

# ACCOUNTING

**GRADE 10**

**Olympiad Paper**

**Round Two**

**Marks: 30**

**Time: 1 hour**

**Date: 2 August 2023**



## Instructions

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

**LOANS, FIXED DEPOSITS, AND INTEREST CALCULATIONS**

- 1 Ant Traders received a loan statement from B Bank, dated 28 February 2023. The balance of the loan statement on 1 March 2022 was R?. The monthly instalment of R10 770, inclusive of interest, was paid on time every month. B Bank charges a monthly administration fee of R80 which is added to the account. The interest on the loan is capitalised and is correctly calculated at R103 480. The closing balance of the loan statement received is R794 000. What is the OPENING BALANCE of the loan statement indicated as R? on 1 March 2022?
- A R818 800  
B R819 760  
C R769 200  
D R767 280
- 2 Badger Traders deposited R240 000 for 6 months at 7,25% per year. At the end of the period, the deposit, as well as the interest were re-invested for another 12 months at 8% per annum. How will the total interest received be calculated?
- A  $240\,000 \times \frac{7.25}{100} \times \frac{12}{12} + 240\,000 \times \frac{8}{100} \times \frac{12}{12}$   
B  $240\,000 \times \frac{7.25}{100} \times \frac{6}{12} + 240\,000 \times \frac{8}{100} \times \frac{6}{12}$   
C  $240\,000 \times \frac{7.25}{100} \times \frac{6}{12} + 248\,700 \times \frac{8}{100} \times \frac{12}{12}$   
D  $240\,000 \times \frac{7.25}{100} \times \frac{7}{12} + 248\,700 \times \frac{8}{100} \times \frac{8}{12}$

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

- 3 Coyote Enterprises has one debtor, J Mabula, with an account in arrears of R10 000 on 28 February 2023. According to the credit allowance policy, they allow debtors up to 90 days to pay their debt, after which interest at 24% per annum will be charged.

Current (<30 days)	31-60 days	61-90 days	91-120 days	120-150 days
R6 000	R2 000	R1 000	R500	R500

Choose the correct journal entry on 28 February 2023 to calculate the interest on the late payment.

	Debit	Credit
A J Mabula	30	
Interest on overdue debtors		30
B J Mabula	10	
Interest on overdue debtors		10
C Interest on overdue debtors	30	
J Mabula		30
D Interest on overdue debtors	10	
J Mabula		10

- 4 Which of the following are relevant in writing off debt as irrecoverable?
- i. A creditors age analysis must be done on a monthly basis.
  - ii. The specific debt that is irrecoverable must be identified.
  - iii. A credit clerk must approve the write-off of the debt.
  - iv. A credit note must be received from the debtor.
  - v. The journal entry must be recorded.
  - vi. Both the General Ledger and the Debtors ledger must be updated.
- A i, ii, v, and vi  
 B i, ii, iv, v, and vi  
 C ii, iv, v, and vi  
 D ii, v, and vi

## ACCOUNTING GR 10 – ROUND 2 - 2023

- 5 Deer Delicatessen received a lawyer’s letter stating that a first and final payment will be received at the end of next month from one of their former debtors of 35 cents in the Rand. The total amount that would be received from the debtor is R350. What would the correct entry be once the money is received?

	Account debited		Account credited
A	Bank R350		Bad debts recovered R350
B	Bad debts recovered R350		Bank R350
C	Bank R350 Bad debts R650		Debtors Control R350 Debtors Control R650
D	Debtors Control R350 Debtors Control R650		Bank R350 Bad debts R650

- 6 Elephant Lifts has imported goods on credit to the value of R10 000 000 from the United Kingdom. Import taxes amounted to R650 000 and was paid in cash. What will the effect on the accounting equation be?

	Assets		Equity		Liabilities
A	+10 000 000 +650 000	=	+650 000	+	+10 000 000
B	-10 000 000	=	-10 000 +650 000 -650 000	+	
C	+10 000 000 +650 000	=		+	+10 000 000 +650 000
D	+10 000 000 +650 000 -650 000	=		+	+10 000 000

- 7 Francina, the owner of Fishy Fashions, withdraws both goods to the value of R15 000 and cash to the value of R15 000 on 28 February 2023, the last day of the financial year. Which of the following statements is true regarding the two transactions as seen from the perspective of a sole trader?
- A The net profit of the business will decrease by R30 000.
  - B Both the equity and the assets of the business will decrease by R30 000.
  - C Drawing cash does not affect profit while drawing goods at cost does.
  - D The drawing of goods will be recorded at the selling price less cost of sales and the drawing of cash will decrease bank.

