

ACCOUNTING

GRADE 10

Olympiad Paper

Round One

Marks: 30

Time: 1 hour

Date: 10 May 2023



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!

INDIGENOUS BOOKKEEPING, ETHICS, GAAP, AND INTERNAL CONTROL

- 1.** Which of the following is a key feature of indigenous bookkeeping?
 - A Single-entry accounting.
 - B Use of written records.
 - C Emphasis on VAT compliance.
 - D Use of modern accounting software.

- 2.** Lerato mends clothes in her free time to supplement her family's income. What is the main purpose of the bookkeeping system she uses?
 - A To determine the income she generates.
 - B To keep track of her expenses.
 - C To maintain a balance between human and natural resources.
 - D To comply with government regulations.

- 3.** Which of the following statements is true regarding Generally Accepted Accounting Principles (GAAP)?
 - A GAAP is a set of guidelines for financial reporting.
 - B GAAP is only applicable to publicly traded companies.
 - C GAAP is not important for small businesses.
 - D GAAP is a set of rules that all businesses must follow.

- 4.** Which of the following is the most important reason for following GAAP?
 - A To avoid legal penalties for non-compliance.
 - B To ensure that financial statements are accurate and reliable.
 - C To maintain consistency across industries.
 - D To make financial statements easier to understand for non-accountants.

- 5.** Which of the following is an example of a situation where a company may need to deviate from GAAP?
 - A The company is hiding financial information from SARS.
 - B The company operates in an industry where GAAP does not apply.
 - C The company is facing a unique situation that is not addressed by GAAP.
 - D The company's management does not agree with the principles of GAAP.

CASH AND CREDIT TRANSACTIONS AND ACCOUNTING EQUATION

6. Lerato decides to open up a small shop mending clothes. Her sewing machine forms part of her capital contribution. What will the entry in the financial records be?

	Account debited	Account credited
A	Equipment	Bank
B	Equipment	Capital
C	Capital	Equipment
D	Debtors' Control	Equipment

7. A client purchases goods to the value of R1 000 (cost of sales R800) and pays with his credit card. What will the effect on the accounting equation be?

	Assets	=	Equity	+	Liabilities
A	-800		+1 000 -800		-1 000
B	-1 000 +800		+1 000 -800		
C	+ 1000 -800		+ 1000 -800		
D			-1 000 +800		+1 000 -800

8. The bank statement received for February 2023 indicates the following entries with regard to interest:

Debit interest	R200
Credit interest	R100

Which one of the following statements is correct?

- A At the beginning of the month, the bank account was in overdraft, and at the end of the month, the bank account had a positive balance.
- B At the beginning of the month, the bank account had a positive balance, and at the end of the month, the bank account was in overdraft.
- C During the month the bank balance had positive balances and sometimes it was in overdraft.
- D It is an error on the bank's side as it is impossible to have both debit and credit interest in the same month on the bank statement.

9. Carriages on purchases of trading stock amount to R200. What would the correct entry in the CPJ be?

	Bank	Trading Stock	Creditors Control	Discount Received	Debtors Control	Sundry Accounts
A	250	250				
B	250		250			
C		250	250			
D	250					250

P. Peterson, a client, received a statement for R2 586 and paid R2 500 in full settlement of his account. Answer questions 10 and 11.

10. The reduction of the client's account is known as _____

- A trade discount.
- B sales discount.
- C debtor's allowance.
- D discount allowed.

11. Calculate the percentage reduction that was given to the client.

- A 3.32%
- B 3.44%
- C 8.60%
- D 0.86%

12. A debtor owes R2 000 at an interest rate of 24% per annum and the invoice is 60 days past due. How much interest is owed at the end of the 60 days?

- A $2\,000 \times \frac{24}{100} \times \frac{2}{12} + 2\,000 \times \frac{24}{100} \times \frac{2}{12}$
- B $2\,000 \times \frac{24}{100} \times \frac{1}{12} + 2\,000 \times \frac{24}{100} \times \frac{1}{12}$
- C $2\,000 \times \frac{24}{100} \times \frac{1}{12} + 2\,040 \times \frac{24}{100} \times \frac{1}{12}$
- D $2\,000 \times \frac{24}{100} \times \frac{2}{12}$

