

High School Olympiad

Guiding the leaders of tomorrow

ACCOUNTING

GRADE 10

Olympiad Paper

Round One

Marks: 30

Time: 1 hour

Date: 7 May 2025



Instructions

Please take time to read the instructions carefully.

If the ANSWER SHEET is not COMPLETE and correct your answer sheet will be invalid.

1. **NB! Please use a HB pencil or a black pen to complete the answer sheet.**
No highlighter or colours pens are allowed.
2. The ANSWER SHEET consist of 3 sections. Accounting, Business Studies and Economics.
Please select and answer the **correct** section/subject
3. There are 4 possible answers per question (A B C D)
Only one answer is correct. Colour a circle completely.
4. Good luck!

INDIGENOUS BOOKKEEPING, ETHICS, GAAP, AND INTERNAL CONTROL

1. A small traditional healer's business uses indigenous bookkeeping to track of sales but struggles to calculate profits correctly. What could be a potential disadvantage of this system?
 - A Indigenous bookkeeping makes businesses too dependent on technology.
 - B It is difficult to keep accurate records, leading to possible financial mismanagement.
 - C Indigenous bookkeeping is too expensive to maintain.
 - D The system is too complex for small businesses.
2. Which method would be most helpful if you were advising an informal business on how to improve their indigenous bookkeeping system?
 - A Introduce a computer-based accounting system immediately.
 - B Stop using indigenous bookkeeping and hire a professional accountant.
 - C Teach them how to use a simple General Ledger to record transactions.
 - D Only rely on their memory for all financial records.
3. What does the going concern principle in GAAP assume?
 - A The business will close after a certain period.
 - B The business will operate unless there is evidence to the contrary.
 - C The business will only exist if it makes a profit.
 - D The business must have assets, equities and liabilities.
4. A business bought land and buildings for R500 000 in 2010 and recorded the transaction as such in their records. In the meantime, the market value increased to R550 000. Land and buildings are still indicated as R500 000 on the financial statements. Which GAAP principle is being applied?
 - A Prudence
 - B Going concern principle
 - C Materiality
 - D Historical cost
5. A business has decided to record a small once-off gift expense of R150 as a general expense instead of classifying it under a specific account because the amount is insignificant. Which GAAP principle is being applied, and why?
 - A Prudence, because the company is being cautious.
 - B Matching, because the expense is recorded when incurred.
 - C Materiality, because the amount is too small to affect decisions.
 - D Business entity, because the business separates its expenses.

CASH - AND CREDIT TRANSACTIONS AND THE ACCOUNTING EQUATION

6. Caroline wants to open her own pastry shop. She has saved up R120 000. She can get a loan from a bank to the value of R80 000. Her grandmother recently passed away, and she knows that she is going to inherit R250 000. She is prepared to use 80% of this money to invest in her dream. She can rent a shop with the necessary equipment worth R30 000. Which one of the following will be the correct entry in the General Ledger to enter her CAPITAL-contribution?

A

| Bank | |
|---------|---------|
| 400 000 | |
| Capital | |
| | 400 000 |

B

| Bank | |
|---------|---------|
| 450 000 | |
| Capital | |
| | 450 000 |

C

| Bank | |
|-----------|---------|
| 400 000 | |
| Equipment | |
| 30 000 | |
| Capital | |
| | 480 000 |

D

| Bank | |
|---------|---------|
| | 400 000 |
| Capital | |
| 400 000 | |

7. What is one advantage of keeping proper records of cash transactions?

- A The business can hide profits.
- B The business can track receipts and payments easily.
- C The business can avoid paying suppliers.
- D The business can reduce bank charges.

8. What does a duplicate receipt represent in a business?

- A A loan agreement between the business and the bank.
- B A reminder to pay expenses.
- C A document used for paying salaries.
- D A proof of payment received from a customer.

9. A business pays R30 000 cash to a supplier for goods and receives a credit invoice for R5 000 to have these goods delivered to the business premises. What effect will this have on the accounting equation?

| | Assets | = | Equity | + | Liabilities |
|---|------------------------------|---|------------------|---|--------------------|
| A | +30 000 -30 000 | | -5 000 | | +5 000 |
| B | +30 000 -30 000 | | | | +5 000 -5 000 |
| C | +30 000 -30 000 +5 000 | | | | +5 000 |
| D | +30 000 -30 000 | | +5 000 -5 000 | | |

10. Trading stock is purchased from a supplier at R? per unit. The invoice issued by the supplier indicates that 15 000 units were purchased and that trade discount of 15% was allocated. All these goods were sold for R195 000. The markup percentage was 40% on cost price. Calculate the ORIGINAL purchase price per unit.

- A R9.29
B R10.92
C R13.93
D R15.00

11. A business paid R3 500 to a courier on behalf of a client. The client later repays R3 400 as full settlement of his account. How should this be recorded in the CRJ?

| | Bank | Sales | Debtors control | Discount allowed | Creditors control | Sundry accounts |
|---|-------------|--------------|------------------------|-------------------------|--------------------------|------------------------|
| A | 3 500 | | 3 400 | 100 | | |
| B | 3 400 | 3 400 | | | | |
| C | 3 400 | | 3 500 | 100 | | |
| D | 3 400 | | | | | 3 400 |

12. A business imports goods worth R120 000 and pays 15% import duty. Transport cost amounts to R8 000. What is the total cost of importing the goods?

