

ACCOUNTING

GRADE 11

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!

RECONCILIATIONS

Best Traders received a bank statement from ABBA Bank for the month ending 28 February 2022.

Answer questions 1, 2 and 3.

1. The statement indicated that permission was granted to Safe Insure to receive a monthly payment for insurance from the current account of Best Traders. This is known as a/an:
 - A debit order.
 - B stop order.
 - C EFT.
 - D cheque.

2. The statement indicated two interest entries, one debit entry for R200 and one credit entry for R300. The correct entries that the accountant has to make in the financial records of Best Traders are:
 - A debit *interest on current account* with R200 and credit *interest on overdraft* with R300.
 - B credit *interest on current account* with R300 and debit *interest on overdraft* with R200.
 - C debit or credit either *interest on current account* or *interest on overdraft* with the net result of R100.
 - D no entry, as there is an error on the bank statement because the bank statement can't reflect both a debit and a credit entry for interest.

3. Which of the following procedures best describes the reconciliation of cash?
 - A The bank balance on 31 January 2022 in the General Ledger is compared to the end balance of the bank statement received.
 - B The bank balance on 28 February 2022 in the General Ledger is compared to the opening balance of the bank statement received.
 - C Cash deposits in the CRJ are compared to the credit entries on the bank statement to ensure that cash deposited corresponds.
 - D Cash deposits in the CRJ are compared to the debit entries on the bank statement to ensure that cash deposited corresponds.

Wok This Way owes an amount of R20 000 to a creditor. A discount of R400 is received for early settlement of the account.

Answer questions 4 and 5.

4. The effect on the accounting equation is:

	Assets	Equity	Liabilities
A	-400	-400	
B	+400	+400	
C		+400	-400
D		-400	+400

5. The EFT amount for settling the account is:
- A R20 800
 - B R20 400
 - C R20 000
 - D R19 600
6. Eggcellent Eats, a wholesaler, supplies goods on credit to Thai Tanic. A credit note was issued to Thai Tanic for the omission of trade discount on the last invoice sent to them. The accountant of Eggcellent Eats recorded the credit note incorrectly as an invoice in the account of Thai Tanic. Which entry must the accountant of Eggcellent Eats make in the account of Thai Tanic to rectify the error?
- A Debit the account with the amount of the credit note.
 - B Debit the account with double the amount of the credit note.
 - C Credit the account with the amount of the credit note.
 - D Credit the account with double the amount of the credit note.

Lord of the Fries purchases frozen chips from Phat Tato. Lord of the Fries paid Phat Tato R11 400 after taking into consideration 5% discount for early payment. Phat Tato did not allow the discount as the payment from Lord of the Fries cleared late in the bank account of Phat Tato.

Answer questions 7 and 8.

7. Which of the following entries best reflect the correction(s) that Lord of the Fries has to make in their subsidiary ledger?
- A Credit the account of Phat Tato in the Creditors Ledger.
 - B Credit the account of Phat Tato in the Debtors Ledger.
 - C Debit the account of Phat Tato in the Creditors Ledger.
 - D Debit the account of Phat Tato in the Debtors Ledger.
8. What was the amount of discount calculated by Lord of the Fries?
- A R570
 - B R600
 - C R228
 - D R114
9. Time to Dye is a hairdresser. Anne, the owner, debited one of her clients, Sally's account twice. Sally has paid the full amount owed as she did not pick up on the error. The accountant identified the error. Which entry must Anne make?
- A No entry must be made, as Sally did not pick up on the error.
 - B Debit Sally's account with the amount incorrectly debited.
 - C Credit Sally's account with the amount incorrectly debited.
 - D Credit Sally's account with double the amount incorrectly debited.

FIXED ASSETS, DEPRECIATION AND ASSET DISPOSAL

10. Badger Transport bought a second-hand vehicle on credit for delivery purposes. The purchase price was R600 000. The vehicle was resprayed and branded in the colours of Badger Transport. This amounted to R190 000 and was paid in cash. Included in the R190 000 was R45 000 for a major service of the vehicle, as well as the replacement of the brakes. Licence fees amounted to R3 000 for the year and an EFT was made for this amount.

What would the NET EFFECT on the accounting equation be?

