

ACCOUNTING

GRADE 10

Olympiad Paper

Round Two

Marks: 30

Time: 1 hour

Date: 3 August 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!

FIXED DEPOSITS, LOANS AND INTEREST CALCULATIONS

1. A loan statement, dated 28 February 2022, was received from New Bank. The balance on 1 March 2021 was R860 000. The monthly instalment of R14 100, inclusive of interest, was paid on time every month. The bank charges a monthly administration fee of R69 which is added to the account. The interest on the loan is capitalised. The closing balance according to the loan statement received, is R794 828.

Choose the correct entry to journalise the capitalisation of interest in the General Journal on 28 February 2022.

	Details	Debit	Credit
A	Interest on loan	103 200	
	Loan: New Bank		103 200
B	Loan: New Bank	103 200	
	Interest on loan		103 200
C	Interest on loan	104 028	
	Loan: New Bank		103 200
	Bank		828
D	Loan: New Bank	104 028	
	Interest on loan		104 028

2. Bush Baby Traders opened a fixed deposit of R250 000 at Old Bank at 9% per annum. Interest is earned on a monthly basis and paid into the current account of Bush Baby Traders.

Choose the correct entry that the accountant needs to make to record the monthly interest.

- A Make a General Journal entry by debiting Bank and crediting Interest income with R22 500 on the day that the interest is received.
- B Make a General Journal entry by debiting Bank and crediting Interest income with R22 500 on the last day of each month.
- C Make an entry in the CRJ, entering R1 875 in the Bank column and R1 875 in the Sundry Accounts amount column, with Interest on Fixed Deposit in the Details column on the day that the interest is received.
- D Make an entry in the CPJ, entering R1 875 in the Bank column and R1 875 in the Sundry Accounts amount column, with Interest on Fixed Deposit in the Details column on the last day of the month when interest is received.

DEBTORS' AND CREDITORS' TRANSACTIONS, GENERAL JOURNAL, AND ACCOUNTING EQUATION

3. The account of P. Delport, a debtor, is in arrears. The credit term stipulates payment within 30 days. Interest is charged at 24% per year on late payments. The age analysis of her account on 30 April 2022 shows the following:

Current	30 days +	60 days +
R1 400	R600	R750

Choose the correct entry in the General Journal on 30 April 2022 to account for the interest on her late payments.

			Debtors Control	
Details	Debit	Credit	Debit	Credit
A Interest on overdue debtors	39		39	
P. Delport		39		
B Interest on overdue debtors	27			
P. Delport		27	27	
C P. Delport	54		54	
Interest on overdue debtors		54		
D P. Delport	42		42	
Interest on overdue debtors		42		

4. An EFT for R675 was received from the insolvent estate of E. Eckard, a debtor. The executor's letter stated that a first and final payment of 45 cents in the Rand was made. The balance of the account must be written off as irrecoverable.

The effect on the accounting equation will be:

	ASSETS	EQUITY	LIABILITIES
A	+675 -675	+825 -825	0
B	-675 +675 +825	+825	
C	+675 -675 -825	-825	
D	+675 -675	+825	-825

Sarah Lightman, the owner of Sarah's Fashion, a business that uses the perpetual inventory system, purchased trading stock on credit from a supplier for R4 000. The transport cost to deliver the trading stock to her shop was R500 and this was paid in cash. Sarah's Fashion sells goods at cost plus 60%. As part of her community involvement strategy, Sarah donates these goods on behalf of the shop to the local SPCA.

Answer questions 5 and 6.

5. The effect on the accounting equation to record the goods purchased and transport cost in the accounting records is:

	Account debited	Account credited	ASSETS	EQUITY	LIABILITIES
A	Trading Stock	Creditors Control	+4 000		+4 000
B	Trading Stock	Creditors Control	+4 000		+4 000
	Delivery cost	Bank	-500	+500	
C	Trading Stock	Creditors Control	+ 4000		+4 000
	Carriages on purchases	Bank	-500	-500	
D	Trading Stock	Creditors Control	+ 4000		+4 000
	Trading Stock	Bank	+500		
			-500		

6. Which entry reflects the record of the donation in the General Journal?

	Details	Debit	Credit
A	Trading Stock	4 000	
	Donations		4 000
B	Donations	4 000	
	Trading Stock		4 000
C	Donations	4 500	
	Trading Stock		4 500
D	Donations	4 500	
	Trading Stock		4 000
	Carriages on purchases		500

7. The Ink Pot Stationery Shop purchased stationery on credit for use in the office. The accountant debited the Trading Stock account and credited the Creditors Control Account. To fix the error, the accountant should:

- A debit the Trading Stock account and credit the Stationery account.
- B debit the Stationery account and credit the Trading Stock account.
- C debit the Creditors Control account and credit the Bank account.
- D do nothing, as there is no error in the record of the stationery purchased.

