



Province of the **EASTERN CAPE**
DEPARTMENT OF EDUCATION
CURRICULUM SUPPORT AND MANAGEMENT

GRADE 12 ACCOUNTING

TERM 1: CONTROLLED TEST

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DURATION: 90 minutes

MARKS: 100

This Question Paper consist of 7 pages and a 5-page Answer Book

INSTRUCTIONS AND INFORMATION:

1. The question paper consists of THREE questions.
2. Answer ALL questions in the Answer Book provided.
3. Show workings to score part marks.
4. Non-programmable calculators may be used. You may use a dark pencil or blue/black ink to answer the questions.
5. Questions and time-guide are as follows: Manage your time effectively.

QUESTION 1: 45 marks; 40 minutes	
TOPIC:	ASPECT/SECTION COVERED:
Companies: Concepts and Income Statement	<ul style="list-style-type: none">• Concepts.• Completing the Income Statement.

QUESTION 2: 40 marks; 35 minutes	
TOPIC:	ASPECT/SECTION COVERED:
Balance Sheet Notes	<ul style="list-style-type: none">• Fixed assets; calculations• Notes to the Balance Sheet

QUESTION 3: 15 marks; 15 minutes	
TOPIC:	ASPECT/SECTION COVERED:
Cash Flow Statement	<ul style="list-style-type: none">• Calculations for the Cash Flow Statement

QUESTION 1: COMPANY CONCEPTS AND INCOME STATEMENT (45 marks; 40 minutes)

1.1 CONCEPTS:

Choose the correct term/concept from the list provided to complete each statement below. Write only the term/concept next to the question number (1.1.1–1.1.5) in the ANSWER BOOK.

limited liability; directors; shareholders; current liability; current asset; income; expense; internal auditor; Authorised share capital

- 1.1.1 represents the maximum number of shares that a company is permitted to issue in terms of their memorandum of incorporation.
- 1.1.2 The “legal personality” status of a company ensures that shareholders will enjoy....with regards to their investment in the business.
- 1.1.3 An increase in the provision for bad debts will be recorded as an....on the Income Statement.
- 1.1.4 The portion of a loan that will be paid in the next financial period must be reflected as a on the Balance Sheet.
- 1.1.5 are appointed to attend to the management functions of a company. (5)

1.2 SINIKIWE LTD

The information relates to the financial year ended 29 February 2020.

REQUIRED:


Complete the Income Statement for the year ended 29 February 2020. (40)

INFORMATION:

A. Balances/totals extracted from books on the financial year-end:

	29 Feb 2020	28 Feb 2019
Equipment	R465 000	R 438 000
Loan: Bashie Bank	?	376 100
Trading stock	202 800	211 200
Debtors control	181 300	173 900
Provision for bad debts	?	9 475
Sales	4 067 300	
Cost of sales	2 720 000	
Salaries and wages (including contributions)	275 300	
Depreciation	92 300	
Commission income	10 090	
Audit fees	32 750	
Directors fees	141 600	
Interest on fixed deposit	?	
Insurance	18 460	
Rent income	65 780	
Packing material	25 200	
Sundry expenses	?	

B. Adjustments and additional information:

- 
- (i) No entry was made for goods returned by a debtor, cost price, R3 200 (profit mark-up; 50% on cost) on 28 February 2020. The goods were placed back in stock.
- (ii) A physical stock-take on 29 February 2020 revealed that R198 400 of trading stock was on hand. There was also R2 600 of unused packing material in stock.
- (iii) The provision for bad debts must be adjusted to 5% of debtors.
- (iv) Audit fees of R7 250 was still outstanding.
- (v) The company has two directors on the same fee structure. The second director was appointed on 1 May 2019. She received her fees for March and April 2020.
- (vi) Insurance includes an annual premium of R3 180 paid in full on 1 July 2019.
- (vii) The rent income for January and February 2020 was still outstanding. Note that rent increased by 6% p.a. commencing on 1 November 2019.
- (viii) Interest on loan capitalised. The loan statement reflected an outstanding balance of R348 000 on 29 February 2020. Monthly instalments (including interest) paid for the financial year amounted to R74 400.
- (ix) On 29 February 2020:
- The operating profit on sales was calculated at 20%.
 - The net profit before tax was correctly calculated at R787 500
 - Income tax is 28% of the net profit.

