



Province of the **EASTERN CAPE**  
DEPARTMENT OF EDUCATION

CURRICULUM SUPPORT AND MANAGEMENT



## GRADE 12: ACCOUNTING

### TERM 1 CONTROLLED TEST

**DURATION: 90 minutes**

**MARKS: 100**

**INSTRUCTIONS AND INFORMATION:**

1. The question paper consists of TWO questions.
2. Answer the questions in the ANSWER BOOK provided.
3. Show workings to earn 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 time effectively.

QUESTION	TOPIC/SECTION	MARKS	TIME
1	Statement of Comprehensive Income and Retained Income note	55	50 minutes
2	Company financial statements: Statement of Financial Position / Cash Flow Statement	45	40 minutes
<b>TOTAL</b>		<b>100</b>	<b>90 minutes</b>

**QUESTION 1: COMPANY FINANCIAL STATEMENTS:  
STATEMENT OF COMPREHENSIVE INCOME (55 marks; 50 minutes)**

- 1.1 Choose the correct word/term from the list provided that best describes each statement below. Write the word/s only next to each numbers (1.1.1 – 1.1.5) in the ANSWER BOOK.

**Shareholders; Directors; External Auditors; Internal Auditors;  
Limited Liability; Dividends; Income tax**

- 1.1.1 They are appointed by shareholders to manage the company.
- 1.1.2 The earnings of shareholders for investing in the business.
- 1.1.3 They would express an unbiased opinion on the financial statements of the company.
- 1.1.4 In the case of bankruptcy, shareholders would only lose their investment in the company.
- 1.1.5 They are employed by the business to set up functional and effective internal control processes.

(5)

## 1.2 TWOBOY LTD

The information relates to the financial year ended 28 February 2021.

### REQUIRED:

- 1.2.1 Complete the Statement of Comprehensive Income (Income Statement) for the financial year ended 28 February 2021. (41)
- 1.2.2 Prepare the Retained Income note for the financial year. (9)

### INFORMATION:

- A. Extract from the financial information before taking into account the additional information below:

Retained income (1 March 2020)	R 337 000
Trading stock	452 600
Debtors control	336 460
Provision for bad debts (1 March 2020)	15 220
Loan: BX Bank	654 800
Sales	10 562 460
Cost of sales	7 554 400
Salaries and wages	786 440
Directors fees	489 600
Audit fees	43 200
Insurance	45 440
Interest income	?
Rent income	158 900
Advertising	42 280
Packing material	215 700
Sundry expenses	180 480
Ordinary share dividends (paid on 31 August 2020)	133 200

- B. Additional Information and adjustments:

- (i) The business uses a mark-up of 40% on cost. On 26 February 2021, goods with a selling price of R8 960 was returned by a debtor. The goods were placed back in stock, but no entries were made.
- (ii) A physical stock take on 28 February 2021 revealed the following stock on hand:
- Trading stock, R455 400
  - Packing material, R 5 200
- (iii) The provision for bad debts must be adjusted to 4% of debtors.
- (iv) 80% of the audit was paid. The balance will be paid on 1 April 2021.
- (v) One of the three directors did not receive his fee for January and February 2021.
- (vi) Insurance is a fixed monthly premium. Note that this premium increased by R160 per month from 1 January 2021, and is paid up to 30 April 2021.



- (vii) Advertising includes R3 540 for a three-month contract that ends on 31 March 2021.
- (viii) A clerk on leave was omitted from the salaries journal. Her net salary amounted to R12 284. Her total deductions is R4 316. The business contributes 1% of the gross salary to the UIF and 9% to the Pension Fund. Contributions are debited to the salaries and wages account.
- (ix) The tenant has not paid the rent for February 2021. Rent was increased by 7% p.a. with effect from 1 September 2020.
- (x) The loan statement reflected a closing balance of R733 200. Interest capitalised must still be recorded.
- (xi) **Net profit and income tax:**
- The net profit after tax was accurately calculated at R921 600, after taking into account all the adjustments above.
  - Income tax is calculated at 28% of the net profit.
- (xii) **Shares and dividends:**
- On 1 March 2020, the ordinary share capital was R4 995 000 comprising 740 000 ordinary shares.
  - On 30 September 2020, the company repurchased 60 000 ordinary shares at R7,95 per share.
  - A final dividend of 23 cents per share was declared on 28 February 2021. All shares on the share register on this date qualified for final dividends.

**QUESTION 2: COMPANY FINANCIAL STATEMENTS: STATEMENT OF FINANCIAL POSITION and CASH FLOW STATEMENT** (45 marks; 40 minutes)

2.1 Match the terms in column A with an explanation in column B. Write only the letter (A – D) next to the numbers (2.1.1 – 2.1.4) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1.1	Statement of Comprehensive Income	A	This is a narrative of the achievements during the financial year and plans for the future.
2.1.2	Audit Report	B	It provides an outline of the assets, equity and liabilities at the financial year-end.
2.1.3	Directors Report	C	This is an indication of the financial performance for the period under review, in terms of profit or loss.
2.1.4	Statement of Financial Position	D	This is a report on the reliability of the financial statements as expressed by an independent party.

