

ACCOUNTING

GRADE 11

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!

RECONCILIATIONS

1. A Creditors' Reconciliation Statement is done starting with the:
 - A opening balance of the statement received from the creditor.
 - B closing balance of the statement received from the creditor.
 - C closing balance of the Creditors Control Account in the General Ledger.
 - D closing balance of the Creditors Account in the Creditors Ledger.

2. The bank statement received for the month ending 30 April indicates a debit order in favour of Eagle Insurers for R1 250.00. Which one of the following indicates the correct way of recording this by the accountant?
 - A The accountant must make no entry in the accounting records as the transaction already reflects on the bank statement received.
 - B The entry must be recorded in the CPJ by making an entry in the Bank column as well as in the Money column of the Sundry Accounts for insurance.
 - C The entry must be recorded in the General Journal where Insurance will be debited and Accounts Payable will be credited.
 - D The accountant must contact the bank as she is not sure whether this transaction should reflect on the bank statement.

3. An EFT of R10 925 was made on time on 30 June 2022 to pay a creditor. The accountant did not enter the transaction in the accounting records of the business. The creditor allows a discount of 5% on early payments. The correct entry on the Balance Sheet dated 30 June 2022 will be:
 - A increase Bank with R10 925 and decrease Creditors with R10 925.
 - B decrease Bank with R10 925 and decrease Creditors with R10 925.
 - C increase Bank with R11 500 and decrease Creditors with R11 500.
 - D decrease Bank with R10 925 and decrease Creditors with R11 500.

4. A credit note received from a supplier for stock returned was omitted from the relevant journal. This will have an effect on the:
 - A balance of the Trading Stock as well as the balance of the Creditors Control Account in the General Ledger.
 - B balances of the Trading Stock Account and the Debtors Control Account in the General Journal.
 - C balance of the Creditors Control Account in the General Ledger, as well as the list of creditors as per the Creditors Ledger.
 - D balance of the Trading Stock, the balance of the Creditors Control Accounts in the General Ledger, as well as the list of creditors as per the Creditors Ledger.

NON-CURRENT ASSETS

5. When calculating depreciation using the diminishing balance method:
 - A a constant percentage is multiplied by a declining book value.
 - B a declining percentage is multiplied by a constant book value.
 - C a constant percentage is multiplied by the previous year's depreciation expense.
 - D a variable percentage is multiplied by the previous year's depreciation expense.

6. The Land and Buildings Account would include all the following costs except:

- A the cost of servicing the property with water, sewerage and electricity.
B the cost of building a perimeter fence.
C the commission paid to the real estate agents.
D the cost of demolishing the existing buildings before a new building can be erected.
7. The book value of non-current assets is equal to the:
- A fair value of the assets less its historical costs.
B assets' cost less accumulated depreciation.
C replacement cost of the assets.
D historical costs of the assets less the current year's depreciation.
8. Equipment that cost R144 000 and accumulated depreciation of R120 000, is disposed of for R34 000 cash. The disposal of the equipment will result in a:
- A profit of R24 000.
B loss of R24 000.
C profit of R10 000.
D loss of R10 000.
9. Equipment with a cost of R450 000 has an estimated lifespan of 4 years. It has to be depreciated by using the straight-line method. At the end of the fourth year, a decision is made by management to use the equipment for another year. What is the amount of depreciation that has to be recorded for the FOURTH year?
- A R90 000
B R112 500
C R89 999
D R112 499
10. B&D Partners paid R80 000 for a vehicle two-and-a-half years ago. Accumulated depreciation on this vehicle for the two-and-a-half years is R50 000. The vehicle was traded in on a new vehicle and this transaction generated a loss on disposal of R5 000. The missing entry in the asset disposal account is:
- A credit Asset Disposal with Creditors Control R25 000.
B credit Asset Disposal with Creditors Control R35 000.
C debit Asset Disposal with Debtors Control R25 000.
D debit Asset Disposal with Debtors Control R35 000.