8. Interest was received on a savings account. The source document used to record the interest is a/an:

- A original receipt.
- B current account statement.
- C journal voucher.
- D EFT-voucher.

9. On the last day of the financial year, accounts of debtors in arrears can be written off as irrecoverable. This is done in lieu of the _____ principle.

- A matching
- B prudence

- C materiality
- D going concern

CORRECTION OF ERRORS

10. The function of using Debtors and Creditors Control accounts in the General Ledger is to:
- (i) eliminate errors and improve internal cash controls.
 - (ii) manage credit customers and - suppliers.
 - (iii) increase the profit of the business.
 - (iv) improve the reliability of accounting information.

Choose one of the following options:

- A (i) and (ii)
 - B (ii), (iii) and (iv)
 - C (ii) and (iv)
 - D (iii) and (iv)
11. A credit invoice issued on 21 May 2021 was not recorded. This error was detected by the accountant on 24 May 2021. The correct way to correct this error will be to:
- A enter the invoice issued in the Debtor's Journal on 24 May.
 - B enter the invoice issued in the Debtor's Journal on 31 May.
 - C enter the invoice issued in the Debtor's Journal at year-end.
 - D ignore the invoice as it is not a material error and, as such, can be omitted.

12. **The CRJ for June 2021 shows the following totals:**

Bank	Debtors Control	Discount Allowed
114 000	?	6 000

The Debtors Control account in the General Ledger will be credited with:

- A Bank R114 000 and Discount Allowed, R6 000.
- B Bank R120 000 and Discount Allowed, R6 000.
- C Bank and Discount Allowed, R108 000.
- D Bank and Discount Allowed, R120 000.

On the last day of the month, the balance of the Debtors Control Account and the total of the Debtors List differ.

Answer questions 13 – 18 relating to the reconciliation of the Debtors Control Account and the Debtors List.

13. From which accounting record does the accountant get the information to complete the Debtors List?
- A The General Ledger.
 - B The General Journal.
 - C The Debtors Ledger.
 - D The Debtors Control Account

14. The column total for Debtors Allowance in the DAJ was calculated correctly as R2 300. The accountant posted the amount as R3 200.

Which correction must be made?

	Debtors Control Account	Debtors List
A	-900	+900
B	+900	-900
C	-900	0
D	+900	0

15. The interest on accounts in arrears is correctly calculated as R614. Which entry must be made to record the interest on overdue debtors?

	Debtors Control Account	Debtors List
A	+614	0
B	0	+614
C	+614	+614
D	0	0

16. A debtor, B. Barnes, returned goods. A credit note for R128 was issued and recorded correctly in the DAJ. The DAJ was posted correctly at month-end, but the credit note was posted as R182 to the account of B. Barnes in the Debtors Ledger.

Which correction must be made?

	Debtors Control Account	Debtors List
A	-182	+54
B	-128	-128
C	No correction	+54
D	No correction	-128

17. Proof of payment was received from a debtor, D. de Bruin. A discount of R34 was recorded for the early settlement of her account. As the payment was only reflected 5 days later in the business's bank account, it was decided to cancel the discount.

Which correction must be made?

	Debtors Control Account	Debtors List
A	+34	+34
B	+34	No correction
C	No correction	+34
D	No correction	-34

18. G. Goodman, a debtor whose debt of R189 was written off as irrecoverable three months ago, has made a payment of R150. The accountant recorded the amount received in the Debtors Control column of the CRJ. It was posted to all the relevant accounts in the ledgers.

Which correction must be made?

	Debtors Control Account	Debtors List
A	-189 +150	+189 -150
B	-150	-150
C	+150	+150
D	+189 -150	-189 +150

19. A cash invoice for R890 was received for goods purchased from a supplier. The accountant recorded it as a credit invoice of R980 in the Creditors Journal.

Which correction must be made?

