

ACCOUNTING

GRADE 10

Olympiad Paper

Round One

Marks: 30

Time: 1 hour

Date: 11 May 2022



Instructions

1. Complete questions on the ANSWER SHEET provided.
2. Complete all information on the ANSWER SHEET.
3. The ANSWER SHEET consist of 4 sections. Please select the correct section/subject.
4. There are 4 possible answers per question (A B C D)
Only one answer is correct.
Colour a circle completely.
5. Good luck!

INDIGENOUS BOOKKEEPING, ETHICS, GAAP PRINCIPLES AND INTERNAL CONTROL

1. Sarah Maloti is a stay-at-home mom. She occasionally bakes cakes and sells them to people in her community to supplement her family's income. Which ONE of the following will typically characterise her small business?
 - A A complete set of cash, credit and allowance journals.
 - B Trial balances as well as an Income Statement and a Balance Sheet.
 - C Income and Expense accounts in T-format.
 - D A complete set of General Ledger, Debtors Ledger and Creditors Ledger accounts.

2. An accountant debits the stationery account with R50 and the wages account with R200. She credits the bank account with R250. Which principle best describes her action?
 - A Business entity principle.
 - B Prudence principle.
 - C Double entry principle.
 - D Monetary unit principle.

3. As part of her capital contribution, the owner buys a new delivery vehicle and registers it in the name of the business. Which principle best describes her action?
 - A Business entity principle.
 - B Prudence principle.
 - C Double entry principle.
 - D Monetary unit principle.

4. Which accounting principle is checked by compiling a trial balance at the end of each month?
 - A Business entity principle.
 - B Double entry principle.
 - C Prudence principle.
 - D Monetary unit principle.

5. One of the most important aspects of an accountant's job is to fulfil the requirements of good governance (i.e. following sound internal control measures). As such, the accountant must make sure that accounts received from creditors correspond with the amount owed to creditors on the last day of the month. What would be the best practice in order to fulfil this requirement?
 - A Complete a trial balance on the last day of the month.
 - B Do a physical stocktake and calculate the value of stock on hand.
 - C Balance the Creditors Control Account in the General Ledger.
 - D Check the Creditors List on month-end against the accounts received.

CASH AND CREDIT TRANSACTIONS AND THE ACCOUNTING EQUATION

6. As part of her capital contribution, the owner buys a new delivery vehicle and registers it in the name of the business. Which entry will the accountant make in the financial records of the business?

	Debit	Credit
A	Vehicles	Bank
B	Vehicles	Capital
C	Vehicles	Creditors control
D	Capital	Vehicles

The following account is an extract from the Creditors Ledger of A Cut Above. They purchase goods for cash and on credit from their supplier, Sharp Scissors.

Answer questions 7, 8 and 9.

SHARP SCISSORS					
Date	Details	Fol	Debit	Credit	Balance
2021					
Feb 01	Balance	b/d			6 800
07	Invoice 588	CJ			12 450
08		CAJ			11 300
15		CPJ			
20	Discount	CPJ			
27	Invoice 613	CJ			

7. On 7 February the account of Sharp Scissors will be:
- A debited with R5 650.
 B credited with R5 650.
 C debited with R12 450.
 D credited with R12 450.
8. The source document used for recording the transaction on 8 February is a:
- A duplicate debit note.
 B duplicate credit note.
 C credit invoice issued.
 D bank statement.
9. The entry on 15 February was for payment of the full amount owed on 31 January, as well as half of the amount owed by 15 February. A discount of 10% is received on payments done in the month of purchases. Calculate the EFT amount.
- A R5 085
 B R11 885
 C R8 825
 D R8 145

The business receives a payment from a client on her account. The amount paid was R7 995. As the payment was made timeously, the business reduces the client's account with R205.

Answer questions 10 and 11.

10. The reduction of the client's account is known as:
- A discount allowed.
 - B discount received.
 - C trade discount.
 - D debtors allowance.
11. Calculate the percentage reduction that was given to the client.
- A 10.0%
 - B 7.5%
 - C 5.0%
 - D 2.5%

A client is late in paying his account of R2 500. Monthly interest is charged at 2% per month on the outstanding amount.

Answer questions 12 and 13.

12. Calculate the TOTAL interest added to the clients account for the 2-month period.
- A R50
 - B R100
 - C R101
 - D R51
13. Which entry will the accountant make in the financial records of the business?

	Debit	Credit
A	Debtors control	Interest income
B	Interest income	Debtors control
C	Bank	Interest income
D	Interest income	Bank

Study the following Cash Receipts Journal for February 2022.

Answer questions 14, and 15

Bank	Sales	Cost of Sales	Debtors Control	Discount allowed	Creditors Control	Sundry Accounts
?	54 000	24 000	46 500	1 140	1 260	30 000

14. Calculate the BANK amount in the following Cash Receipts Journal.

- A R106 500
- B R108 900
- C R130 620
- D R156 900

15. Calculate the profit margin on cost used by this business.

- A 225%
- B 125%
- C 44%
- D 25%

Express Store uses the perpetual inventory system. The following information regarding returns to suppliers was taken from the financial records at February 2022 month-end.

Answer questions 16 and 17.