PARTNERSHIPS

11. The following are transactions related to a partnership:
- (i) Additional capital invested by one or more of the partners.
 - (ii) A reduction of capital by one or more of the partners.
 - (iii) The profit or loss for the current financial period.
 - (iv) Cash withdrawals by one or more of the partners.
 - (v) Total cash receipts and cash payments for the year as recorded in the journals.

Which combination will not cause a change in the capital of the partnership?

- A (i) and (ii)
B (ii) and (iv)
C (iii) and (v)
D (iii), (iv) and (v)
12. Alex, Dana and Taylor commenced trading as partners. Their capital contributions were R200 000, R200 000, and R100 000 respectively. The partnership agreement was made verbally. At the end of the first year, the business made a profit of R420 000. How must the profit be shared amongst Alex, Dana and Taylor?
- A Each one of them must receive an equal portion of the R420 000.
B As there is no written agreement, none of them can share in the profit.
C The profit must be shared in the same ratio as their capital contributions.
D The profit must be retained by the partnership, a written agreement has to be signed, and the profit has to be distributed amongst the partners.
13. Partners A, B and C have no partnership agreement. Partners A, B, and C are entitled to:
- A an annual salary.
B interest on capital.
C commission.
D a share in the profits.
14. Partnership DEF is declared insolvent. The partnership has R60 000 in assets and total liabilities of R180 000. Which one of the following best describes the effect when the partnership is dissolved?
- A There is no reason for the partnership to be dissolved and therefore, the business will continue.
B The partners will most likely start a new business.
C The partners will be personally liable for the debt of the partnership.
D The partners will be relieved from any obligation to pay the debt of the partnership.
15. What is the current income tax rate for partnerships?
- A 15% VAT is payable on all chargeable items.
B 28% income tax on the net profit of the partnership.
C 28% income tax on the turnover of the partnership.
D 0% as the partners will pay income tax on their profit share.
16. Partners A and B are entitled to 10% interest on capital as agreed. Both partners' capital accounts show a balance of R500 000. The interest on capital will be:
- A provided for from the profits of the current year.
B provided for from accumulated profits from previous financial years.
C expensed in the Income Statement of the partnership.
D capitalised against the individual capital accounts of the partners.
17. Entries for partners' salaries, withdrawals, interest on capital and profit shares are recorded in the:
- A capital accounts of partners.

- B current accounts of partners.
- C relevant expense accounts of partners.
- D Profit and Loss Account of the partnership.

18. A and B are equal profit-sharing partners in Partnership AB. A's capital is R100 000 and B's capital is R60 000. Interest is payable at 6% per year and B is also entitled to an annual salary of R36 000. Profits for the year after interest and salary paid to B is R54 000. Profits will be divided as follows between A and B:

	Profit share A	Profit share B
A	27 000	27 000
B	27 000	42 600
C	33 000	27 000
D	33 000	66 600

19. Three partners A, B, and C start a business. Partner B contributed four times the capital that Partner C contributed. Partner A contributed one-and-a-half times the capital that Partner B contributed. At the end of the first financial year, the net profit remaining after the primary distribution was done, was correctly calculated as R165 000. The final profit share that will be paid to Partner B is:
- A R90 000.
 - B R60 000.
 - C R16 500.
 - D R15 000.
20. Partner A and Partner B share profits and losses in the ratio of 4:1. Mr. Carlson is a manager that works in the partnership. Mr. Carlson receives a monthly salary of R2 000. In addition, Mr. Carlson also receives a commission of 5% on net profits AFTER charging the said commission. Profit for the year ending February 2022 was correctly calculated as R339 000 before including the salary of Mr. Carlson in the calculations. Calculate the total remuneration of Mr. Carlson for the year ending 28 February 2022.
- A R24 000.
 - B R39 000.
 - C R15 000.
 - D R16 950.