## ACCOUNTING GR 10 – ROUND 2 - 2023

- 8 The Seal Shop donates trading stock with a cost price of R1 000 and a selling price of R1 600 to the local SPCA. What will be the correct entry to record this transaction in the accounting records?
- A Debit Trading stock with R1 000 and credit Donations with R1 000.  
 B Debit Donations with R1 000 and credit Trading stock with R1 000.  
 C Debit Trading stock with R1 600 and credit Donations with R1 600.  
 D Debit Donations with R1 600 and credit Trading stock with R1 600.
- 9 The following are possible source documents:
- i. Cash payments Journal.
  - ii. Cash receipts Journal.
  - iii. Hardcopy bank statement received.
  - iv. Internal control procedures.
  - v. Online bank statement.

Choose ONE of the following combinations that the accountant may use to record the bank costs charged by the bank on the business' current account.

- A ii, iii, and v.  
 B iii and v.  
 C i, ii, and iii.  
 D I, iv, and v.
- 10 Hawk Security purchased a building for R1 000 000 and paid the deposit of R200 000 cash. The rest was financed with a mortgage loan. What effect will this transaction have on the accounting equation?

	<b>Assets</b>	=	<b>Equity</b>	+	<b>Liabilities</b>
A	+800 000 +200 000 -200 000				+800 000
B	+800 000 +200 000 -200 000				-800 000
C	+800 000		+200 000 -200 000		+800 000
D	+1 000 000 +200 000 -200 000				+1 000 000

**GAAP AND INTERNAL CONTROL**

- 11 The matching principle in accounting requires that \_\_\_\_\_
- A all revenue and expenses be recorded in the same period.
  - B expenses be recorded only when cash is paid.
  - C revenue be recorded only when cash is received.
  - D all revenue be recorded in the same period.
- 12 Which ONE of the following is an example of an expense that should be recognised immediately?
- A The cost of a new building to be used over the next 20 years.
  - B The cost of a new computer to be used over the next 3 years.
  - C The cost of office supplies used in the current period.
  - D The cost of a marketing campaign to be implemented next year.
- 13 Which of the following is an example of a GAAP violation?
- A Recording expenses when they are paid, rather than when they are incurred.
  - B Failing to disclose material information in financial statements.
  - C Failing to depreciate assets over their useful life.
  - D Recognising revenue before it is earned.
- 14 Possum Perfect makes use of Debtors' and Creditors' Control Accounts in the General Ledger. What is the main purpose of these control accounts in the General Ledger?
- A Record all transactions related to a specific account.
  - B To check the accuracy of the ledger accounts.
  - C To provide a summary of all the transactions in the subsidiary ledgers.
  - D To ensure that all accounts are balanced.

**CORRECTION OF ERRORS AND YEAR-END ADJUSTMENTS**

- 15 Coffee, tea, and milk that were purchased for use in the office were recorded by completing the creditors control column as well as the trading stock column in the creditors journal for January 2023. The journal was closed-off and posted at month-end. Which one of the following actions would you recommend on 28 February 2023, the last day of the financial year?
- A Take no action as the error is so small that it will not have a huge effect on the financial records of the business.
  - B Make an entry in the Creditors Allowance Journal for February 2023 to cancel the incorrect entry made during January 2023 in the CJ.
  - C Use a General journal entry to debit the Consumables account and credit the Trading Stock account.
  - D Make an entry in the CAJ of February 2023 to cancel the CJ entry of January 2023.
- 16 A credit invoice for R680 was erroneously issued to Caterpillar and posted to all the relevant accounts at month-end. The goods, with a cost of R340, were purchased by Catfish. Which entry should be made to rectify this error?
- A Debit the account of Catfish with R680 and credit the account of Caterpillar with R680.
  - B Debit the account of Catfish with R340 and credit the account of Caterpillar with R340.
  - C Debit the account of Caterpillar with R680 and credit the account of Catfish with R680.
  - D Debit the account of Caterpillar with R340 and credit the account of Catfish with R340.
- 17 The accountant of Macaw Movers makes use of online banking. On the last day of the month, the bank statement indicates the following entry:
- |                    |             |           |
|--------------------|-------------|-----------|
| Local municipality | Debit order | R5 754.76 |
|--------------------|-------------|-----------|
- She will make the following entry in the financial records of Macaw Movers:
- A In the CPJ for water and electricity.
  - B In the CJ for municipal services rendered.
  - C In the GJ debiting consumer deposit and crediting bank.
  - D In the CRJ for sales or services delivered.
- 18 You are required to compile a creditors list for Nguni Importers. Which accounting record will you use to do this?
- A The General Ledger.
  - B The Creditors Ledger.
  - C The General Journal.
  - D The Creditors Control Account.