QUESTION 2: BALANCE SHEET: CONCEPTS AND NOTES

(40 marks; 35 minutes)

- 2.1 Match the abbreviations in column A with the appropriate description from column B. Write only the letter next to the numbers (2.1.1 – 2.1.4) in the ANSWER BOOK

COLIMN A		COLUMN B	
2.1.1	CIPC	A.	Ensures that financial statements comply with rules and procedures that are recognised worldwide.
2.1.2	SAICA	B.	Sets out the objectives and conditions under which the company will operate.
2.1.3	MOI	C.	All registered chartered accountants would belong to this professional body.
2.1.4	IFRS	D.	The government body that regulates the formation and operation of public companies.
		E.	The code of conduct that all registered auditors must abide by.

(4)

2.2 **KOLISI LTD**

The information relates to the financial year ended 30 April 2020.

REQUIRED:

- 2.2.1 Calculate the amount for fixed assets that would appear on the Balance Sheet on 30 April 2020. (10)
- 2.2.2 Prepare the following notes to the Balance Sheet on 30 April 2020:
- Ordinary Share Capital (9)
 - Retained Income (9)
 - Trade and other payables (8)
(include all amounts that may be recorded under Current Liabilities)

INFORMATION:

A. Share Capital:

The company is registered with an Authorised Share Capital of 900 000 ordinary shares.

- | |
|---|
| • On 1 May 2019, only 60% of the shares were in issue. |
| • On 31 August 2019, an additional 160 000 shares were issued at R8,75 per share. |
| • On 28 February 2020, the directors repurchased 50 000 shares from the estate of an old shareholder, and paid R8,90 per share. |

B. Fixed assets:

- New equipment was purchased on 1 January 2020.
- There were no changes to vehicles.
- Vehicles are depreciated at 15%p.a. on cost and equipment is depreciated at 20% using the carrying value method.

C. Balances and totals extracted from the records on 30 April:

	2020	2019
Land and buildings	4 375 000	3 110 000
Vehicles (cost)	620 000	620 000
Accumulated depreciation on vehicles	465 000	372 000
Equipment (cost)	440 000	380 000
Accumulated depreciation on equipment	?	185 440
Loan: Noel Bank	410 000	439 800
Fixed deposit	80 000	80 000
Ordinary share capital	?	4 200 000
Retained income	?	78 200
Debtors control	123 400	
Provision for bad debts	56 170	
Creditors control	234 600	
SARS: Income tax (provisional payments)	160 000	
Ordinary share dividends (interim)	84 000	
Prepaid expenses	12 400	
Accrued expenses	6 700	

D. Net profit and income tax:

After taking into account all adjustments (including the above), the income tax at 30% of the net profit before tax, was R184 200.

E. Dividends:

- The interim dividend was paid on 31 October 2019.
- A final dividend of 16 cents per share was declared on 30 April 2020. Only shares on the share register on this date, qualify for final dividends.

F. Loan: Noel Bank

The loan statement reflected an outstanding balance of R410 000 on 30 April 2020. The business expects to settle 15% of this balance during the next financial year.

QUESTION 3: CASH FLOW STATEMENT

(15 marks; 15 minutes)

The following information was extracted from the records of Broin Ltd.

REQUIRED:

Calculate the following amounts for the Cash Flow Statement.

- 3.1 Increase/decrease in trade and other receivables. (2)
Indicate inflow or outflow of cash.
- 3.2 Income tax paid (5)
- 3.3 Dividends paid (4)
- 3.4 Net change in cash and cash equivalents (4)

INFORMATION:

A Information from the Balance Sheet on 28/29 February:

	2020	2019
Trading stock	311 200	284 000
Trade debtors	221 800	179 300
Trade creditors	421 000	376 200
Cash and cash equivalents	35 400	5 000
SARS: Income tax	5 260 (Cr)	8 250 (Dr)
Shareholders for dividends	150 000	112 000
Bank overdraft	0	66 200

B. Share Capital and Dividends:

- On 1 March 2019, there were 800 000 ordinary shares in issue.
- An interim dividend was paid on 31 August 2019.
- On 1 October 2019, the company issued a further 200 000 shares at R5,30 per share.
- On 29 February 2020, the company repurchased 50 000 shares from a dissatisfied shareholder. He was paid R1,20 per share above the average share price.
- A final dividend of 15 cents per share was declared on 29 February 2020. All shares, including the shares bought back, qualified for final dividends.
- Total dividends for the year (paid and declared) amounted to R294 000.

