



GRADE 12

ACCOUNTING

TERM 1 CONTROLLED TEST 2026

INSTRUCTIONS AND INFORMATION

1. This question paper consists of THREE questions
2. Answer ALL questions on the Answer Sheet provided
3. Non-programmable calculators may be used.
4. You may use a dark pencil or blue/black ink to answer the questions
5. The following table will provide you with the questions and time-guide:

QUESTION	TOPIC	MARKS	MINUTES
1	Concepts; Statement of Comprehensive Income	30	25 minutes
2	Statement of Financial Position	40	40 minutes
3	Cash Flow Statement	30	25 minutes
TOTAL		100	90 minutes

This question paper consists of pages 8 and a 7-page Answer Book

QUESTION 1: STATEMENT OF COMPREHENSIVE INCOME (30 marks; 25 minutes)

- 1.1 Match the explanation in Column A with the correct term in Column B. Only write the correct letter next to the number, e.g. 1.1.5 F (4)

COLUMN A		COLUMN B	
1.1.1	Completes the independent audit report	A	Director
1.1.2	Declares dividends	B	Disclaimer of opinion
1.1.3	Appoints the directors	C	Unqualified report
1.1.4	Negative audit report	D	External auditor
		E	Shareholders
		F	Internal auditor

1.2 SHOWTIME LTD

The following information relates to SHOWTIME LTD. Their financial year ended on 28 February 2026.

REQUIRED:

Complete the Statement of Comprehensive Income for the year ended on 28 February 2026. (26)

A. Information extracted from records on 28 February 2026:

Loan: Wax Bank (12% p.a.)	R 250 000
Trading stock	295 000
Debtors control	89 250
Provision for bad debts (1 March 2025)	2 200
Audit fees	64 000
Directors fees	247 000
Salaries and wages	90 000
Rent income	274 500
Interest on loan	30 000
Consumable stores	30 000
Bad debts	16 200
Interest income	?

B. Adjustments and additional information:

- (i) Received and recorded R3 250 from insolvent estate of a debtor, which represented 40% of his outstanding debt. It was decided to write off the remaining balance as irrecoverable.
- (ii) Provision for bad debts must be adjusted to 4% of outstanding debtors.
- (iii) The physical stock count on 28 February 2026 reflected the following:
 - Trading stock, R299 500
 - Consumable stores used, R28 200
- (iv) Rent for March 2026 has been received and recorded. Note that rent was increased by R750 on 1 February 2026.

- (v) An employee was omitted from the Salaries Journal for February 2026. His salary details are as follows:

GROSS SALARY	DEDUCTIONS		NET SALARY	CONTRIBUTIONS BY EMPLOYER
	Pension	UIF		
?	18%	R180	R14 580	R3 960

- (vi) Only 80% of the audit fees were paid this year.
- (vii) The company had two directors at the beginning of the financial year, who earns the same monthly fee. One of these two directors has not yet received his February 2026 fees. On 1 December 2025, a new director was appointed, earning the same monthly fee as the old directors and has received all the fees due to him for the financial year.
- (viii) The existing loan was decreased by R80 000 on 1 September 2025; this was properly recorded. Provide for outstanding interest on loan.
- (ix) After taking all the adjustments into account, income tax was correctly calculated at 30% of the net profit as R195 000.

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QUESTION 2: STATEMENT OF FINANCIAL POSITION (40 marks; 40 minutes)

The financial year of CIRCLE LTD ends on 28 February each year.

REQUIRED:

2.1 Complete the following notes to the financial statements:

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

2.2. Complete the Statement of Financial Position of CIRCLE LTD on 28 February 2026. Where notes are not required, indicate workings in brackets to obtain part marks (24)

INFORMATION:**A. Figures extracted from the accounting records on 28 February 2026:**

Ordinary Share Capital	2 520 000
Retained Income	369 700
Investment: FD Bank	440 000
Loan: Shark Bank	?
Tangible assets at cost	2 400 000
Total accumulated depreciation on assets	500 000
Inventory	630 000
Debtors control	190 000
Provision for bad debts	9 500
Bank (dr) and cash Float	60 900
Trade and other payables	?
SARS (Income Tax) – provisional payments	150 000

B. Share Capital and Dividends:

CIRCLE LTD has an authorised share capital of 800 000 shares.