- A R120 000
B R128 000
C R138 000
D R146 000

13. A business has a Valentine's promotion: "Buy 3, pay for 2". A customer purchases 6 items, each selling for R299. The markup is 60% on cost. Calculate the gross profit made on this transaction. Round of to the nearest Rand.
- A R75
B R187
C R298
D R1 196
14. What is the main purpose of discount received?
- A To reduce the purchase price of goods.
B To increase the amount payable to creditors.
C To encourage businesses to pay their creditors early.
D To avoid paying the creditor in full.
15. In which journal will discount received be recorded?
- A Cash Receipts Journal
B Cash Payments Journal
C Creditors Journal
D Creditors Allowance Journal
16. A business purchased goods at a cost of R250 000 from a supplier on credit. The supplier granted 7,5% trade discount. The supplier issued a statement of accounts and offered a 2,5% discount for payment within 7 days. If the business pays on time, how much will they record as a discount received?
- A R5 781.25
B R6 250.00
C R25 000.00
D R5 000.00
17. What effect will the interest charged on the overdue account of a creditor have on the accounting equation?

| | Assets | Equity | Liabilities |
|---|--------|--------|-------------|
| A | | + | + |
| B | | - | + |
| C | + | + | |
| D | - | - | |

18. A business owes R18 000 to a supplier for credit purchases made. The credit terms stipulate that the supplier charges 12% interest per annum on overdue accounts after 30 days. The account is 31 days overdue. How much interest is charged?

- A $\left(R18\,000 \times \frac{12}{100} \times \frac{1}{12} \right)$
- B $\left(R18\,000 \times \frac{12}{100} \times \frac{2}{12} \right)$
- C $\left(R18\,000 \times \frac{12}{100} \times \frac{1}{12} \right) + \left(R18\,000 \times \frac{12}{100} \times \frac{1}{12} \right)$
- D $\left(R18\,000 \times \frac{12}{100} \times \frac{1}{12} \right) + \left(R18\,000 \times \frac{12}{100} \times \frac{2}{12} \right)$

19. The owner donated goods with a selling price of R1 200 and a cost price R800 in his own name to the local SPCA. What will the correct entry in the General Journal be?

| | | R | R |
|---|---------------|-------|-------|
| A | Trading Stock | 1 200 | |
| | Cost of Sales | | 1 200 |
| B | Drawings | 800 | |
| | Trading Stock | | 800 |
| C | Donations | 1 200 | |
| | Cost of Sales | | 1 200 |
| D | Donation | 800 | |
| | Trading Stock | | 800 |

20. A stationery shop uses some of the trading stock for an internal display to promote sales and as free samples to customers. What will the effect on the accounting equation be?

| | Assets | Equity | Liabilities |
|---|--------|--------|-------------|
| A | - | | |
| | + | | |
| B | - | + | |
| C | - | - | |
| D | | - | |
| | | + | |

21. A key deposit that was paid two years ago is refunded by the landlord as the lease agreement has come to an end. What will the effect on the accounting equation be?

| | Assets | Equity | Liabilities |
|---|---------------|---------------|--------------------|
| A | + | + | |
| B | - | - | |
| C | + | | |
| | - | | |
| D | - | + | |

22. A business wants to improve the control of petty cash. Which is the best financial strategy?

- A Use only cash transactions for all purchases.
- B Keep petty cash locked and require petty cash vouchers for all expenses.
- C Allow employees to use petty cash freely and report payments later.
- D Stop tracking petty cash payments to reduce paperwork.

23. A business operates a petty cash of R2 000. At the end of the month, the petty cash journal shows total payments of R1 450, but only R400 remains in the petty cash box. How much money is missing?

- A R150
- B R450
- C R1 850
- D R2 000

24. How does petty cash replenishment affect the business's financial records?

- A It increases the bank balance and decreases petty cash.
- B It decreases the bank balance and restores petty cash to its original amount.
- C It increases income and expenses.
- D It has no effect on financial records.

25. Why would a business have to cancel the discount received from a creditor?

- A To increase the total sales volume for the year.
- B The business paid after the discount period ended.
- C Because the creditor has violated the terms of the credit agreement.
- D The business made an extra payment.

26. How does cancelling discount received affect the business's accounting records?
- A Increases income and increases bank balance.
 - B Decreases expenses and decreases creditors.
 - C Increases expenses and increases creditors.
 - D Has no effect on the financial records.
27. Why would a business receive creditors' allowance from a supplier?
- A It decreases expenses and increases profit because the business has paid the creditor timeously.
 - B It decreases liabilities and reduces the amount owed to creditors, because faulty goods were returned.
 - C It increases income and increases assets, because goods are purchased at a lower cost.
 - D It has no effect on financial records.
28. A business had to write-off a high number of bad debts during the last financial year. What is the best way to reduce them in the future?
- A Stop selling goods on credit.
 - B Increase the credit period for all customers.
 - C Allow customers to pay whenever they can.
 - D Implement stricter credit checks before approving credit sales.

TRIAL BALANCES, FIXED DEPOSITS, LOANS, AND INTEREST CALCULATIONS

29. What error will cause a trial balance to not balance?
- A The business paid rent but recorded it in the incorrect expense account.
 - B A sale of R5 000 was recorded as a debit entry in the sales account.
 - C The business bought inventory on credit but recorded it under expenses.
 - D The bank charged interest, which was not recorded.
30. A business borrows R300 000 at an interest rate of 8.5% per annum. Interest is paid in full at the end of each 12-month term. In addition, the business repays R60 000 of the capital amount of the loan at the end of each year. Calculate the total amount of interest paid at the end of the third year.
- A R35 100
 - B R32 550
 - C R61 200
 - D R65 100