



NATIONAL SENIOR CERTIFICATE EXAMINATION  
NOVEMBER 2025

**ACCOUNTING: PAPER I**

Time: 2 hours

200 marks

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**INFORMATION BOOKLET**

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**QUESTION 1 ASSET MANAGEMENT & VAT (54 marks, 32 minutes)**

**Information relating to Whelan WiFi.**

Whelan WiFi sells both imported and locally manufactured WiFi routers to the public.

- They use the **periodic inventory system** for all stock.
- They are VAT registered on the **invoice basis method**.
- The information below is for the year ended 28 February 2025.

**QUESTION 1A INVENTORIES (27 marks, 16 minutes)**

Whelan WiFi values their stock of routers using the **weighted average method**.

A unit consists of one router.

On 1 March 2024 they had an opening stock of 2 500 routers with a total value of R2 125 000. This included carriage and import duties costs.

The stock records of the routers for the latest financial year that ended on 28 February 2025 were as follows:

	<b>Number of routers</b>	<b>Cost per router (excluding carriage and import duties)</b>	<b>Total Cost</b>
Purchases during the year	12 500		R11 925 000
May 2024 (imported)	5 000	\$50	R4 500 000
August 2024	4 500	R950	R4 275 000
November 2024	3 000	R1 050	R3 150 000
Returns of stock: June 2024	250		

- (i) Purchases and carriage:
  - (a) Only the May purchase was imported. At the time of the purchase the exchange rate was R18 : \$1.
  - (b) The August and November purchases were from local manufacturers.
  - (c) Imported routers incur import duties and carriage totalling 4% of the value of the order.
  - (d) Locally purchased routers are delivered at a flat rate of R45 200 per delivery.
  - (e) No carriage or import duties are refundable on returns.
- (ii) Their local manufacturer rewarded their loyalty by supplying them with an additional 150 routers free of charge. These were delivered at no cost to Whelan WiFi.
- (iii) The owner identified that 48 routers were stolen towards the end of the year. The carriage per router was estimated to be R15 each.
- (iv) The stock count on 28 February 2025 revealed that 3 800 routers were on hand.

**QUESTION 1B      FIXED ASSETS**

**(15 marks, 9 minutes)**

Whelan WiFi owns a number of delivery vehicles which are depreciated at 15% per annum on the diminishing balance method.

**1. Balances on 1 March 2024:**

Vehicles	R1 450 000
Accumulated depreciation on vehicles	R690 000

**2. Transactions involving delivery vehicles during the year:**

**30 June 2024**

- Sold an old vehicle.
- The following details relating to the vehicle sold were extracted from the asset register:

<b>Nissan Bakkie</b>	<b>FG 56 GT GP</b>	<b>Cost Price</b>	<b>R125 000</b>
	<b>Depreciation</b>	<b>Accumulated Depreciation</b>	<b>Carrying value (Book Value)</b>
28 February 2024	R13 300	R48 000	R77 000
30 June 2024	?	?	R73 150

**1 September 2024**

- Purchased a new delivery bakkie. The depreciation on the new vehicle on 28 February 2025 was calculated to be R12 375.

**28 February 2025**

- Account for the depreciation on vehicles.

**QUESTION 1C     VAT****(12 marks, 7 minutes)****VAT is calculated at 15%**

Whelan WiFi's bookkeeper calculated that the business owed SARS R171 000 for VAT on 27 February 2025. The following transactions took place on the 28 February 2025 and the VAT still needs to be accounted for:

1.     Cash sales of R225 000 exclusive.
2.     Goods that will be sold for R186 875 inclusive, were purchased on 28 February. Stock is marked up by 150% on cost. Account for the VAT on the purchase.
3.     A debtor returned to pay the R21 758 that he owed. His account had previously been written off as a bad debt.
4.     An amount of R382 375 was paid to a creditor, after they had granted a 5% settlement discount.

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**QUESTION 2      COMPANY FINANCIAL STATEMENTS      (59 marks, 36 minutes)****Information relating to Tshikhudo Technology Limited.**

Tshikhudo Technology Limited is a South African listed company with an authorised share capital of 5 000 000 ordinary shares.

