

High School Olympiad

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ACCOUNTING

GRADE 11

Olympiad Paper

Round One

Marks: 30

Time: 1 hour

Date: 12 May 2021



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!

PROVERTO EMS OLYMPIAD 2021 – GRADE 11

ACCOUNTING

ROUND 1

ACCOUNTING AND GAAP PRINCIPLES

1. The _____ principle of accounting is the idea that all transactions should be included in the periods during which they actually take place, rather than when cash flow associated with them occurs.
 - A accrual / matching
 - B prudence / conservatism
 - C consistency
 - D going concern

2. The principle of _____ refers to the idea that all liabilities and expenses should be recorded as soon as possible, while assets and revenues should only be recorded when an accountant is certain they will occur.
 - A accrual / matching
 - B prudence / conservatism
 - C consistency
 - D going concern

3. The _____ principle entails that the recorded amounts for equity investments, assets and liabilities should not be adjusted for market value, improvements or inflation.
 - A economic entity
 - B double entry
 - C full disclosure
 - D historic cost

4. Using _____ as basis, credit sales will be recorded when sales take place and not when the customer pays the invoice.
 - A full disclosure
 - B monetary unit
 - C time period
 - D accrual / matching

5. Which one of the following is an example of the business entity principle?
 - A Prepayments and depreciation provisions may be carried forward in the expectation of proper matching against the revenues of future periods.
 - B Market conditions, technological changes and the efficiency of management would not be disclosed in the accounts.
 - C Any payments for the owner's personal expenses by the business will be treated as drawings and reduce the owner's capital contribution in the business.
 - D A provision for doubtful debts should be made.

6. A business writes off the cost of small-valued assets such as pencil sharpeners, wastepaper baskets and pocket calculators to the profit and loss account as revenue expenditures, although they can last for more than one accounting period. The applicable accounting principle is _____.
- A objectivity
 - B consistency
 - C materiality
 - D accrual / matching

RECONCILIATIONS

7. What is the name of the document forwarded to customers on a monthly basis to confirm transactions for the month?
- A Receipt
 - B Account statement
 - C Statement of receipts and expenditures
 - D Debtors list
8. The following indicates steps in the external reconciliation process of creditors:

The accountant of the business who receives the statement should:

- (i) Compare the monthly statement issued against the Creditors Journal in the Creditors Ledger.
- (ii) Compare the debit column of the statement received with the credit side of the Creditors Ledger account and the credit side of the statement received with the debit side of the Creditors Ledger account.
- (iii) Correct any errors and/or omissions in the books of the business from whom the monthly statement was received.
- (iv) Complete the reconciliation statement and correct any errors in the financial records (Creditors Ledger) of the business.

Which of these are incorrect?

- A (i) and (ii)
 - B (ii) and (iii)
 - C (iii) and (iv)
 - D (i) and (iii)
9. Creta Traders received a statement on 28 February 2021 from a supplier, Delta Wholesalers. Only the statement received reflected a credit note for R560.

Which entry must be made by the accountant of Creta Traders when she is doing the creditors reconciliation?

- A Debit the ledger account of Delta Wholesalers with R560.
- B Credit the ledger account of Delta Wholesalers with R560.
- C Debit the reconciliation statement with R560.
- D Credit the reconciliation statement with R560.

10. A statement received indicates a receipt of R2 400 and the ledger account indicates an electronic funds transfer of R4 200. The bank statement indicates that the correct amount was indeed R2 400.

Which entry would be made to the ledger account?

- A Debit with R4 200
B Credit with R4 200
C Debit with R1 800
D Credit with R1 800
11. Creta Traders did not meet the credit terms as stipulated by Delta Wholesalers, as the payment of R2 880 was made a day late. As such, Delta Wholesalers did not allow the 10% discount for early payments.

Which entry will Creta Traders make in their financial records?

- A R2 880 in the CRJ to cancel the payment.
B R3 200 in the CRJ to cancel the payment.
C R320 in the GJ to cancel the discount received.
D R288 in the GJ to cancel the discount received.
12. Foxtrot Motor Spares received a statement from a supplier, Gamma Imports, stating the balance to be paid as R179 500. Foxtrot Motor Spares' records shows the amount owing as R98 440. Inquiries revealed the following:

- (i) A proof of payment of R45 000 by Foxtrot Motor Spares is still to be recorded by Gamma Imports.
(ii) Foxtrot Motor Spares is still to receive an invoice of R32 500 from Gamma Imports.
(iii) Foxtrot Motor Spares was not aware that discount of R560 was refused.

Calculate the discrepancy that Foxtrot Motor Spares still has to investigate.

- A R3 560
B R4 120
C R12 500
D R3 000
13. Hotel Traders purchases goods from India Wholesalers. On 1 February 2021, Hotel Traders owed India Wholesalers R29 450.
- Hotel Traders processed the following transactions:**
- Two invoices from India Wholesalers for purchases during February 2021 for R54 550 and R48 500.
 - On 28 February 2021, a third invoice for R23 500 and a proof of payment of R80 640 by Hotel Traders were in transit. When making the payment, Hotel Traders took into account a discount of 4% for early payments of the first two invoices.
- India Wholesalers processed the following:**
- All three invoices and the amount due to India Wholesalers as R156 000.

Calculate the amount that Hotel Traders owes India Wholesalers on 28 February 2021.

- A R156 000
B R71 238
C R29 450
D R75 360

14. The trial balance balances when the debtors control account's balance is included in it, but it does not balance when the total of the debtors' list is included.

It is clear that the error is in ...

- A both the debtors control account and in the debtors ledger.
- B neither the debtors control account nor in the debtors ledger.
- C the individual accounts of debtors in the debtors ledger.
- D the debtors control account in the general ledger.