?	Trading Stock	Stationery
1 900	1 500	400

16. The missing heading indicated by a ? is:

- A Bank.
- B Creditors control.
- C Debtors control.
- D Creditors allowance.

17. The effect of this journal on the accounting equation will be:

	A	E	L
A	-1 500	+400	-1 900
B	+1 500	-400	-1 900
C	-1 500	+400	+1 900
D	-1 500	-400	+1 900

18. Under the perpetual inventory system, in addition to making the entry to record a sale, the accountant would:
- A debit Inventory and credit Cost of Sales.
 - B debit Cost of Sales and credit Purchases.
 - C debit Cost of Sales and credit Inventory.
 - D make no additional entry until the end of the period.

Stock on hand on 31 January 2022 amounts to R127 000. The following information is an extract from the journals for February 2022. Take note that only relevant information is provided.

Study the information provided and answer questions 19 and 20.

	CRJ	CPJ	DJ	DAJ	CJ	CAJ	PCJ
Sales	81 000		127 000				
Cost of sales	54 000		76 000	2 000			
Trading stock		38 000			65 000	4 000	500

19. The value of stock on hand on 28 February 2022 is:
- A R230 500
 - B R100 000
 - C R99 500
 - D R98 500
20. The effect of the R500 entry in the PCJ on the accounting equation will be:

	A	E	L
A	-500	0	+500
B	-500 +500	0	0
C	0	-500 +500	0
D	+500	-500	0

21. A client pays her purchases with a Nedbank credit card. The selling price is calculated as 75% of the cost. The cost of sales is R249. Which one of the following depicts the effect on the accounting equation $A = E + L$?

	A	E	L
A	+1.75 x 249 -1.00 x 249	+1.75 x 249 -1.00 x 249	
B	-1.75 x 249 +1.00 x 249	-1.75 x 249 +1.00 x 249	
C		+1.75 x 249 -1.00 x 249	+1.75 x 249 -1.00 x 249
D	+1.00 x 249	+1.75 x 249	+0.75 x 249

The following is an extract from a water and electricity account received from the municipality for February 2022.

Answer questions 22 and 23.

Water	R4 000
Electricity	R8 000
Refuse removal	R1 000
Increase in municipal deposit	R5 000
Total amount payable	R18 000

22. An EFT is done in order to pay the account for the month. Currently the business's bank account is in overdraft. The effect on the accounting equation for the **municipal expenses** will be:

	A	E	L
A	0	-18 000	+18 000
B	-18 000	-18 000	0
C	0	-13 000	+13 000
D	-13 000	-13 000	0

23. The **municipal deposit** will be classified as a/an _____ account.

- A asset
- B income
- C expense
- D liability

Trade discount of 15% was omitted from an invoice sent to a client. The invoice totalled R12 500.

Answer questions 24, 25 and 26.

24. Calculate the discount amount that was omitted from the invoice.

- A R125.00
- B R234.75
- C R187.50
- D R1 875.00

25. Calculate the cost of sales of this transaction if the profit margin on cost (before discount) is 60%.

- A R7 812.50
- B R8 928.57
- C R6 640.63
- D R7 589.29

26. In order to correct this error, the accountant will:

- A debit Debtors Control and credit Debtors Allowance.
- B credit Debtors Control and debit Debtors Allowance.
- C debit Debtors Control and credit Trade Discount.
- D credit Debtors Control and debit Trade Discount.

TRIAL BALANCES, FIXED DEPOSITS, LOANS, INTEREST CALCULATIONS AND THE ACCOUNTING EQUATION

The following balances were taken from the trial balance on 31 July 2021, the last day of the financial year.

Answer questions 27, 28, 29 and 30.

Loan: Nedbank 10% p.a.	B8		350 000
Fixed deposit: Nedbank 8.50% p.a.	B11	120 000	

27. The following are possible errors made by an accountant. Which one would be reflected by the trial balance?

- A An amount of R1 560 received from a debtor was recorded as R1 650 in the Debtors Ledger.
- B The total of the stationery column in the CPJ was posted to the consumables account in the General Ledger.
- C A payment made to creditor High Value Stores was posted to the account of High Valve Shop.
- D The trading stock account in the General Ledger indicated a credit balance after balancing the account on month-end.

28. The business uses a system of folio numbers for both journals and ledger accounts. Why are these folio numbers important in the accounting process?

- A It helps to make sure that for each debit entry recorded in the General Ledger, there is a credit entry recorded as well.
- B It helps with the calculation of gross and net profits on the last day of the year as all the N-accounts balances are subtracted from the balances of the B-accounts.
- C It serves as a way of referencing between journals and ledgers and the corresponding source documents.
- D It ensures that the accounting equation of $A = E + L$ always balances as all entries are recorded in either B-accounts or N-accounts.

29. The mortgage loan was increased with R100 000 on 30 April 2021. This transaction was properly recorded in the financial records. Calculate the total interest amount for the year ending 31 July 2021.

- A R35 000
- B R27 500
- C R29 750
- D R31 875

30. Assume that the interest on the fixed deposit is calculated **annually** and then **capitalised** and that the rate will remain **constant** over the fixed deposit period. The deposit was made on 31 July 2021. Calculate the amount of interest that the business will receive on 31 July 2023 (the second year of the fixed deposit).

- A R11 067
- B R10 200
- C R20 400
- D R21 267