</b>	<b>240</b>		<b>675 500</b>

#### QUESTION 4

**4.1.1 Calculate the value of closing stock using the FIFO method.**

$$\begin{array}{rcl} 200 & \times & R8\,000 & = & R1\,600\,000 & \checkmark\checkmark \\ 160\checkmark & \times & R11\,560\checkmark & = & \underline{R1\,849\,600} & \checkmark \\ & & & & R3\,449\,600 & \checkmark^* \end{array}$$

**4.1.2 Calculate the value of closing stock using the weighted average method.**

$$\begin{array}{rcl} \text{WA value per unit} & = & R8\,640\,000 & \checkmark / 800 & \checkmark \\ & = & R10\,800 & \checkmark \end{array}$$

$$\begin{array}{rcl} \text{Value of closing stock} & = & 360 & \checkmark\checkmark \times R10\,800 & \checkmark \text{ see above} \\ & = & R3\,888\,000 & \checkmark^* \end{array}$$

**4.1.3 Which method of stock valuation would you advise the owner to use? Explain a reason for your answer.**

*Decision* ✓ *Reason* ✓✓

FIFO because TV sets are discrete units and it is easy to identify the cost price of each TV set.

**Or:**

Weighted average method because the gross profit will be higher or there is no need to track the cost price on each TV set.

**4.1.4 Calculate the gross profit on TV sets for the year based on the stock valuation method you advised in QUESTION 2.1.3.**

***FIFO:***

$$R7\,040\,000 - (R8\,640\,000 - R3\,449\,600) = R1\,849\,600$$

***Weighted Average:***

$$R7\,040\,000 - (R8\,640\,000 - R3\,888\,000) = R2\,288\,000$$

#### QUESTION 5

$$\text{Average price: } 6\,579\,000 \div 9\,000 = R731$$

$$\text{Units damaged: } 9\,000 - 7\,750 = 1\,250$$

$$\text{Damaged: } 1\,250 - 1\,185 = 65$$

$$\text{Cost: } 65 \times R731 = R47\,515$$