1 March 2025:	60% of the authorised shares were in issue.
31 March 2025:	Issued 100 000 shares at R5 each.
17 August 2025	Dividends paid R115 200.
1 December 2025:	Repurchased shares from a disgruntled shareholder at R1 above the average share price. The payment was made and entered in the books of the business. They are entitled to dividends at the end of the financial period.
28 February 2026:	The business had 560 000 shares in issue. Final dividends were declared at 32c per share.

- C. The Loan Statement received from Shark Bank on 28 February 2026 included the following information:

Interest for the year	R 14 400
Repayments for the year	60 000
Balance 28 February 2026	109 000

Note: The repayment amount will stay the same, but the amount for interest will be reduced by 20% during the next financial year.

- D. 25% of the Investment at FD Bank will mature on 1 July 2026.
- E. Net profit after tax is R315 000. Income tax is calculated at 30% on net profit.

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QUESTION 3: CASH FLOW STATEMENT**(30 marks; 25 minutes)**

You are provided with the accounting information of SUNSHINE LTD for the year ended 28 February each year.

REQUIRED:

- 3.1 Calculate the change in Working Capital (5)
- 3.2 Calculate the following:
- Income Tax paid (4)
 - Dividends paid (3)
 - Net change in cash and cash equivalents. (4)
- 3.3 Complete the following sections in the Cash Flow Statement on 28 February 2026:
- Cash flows from Investing activities (7)
 - Cash flows from Financing activities (7)

INFORMATION:**A. Extract from Statement of Financial Position for the year ended on 28 February each year:**

	2026	2025
Fixed assets carrying value	12 138 000	12 357 000
Investments	250 000	600 000
Current assets		
Inventory	1 720 000	2 250 000
Trade & other receivables	1 205 000	940 000
Trade Debtors	1 140 000	940 000
SARS (Income Tax)	65 000	0
Cash & cash equivalents	540 000	10 000
Ordinary Share Capital	8 960 000	6 360 000
Retained Income	2 051 400	2 235 000
Loan	3 000 000	5 400 000
Current liabilities	1 831 600	2 162 000
Trade Creditors	910 000	1 240 000
Accrued Expense	0	20 000
SARS (Income Tax)	0	72 000
Shareholders for dividends	921 600	620 000
Bank overdraft	0	210 000

B. Extract from the Statement of Comprehensive Income for the year ended 28 February 2026

Depreciation	1 010 000
Net profit before tax	2 600 000
Net profit after tax	1 820 000

C. Changes to fixed assets

- A new vehicle and equipment were bought during the year for R880 000.
- Unused vehicles were sold at book value during the year.

D. Shares and Dividends

- Shares were issued during the year
- Sunshine Ltd bought back 50 000 shares at R1,04 above the average share price of R8,96 during December 2025.
- Total dividends for the year amounted to R1 691 600.
- Sunshine Ltd had 1 000 000 shares in issue on 28 February 2026.

30**TOTAL: 100**

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade and other receivables + Cash and 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)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	

NOTE:

1. Trading stock at the end of a financial year may be used if required in a question. 365 days is applicable only if relevant to the whole year.
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.