(4)

2.2 **MILLICENT LTD**

The information relates to the financial year ended 28 February 2021.

**REQUIRED:**

2.2.1 Prepare the Ordinary Share Capital note. (7)

2.2.2 Complete the CURRENT LIABILITIES section of the Statement of Financial Position on 28 February 2021 (12)

2.2.3 Calculate the following for the Cash Flow Statement:

- Income tax paid (4)
- Dividends paid (4)
- Net change in cash and cash equivalents. Indicate if it is a net onflow or net outflow of cash. (5)

2.2.4 Prepare the CASH EFFECTS OF INVESTING ACTIVITIES section of the Cash Flow Statement (9)

**INFORMATION:**

**A. Share Capital**

- The authorised share capital comprises 1 200 000 ordinary shares.
- On 1 March 2020, 75% of the authorised shares were in issue.
- On 1 May 2020, additional shares were issued for R936 000.
- On 1 January 2021, the company repurchased 80 000 shares at R1,25 above the average share price.
- On 28 February 2021, there were 940 000 shares in issue.

C. Balances and totals extracted from the records

	28 Feb 2021 R	29 Feb 2020 R
Fixed assets (carrying value)	5 841 250	5 467 500
Ordinary share capital	7 285 000	?
Fixed deposit	375 750	425 500
Loan: PYX Bank		1 820 000
SARS: Income tax	15 200 (Cr)	8 100 (Dr)
Shareholders for dividends	252 200	162 000
Cash and cash equivalents	443 000	5 000
Bank overdraft	0	88 000
Creditors control	469 300	510 200
Accrued income	37 700	
Accrued expenses	34 800	

D Extract from the Statement of Comprehensive Income

- Depreciation R292 500
- Interest on loan R190 500
- Income tax R375 200

E. Dividends:

- An interim dividend was paid on 31 August 2020.
- Total dividends for the year amounted to R384 800.

F. Fixed Assets:

- Old equipment was sold at carrying value of R33 750.
- Extensions to the buildings were also completed during the year.

G. Loan: PYX Bank

- A fixed monthly instalment of R28 500 was taken into account.
- The business expects to pay 10% of the loan balance in the next financial year.

H. Zeeti Suppliers is a debtor and creditor to the business. A debit balance of R3 000 in the debtors ledger must be transferred to their account in the creditors ledger.



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**GRADE 12: ACCOUNTING**  
**TERM 1 CONTROLLED TEST**  
**ANSWER BOOK**



Name:

QUESTION	MAXIMUM MARKS	MARKS OBTAINED	MODERATED MARK
1	55		
2	45		
<b>TOTAL</b>	<b>100</b>		

**QUESTION 1**

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	
1.1.5	

5
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**1.2.2 STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT)  
FOR THE YEAR ENDED 28 FEBRUARY 2021**

Sales	
Cost of sales	
Gross profit	
Other income	
<b>Gross income</b>	
Operating expenses	
<b>Sundry expenses</b>	<b>180 480</b>
Operating profit	
Interest income	
Profit before interest expense	
Interest expense	
Net profit before income tax	
Income tax	
Net profit after income tax	<b>921 600</b>

41
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**1.2.2 RETAINED INCOME**

Balance on 1 March 2020	<b>337 000</b>
Ordinary share dividends	
Balance on 28 February 2021	

9
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Q1	55	
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**QUESTION 2**

2.1

2.1.1	
2.1.2	
2.1.3	
2.1.4	

4
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**2.2.1 ISSUED SHARE CAPITAL**

	Balance on 1 March 2020	
940 000	Balance on 28 February 2021	7 285 000

7
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2.2.2

<b>Current liabilities</b>	
Trade and other payables	

12
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2.2.3

WORKINGS	ANSWER
Calculate: Income tax paid	
Calculate: Dividends paid	
Calculate: Net change in cash and cash equivalents	
Indicate inflow / outflow of cash	

13
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2.2.4

<b>CASH EFFECTS OF INVESTING ACTIVITIES</b>	

9
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Q2	45	
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**GRADE 12: ACCOUNTING**  
**TERM 1 CONTROLLED TEST**  
**MARKING GUIDELINE**

**MARKING PRINCIPLES:**

1. Unless otherwise stated in the marking guidelines, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). 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 answer 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 and at least one part must be correct 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 per memo.
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. Indicate with a ☒.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f = foreign item; p = placement/presentation.