C. Net profit:

Net profit before income tax: R983 000
 Net profit after income tax: R658 270

15

TOTAL: 100



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GRADE 12: ACCOUNTING
TERM 1 CONTROLLED TEST
ANSWER BOOKS

NAME:		Grade :	
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QUESTION	MAX. MARKS	MARKS ACHIEVED	MODERATED MARK
1	45		
2	40		
3	15		
TOTAL	100		

This ANSWER BOOK consists of 5 pages .

QUESTION 1

1.1	CONCEPTS	
	1.1.1	
	1.1.2	
	1.1.3	
	1.1.4	
	1.1.5	

5

1.2 **SINIKIWE LTD**
INCOME STATEMENT OF FOR THE YEAR ENDED 29 FEBRUARY 2020

Sales	
Cost of sales	
Gross profit	
Other income	
Commission income	10 090
Gross income	
Operating expenses	
Salaries and wages	275 300
Depreciation	92 300
Sundry expenses	
Operating profit	
Interest income	
Net profit before income tax	
Income tax	
Net profit after income tax	

40

Q1		45
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QUESTION 2

2.1 **MATCHING**

2.1.1	
2.1.2	
2.1.3	
2.1.4	

4

2.2.1 **Fixed Assets amount for the Balance Sheet:**

WORKINGS	ANSWER
Land and Buildings	
Vehicles	
Equipment	
TOTAL FIXED ASSETS (AT CARRYING VALUE)	

10

2.2.2 **ORDINARY SHARE CAPITAL**

Issued share capital

	Balance on 1 May 2019	4 200 000
	Balance on 30 April 2020	

9

RETAINED INCOME

Balance on 1 May 2019	78 200	
Ordinary share dividends		
Balance on 30 April 2020		9

TRADE AND OTHER PAYABLES

		8

Q2		40
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QUESTION 3: CASH FLOW STATEMENT

Calculate the following:

	WORKINGS	ANSWER
3.1	Increase/decrease in trade and other receivables	
		3
3.2	Income tax paid	
		4
3.3	Dividends paid	
		4
3.4	Net change in cash and cash equivalents	
		4

Q3	15
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TOTAL: 100



GRADE 12: ACCOUNTING

TERM 1 CONTROLLED TEST

MARKING GUIDELINE

MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no foreign item penalty for misplaced items). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If the answer is incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). Note: if figures are stipulated in memo for components of workings, these do not carry the method mark for final answer as well.
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
9. 'Operation' means 'Check operation'. 'One part correct' means 'Operation and one part correct'.
Note: Check operation must be +, –, x or ÷ or per candidates' response.
10. In calculations, do not award marks for workings if numerator & denominator are swapped - this also applies to ratios.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. In such cases, do not award the method mark. Indicate by way of ☒
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 5 pages.

QUESTION 1

1.1 **CONCEPTS**

1.1.1	Authorised share capital ✓
1.1.2	Limited liability ✓
1.1.3	Expense ✓
1.1.4	Current liability ✓
1.1.5	Directors ✓

5

1.2 **SINIKIWE LTD**
INCOME STATEMENT OF FOR THE YEAR ENDED 29 FEBRUARY 2020

	Sales	4 067 300 – 4 800 ✓✓	4 062 500	✓*
	Cost of sales	2 720 000 – 3 200 ✓	(2 716 800)	✓*
6	Gross profit	operation, sales – COS	1 345 700	✓
	Other income	operation	90 300	✓*
	Commission income		10 090	
	Provision for bad debts adjustment	9 475 – 8 825	650	✓✓*
	Rent income	65 780 ✓ + 13 780 ✓✓	79 560	✓*
9	Gross income	operation, GP + OI	1 436 000	✓
	Operating expenses	GI – OP	(623 500)	✓
	Trading stock deficit	202 800 + 3 200 ✓ – 198 400 ✓	7 600	✓*
	Packing material	25 200 – 2 600	22 600	✓✓*
	Audit fees	32 750 ✓ + 7 250 ✓	40 000	✓
	Directors fees	141 600 ✓ – 11 800 ✓✓ or 22/24	129 800	✓*
	Insurance	18 460 ✓ – 1 060 ✓✓	17 400	✓*
	Salaries and wages		275 300	
	Depreciation		92 300	
	Sundry expenses	balancing figure	38 500	✓
19	Operating profit	20% of sales amount above	812 500	✓✓
	Interest income	balancing figure	21 300	✓
	Profit before interest expense		833 800	
	Interest expense	348 000 + 74 400 – 376 100	(46 300)	✓✓*
	Net profit before income tax		787 500	
	Income tax	28% of NPbT	(220 500)	✓✓
6	Net profit after income tax	operation, tax subtracted	567 000	✓

