



**GRADE 12 ACCOUNTING: TERM 1 REVISION
WORKSHEET 1:
COMPANIES: CONCEPTS, TRANSACTIONS ANALYSIS
AND FINANCIAL STATEMENTS**

QUESTION 1: “APPETISERS”

1.1 Choose a term to complete each of the following statements. Write only the term next to the question number (1.1.1–1.1.4) in the ANSWER BOOK.

shareholder(s); external auditor(s); director(s); internal auditor(s)

- 1.1.1are appointed by the shareholders to manage the company.
- 1.1.2 The ... is employed by the company to set up functional internal control processes.
- 1.1.3 A ... is a person who invests in a company by buying shares.
- 1.1.4are appointed by shareholders to give an unbiased opinion on the financial statements. (4)

1.2 Choose the correct term to complete each of the following statements. Write only the term next to the question number (2.1.1–2.1.4) in the ANSWER BOOK.

cash and cash equivalents; current asset; non-current asset; income;
net working capital; expense; current liability; non-current liability

- 1.2.1 Interest on a bank overdraft is a/an ...
- 1.2.2 Consumable stores on hand are a/an ...
- 1.2.3 The portion of a loan to be paid during the next financial year is regarded as a/an ... in the Balance Sheet.
- 1.2.4 The difference between current assets and current liabilities is known as ... (4)

1.3 Choose a term from COLUMN B that matches the description in COLUMN A. Write only the letter (A–D) next to the question number (4.1.1–4.1.4) in the ANSWER BOOK, for example 4.1.5 E.

COLUMN A	COLUMN B
1.3.1 Ability of the business to pay off all its debts	A gearing
1.3.2 Ability of the business to pay off its short-term debts	B return on equity
1.3.3 The benefit that shareholders receive for investing in the company	C solvency
1.3.4 The extent to which a company is financed by loans	D liquidity

(4)

QUESTION 2: ANALYSIS OF TRANSACTIONS

Analyse the following transactions according to the headings on the table provided.

TRANSACTIONS:

Transactions from the books of LEE-ANN LTD for the financial year ended 29 February 2020.
Assume

- 2.1 The company issued an additional 200 000 shares at R7,20 per share. The money was received and deposited.
- 2.2 Issued a cheque for R12 300 to SARS. This was in respect of the amount due at the end of the previous financial year.
- 2.3 An interim dividend of 22 cents per share was paid on 31 August 2019. There were 730 000 ordinary shares in issue at this time.
- 2.4 The income tax for the year was calculated at R235 300 for the current financial year.

QUESTION 3: ADJUSTMENTS

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

REQUIRED:

Calculate the amounts that will be reflected on the Income Statement.

INFORMATION:**A. Extract from the Pre-Adjustment trial balance on 29 February 2020:**

Loan: Cyril Bank	279 000
Debtors control	115 500
Provision for bad debts (1 March 2019)	4 700
Telephone	16 500
Bad debts recovered	11 300
Bad debts	7 400
Audit fees	15 000
Directors fees	275 500
Rent income	72 655
Advertising	3 360

B. Adjustments and Additional Information:

- (i) The telephone account for February 2020, R1 620, will be paid on 5 March 2020.
- (ii) $\frac{2}{3}$ of the Audit fees for the current financial year was paid.
- (iii) The business has two directors earning the same monthly fee, and have received their fees for the year. A third director was appointed on 1 December 2019 on the same fee structure. She received her fee up to 30 April 2020.
- (iv) The rent for March 2020 was received and deposited. Note that rent increased by 7% per month from 1 January 2020. The tenant is occupying the premises since 2016.
- (v) Advertising includes R1 520 for a four-month contract ending on 30 April 2020.
- (vi) Received R500 was a debtor whose account was written off during June 2019. This amount was incorrectly recorded in the Debtors Control account.
- (vii) The provision for bad debts must be adjusted to 4% of debtors.
- (viii) The interest on loan was not taken into account. The loan statement reflected a balance of R321 000 still outstanding. Interest is capitalised.

QUESTION 4: NOTES TO THE BALANCE SHEET

The question comprises TWO separate, unrelated parts.

4.1 AZWI LTD**REQUIRED:**

Prepare the following notes to the Balance Sheet:

4.1.1 Ordinary share capital

4.1.2 Retained income

INFORMATION:**A. Information from the books on the financial year-ended:**

	29 February 2020	28 February 2019
Ordinary share capital	?	5 512 500
Retained income	?	147 500
Net profit before income tax	830 000	

B. Share capital and dividends:

- The authorised share capital comprises 1 200 000 ordinary shares.
- 900 000 ordinary shares were in issue on 1 March 2019.
- The company issued 150 000 ordinary shares at R6,30 per share on 1 November 2019.
- 70 000 ordinary shares were repurchased on 31 January 2020. A cheque for R504 000 was issued for these shares. These shareholders qualify for final dividends.
- An interim dividend of 12 cents per share was paid on 1 September 2019.
- A final dividend of 18 cents per share was declared on 29 February 2020.
- Income tax is 30% of the net profit.

4.2 CHRISSELDA LTD**REQUIRED:**

Prepare the following notes to the Balance Sheet:

4.1.1 Ordinary share capital

4.1.2 Retained income

INFORMATION:**C. Share register:**

DATE	DETAILS	AMOUNT
1 March 2019	800 000 shares in issue.	R5 800 000
31 March 2019	300 000 shares issued.	?
31 December 2019	Shares re-purchased at R8,50 per share	?
29 February 2020	1 050 000 shares in issue	R7 770 000

D. Additional information:

Retained income account balance on 1 March 2019	R222 400
Income tax for the year (at 30% of the net profit)	R319 800
Interim dividends paid on 31 August 2019	R253 000
Final dividends declared on 29 February 2020	R168 000