NAME:

SCHOOL:

DATE:

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ANSWER BOOK

QUESTION	MAXIMUM MARKS	MARKS OBTAINED	MODERATED MARKS
1	30		
2	40		
3	30		
TOTAL	100		

This answer book consists of 7 pages

QUESTION 1

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4



1.2 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
28 FEBRUARY 2026

Sales	1 799 660
Cost of sales	(1 000 000)
Gross profit	799 660
Other operating income	
Fee income	102 000
Gross operating income	
Operating expenses	
Consumable stores (30 000	
Operating profit	
Profit before interest expense	
Net profit before tax	650 000
Income tax	(195 000)
Net profit after tax	455 000

26

30

QUESTION 2

2.1 Notes to the financial statements of CIRCLE LTD

• ORDINARY SHARE CAPITAL

	Shares in issue on 1 March 2025	
560 000	Shares in issue on 28 February 2026	2 520 000

8

• RETAINED INCOME

Balance on 1 March 2025	
Dividends on ordinary shares	
- Interim	
-	
Balance on 28 February 2026	369 700

8

2.2 CIRCLE LTD

STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2026

NON-CURRENT ASSETS		
Tangible assets		
Investment		
CURRENT ASSETS		
Inventory		630 000
Trade and other receivables		
TOTAL ASSETS		
SHAREHOLDERS' EQUITY		
Ordinary share capital		2 520 000
NON-CURRENT LIABILITIES		
Loan: Shark Bank		
CURRENT LIABILITIES		
Trade and other payables		
TOTAL EQUITY AND LIABILITIES		

24

QUESTION 3

3.1 Calculate:

Changes in working capital	
..... in Inventory	
..... in Debtors	
..... in Creditors	

5

3.2 Calculate the following:

- Income tax paid	
WORKINGS	ANSWER

4

- Dividends paid	
WORKINGS	ANSWER

3

- Net change in cash and cash equivalents	
WORKINGS	ANSWER

4

3.3 Calculate the following sections of the Cash Flow Statement:

- Cash Flows from Investing Activities	
Fixed assets purchased	(880 000)

7

- Cash Flows from Financing Activities	

7

30

MARKING GUIDELINE

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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 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. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max -2 per Q).
8. This memorandum is not for public distribution as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
9. Where penalties are applied, the marks for that section of the question cannot be a final negative.
10. Where method marks are awarded for operation, marker must inspect reasonableness of the answer.
11. 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 memo.
12. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
13. 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 ☒.
14. Be aware of candidates who provide valid alternatives beyond the marking guideline. *Note:* that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

This answer book consists of 7 pages

QUESTION 1

1.1

1.1.1	D✓
1.1.2	A✓
1.1.3	E✓
1.1.4	B✓

4

4



1.2 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2026

Sales	1 799 660
Cost of sales	(1 000 000)
Gross profit	799 660
Other operating income	359 250
Fee income	102 000
Rent income (274 500 ✓ – 21 750 ✓✓)	252 750 ☑**
Trading stock surplus (299 500 – 295 000)	4 500 ✓
Gross operating income	1 158 910 ☑*
Operating expenses	(498 910)
Consumable stores (30 000 – 1 800)	28 200 ✓
Audit fees (64 000 x 100/80) or (64 000 + 16 000)	80 000 ✓☑**
Directors fees (247 000 ✓ + 9 500 ✓)	256 500 ☑**
Salaries and wages (90 000 ✓ + 18 000 ✓✓ + 3 960 ✓)	111 960 ☑**
Bad debts (16 200 ✓ + 4 875 ✓)	21 075 ☑**
Provision for bad debts adjustment (3 375 – 2 200)	1 175 ✓☑**
Operating profit	660 000 ☑*
Interest income	24 800 ☑*
Profit before interest expense	684 800
Interest expense (30 000 + 4 800)	(34 800) ✓✓
Net profit before tax	650 000
Income tax	(195 000)
Net profit after tax	455 000

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26

**operation & one part correct *operation

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QUESTION 2

2.1 Notes to the financial statements of CIRCLE LTD

• ORDINARY SHARE CAPITAL

480 000✓	Shares in issue on 1 March 2025	<i>Bal fig</i> 2 110 000☑
100 000✓	Shares issued at R5	500 000✓
<i>Bal fig</i> (20 000) ☑	Shares repurchased at ASP R4,50✓✓	(90 000) ☑
560 000	Shares in issue on 28 February 2026	2 520 000

