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TOTAL MARKS

INTERNATIONAL SECONDARY CERTIFICATE EXAMINATION
MAY 2025

ACCOUNTING: PAPER I

EXAMINATION NUMBER

Time: 2 hours 200 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 13 pages, an Information Booklet of 10 pages (i–x) 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 above.**
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 taken for each question are as follows:

	Possible marks	Actual marks	Marker signature	Moderator signature
Question 1: Inventory (24 minutes)	**40**			
Question 2: Company Financial Statements (29 minutes)	**48**			
Question 3: Manufacturing (26 minutes)	**44**			
Question 4: Cash Flow Statement (41 minutes)	**68**			
TOTAL	**200**			

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QUESTION 1 INVENTORY (40 marks, 24 minutes)

Refer to the information relating to JJ Cycle which buys and sells power inverters and answer the questions that follow:

1.1 Calculate the closing stock value as at 30 April 2025 using the Weighted Average Method.

(10)

1.2 Calculate the gross profit for the year as at 30 April 2025.

(5)

1.3 JJ Cycle suspects theft of trading stock in the business and has installed CCTV cameras. Despite this internal control, JJ Cycle is sure that power inverters were stolen.

1.3.1 Calculate to confirm that JJ Cycle is correct about the theft of trading stock.

(3)

1.3.2 Provide **TWO (2)** additional internal controls that JJ Cycle could implement to prevent theft in the business.

(4)

1.4 Calculate the average stock holding period in days.

(4)

1.5 Provide **TWO (2)** advantages of holding stock (power inverters) for more than two months.

(4)

1.6 Provide **TWO (2)** possible reasons for JJ Cycle to donate power converters (inventories) to a local school.

(4)

1.7 'A stock turnover rate of 4 to 8 times a year for electronics and similar products is considered to be healthy.' JJ Cycle has a stock turnover rate of 5,52 times a year. Provide **TWO (2)** points indicating the implication of this ratio on the business.

(4)

1.8 Provide **ONE (1)** possible reason for a business to sell its inventory at a fixed price for the year.

(2)

40

QUESTION 2 COMPANY FINANCIAL STATEMENTS (48 marks, 29 minutes)

Refer to the information relating to Dimpho Ltd and answer the questions that follow:

2.1 Complete the Statement of Comprehensive Income for the year ended 30 April 2025. Show workings in brackets to earn part marks.

	Note	
Sales		8 505 000
Cost of sales		
Gross profit		**Do not calculate**
Other operating income		**Do not calculate**
Rental income (197 046		
Commission income (150 703		
Gross operating income		**Do not calculate**
Operating expenses		**Do not calculate**
Audit fees		68 758
Sundry expenses		70 300
Municipal fees		39 500
Salaries and wages		283 275
Directors fees (790 250		
Packing materials (61 925		
Discount allowed (15 825		
Operating profit		**Do not calculate**
Interest income (23 375		
Profit before interest expense (		
Interest expense (		
Net profit before tax (		
Income tax (		
Net profit after tax		**246 645**

(31)

Workings/Calculations:	
Rental income	**Interest on fixed deposit**
Directors' fees	

2.2 Complete Trade and other Receivables as a note to the Statement of Financial Position. Show working in brackets to earn part marks.

Net trade debtors	
Trade debtors (700 500	
Provision for bad debts (22 563	

(12)

2.3 Complete the Current Assets section of the Statement of Financial Position for the year ended 30 April 2025. Show working in brackets to earn part marks.

ASSETS **Current assets**	
Inventory (1 038 500	
Trade and other receivables	
Cash and cash equivalents (85 430	

(5)

48

QUESTION 3 MANUFACTURING (44 marks, 26 minutes)

Refer to the information relating to Keyona Traders and answer the questions that follow:

3.1 Complete the following notes:

3.1.1 Direct Material Costs

Opening stock	
Closing stock	
Direct material cost	

(8)

3.1.2 Direct Labour Costs

Direct labour cost	

(5)

3.1.3 Factory Overhead Costs

Indirect materials (84 600	
Water and electricity (618 600	
Insurance (117 000	
Rent expense (877 500	
Factory overhead costs	

(15)

3.1.4 Cost of Finished Goods sold

Opening stock of finished goods	
Cost of finished goods produced during the year	
Closing stock of finished goods	
Cost of finished goods sold/Cost of sales	

(5)

3.2 Prepare the Production Cost Statement for the year ended 30 September 2024.

	Note	
Direct/Prime costs		
Direct material costs		
Direct labour costs		
Total manufacturing costs		
Work-in-process at the beginning of the year		
Work-in-process at the end of the year		
Cost of production of finished goods		

(7)

3.3 Provide **TWO (2)** possible reasons for a manufacturing company to appoint casual workers to assist with maintenance and cleaning instead of permanently appointing staff.

(2)

3.4 Provide **TWO (2)** possible reasons for a manufacturing company to return direct materials to suppliers.

(2)

44

QUESTION 4 Cash Flow Statements (68 marks, 41 minutes)

Refer to the information relating to Dakalo Ltd.

4.1 Calculate the current financial year's net profit after tax. Use the 40% Net profit margin given (refer to additional information no.1).

(4)

4.2 Calculate the current financial year depreciation expenses.

Equipment:	Vehicles:
Sold: Old: New:	Old: New:

(12)

4.3 Complete the following notes to the Statement of Financial Position for the year ended 28 February 2025.

4.3.1 **Ordinary Share Capital**	
Authorised	
1 545 000 ordinary shares	
Issued	
1 030 000 ordinary shares in issue at the beginning of the financial year	10 300 000
……………………. additional shares issued during the year at R13	
(214 924) shares repurchased (average price R………)	
…………….. ordinary shares in issue at the end of the financial year	**Do not calculate**

(4)

Calculation: additional shares issued during the year.

(3)

4.3.2 **Retained Income**	
Retained income at the beginning of the year	1 089 332
Net profit after tax for the year	
Dividends on ordinary shares	(2 765 674)
Interim/paid	802 637
Final/recommended	1 963 037
Retained income at end of year	**Do not calculate**

(4)

Calculation: Buy-back of shares (Average price)

(2)

4.4 Use the taxation paid from the Cash Flow Statement (see question 4.6) to calculate Income Tax for the current year to be disclosed in the Statement of Comprehensive Income.

(3)

4.5 Complete the following notes to the cash flow statement for the year ended 28 February 2025:

4.5.1 **Reconciliation between profit before taxation and cash generated from operations.**

Profit before tax	
Adjustments in respect of:	
Operating profit before changes in working capital	
Changes in working capital:	
……………... in inventories (	
……………… in debtors (	
……………… in creditors (	
Cash generated from operations	

(15)

4.5.2 **Dividends paid**

Amount owing at the end of the previous year	
Dividends paid and recommended	
Amount owing at the end of the current year	
Amount paid	

(3)

4.6 Complete the Cash Flow Statement for the year ended 28 February 2025.
Show supporting calculations in brackets.

	Note	
Cash flows from operating activities		**Do not calculate**
Cash generation from operations		
Tax paid		(313 427)
Cash flows from investing activities		**Do not calculate**
Tangible assets bought (		
Proceeds from disposal of assets (		
Increase in investment		
Cash flows from financing activities		**Do not calculate**
Proceeds from the issue of shares		
Net change in cash equivalents		
(1 590 267 Cash and cash equivalents – beginning of the year		
(224 373 Cash and cash equivalents – end of year		

(18)

68

Total: 200 marks