



GRADE 12 ACCOUNTING

TERM 1: CONTROLLED TEST

TIME: 90 minutes

MARKS: 100

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. A formula sheet is provided.
5. Non-programmable calculators may be used. You may use a dark pencil or blue/black ink to answer the questions.
6. Questions and time-guide are as follows: Manage your time effectively.

QUESTION	TOPIC	MAX. MARKS	MINUTES
1	Statement of Comprehensive Income	45	40
2	Statement of Financial Position	30	25
3	Cash Flow Statement	25	25
TOTAL		100	90

This Question Paper consists of 6 pages a 4 page Answer Book and a Formula Sheet

QUESTION 1: STATEMENT OF COMPREHENSIVE INCOME (45 marks; 40 minutes)

1.1 Choose the correct term/concept from the list provided to complete each statement below. Write only the term/concept next to the question number (1.1.1–1.1.4) in the ANSWER BOOK.

directors; limited liability; shareholders; internal auditor; external auditor

1.1.1 ... expresses an unbiased opinion on the reliability and credibility of the annual financial statements.

1.1.2 Shareholders enjoy ... because in the case of bankruptcy, they will only lose their investment in the company.

1.1.3 ... are appointed to manage and control the operations of a company.

1.1.4 ... are employed by the company to set up and maintain internal control processes. (4)

1.2 INDABA LTD

The information relates to the financial year ended 28 February 2023.

REQUIRED:

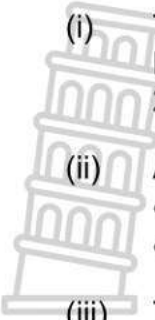
Complete the Statement of Comprehensive Income the financial year ended 29 February 2023. (41)

INFORMATION:

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

	28 Feb 2023	28 Feb 2022
Equipment	R 840 000	R 765 000
Loan: Qbk Bank	?	1 165 000
Trading stock	444 000	
Debtors control	328 000	
Provision for bad debts	?	14 480
Sales	7 700 000	
Cost of sales	?	
Salaries and wages (including contributions)	1 278 000	
Depreciation	305 750	
Commission income	24 480	
Audit fees	123 250	
Directors fees	652 800	
Interest on fixed deposit	?	
Insurance	76 660	
Rent income	156 860	
Consumable stores	112 700	
Sundry expenses	?	

B. Adjustments and additional information:

- 
- (i) The company uses a mark-up of 120% on cost on all goods sold. No entry was made for goods returned by a debtor, selling price, R11 000 on 28 February 2023. The goods were placed back in stock.
- (ii) A physical stock-take on 28 February 2023 revealed the following:
- Trading stock, R446 600
 - Consumable stores, R4 200.
- (iii) The provision for bad debts must be adjusted to 4% of debtors.
- (iv) Depreciation on new equipment purchased on 1 February 2023 was not taken into account. Depreciation on equipment is provided for at 20% p.a. on carrying value.
- (v) Insurance includes a new policy entered into on 1 June 2022. The annual premium of R13 440 was paid in full on this date.
- (vi) The rent income for January and February 2023 was still outstanding. Note that rent increased by 6% p.a. from 1 November 2022.
- (vii) 15% of the audit fees were still outstanding on 28 February 2023.
- (viii) The company has three directors on the same fee structure. The third director was appointed on 1 July 2022. He has been paid up to April 2023.
- (ix) Interest capitalised must still be taken into account. The loan statement reflected an outstanding balance of R989 400 on 28 February 2023. The monthly instalment of R24 000 (including interest capitalised) was paid for the entire year.
- (x) On 28 February 2023:
- The % operating profit on sales was 15%.
 - The net profit before tax was correctly calculated at R1 066 100.
 - Income tax is 30% of the net profit.

QUESTION 2: STATEMENT OF FINANCIAL POSITION

(30 marks; 25 minutes)

ALFRED LTD

The information relates to the financial year ended 28 February 2023.

REQUIRED:

2.1 Prepare the following notes to the Statement of Financial Position.

- Ordinary Share Capital (8)
- Retained Income (8)

2.2 Complete the Equities and Liabilities section of the Statement of Financial Position. (14)

INFORMATION:

A. Share Capital:

The company is registered with an Authorised Share Capital of 1 500 000 ordinary shares.

