

Zoom In Accounting Grade 12

ACTIVITY 1 FH Traders

The following information relates to FH Traders. FH Traders uses the weighted-average method to value stock. Assume all stock is identical.

Required

- 1 In your opinion, which stock valuation method gives a more accurate valuation of stock? Provide a reason for your answer.
- 2 Calculate the weighted-average value per unit on 31 October 2022.
- 3 Calculate the value of stock on hand on 31 October 2022.
- 4 Calculate the gross profit on 31 October 2022.

Information

Stock:

- + Stock on hand on 1 October 2022 amounts to 460 units at R300 per unit
- + 340 units were purchased at R360 per unit on 9 October 2022.
- + The business purchased 500 units for R98 400 from a supplier during a sale.
- + 440 units were on hand on 31 October 2022.
- + Items are sold at R600 per unit.
- + No stock had gone missing during the period.

ACTIVITY 2 Spoilt Pooches

Spoilt Pooches sells dog kennels in two models. The standard model sells for R3 000 and the exclusive model sells for R9 000 each. The FIFO stock valuation method is used.

Required

- 1 Determine the total cash sales for September 2030.
- 2 Calculate the following:
Value of stock on hand on 30 September 2030
Total cost of sales for September 2030
Gross profit for September 2030

Information

Stock on hand:

- + Standard model: 7, costing R1 600 each
25, costing R1 700 each
- + Exclusive model: 17, costing R6 400 each

Transactions for September 2030:

- 2 Cash sales of 6 standard model dog kennels
- 5 Cash sales of 3 exclusive model dog kennels
- 8 Cash sales of 6 exclusive model dog kennels
- 9 An invoice of R130 800 was received for the purchase of 20 exclusive model dog kennels. Carriage on purchases of R8 800 was included.
- 12 Cash sales of 3 standard model dog kennels.
- 15 Cash sales of 6 standard model dog kennels.
- 19 Cash sales of 8 standard model and 4 exclusive model dog kennels.
- 22 An invoice of R19 680 was received for the purchase of 12 standard model dog kennels. The invoiced amount included a 15% trade discount.
- 23 Invoiced Doggy Hotel for 6 standard models and 14 exclusive model dog kennels sold on credit. The business allows Doggy Hotel a 25% trade discount, because it is a regular customer.
- 26 Cash sales of 6 exclusive model dog kennels.
- 28 Cash purchase of 10 exclusive model dog kennels for a total of R75 800
- 28 Cash sales of 7 standard model dog kennels.
- 30 Stock on hand on the last day of the month: 6 standard model units and 14 exclusive model units.