8

8

• RETAINED INCOME

Balance on 1 March 2025	<i>Bal fig</i>	375 500☑
Net profit after tax		315 000✓
Buy-back	See OSC 20 000☑ x R1	(20 000)☑
Dividends on ordinary shares		(300 800) ☑
- Interim		115 200✓
- Final	580 000 x 0,32	185 600✓☑
Balance on 28 February 2026		369 700

8

2.2 CIRCLE LTD

STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2026

NON-CURRENT ASSETS	operation	2 230 000☑
Tangible assets	2 400 000 – 500 000✓	1 900 000☑
Investment	440 000 – 110 000✓	330 000☑
CURRENT ASSETS	operation	996 400☑
Inventory		630 000
Trade and receivables	190 000 – 9 500✓ + 15 000✓✓ ProvBD SARS	195 500☑
Cash and cash equivalents	60 900 + 110 000☑ see investment	170 900☑
TOTAL ASSETS	NCA + CA operation	3 226 400☑
SHAREHOLDERS' EQUITY	operation	2 889 700☑
Ordinary share capital		2 520 000
Retained Income	see RI note	369 700☑
NON-CURRENT LIABILITIES		60 520
Loan: Shark Bank	109 000✓ – 48 480✓✓	60 520☑
CURRENT LIABILITIES (Total E&L - SHE - NCL)	operation	276 180☑
Trade and other payables	Bal fig	42 100☑
Shareholders for dividends	see RI note	185 600☑
Current portion of loan	see NCL	48 480☑
TOTAL EQUITY AND LIABILITIES	see TA	3 226 400☑

24

24

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QUESTION 3

3.1 Calculate:

Changes in working capital		(20 000) <input checked="" type="checkbox"/>
..Decrease.. in Inventory	2 250 000 – 1 720 000	530 000 ✓
..Increase.. in Debtors	1 140 000 – 940 000	(200 000) ✓
..Decrease.. in Creditors [1 240 000 + 20 000] = 910 000	1 260 000	(350 000) ✓ <input checked="" type="checkbox"/>

5
5

3.2 Calculate the following:

- Income tax paid	
WORKINGS	ANSWER
$(2\,600\,000 - 1\,820\,000)$ $720\,000 \checkmark + 780\,000 \checkmark + 65\,000 \checkmark$	917 000 <input checked="" type="checkbox"/>

4
4

- Dividends paid	
WORKINGS	ANSWER
$(1\,691\,600 - 921\,600)$ $620\,000 \checkmark + 770\,000 \checkmark$	1 390 000 <input checked="" type="checkbox"/>

3
3

- Net change in cash and cash equivalents	
WORKINGS	ANSWER
$(210\,000 - 10\,000)$ $200\,000 \checkmark \checkmark + 540\,000 \checkmark$	740 000 <input checked="" type="checkbox"/>

4
4

3.3 Calculate the following sections of the Cash Flow Statement:

Cash Flow from Investing Activities	operation; one part correct	(441 000) <input checked="" type="checkbox"/>
Fixed assets purchased		(880 000)
Proceeds from 12 357 000 ✓ - 1 010 000 ✓ + 880 000 ✓ - 12 138 000 ✓ Disposal of asset OR 12 138 000 - 880 000 + 1 010 000 - 12 357 000		89 000 <input checked="" type="checkbox"/>
Decrease in investment		350 000 ✓

7
7

Cash Flow from Financing Activities	operation; one part correct	148 000 <input checked="" type="checkbox"/>
Proceeds from 8 960 000 ✓ + 448 000 ✓ - 6 360 000 ✓ Shares issued OR 6 360 000 - 448 000 - 8 960 000		3 048 000 <input checked="" type="checkbox"/>
Buyback of shares 50 000 x R10		(500 000) ✓
Repayment of loan		(2 400 000) ✓

7
7

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30