	Assets	Equity	Liabilities
A	-552 000	+48 000	-600 000
B	-407 000	+193 000	-600 000
C	+552 000	-48 000	+600 000
D	+407 000	-193 000	+600 000

The following balances are an extract from the records of Cool Features on 1 March 2021:

Vehicles **R1 350 000**
Accumulated depreciation on vehicles **R270 000**

Additional information:

- (i) Depreciation is calculated at 20% per year on cost.
- (ii) A new vehicle was purchased on credit for R450 000 on 31 October 2021.

Answer questions 11 and 12.

11. Calculate the depreciation for the year ending 28 February 2022.
- A R360 000
 - B R300 000
 - C R270 000
 - D R210 000
12. On 28 February 2022 Cool Features had two vehicles according to the asset register. On which date was the first vehicle purchased?
- A 1 March 2020
 - B 1 September 2020
 - C 1 March 2021
 - D 1 September 2021

Equipment consists of 5 identical machines. The balance sheet indicates that the total cost of the equipment is R580 800. The auditor does not agree with this figure as the last unit purchased (unit 5) was not recorded in the financial records. This unit was purchased on credit for R5 000 more than units 3 and 4. These two units were purchased at a price of 20% higher than the original purchase price of units 1 and 2.

Answer questions 13 and 14.

13. What was the original purchase price of unit 1 and 2 per unit?
- A R145 200
 - B R132 000
 - C R116 000
 - D R116 160
14. Calculate the correct amount that should be included in the balance sheet.
- A R731 000
 - B R585 800
 - C R575 800
 - D R744 200

Equipment is depreciated with the diminishing balance method. The following balances were taken from Wagging Tail Suppliers.

	2021	2020
Vehicles at cost	960 000	800 000
Accumulated depreciation on vehicles	488 320	390 400

The new vehicle was purchased 6 months after the start of the new financial year.

Answer questions 15, 16 and 17.

15. Calculate the depreciation amount for the year.
- A R97 920
 - B R160 000
 - C R471 680
 - D R409 600
16. Calculate the difference in the carrying value of vehicles between the end of the 2020 and the end of the 2021 financial year.
- A R160 000
 - B R97 900
 - C R62 080
 - D R409 600
17. At which rate is depreciation calculated?
- A 10%
 - B 15%
 - C 20%
 - D 25%

18. The accountant of Pow Chow introduced the following measures with regards to assets:
- (i) Acquisitions and disposals of assets must be duly authorised by at least two of the three partners.
 - (ii) All assets in the asset register must be physically inspected on the last day of the financial year in order to verify its existence.
 - (iii) Non-current assets must be registered in the name of one or more of the partners of the partnership.
 - (iv) Depreciation at carrying value will be recorded on either the date of disposal, or on financial year-end in the records of the partners.
 - (v) Depreciation is calculated annually by using either the cost or carrying value of assets depending on which one renders the smallest effect on profits for that year.

Which of these are proper internal control measures?

- A (i) and (ii)
- B (i), (ii) and (iv)
- C (ii), (iii) and (iv)
- D (iii), (iv) and (v)

19. Old equipment (cost of R140 000) and accumulated depreciation of R137 000 on 1 July 2021 was sold at carrying value on 31 March 2022. Depreciation is calculated at 20% per year on cost. Calculate the profit on asset disposal.

- A R0
- B R1
- C R3 000
- D R21 000

PARTNERSHIPS: GENERAL LEDGER ACCOUNTS, ACCOUNTING EQUATION, DISTRIBUTION OF PROFITS AND FINANCIAL STATEMENTS

20. The following points describe advantages or disadvantages of a partnership as a form of ownership:
- (i) A business partner may enhance the ability to borrow money to finance the growth of the business.
 - (ii) A business partner shares the financial burden for operating expenses and capital expenditures needed to manage the business.
 - (iii) A partnership will not pay any income tax as the income tax burden is passed on to the partners.
 - (iv) A partner can be excluded from profit-sharing.
 - (v) A silent business partner will take control of the business, but important decisions will be made jointly.

Which of these are considered to be advantages of a partnership?