40

* one part correct

Q1		45
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QUESTION 2

2.1 **MATCHING**

2.1.1	D ✓
2.1.2	C ✓
2.1.3	B ✓
2.1.4	A ✓

4

2.2.1 Fixed Assets amount for the Balance Sheet:

WORKINGS	ANSWER
Land and Buildings	4 375 000 ✓
Vehicles 620 000 – 465 000	155 000 ✓✓
Equipment Current Depreciation: (380 000 – 185 440) x 20% = 38 912 ✓✓* 60 000 x 20% x 4/12 = 4 000 ✓✓* 440 000 – (185 440 ✓ + 38 912 + 4 000) <small>228 352 five marks</small> 380 000 – 185 440 + 60 000 – 38 912 – 4 000	211 648 ✓* 6
TOTAL FIXED ASSETS (AT CARRYING VALUE)	4 741 648 ✓*

10

* one part correct

2.2.2 ORDINARY SHARE CAPITAL

Issued share capital

540 000 ✓✓	Balance on 1 May 2019	4 200 000
160 000	Shares issued at R8,75 per share	1 400 000 ✓✓
(50 000)	Shares repurchased (ASP: R8,00 ✓✓)	(400 000) ✓*
650 000 ✓*	Balance on 30 April 2020	5 200 000 ✓*

9

* one part correct

RETAINED INCOME

Balance on 1 May 2019	78 200
Shares repurchased 50 000 x 0,90 <input checked="" type="checkbox"/> 8,90 – ASP	(45 000) <input checked="" type="checkbox"/> *
Net profit after tax 184 200 x 70/30	429 800 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *
Ordinary share dividends interim + final	(188 000) <input checked="" type="checkbox"/>
• Interim dividends	84 000 <input checked="" type="checkbox"/>
• Final dividends 650 000 x 0,16	104 000 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *
Balance on 30 April 2020	275 000 <input checked="" type="checkbox"/> *

9

* one part correct

TRADE AND OTHER PAYABLES

Creditors control	234 600 <input checked="" type="checkbox"/>
SARS: Income tax 184 200 – 160 000	24 200 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Shareholders for dividends see Retained Income above	104 000 <input checked="" type="checkbox"/>
Current portion of loan 410 000 x 15%	61 500 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Accrued expenses	6 700 <input checked="" type="checkbox"/>
	431 000 <input checked="" type="checkbox"/> *

8

* one part correct

Q2		40
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QUESTION 3: CASH FLOW STATEMENT

Calculate the following:

	WORKINGS	ANSWER	
3.1	<p>Increase/decrease in trade and other receivables</p> <p>221 800 – 179 300</p>	<p>42 500 ✓✓</p> <p>Outflow ✓</p>	<div style="border: 1px solid black; width: 30px; height: 20px; margin: 0 auto; text-align: center;">3</div>
3.2	<p>Income tax paid</p> <p>324 730 ✓ – 8 250 ✓ – 5 260 ✓</p> <p>Accept signs reversed or ledger account.</p>	<p>311 220 ☑</p> <p>One part correct</p>	<div style="border: 1px solid black; width: 30px; height: 20px; margin: 0 auto; text-align: center;">4</div>
3.3	<p>Dividends paid</p> <p>294 000 ✓ + 112 000 ✓ – 150 000 ✓ <small>(1 000 000 × 0,15)</small></p> <p>Accept signs reversed or ledger account.</p>	<p>256 000 ☑</p> <p>One part correct</p>	<div style="border: 1px solid black; width: 30px; height: 20px; margin: 0 auto; text-align: center;">4</div>
3.4	<p>Net change in cash and cash equivalents</p> <p>35 400 ✓ + 66 200 ✓ – 5 000 ✓ <small>61 200 two marks</small></p>	<p>96 600 ☑</p> <p>One part correct</p>	<div style="border: 1px solid black; width: 30px; height: 20px; margin: 0 auto; text-align: center;">4</div>

Q3		15
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