

ACCOUNTING

GRADE 12

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!

COMPANIES: THEORY

1. The following relates to the financial statements of companies:

- (i) A financial year for a new company may be shorter than 12 months, but not longer than 15 months.
- (ii) Financial statements may fulfil some requirements of IFRS.
- (iii) Financial statements must show the company's assets, equity and liabilities, as well as income and expenditure.
- (iv) The financial statements of a public company may need an audit, independent review or neither.

Which ONE of the following indicates statements are TRUE?

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

2. The King Reports on corporate governance serves as a benchmark for corporate governance in South Africa. The following statements refer to King IV:

- (i) King IV is a set of voluntary principles and leading practices, drafted to apply to all organisations, regardless of their form of incorporation.
- (ii) All companies wishing to be listed on the SARB must comply fully with all the principles and practises outlined in King IV.
- (iii) King IV has adapted an "apply or explain" approach, meaning that companies may choose not to apply a principle and then explain why it has not been applied.
- (iv) Essentially, the purpose behind King IV is to achieve, through its application, four "governance outcomes", namely ethical culture, good performance, effective control and legitimacy.

Which ONE of the following indicates statements are TRUE?

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

3. The following statements are related to directors of a company:
- (i) Full-time employee of the company.
 - (ii) Independent from the company.
 - (iii) Earns a salary.
 - (iv) Earns directors' fees.
 - (v) Participates in the daily management of a company.
 - (vi) Participates in the strategic management of a company.
 - (vii) Has a specific role in the company, e.g. CFO.

Which ONE of the following relates to non-executive directors?

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

COMPANIES: GENERAL LEDGER ACCOUNTS, FINAL ACCOUNTS & ACCOUNTING EQUATION

The following information was taken from the records of Batman Ltd on 30 June 2021.

	2021	2020
Loan (16% p.a.)	560 000	1 300 000
Interest on loan	?	104 000

The first payment of the loan incurred on 31 March 2021. There are no accrued or prepaid amounts for interest relating to the financial year ending 30 June 2021. Interest on loan is not capitalised.

Answer questions 4, 5 and 6.

4. The loan amount paid on 31 March 2021 was:
- A R740 000
 - B R844 000
 - C R636 000
 - D R89 600
5. On which date was the loan taken out?
- A 31 December 2021
 - B 31 December 2020
 - C 31 December 2019
 - D 31 December 2018

6. What effect would the interest part of this transaction have on the accounting equation?

	Assets	Equity	Liabilities
A	-156 000	-156 000	
B		-22 400	+22 400
C		-178 400	+178 400
D	-178 400	-178 400	

The following information was taken from the records of Iron Man Ltd on 30 June 2021.

	2021	2020
SARS (Income tax)	18 000 Credit	12 800 Debit
Income tax (calculated at 30% on net profit)	?	252 000
Net profit after tax	434 000	588 000

Answer questions 7 and 8.

7. Calculate the net profit before tax for the year ending 30 June 2021.

- A R130 200
- B R1 446 667
- C R303 800
- D R620 000

8. What effect would the payment of income tax have on the accounting equation?

	Assets	Equity	Liabilities
A		-180 800	-180 800
B	-155 200		-155 200
C	-155 200	-155 200	
D		+180 800	-180 800

COMPANIES: INCOME STATEMENT, BALANCE SHEET & CASH FLOW STATEMENT

The following information was taken from the records of Superman Ltd on 30 June 2021.

	2021	2020
Equipment at cost	840 000	600 000
Equipment at carrying value	?	330 000

Some of the equipment was sold on 31 December 2020 at carrying value. This equipment was originally purchased on 1 July 2018 for R80 000. New equipment was purchased on 31 January 2021. Depreciation is accounted for at 15% p.a. on the cost of the assets.

Answer questions 9, 10, 11 and 12.

9. Calculate the depreciation amount on the sold equipment for the year ending 30 June 2021.
- A R12 000
B R24 000
C R30 000
D R6 000
10. Calculate the profit/loss made on this transaction.
- A R6 000 profit
B R6 000 loss
C R0
D R50 000 profit
11. Calculate the cost price of the new equipment purchased on 31 January 2021.
- A R320 000
B R240 000
C R270 000
D R570 000
12. Calculate the accumulated depreciation on equipment on 30 June 2021.
- A R404 000
B R344 000
C R650 000
D R284 000

The following information was taken from the records of Spiderman Ltd on 30 June 2021.

	2021	2020
Ordinary Share Capital	5 400 000	4 000 000

The authorised share capital of the Spiderman Ltd is 600 000 ordinary shares. After new shares were issued on 1 July 2020, 75% of the authorised shares were in issue at an average share price of R?. Original shares were issued on 1 July 2019 at R10 a share.

Answer questions 13 and 14.

13. Calculate the number of shares issued on 1 July 2020.
- A 50 000
B 400 000
C 450 000
D 1 400 000

14. Calculate the issue price of the new shares issued on 1 July 2020.
- A R10
B R12
C R28
D R50

The following information was taken from the records of Aqua Man Ltd on 30 June 2021.

	2021	2020
Income tax (calculated at 30% on net profit)	294 000	
Retained income	704 000	450 000
Shareholders for dividends	0	100 000

The authorised share capital of Aqua Man Ltd is 400 000 ordinary shares and all shares are in issue. No shares were bought back during the year.