	Trading Stock	Creditors Control	Bank
A	890 Debit 980 Credit	980 Debit	890 Credit
B	890 Debit 980 Credit	890 Credit	980 Debit
C	980 Debit 890 Credit	890 Credit	980 Debit
D	980 Debit 890 Credit	980 Debit	890 Credit

20. HiLo Traders purchased goods from a supplier for R1 000 subject to a 25% trade discount. An additional 10% discount is allowed if the account is settled within 30 days of purchase. HiLo Traders paid three weeks after the purchase date. The discount allowed will be:
- A R100.
B R75.
C R175.
D R250.

VAT

21. VAT is an expense incurred by:
- A all registered VAT-vendors.
B the final consumer that uses the product.
C limited companies and big corporations.
D all traders selling goods on which VAT is levied.
22. Which one is not the VAT rate in South Africa?
- A A standard rate of 15%.
B A zero rate of 0%.
C An exempted rate.
D A concession rate of 2.5%
23. A credit sales invoice issued to a customer indicates the VAT amount as R1 500. According to the invoice, a total of 20% of goods sold were zero-rated items. Calculate the value of the zero-rated items as per the invoice.

- A R2 500
- B R1 500
- C R10 000
- D R12 500

24. The list price of goods sold was R72,000 (excluding VAT). A trade discount of 10% and a 5% cash discount is on offer. The VAT on the invoice would be:

- A R10 800.
- B R9 720.
- C R540.
- D R9 234.

SALARIES AND WAGES

25. Badger Traders is advertising an accounting clerk position with an annual salary of R260 000. Which one of the following best describes the remuneration of the position?

- A The R260 000 is the gross salary that the employee will earn after taxes, benefits, and other payroll deductions are made from her salary.
- B The R260 000 will be divided into 12 equal monthly net salary portions of R21 666.67 per month, payable to her on the last day of each month.
- C The R260 000 refers to both gross salary, and net salary as this is the fixed amount paid by the employer to her in exchange for her services.
- D The R260 000 is a composite of several components of an individual's salary package, consisting of the net salary, income tax, and other benefits before any deductions are made.

H. Holster's taxable income for the tax year ending 28 February 2021 was R506 100. She is a member of the Healthy Medical Aid Fund and her monthly premium is R8 700. The business contributes two-thirds of her monthly premium. UIF is calculated as per current legislation.

Answer questions 26 – 28.

Taxable income (R)	Rate of tax (R)
1 – 205 900	18% of taxable income
205 901 – 321 600	37 062 + 26% of taxable income above 205 900
321 601 – 445 100	67 144 + 31% of taxable income above 321 600
445 101 – 584 200	105 429 + 36% of taxable income above 445 100
584 201 – 744 800	155 505 + 39% of taxable income above 584 200
744 801 – 1 577 300	218 139 + 41% of taxable income above 744 800
1 577 301 and above	559 464 + 45% of taxable income above 1 577 300

26. Calculate the SARS (PAYE) deduction for February 2021 as indicated on her payslip.

- A R5 083.33
- B R8 785.75
- C R10 615.75
- D R15 183.00

27. Which one of the following indicates the effect of the medical aid membership on the accounting records of the business?

	Account debited	Account credited	ASSETS	EQUITY	LIABILITIES
A	Medical Aid Contribution	Medical Aid Fund		-5 800	+5 800
	Salaries	Medical Aid Fund		-2 900	+2 900
B	Medical Aid Fund	Medical Aid Contribution		-5 800	+5 800
	Medical Aid Fund	Salaries		-2 900	+2 900
C	Medical Aid Contribution	Medical Aid Fund		+5 800	-5 800
	Salaries	Medical Aid Fund		+2 900	-2 900
D	Medical Aid Fund	Medical Aid Contribution		+5 800	-5 800
	Medical Aid Fund	Salaries		+2 900	-2 900

28. Calculate the total amount that would be paid over for UIF for the month of February 2021.

- A R5 061
- B R421.75
- C R843.50
- D R354.24

INTERNAL CONTROL PROCESSES

29. Which one of the following is not an acceptable internal control procedure for cash?

- A All payments must be done in cash.
- B Access to cash should be limited.
- C Surplus cash must be deposited to limit the amount of cash on hand.
- D Cash has to be deposited daily.

30. Two ladies work on the same cash register at a retail store. This situation can best be described as:

- A a defilement of formation of accountability.
- B abuse of the separation of duties.
- C enhancing the establishment of accountability.
- D supporting internal autonomous authentication.