- | |
|---|
| • On 1 March 2022, only 70% of the shares were in issue. |
| • On 31 May 2022, an additional 160 000 shares were issued at R9,00 per share. |
| • On 31 October 2022, the directors repurchased 50 000 shares from the estate of an old shareholder, and paid R9,25 per share. These shareholders do not qualify for final dividends. |

B. Balances and totals extracted from the records on 28 February:

	2023	2022
Loan: Neel Bank	403 700	
Ordinary share capital	?	9 147 500
Retained income	?	123 200
Debtors control	123 400	
Provision for bad debts	6 170	
Creditors control	234 600	
SARS: Income tax (provisional payments)	160 000	
Ordinary share dividends (interim)	126 000	
Prepaid expenses	12 400	
Accrued expenses	6 700	

C. 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 R196 200.

D. Dividends:

- The interim dividend was paid on 31 August 2022.
- A final dividend of 16 cents per share was declared on 28 February 2023. Only shares on the share register on this date, qualify for final dividends.

E. Loan: Neel Bank

The loan statement on 28 February 2023 reflected the following: These were taken into account.

- Total repayments (including interest); R99 000
- Interest capitalised; R63 200

The business expects to pay back 15% of the loan balance over the next financial year.

F. Transfer from Debtors Ledger:

A debtor with a debit balance of R11 800 must be transferred to his account in the creditors ledger.

QUESTION 3: CASH FLOW STATEMENT

(25 marks; 25 minutes)

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

REQUIRED:

- 3.1 Complete the net change in working capital section of the note for CASH GENERATED FROM OPERATIONS. (10)
- 3.2 Calculate the following: (4)
- Income tax paid (4)
 - Dividends paid. (3)
 - The amount paid to repurchase the 50 000 shares
- 3.3 Complete the following section: NET CHANGE IN CASH AND CASH EQUIVALENTS. (4)

INFORMATION:

A Information from the Balance Sheet on 28 February:

	2023	2022
Depreciation	216 000	164 000
Interest on loan	84 000	97 600
Trading stock	424 000	377 000
Trade debtors	218 000	285 000
Trade creditors	388 000	363 000
Cash and cash equivalents	72 600	8 000
SARS: Income tax	5 260 (Cr)	8 250 (Dr)
Shareholders for dividends	157 500	112 000
Bank overdraft	0	53 000

B. Share Capital and Dividends:

- On 1 March 2022, there were 900 000 ordinary shares in issue.
- An interim dividend was paid on 31 August 2022.
- On 1 October 2022, the company issued a further 200 000 shares.
- On 28 February 2023, the company repurchased 50 000 shares. The shareholder was paid R1,20 per share above the average share price of R6,80.
- A final dividend of 15 cents per share was declared on 28 February 2023. 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: R688 100

25

TOTAL: 100

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit} \times 100}{\text{Sales}} \times \frac{1}{1}$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \times \frac{1}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade & other receivables + Cash & cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 1 below)	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 2 below)
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (See Note 3 below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
<p>NOTE:</p> <ol style="list-style-type: none"> 1. Trading stock at the end of a financial year may be used if required in a question. 2. Credit purchases may be used instead of cost of sales (figures will be the same if stock is constant). 3. If there is a change in the number of issued shares during a financial year, the weighted-average number of shares is used in practice. 	



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GRADE 12: ACCOUNTING
TERM 1 CONTROLLED TEST
ANSWER BOOK

NAME	
SCHOOL	



QUESTION	MAX. MARKS	ACHIEVED	MODERATED
1	45		
2	30		
3	25		
TOTAL	100		

QUESTION 1

1.1

CONCEPTS	
1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2

**INDABA LTD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
28 FEBRUARY 2023**

Sales	
Cost of sales	
Gross profit	
Other income	
Commission income	24 480
Gross income	
Operating expenses	
Depreciation	
Salaries and wages	1 278 000
Sundry expenses	
Operating profit	
Interest income	
Net profit before income tax	1 066 100
Income tax	
Net profit after income tax	

41

Q1		45
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QUESTION 2

2.1 ORDINARY SHARE CAPITAL

Issued share capital

	Balance on 1 March 2022	9 147 500	
	Balance on 28 February 2023		8

RETAINED INCOME

Balance on 1 March 2022	123 200	
Ordinary share dividends		
• Interim dividends	126 000	
•		
Balance on 28 February 2023		8