Answer question 15 and 16.

15. Calculate the amount paid for dividends for the year ending 30 June 2021.
- A R100 000
B R294 000
C R432 000
D R532 000
16. Calculate the final dividend per share declared on 30 June 2020.
- A 113 cents
B 0 cents
C 25 cents
D 4 cents

The following information was taken from the financial records of Black Panther Limited on 30 June 2021.

Cash flow from operating activities	R650 000
Cash flow from investing activities	R2 450 000
Cash flow from financing activities	?
Net change in cash and cash equivalents	?
Cash and cash equivalents at the beginning of the year	(R1 350 000)
Cash and cash equivalents at the end of the year	R900 000

Answer questions 17 and 18.

17. Calculate the net change in cash and cash equivalents for the year.
- A R2 250 000 inflow
B R2 250 000 outflow
C R850 000 inflow
D R850 000 outflow

18. Which of the following will lead to an outflow of cash as depicted in the cash flow from financing activities?
- (i) Issuing of shares.
 - (ii) Buy-back of shares.
 - (iii) Obtaining a long-term loan.
 - (iv) Repayment of a long-term loan.
 - (v) Purchase of non-current assets.
 - (vi) Proceeds from sale of non-current assets.
- A (i) and (iii)
 B (ii) and (iv)
 C (iv) and (v)
 D (ii) and (vi)

The following information was taken from the records of Elektra Ltd on 30 June 2021.

	2021	2020
Shareholders' equity		7 448 000
Ordinary share capital	8 583 000	?
Retained income	?	152 000

On 1 July 2020 the company had 1 520 000 shares in issue.

On 1 August 2020 the company made an offer to shareholders and bought back 60 000 shares at R5.20 per share.

On 1 November 2020 an additional 225 000 shares were issued.

No interim dividends were declared during the year and the final dividend for the year on all ordinary shares in issue was 22 cents.

Answer questions 19, 20 and 21.

19. The entry to record the buy-back of shares in the Ordinary Share Capital account will be _____ on the debit side.
- A R288 000
 B R420 000
 C R312 000
 D R294 000
20. The total amount received for the shares issued on 20 November 2020 was:
- A R1 575 000
 B R1 599 000
 C R1 080 000
 D R1 170 000

21. The total dividend paid on year-end was:
- A R334 400
 - B R321 200
 - C R49 500
 - D R370 700

COMPANIES: ANALYSIS AND INTERPRETATION

22. In which order are current assets shown on the Statement of Financial Position?
- A Alphabetical order.
 - B Decreasing value order.
 - C Increasing value order.
 - D In order of liquidity.
23. The short-term portion of long-term loans are indicated as current liabilities on the Statement of Financial Position. This is done in order to better analyse the long-term ____ of a company.
- A liquidity
 - B profitability
 - C return on investment
 - D risk

The following information was taken from the notes to the financial statements of Whacky Ltd on 30 June 2021, the last day of the financial year:

	2021	2020
Trade creditors	163 000	147 000
Income received in advance	12 000	10 000
Accrued expenses	8 000	11 000
Shareholders for dividends	183 000	175 000
SARS: Income Tax	37 000	-
	403 000	343 000

Answer question 24.

24. The change in trade and other payables as per note 1 of the Cash flow statement on 30 June 2021 will be:
- A R15 000
 - B R60 000
 - C R16 000
 - D R45 000

25. The current ratio of a company is calculated as 2:1. Both current assets and current liabilities increase with equal amounts. This will result in:
- A no change in the current ratio.
 - B an increase in the current ratio.
 - C a decrease in the current ratio.
 - D a doubling of the current ratio.

COMPANIES: ANALYSIS OF PUBLISHED FINANCIAL STATEMENTS AND AUDIT REPORTS

The following extracts were taken from the audit report of NECSA (2018). Read them carefully and answer questions 26 to 30.

Extract 1	I do not express an opinion on the consolidated and separate financial statements of the South African Nuclear Energy Corporation (NECSA).
Extract 2	I was unable to obtain sufficient appropriate audit evidence that the accounting authority has fulfilled its responsibility for the preparation and fair presentation of the separate and consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS).
Extract 3	The entity's current liabilities exceed its current assets by R 153 132 000 and the entity made a loss of R 132 992 000 during the current year with accumulated losses of R510 752 000 at year end. The entity has adverse liquidity ratios with cash deficits forecasted for the next financial year.
Extract 4	The accounting authority and management did not provide adequate and effective leadership based on a culture of honesty, ethical business practices and good governance, and protecting and enhancing the best interests of the entity.

26. This opinion was expressed by the _____ of NECSA.
- A CEO
 - B CFO
 - C internal auditor
 - D external auditor
27. NECSA received an opinion according to Extract 1 that can best be described as:
- A qualified.
 - B unqualified.
 - C disclaimer.
 - D adverse.
28. The accounting authority in Extract 2 refers to the _____ of NECSA.
- A board of directors
 - B CFO
 - C external auditors
 - D shareholders

29. Which accounting principle is addressed in Extract 3?

- A The separate legal entity principle.
- B The going concern principle.
- C The accrual principle.
- D The materiality principle.

30. Extract 4 refers to:

- A King Code IV.
- B the accounting policy of NECSA.
- C legal requirements of the JSE.
- D the role of the CA.