ANALYSIS AND INTERPRETATION

21. Which one of the following does not describe the purpose of analysing financial statements?
- A To assess the current and past performance of the partnership.
 - B To identify reasons for changes in the profitability of a partnership.
 - C To provide the information required by the users of financial statements for informed decision-making.
 - D To predict future receipts and payments and the resulting surplus or shortages of cash in the partnership.
22. Which one of the following is not seen as an external user of information obtained by analysing the financial statements of a partnership?

- A Potential suppliers of the partnership.
- B Creditors of the partnership.
- C Managing partners of the partnership.
- D Financial institutions that provide loans.

23. The following information is an extract from the accounting records of Partnership AB on 30 June 2022:

	30 June 2022	30 June 2021
Partners' equity	3 446 000	2 940 000
Non-current assets	3 282 000	2 328 000
Current assets	800 000	1 488 000
Current liabilities	436 000	276 000
Non-current liabilities	134 000	478 000
Gross profit	2 028 000	1 798 000
Net profit	626 000	747 000

Calculate the return on equity for 2022.

- A 21.29%
- B 18.16%
- C 19.61%
- D 23.39%

24. A partner wants to determine whether the partnership has the cash flow to afford the payments if they take out a loan. Which ratio figure will he use to obtain the required information?

- A Return on equity.
- B Gearing ratio.
- C Liquidity ratio.
- D Profitability ratio.

25. YDM Traders, a partnership consisting of Partner Y, Partner D and Partner M, has a total capital balance of R120 000 on 1 January 2021. Additional capital investments for the year ending 31 December 2021 amounted to R40 000 and total withdrawals for all three partners for the corresponding period amounted to R80 000. The net income for the year was correctly calculated as R100 000. The end balances of the partners' capital accounts are in ratio 4:2:4.

Calculate the respective end balances of the capital accounts of each of the partners on 31 December 2021.

	Y	D	M
A	R80 000	R40 000	R80 000
B	R90 000	R45 000	R90 000
C	R64 000	R32 000	R64 000
D	R136 000	R68 000	R136 000

CASH BUDGETS

26. The following information was taken from Zia Hair Emporium for the month ending 31 July 2022:

Balance on 1 July 2022:	R120 000
Cash receipts:	R108 000
Cash payments:	R?
Balance on 31 July 2022:	R100 000

The total cash payments for July 2022 were:

- A R20 000
- B R8 000
- C R128 000
- D R228 000

27. A cash budget for the six months ending 30 September 2022, shows an anticipated overdraft of approximately R9 500. Which of the following would reduce the expected overdraft?

- A Allowing customers two months' credit, instead of one month's credit.
- B Cash purchases instead of one month's credit.
- C Charging depreciation on fixed assets at 25% on the straight-line basis, rather than 20%.
- D Assets being leased, rather than purchased for cash.

28. Partnership AB had an opening bank balance of R60 000 on 1 January 2022. An extract of a cash budget is provided.

	January 2022	February 2022	March 2022
Net receipts/(payments)	(R72 000)	(R43 000)	R37 000

At the end of March 2022, Partnership AB will:

- A require no overdraft facility.
- B require an overdraft facility of R18 000.
- C have a favourable bank balance of R37 000.
- D require an overdraft facility of R78 000.

29. Projected credit sales for Partnership AB are shown below:

	January 2022	February 2022	March 2022
Projected credit sales	R600 000	R900 000	500 000

20% of a month's sales are collected in the month of sale. Another 70% are collected in the month following sales and the remaining 10% are collected in the second month following sales. Bad debts are negligible and can be ignored. Calculate the expected cash receipts from debtors for March 2022.

- A R790 000
- B R590 000
- C R650 000
- D R560 000

30. Which one of the following would decrease the cash available on the last day of a month?

- A Capital expenditure.
- B Depreciation.
- C Provision for bad debts.
- D Accrued expenses.