2.2 EQUITIES AND LIABILITIES

SHAREHOLDERS EQUITY	
NON-CURRENT LIABILITIES	
CURRENT LIABILITIES	
TOTAL EQUITIES AND LIABILITIES	

14

Q2		30
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QUESTION 3:

3.1 CASH GENERATED FROM OPERATIONS

Net profit ..		
Add: Depreciation	216 000	
Interest expense	84 000	
Net profit before changes to working capital		
Net change in working capital		
CASH GENERATED FROM OPERATIONS		10

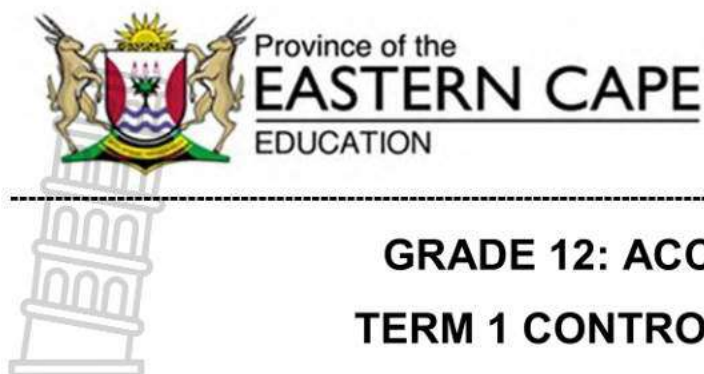
3.2 Calculate the following:

WORKINGS	ANSWER
Income tax paid	
	4
Dividends paid	
	4
Amount paid to repurchase shares	
	3

3.3 NET CHANGE IN CASH AND CASH EQUIVALENTS

Opening balance	
Closing balance	4

Q3		25
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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. Unless otherwise stated, give full marks for correct answer. If answer is incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as a working mark for that figure (not the method mark for the answer). **NOTE:** If figures are stipulated in marking guidelines 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 penalties are applied, the marks for that section of the question cannot be a final negative.
7. Where method marks are awarded for operation, marker must inspect the reasonableness of the answer.
8. Operation means 'check operation'. 'One part correct' means operation and one part correct.
Note: check operation must be +, -, x, ÷, as per candidate's calculation (if valid) or per marking guideline.
9. 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 ☒
10. Codes: f = foreign item; p = placement/presentation.

The Marking Guideline consists of 5 pages

QUESTION 1

1.1

CONCEPTS

1.1.1	External auditor ✓
1.1.2	Limited liability ✓
1.1.3	Directors ✓
1.1.4	Internal auditor ✓

4

1.2 INDABA LTD: STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2023

	Sales	7 700 000 - 11 000	7 689 000	✓✓
	Cost of sales	7 689 000 <input checked="" type="checkbox"/> x 100/220 ✓	(3 495 000)	<input checked="" type="checkbox"/> *
6	Gross profit	operation, sales - COS	4 194 000	<input checked="" type="checkbox"/>
	Other income	operation	216 000	<input checked="" type="checkbox"/> *
	Commission income		24 480	
	Provision for bad debts adjustment	14 480 - 12 680	1 800	✓ <input checked="" type="checkbox"/> *
	Rent income	156 860 ✓ + 32 860 ✓✓	189 720	<input checked="" type="checkbox"/> *
8	Gross income	operation, GP + OI	4 410 000	<input checked="" type="checkbox"/>
	Operating expenses	GI - OP	(3 256 650)	<input checked="" type="checkbox"/>
	Trading stock deficit	see sales 444 000 + 5 000 <input checked="" type="checkbox"/> - 446 600 ✓	2 400	<input checked="" type="checkbox"/> *
	Consumable stores	112 700 - 4 200	108 500	✓ <input checked="" type="checkbox"/> *
	Audit fees	123 250 x 100/85	145 000	✓ <input checked="" type="checkbox"/>
	Directors fees	652 800 x 32/34 or 652 800 - 38 400	614 400	✓ <input checked="" type="checkbox"/> *
	Insurance	76 660 ✓ - 3 360 ✓✓	73 300	<input checked="" type="checkbox"/> *
	Depreciation	305 750 ✓ + 1 250 ✓✓	307 000	<input checked="" type="checkbox"/>
	Salaries and wages		1 278 000	
	Sundry expenses	balancing figure	728 050	<input checked="" type="checkbox"/>
21	Operating profit	15% of sales amount above	1 153 350	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
	Interest income	balancing figure	25 150	<input checked="" type="checkbox"/>
	Profit before interest expenses		1 178 500	
	Interest expense	1 165 000 - 288 000 - 989 400	(112 400)	✓ <input checked="" type="checkbox"/> *
	Net profit before income tax		1 066 100	
	Income tax	30% of NPbT	(319 830)	✓✓
6	Net profit after income tax	operation, tax subtracted	746 270	<input checked="" type="checkbox"/>