## ACCOUNTING GR 10 – ROUND 2 - 2023

- 19 An allowance received from a creditor was incorrectly recorded in the CAJ as R1 560. The correct amount of R1 650 was posted to the Creditors Ledger. Which one of the following corrections must be made?

	Creditors Control Account	Creditors List
A	+90	0
B	+90	-90
C	-90	0
D	-90	-90

- 20 Owl, a debtor whose debt of R240 was written off as irrecoverable the previous month, made a payment of R180. The accountant recorded the amount of R180 in the Debtors control column in the CRJ and it was posted as such to all the relevant accounts in the General Ledger as well as the Debtors' ledger.

Which correction must be made?

	Debtors Control Account	Debtors List
A	-240 +180	-240 +180
B	+240 -180	+240 -180
C	-180	-180
D	+180	+180

- 21 The Rent expense account shows a balance of R193 140 on 28 February 2023, the last day of the financial year. Rent increased by 8% on 1 December 2022 and the rent for March 2023 was paid on 25 February 2023. Which one of the following is correct? (Round figures to the nearest Rand if needed.)

	Rent per month before the increase	Rent per month after the increase	Total rent expense for the year	Accrued expense for the year	Prepaid expense for the year
A	16 095	17 383	208 596	0	17 383
B	14 500	15 660	177 480	0	15 660
C	16 095	17 383	208 596	17 383	0
D	14 500	15 660	177 480	15 660	0

- 22 The Stationery Account shows a balance of R1 345 on 28 February 2023, the last day of the financial year. According to the physical inventory survey, stationery of R117 is at hand. What would the correct adjustment be?

- A Debit Stationery and credit Trading stock.
- B Debit Consumables on hand and credit Stationery.
- C Debit Bank and credit Stationery.
- D Debit Consumables and credit Stationery.



**VAT**

- 23 What is the difference between input VAT and output VAT?
- A Input VAT is paid by the seller, while output VAT is paid by the buyer.
  - B Input VAT is paid by the buyer, while output VAT is paid by the seller.
  - C Input VAT is paid by the government, while output VAT is paid by businesses.
  - D There is no difference between input VAT and output VAT.
- 24 How does VAT affect the pricing of goods and services?
- A VAT reduces prices because it increases competition.
  - B VAT increases prices because it has additional administration costs for businesses.
  - C VAT has no effect on prices because it is a government tax.
  - D VAT can either increase or decrease prices depending on market conditions.
- 25 Which of the following is the reason for exempting certain goods from VAT?
- A To encourage the production of those goods.
  - B To reduce the tax burden on consumers.
  - C To increase the revenue for the government.
  - D To discourage the consumption of those goods.

**WAGES AND SALARIES**

- 26 Which of the following is NOT an example of a wage expense?
- A The basic wage per hour that an employee is paid.
  - B The overtime per hour that an employee is paid.
  - C The bonus that an employee is paid.
  - D The employee's contribution to a retirement plan.

**An employee earns a salary of R30 000 per month and receives a bonus of R5 000. Total employee deductions amount to R17 000 and employer's contributions add up to R8 000.**

**Answer Questions 27 – 29.**

- 27 How much will the gross salary for the month be?
- A R18 000
  - B R30 000
  - C R35 000
  - D R43 000

28 How much will the total amount of the salary expense for the month be?

- A R18 000
- B R30 000
- C R35 000
- D R43 000

29 How much will the net salary for the month be?

- A R18 000
- B R30 000
- C R35 000
- D R43 000

30 An employee earns an annual salary of R500 000. Calculate his/her PAYE deduction for February 2021 using the following tax scale:

<b>R87 300 or less:</b>	<b>0%</b>
<b>R87 301 – R197 850:</b>	<b>18% of the amount over R87 300</b>
<b>R197 851 – R305 850:</b>	<b>R31 536 + 26% of the amount over R197 850</b>
<b>R305 851 – R423 300:</b>	<b>R61 296 + 31% of the amount over R305 850</b>
<b>R423 301 – R555 600:</b>	<b>R112 416 + 36% of the amount over R423 300</b>
<b>R555 601 – R708 310:</b>	<b>R184 296 + 39% of the amount over R555 600</b>
<b>R708 311 and above:</b>	<b>R261 984 + 41% of the amount over R708 310</b>

- A R11 669.00
- B R15 000.00
- C R14 403.51
- D R6 391.67