- Their latest financial year-end is 28 February 2025.
- The business uses a standard mark-up of 80% on cost.

**2.1 Balances/totals extracted from the financial statements on 29 February 2024:**

<b>Balance Sheet Section</b>	
Ordinary share capital (3 500 000 ordinary shares)	R42 000 000
Retained income	R6 000 000
Provision for bad debts	R43 200
Accrued income (Commission income)	R6 000

**2.2 Balances/totals extracted from the Pre-adjustment trial balance for the year ended 28 February 2025:**

<b>Balance Sheet Section</b>	
Ordinary share capital (3 600 000 ordinary shares)	R42 900 000
Trading stock	R1 895 200
SARS (Income tax)	R985 000 Debit
<b>Nominal Accounts Section</b>	
Sales	R24 840 000
Cost of sales	R13 800 000
Debtors' allowances	R621 000
Telephone	R24 750
Interest on loan (12% p.a.)	R1 300 000
Ordinary share dividends	R252 000

**Additional information relating to shares, dividends and taxation for the year ended 28 February 2025:**

- 1 March 2024:      The company issued a further 100 000 ordinary shares.
- 31 August 2024:    The company declared and paid an interim dividend, in addition to making a provisional tax payment.
- 28 February 2025: The company declared a final dividend of 8½ cents per share. Company income tax is calculated at 30% of the net profit.

**Additional information and adjustments that still need to be taken into account:**

1. The total telephone **expense** for the year amounted to R27 000.
2. The bookkeeper forgot to reverse the accrued commission income at the start of the year. She also noted that the company had received R2 500 too much commission for February 2025. They agreed they would deduct this from any commission earned for March 2025.
3. The tenant still owes the rent for February, R16 500; however, he had paid for repairs to the generator, which cost R3 000. The rental agreement indicates that the generator maintenance is for the landlord's account.
4. In reconciling the Bank Statement for February 2025, the following was noted and must now be recorded:
  - 4.1 Bank charges were incorrectly recorded as R970 instead of R790.  
Correct the error.
  - 4.2 Interest on the credit balance of R450 has not been recorded by the business.
  - 4.3 A payment for a four-month advertising contract starting 1 February 2025 for R40 000 must be recorded.
5. A debtor returned goods that cost R18 000. They were originally marked with a selling price of R32 400 before a 5% trade discount was granted.
6. A debtor was declared insolvent, his estate paid R9 120, which was 20c in the Rand. The remainder must be written off. No entries have been made for either transaction.
7. Provision for bad debts must be adjusted to R32 232.
8. A director is still owed his fees for February 2025, R38 000. He donated R5 000 worth of stationery to his children's school and asked that this be offset against the director's fees that he is owed.
9. Stock was damaged by the rain when a window was left open in the storeroom. The stock was not insured. The incident resulted in a gross profit of R19 600 being lost.
10. The annual stock take revealed that the following was on hand at the end of the year:
  - Trading stock R1 881 000\*
  - Stationery R4 200\*It was discovered that stock to the value of R2 000 that had been recorded as sold and was waiting to be collected, was accidentally included in the stock count figure above.
11. Loan and interest
  - The interest on the loan is **not** capitalised.
  - The debt-equity ratio on **29 February 2024** was calculated to be 0,25:1.
  - On **1 March 2024** there were only 6 more equal annual instalments to be made on the loan on 1 January each year.
  - Interest on loan is calculated at 12% p.a. The interest for **February 2025** still needs to be recorded.

**QUESTION 3 CASH FLOW STATEMENTS****(50 marks, 30 minutes)****Information relating to Taylor Tiles Ltd.**

Taylor Tiles Ltd is a South African listed company that trades in floor and wall tiles. They have an authorised share capital of 1 200 000 ordinary shares.