41

* one part correct

Q1		45
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QUESTION 2

2.1 ORDINARY SHARE CAPITAL

Issued share capital

1 050 000 ✓✓	Balance on 1 March 2022	9 147 500	
160 000	Shares issued at R9,00 per share	1 440 000 ✓	
(50 000)	Shares repurchased (ASP: R8,75 ✓✓)	(437 500) ☑	
1 160 000 ☑	Balance on 28 February 2023	10 150 000 ☑	8

* one part correct

RETAINED INCOME

Balance on 1 March 2022	123 200	
Shares repurchased 50 000 x 0,50 ☑	(25 000) ☑	
Net profit after tax 196 200 x 70/30	457 800 ✓✓	
Ordinary share dividends interim + final	(311 600) ☑	
• Interim dividends	126 000	
• Final dividends 1 160 000 x 0,16	185 600 ✓☑	
Balance on 28 February 2023	244 400 ☑	8

* one part correct

2.2 EQUITIES AND LIABILITIES

SHAREHOLDERS EQUITY	operation	10 394 400	<input checked="" type="checkbox"/>
Ordinary share capital	see 2.1	10 150 000	<input checked="" type="checkbox"/>
Retained income	see 2.1	244 400	<input checked="" type="checkbox"/>
NON-CURRENT LIABILITIES		343 145	
Loan: Neel Bank 403 700 – 60 555		343 145	<input checked="" type="checkbox"/>
CURRENT LIABILITIES		511 855	<input checked="" type="checkbox"/>
Trade creditors 234 600 + 6 700 ✓ - 11 800 ✓		229 500	<input checked="" type="checkbox"/>
SARS: Income tax 196 200 – 160 000		36 200	<input checked="" type="checkbox"/>
Shareholders for dividends	see 2.1	185 600	<input checked="" type="checkbox"/>
Current portion of loan	see loan	60 555	<input checked="" type="checkbox"/>
TOTAL EQUITIES AND LIABILITIES		1 894 440	<input checked="" type="checkbox"/>

14

* one part correct

Q2		30
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QUESTION 3:

3.1 CASH GENERATED FROM OPERATIONS

Net profit before income tax	983 000	✓	
Add: Depreciation	216 000		
Interest expense	84 000		
Net profit before changes to working capital operation	1 283 000	☑	
Net change in working capital operation	45 000	☑	
Change in inventories 424 000 – 377 000	(47 000)	✓✓	
Change in trade debtors 218 000 – 285 000	67 000	✓✓	
Change in trade creditors 388 000 – 363 000	25 000	✓✓	
CASH GENERATED FROM OPERATIONS operation	1 328 000	☑	10

3.2 Calculate the following:

WORKINGS	ANSWER	
<p>Income tax paid</p> <p>294 900 ✓ – 8 250 ✓ – 5 260 ✓</p> <p>Accept signs reversed or ledger account.</p>	<p>☑ 281 390</p> <p>One part correct</p>	4
<p>Dividends paid</p> <p>112 000 ✓ + 294 000 ✓ – 157 500 ✓</p> <p>Accept signs reversed or ledger account.</p>	<p>☑ 248 500</p> <p>One part correct</p>	4
<p>Amount paid to repurchase shares</p> <p>50 000 x R8 ✓✓ (6,80 + 1,20)</p>	<p>☑ 400 000</p> <p>One part correct</p>	3

3.3 NET CHANGE IN CASH AND CASH EQUIVALENTS	117 600	☑	
Opening balance - 53 000 + 8 000	(45 000)	✓✓	
Closing balance	72 600	✓	4

Q3		25
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