- A (i), (ii) and (iii)
- B (ii), (iii) and (iv)
- C (iii), (v)
- D (i), (iii) and (iv)

21. Which one of the following would be included in the partners' capital accounts?
- A Salaries paid to partners according to the partners' agreement.
 - B Interest on capital as calculated on the opening balances of capital.
 - C An increase in the capital contribution of a partner.
 - D The total withdrawals of either cash or goods of a partner.
22. The current account of partner A shows a debit balance on year-end. This means that:
- A the partner has withdrawn more cash from the partnership in the current year than the cash gained from the partnership in the current and previous years.
 - B the withdrawals of partner A was less in the current financial year than the withdrawals of partner A in the previous financial year.
 - C partner A has increased his capital contribution in the current financial year and adjustments to the previous years' interest on capital have been made.
 - D the partner is responsible in his private capacity for the insolvency of the partnership and that he will only share in the debt of the partnership.
23. Which of the following should be fulfilled before a business can be recognised as a partnership?
- A The agreement to conduct business should be in writing.
 - B The business has to be registered with CIPRA and SARS.
 - C The owners must co-own the business and all owners have a legal claim on the assets of each other.
 - D The business should be owned by more than one natural person.
24. Which one of the following would be classified as a current liability on the balance sheet of a partnership?
- A The current account of a partner if it has a debit balance.
 - B The current account if the bank statement shows a credit balance.
 - C The short-term portion of a mortgage loan.
 - D Income receivable on the last day of the financial year.
25. Partner A and Partner B both receive an annual allowance as salary from the partnership. Partner A has taken the full salary for the year. Partner B has taken only 10 months' salary for the year. The difference in the recording of this would be that:
- A Salary A will be debited with the full amount allocated and Drawings A will be debited with the full amount drawn as salaries. Salary B will be debited with the full amount allocated and Drawings B will be debited with the value of 10 months' salary.
 - B Salary A will be credited with the full amount allocated and Drawings A will be credited with the full amount drawn as salaries. Salary B will be credited with the full amount allocated and Drawings B will be credited with the value of 10 months' salary.
 - C Salary A will be debited with the full amount allocated and no entry will be made in the Drawings A account.
 - D Salary A will be credited with the full amount allocated and no entry will be made in the Drawings A account.

The following information is an extract from the accounting records of BelMar Traders, a partnership.

	Bella	Marna
Primary distribution	268 000	372 000
Final distribution	172 000	?

Answer questions 26 and 27.

26. Partner Bella earns a salary of R18 000 per month. She withdrew 10 months' salary. She also receives 10% per annum interest on capital. How much capital did Bella invest in the partnership?
- A R520 000
 B R880 000
 C R216 000
 D R268 000
27. BelMar Traders divide profits in a ratio of 4:3. Calculate the amount allocated to Marna as final distribution.
- A R129 000 profit
 B R440 000 profit
 C R330 000 profit
 D R42 000 loss

Up and Away Transport has been renting out one of its storage facilities to Fearless Flight since 1 September 2020. On 30 June 2021, the last day of the financial year, the Rent Income account in the General Ledger of Up and Away Transport had a balance of R372 375. According to the agreement, rent will increase with 5% after 6 months. The rent for July 2021 was received and recorded on 25 June 2021.

Answer questions 28 and 29.

28. Calculate the correct adjustment that needs to be made to the Rent Income account for the year ending 30 June 2021.
- A Debit the Rent Income account with income received in advance, R34 755.
 B Credit the Rent Income account with income received in advance, R34 755.
 C Debit the Rent Income account with income receivable, R338 522.
 D Credit the Rent Income account with income receivable, R338 522.
29. Which accounting principle applies to the adjustment of the rent received?
- A Matching principle
 B Materiality principle
 C Monetary principle
 D Prudence principle

30. The partners' equity of a partnership consists of the following:
- A The credit balance of Capital A plus the credit balance of Capital B plus the credit balance of Current account A or minus the debit balance of Current Account A plus the credit balance of Current account B or minus the debit balance of Current Account B.
 - B The credit balance of Capital A plus the credit balance of Capital B plus the debit balance of Current account A or minus the credit balance of Current Account A plus the debit balance of Current account B or minus the credit balance of Current Account B.
 - C The debit balance of Capital A plus the debit balance of Capital B plus the credit balance of Current account A or minus the debit balance of Current Account A plus the credit balance of Current account B or minus the debit balance of Current Account B.
 - D Add the total assets of the partnership to the total liabilities of the partnership in order to obtain the total equity of the partnership.