QUESTION 5

5.1 5.1.1 **Calculate the value of the closing stock for cricket bats (use the FIFO method).**

(100 ✓ x 655 ✓) + (75 ✓ x 630 ✓)

= 65 500 + 47 250

= 112 750 ☑

5

5.1.2 **Calculate the value of the closing stock for cricket balls (use the weighted-average method).**

19 200 ✓ + 63 900 ✓ – 5 300 ✓
320 ✓ + 840 ✓ – 60 ✓
77 800 x 220
1 100 1

= R15 560 ☑ OR R15 560,60 OR R15 561

7

5.2 5.2.1 **Calculate the cost of sales for cricket bats.**

49 500 ✓ + 310 250 ✓ + 16 050 ✓✓ - 112 750 ☑

= R263 050 ☑

6

5.2.2 **Calculate the gross profit for cricket bats.**

R398 125 ✓ - R263 050 ☑ = R135 075 ☑

3

5.3 5.3.1 **Calculate the number of cricket bats that appear to be missing.**

110 + 535 – 455 = 190 ✓

Amount on hand 175 ✓. Therefore amount missing is 15 ✓

3

5.3.2 **Explain TWO control measures Anele could put in place to avoid this from happening in future.**

Two control measures ✓✓ ✓✓

Possible responses:
- Improve physical security at exit points
- Have regular physical counts of stock

4

5.4 **Provide evidence from the information provided to support Anele's concern regarding the cricket balls supplier. State TWO points and quote figures to support your answer.**

Two points ✓✓ ✓✓

Possible responses:

- The cost price of the cricket balls has increased significantly since November from R65 to R85 and R95.
- 60 faulty cricket balls costing R5 300 have been returned to the new supplier. There were no returns prior to November which indicated that the batches from the new supplier are of a poorer quality.

4

5.5 **Anele has since discovered that the new supplier of the cricket balls is a family member of Chris.**

What advice would you offer to Anele in this regard?

Expected response:
Excellent = 3 marks; average = 2 mark ; poor = 1 mark; incorrect = 0 marks

Anele must explain to Chris that this is unethical and that his decision to favour his family member is disadvantaging the business. She must put a procurement policy in place and must ensure that employees abide by this policy. It is important to support loyal suppliers but the quality and price of the product must not be compromised.

3

TOTAL MARKS
35

QUESTION 3

3.3 INVENTORY VALUATION

3.3.1 (a) Calculate the closing stock of Johx watches on 31 August 2015.

1 x 6 500 5 x 6 800 2 x 7 300 3 x 7 800
6 500 ✓ + 34 000 ✓ + 14 600 ✓ + 23 400 ✓

= 78 500 ☑ One part correct

5

(b) Calculate the cost of sales of Johx watches for the year ended 31 August 2015.

330 000 two marks
78 000 ✓ + 252 000 ✓ – 78 500 ☑ (see above)

= 251 500 ☑ One part correct

OR

440 125 x 100/175 = 251 500
(1 mark) (2 marks) (1 mark)

OR

71 500 (11 x 6 500)
68 000 (10 x 6 800)
73 000 (10 x 7 300)
39 000 (05 x 7 800)
251 500

4

(c) Calculate the average stock-holding period (in days) of Johx watches on 31 August 2015.

78 250 2 marks see 3.3.2
½ (78 000✓ + 78 500☑) x 365 = 113,6 days ☑ One part correct
251 500 ☑ see 3.3.2

4

3.3.2 (a) Calculate the closing stock of Kwatz watches for the year ended 31 August 2015.

304 150 (3 marks)
32 300 ✓+ 259 900 ✓ + 11 950 ✓
95 ✓+ 675 ✓
770 (2 marks)
= 395

395 x 92 ✓ = 36 340 ☑ One part correct

7

(b) Calculate the sales of Kwatz watches on 31 August 2015.

(770 – 92) = 678 (units sold)✓✓

678 x R520 = 352 560☑ One part correct

3

3.3.3 Explain why the business uses different methods to value each type of watch. State ONE valid point.

One valid point ✓✓

- Johx is sold at a high value. Small quantities are purchased.
- Each item can be monitored individually.
- The value is continuously changing.

Kwatz is sold at a low value. Large quantities are purchased.
The value of each watch is almost constant.

2

TOTAL MARKS
40