1. **Extract** from the Statement of Comprehensive Income (Income Statement) for the year ended:

	<b>28 February 2025</b>
Sales	14 512 500
Cost of sales	6 450 000
Depreciation	?
Interest expense	?
Net profit after tax	2 240 000

2. **Extract** from the Statement of Financial Position (Balance Sheet) as at:

	<b>28 February 2025</b>	<b>29 February 2024</b>
	<b>R</b>	<b>R</b>
Ordinary share capital	23 650 000	18 450 000
Retained income	5 496 000	5 175 000
Fixed assets (at carrying value)	3 275 000	3 160 000
Loan: Raath Bank	5 160 000	4 200 000
Inventories	?	900 000
Creditors control	984 000	821 000
Accrued expenses (Sundry expenses)	21 000	18 000
SARS: PAYE	52 000	56 000
SARS: Income tax	26 000 Debit	54 000 Credit
Shareholders for dividends	340 000	36c per share

3. **Additional information:**

3.1 **Fixed assets**

- An old vehicle was sold at its carrying (book) value of R200 000.
- The existing warehouse was extended at a cost of R850 000.

3.2 **Loans and interest**

- An additional loan of R1 800 000 was taken out during the year to fund the expansion.
- Interest on the loan is capitalised.
- Monthly repayments of R118 000 are made to Raath Bank. This amount includes the interest as well as the capital repayment on the loan.

**3.3 Working capital**

- The change in receivables resulted in an outflow of cash of R197 000.
- The rate of stock turnover on 28 February 2025 was 7½ times a year.

**3.4 Shares**

- 75% of the authorised shares were in issue on **29 February 2024**.
- On 1 May 2024, 250 000 shares were issued at R25,10 per share.
- In October, a number of shares were repurchased from the estate of a deceased shareholder at R6,50 above the weighted average price per share.

**3.5 Dividends**

- A total of R294 000 was declared and paid as interim dividends during the year.
- A final dividend was declared, but has not yet been paid on 28 February 2025.

**QUESTION 4      MANUFACTURING****(37 marks, 22 minutes)****Information relating to Kathan Kettles Ltd.**

Kathan Kettles Ltd manufactures an affordable camping and gas stove kettle.

- Their financial year-end is 28 February 2025.
- The business has recently moved to new premises and now occupies 800 m<sup>2</sup> in total. The sales offices occupy 100 m<sup>2</sup>, the administration department occupies 200 m<sup>2</sup>, and the factory occupies the rest.

1. During the year, the business sold 12 800 kettles for a total of R3 392 000 (Cost of sales was R1 356 800).

2. **Balances on 28 February:**

	<b>28 February 2025</b>	<b>29 February 2024</b>
Raw materials	R212 000	R280 000
Work-in-progress	R227 500	R175 000
Finished goods	R384 000	R256 000
Consumable stores	R9 600	R8 500

3. **Direct and indirect materials**

- (a) The total purchases of raw materials amounted to R420 000 for the year.
- (b) R37 200 worth of raw materials were returned to suppliers as they were defective.
- (c) A total of R1 200 worth of raw materials were written off as 'production wastage'.
- (d) Carriage on raw materials totalled R26 000 for the year.
- (e) During the year, R48 000 worth of consumable stores were purchased for the business. 90% of all consumable stores are used in the factory.

4. **Labour costs**

- (a) The company employs 4 workers in the factory at a total annual cost of R720 740.
- (b) The factory supervisor took home an annual **net** salary of R86 400. This was after total deductions of 28%. The company contributes a total of 9% of his gross earnings to UIF, pension and medical aid.

**5. General expenses**

- (a) The water and electricity account for February, R11 200, has been received but not yet paid. 75% of the water and electricity is allocated to the production process.
- (b) Insurance is prepaid one month in advance. The monthly insurance premium was increased by R700 on 1 November 2024. Insurance is allocated according to the floor space used.
- (c) Depreciation on the manufacturing equipment was calculated on the production unit method. The following was extracted from the asset register:
- Units produced in the year                      12 000 units
  - Cost price    R280 000
  - Salvage value                                         R60 000
  - Estimate production life                         200 000 units

**6. Break-even analysis**

- In budgeting for their 2026 year, the business is targeting a break-even point of 2 560 kettles.
- They aim to sell each kettle at R265.
- The budgeted costs are as follows:  
Variable cost per unit    R70  
Total fixed costs            R585 800
- For the purpose of this scenario, ignore the selling and distribution, as well as administrative costs.

**Total: 200 marks**