- 13.** Why does the municipality charge a deposit on water and electricity to a business?
- A To ensure that customers pay their municipal bills on time.
 - B To provide extra revenue for the municipality in order to lessen the effect of load shedding.
 - C To compensate customers for any electricity outages caused by load shedding.
 - D To cover the cost of maintenance for water and electricity equipment.
- 14.** Which of the following is true about petty cash?
- A It is used to make medium-sized purchases for the business.
 - B It is a fund used to pay for small expenses.
 - C It is only used by the accountant.
 - D It is a fund used to pay employee salaries.
- 15.** A business uses the imprest system for their petty cash and the balance is kept at R400. At the end of January 2023, total payments made were R326. What is the opening balance of the petty cash on 1 February 2023?
- A R74
 - B R326
 - C R400
 - D R474
- 16.** Which of the following items would typically be purchased with petty cash?
- A Office furniture.
 - B A new computer.
 - C Coffee and snacks for a meeting.
 - D Salaries.
- 17.** How would the petty cash fund be replenished on the last day of the month?
- A A petty cash voucher will be completed.
 - B A cheque will be issued by means of an entry in the CRJ.
 - C Cash will be withdrawn from the business' bank account.
 - D The owner will hand cash to the petty cash clerk from his personal account.

Study the following Cash Receipts Journal for February 2023 and answer questions 18, 19, and 20 that follow:

Bank	Sales	Cost of Sales	Debtors' Control	Discount Allowed	Creditors' Control	Sundry Accounts
?	100 000	80 000	40 000	2 000	0	20 000

18. Calculate the BANK amount.

- A R162 000
- B R158 000
- C R82 000
- D R242 000

19. Calculate the gross profit margin on cost used by the business.

- A 20%
- B 25%
- C 120%
- D 125%

20. The total amount owed by debtors will be reduced by ____ at month-end?

- A R38 000
- B R40 000
- C R42 000
- D It is impossible to calculate with the information provided.

21. A business, using the perpetual inventory system, returned both trading stock (R1 000) and consumables (R200) to a supplier. The effect on the accounting equation will be ____.

	Assets	=	Equity	+	Liabilities
A	-1 000		+ 200		-1 000 + 200
B	-1 000		- 200		-1 000 - 200
C	-1 000		+ 200		-1 000 - 200
D	+1 000		- 200		-1 000 + 200

22. In the perpetual inventory system, _____
- A trading stock and all cost that has an influence on trading stock is classified as an asset.
 - B trading stock and all cost that have an influence on trading stock is classified as equity.
 - C trading stock is classified as an asset, and all cost that has an influence on trading stock is classified as equity.
 - D trading stock is classified as equity, and all cost that has an influence on trading stock is classified as an asset.
23. If a company's equity increases by R20 000 and its liabilities decrease by R10 000, what is the effect on its assets?
- A Assets increase with R10 000.
 - B Assets increase with R20 000.
 - C Assets decrease with R10 000.
 - D Assets decrease with R20 000.
24. Which of the following would be the most appropriate way to increase a company's equity?
- A Increase liabilities.
 - B Decrease liabilities.
 - C Increase assets.
 - D Decrease assets.

A business offers a 15% trade discount on sales of more than R10 000. The trade discount was omitted on an invoice of a client for sales of R12 000. Answer questions 25 and 26.

25. Calculate the trade discount amount that was omitted from the invoice.
- A R1 500
 - B R1 800
 - C R0
 - D R300
26. Calculate the cost of sales for this transaction before the trade discount was granted, if the profit margin on cost (before discount) is 50%.
- A R6 000
 - B R9 000
 - C R8 000
 - D R6 700

TRIAL BALANCES, FIXED DEPOSITS, LOANS, AND INTEREST CALCULATIONS

- 27.** Which of the following is the purpose of a trial balance?
- A To ensure that all transactions have been recorded accurately.
 - B To determine the financial position of the business.
 - C To provide information about the profitability of the business.
 - D To help prepare financial statements.
- 28.** Which of the following is an example of an error in posting?
- A Recording an incorrect amount for a transaction.
 - B Posting a debit as a credit.
 - C Recording a transaction in the wrong account.
 - D Failing to record a transaction in the ledger.
- 29.** Which of the following is the most accurate description of a long-term loan?
- A A loan that is due within the next 365 days.
 - B A loan that is due within the next 12 months.
 - C A loan that is due more than 12 months from the date of the financial statements.
 - D A loan that is due more than 5 years from the date of the financial statements.
- 30.** A fixed deposit of R50 000 earns a total of R18 000 simple interest at the end of three years. What is the annual interest rate?
- A 8%
 - B 10%
 - C 12%
 - D 15%