## QUESTION 1

1.1

1.1.1	Directors ✓
1.1.2	Dividends ✓
1.1.3	External auditors ✓
1.1.4	Limited liability ✓
1.1.5	Internal auditors ✓

5

1.2.1 STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT)  
FOR THE YEAR ENDED 28 FEBRUARY 2021

	<b>Sales</b>	10 562 460 – 8 960	10 553 500	✓✓
	<b>Cost of sales</b>	– 7 554 400 – 6 400 ✓✓	(7 548 000)	✓*
6	<b>Gross profit</b>	Sales – COS	3 005 500	✓
	<b>Other income</b>	operation, one part correct	176 000	✓
	Provision for bad debts adjustment	15 220 – 13 100	2 120	✓✓
	Rent income	158 900 ✓ + 14 980 ✓✓	173 880	✓*
8	<b>Gross income</b>	GP + OI	3 181 500	✓
	<b>Operating expenses</b>	operation, one part correct	(1 851 500)	✓
	Trading stock deficit	see COS 452 600 + 6 400 ✓ – 455 400 ✓	3 600	✓*
	Packing material	215 700 – 5 200	210 500	✓✓
	Audit fees	43 200 x 100/80 or 43 200 + 10 800	54 000	✓✓*
	Directors fees	489 600 x 36/34 or 172 800 x 3	518 400	✓✓*
	Insurance	45 440 – 6 720 ✓✓	38 720	✓*
	Advertising	42 280 – 1 180 ✓✓	41 100	✓*
	Salaries and wages	786 440 + 16 600 ✓ + 1 660 ✓* (10%)	804 700	✓*
	<b>Sundry expenses</b>		<b>180 480</b>	
20	<b>Operating profit</b>	GI – OE	1 330 000	✓
	<b>Interest income</b>	balancing figure (PBIE – OP)	28 400	✓
	<b>Profit before interest expense</b>		1 358 400	✓
	<b>Interest expense</b>	733 200 – 654 800	(78 400)	✓✓
	<b>Net profit before income tax</b>	NPAT + Inc Tax	1 280 000	✓
	<b>Income tax</b>	921 600 x 28/72	(358 400)	✓✓
7	<b>Net profit after income tax</b>		<b>921 600</b>	

\* one part correct

41

## 1.2.2 RETAINED INCOME

<b>Balance on 1 March 2020</b>		<b>337 000</b>
Net profit after tax		921 600 ✓
Shares repurchased 60 000 x 1,20 ✓✓		(72 000) ✓
<b>Ordinary share dividends</b>	one part correct	(289 600) <input checked="" type="checkbox"/>
Interim dividends		133 200 ✓
Final dividends 680 000 x 23 cents	one part correct	156 400 ✓ <input checked="" type="checkbox"/>
<b>Balance on 28 February 2021</b>	one part correct Must subtract shares repurchased and OSD	897 000 <input checked="" type="checkbox"/>

9

Q1

55

**QUESTION 2**

2.1

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

4
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**2.2.1 ISSUED SHARE CAPITAL**

900 000 ✓	<b>Balance on 1 March 2020</b>	6 969 000 ✓ balancing figure
120 000 ✓	Shares issued	936 000 ✓
(80 000)	Shares repurchased: ASP: 7,75 ✓✓	(620 000) ✓ one part correct
<b>940 000</b>	<b>Balance on 28 February 2021</b>	<b>7 285 000</b>

7
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2.2.2

<b>Current liabilities</b>	935 350 ✓*
<b>Trade and other payables</b> 469 300 ✓ + 34 800 ✓ - 3 000 ✓	501 100 ✓*
Shareholders for dividends	252 200 ✓
SARS: Income tax	15 200 ✓
Current portion of loan (1 820 000 - 342 000 ✓ + 190 500 ✓) x 10% ✓	166 850 ✓*

12
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\* one part correct

2.2.3

<b>WORKINGS</b>	<b>ANSWER</b>
<b>Calculate: Income tax paid</b> 375 200 ✓ - 8 100 ✓ - 15 200 ✓	351 900 ✓* one part correct
<b>Calculate: Dividends paid</b> 162 000 ✓ + 384 800 ✓ - 252 200 ✓	294 600 ✓* one part correct
<b>Calculate: Net change in cash and cash equivalents</b> 443 000 ✓ + (88 000 ✓ - 5 000 ✓)	526 000 ✓ one part correct
<b>Indicate inflow or outflow of cash</b>	Inflow ✓

13
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Be alert to alternative methods to calculate all of the above amounts  
\* accept with or without brackets

2.2.4

<b>CASH EFFECTS OF INVESTING ACTIVITIES</b>	(616 500) ✓*
Fixed assets purchased signs may be reversed 5 841 250 ✓ + 292 500 ✓ + 33 750 ✓ - 5 467 500 ✓	(700 000) ✓*
Proceeds from the sale of fixed assets	33 750 ✓
Fixed deposits matured	49 750 ✓✓

9
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\* one part correct

<b>Q2</b>	<b>45</b>	
<b>TOTAL</b>	<b>100</b>	