ASSET DISPOSAL

15. Juliatt & Co. shows a balance for land and buildings on **28 February 2020** of R3 650 000 on the balance sheet.

Repairs to the existing building during the current financial year amounted to R130 000. The parking area was also upgraded. Carports were installed and the gravel parking area was paved. This amounted to R870 000.

Calculate the figure at which land and buildings will be indicated on the balance sheet **for the year ended 28 February 2021**.

- A R3 650 000
 - B R4 390 000
 - C R4 520 000
 - D R4 650 000
16. **The following information was taken from the records of Kilo Bakery:**

Balances on 01 March 2020:	Vehicles	R1 170 000
	Accumulated depreciation on vehicles	R431 250

Additional information:(i) Depreciation is calculated at 25% per year on cost.
(ii) A new vehicle with a cost of R480 000 was purchased on 31 October 2020.

Calculate the depreciation on vehicles for the current financial year ending 28 February 2021.

- A R224 688
- B R332 500
- C R412 500
- D R292 500

17. Lima Traders depreciates equipment at 20% per year using the diminishing balance method. One of the machines used in production was sold and replaced with newer technology on 1 June 2020.

Information relating to the disposed equipment:

- The carrying value of the machine on 1 March 2020 was R47 000.
- This machine was sold on credit to a local business woman who is starting her own business. The agreed price was R2 000 more than the carrying value of the machine on the date of sale.

One of the correct credit entries in the asset disposal account will be:

- A Debtors Control R42 650
B Bank R47 000
C Debtors Control R46 650
D Profit on sale of asset R2 000
18. Mikes Shop has equipment with a **cost price R244 000 on 28 February 2020**. Equipment consists of **four** identical machines that were all purchased and installed at the same price on the same day. One of these machines was sold and replaced with a new machine that cost 15% more on **1 March 2020**.

Calculate the cost price of the equipment on the last day of the current financial year, 28 February 2021.

- A R374 133
B R314 150
C R253 150
D R280 600
19. The following are control measures to ensure that non-current assets are safeguarded:
- (i) Acquisitions and disposals are duly authorised.
 - (ii) The recorded assets are in existence.
 - (iii) The recorded non-current assets are owned by the partners.
 - (iv) Depreciation is recorded in the accounting records of the business.
 - (v) Depreciation is correctly calculated using fluctuating statistical methods and useful lifespan.

Which of these measures are NOT proper internal control measures?

- A (i), (ii) and (iii)
B (iii), (iv) and (v)
C (iii) and (v)
D (i), (iv) and (v)

PARTNERSHIPS AND FINANCIAL STATEMENTS

20. An advantage of operating as a partnership would be:
- A One partner will always be a silent partner and as such have no input in decision making.
B More capital can be raised by issuing shares.
C Access to a larger amount of initial capital.
D Limited liability as business and partners are seen as separate entities.

21. Which one of the following would not be included in the partners' current accounts?

- A Salaries paid to partners
- B Interest on capital
- C Drawings
- D Goodwill

- 22.
- Mr A and Mr B are in a partnership sharing profits in a ratio of 3:2.
 - Net profit for the year ending 28 February 2021 was calculated as R120 000.
 - Interest on capital was allocated as R4 000 to Mr A and R3 500 to Mr B.
 - Mr B received a monthly partnership salary of R5 000.

Calculate how much more profit Mr B will receive than Mr A in the final distribution.

- A R10 500
- B R31 500
- C R21 000
- D R49 000

23. A debit balance on a partner's current account indicates that:

- A the partner has withdrawn more than they have earned in the partnership.
- B drawings are lower than the profit share for that specific financial year.
- C the partner has a credit balance on his capital account.
- D the partner is in fact insolvent.

24. The correct entry to record Partner A's salary is:

	DEBIT	CREDIT
A	Capital Account: A	Salaries Account: A
B	Salaries Account: A	Current Account: A
C	Current Account: A	Appropriation Account
D	Appropriation Account	Current Account: A

25. Which of the following characteristics should exist to recognise a business as a partnership?

- A The business must be owned by at least two natural persons.
- B There needs to be a co-ownership, a business and an intention to share profits.
- C The business needs to be registered with CIPRA.
- D The owners should have a written agreement to conduct business as partners.

26. Which one of the following would be listed among current assets on a balance sheet of a partnership on the last day of the financial year?

- A The value of trading stock on hand on the first day of the current financial year.
- B The value of trading stock on hand on the last day of the current financial year.
- C Prepaid expenses on the last day of the previous financial year.
- D Income receivable on the last day of the previous financial year.

27. For which one or more of the following reasons would you advise partners to have their financial statements professionally audited?

- (i) So that all partners may feel that their interests are protected.
- (ii) It is a legal requirement.
- (iii) To avoid disputes and possible litigation.
- (iv) It enhances the prestige of the business.

Choose the correct combination:

- A (i) and (iv)
- B (i) and (iii)
- C (iii) and (iv)
- D (ii) and (iii)

28. November Traders, a partnership, maintains separate Capital accounts and Current accounts for each partner.

Which one or more of the following should be credited to the Current accounts?

- (i) Share of profit from the partnership.
- (ii) Any drawings made by a partner during the financial year.
- (iii) Any rent, salary or interest due to a partner.
- (iv) Additional capital introduced by a partner during the year.

Choose the correct combination:

- A (i) and (iv)
- B (iii) and (iv)
- C (ii) and (iii)
- D (i) and (iii)

29. Kara, Lara and Mara are in partnership with an agreement that provides for a salary of R2 000 per month to Kara, interest of their fixed capital balances at 6% per annum and profit sharing in the ratio 3:2:1. Capital account balances of Kara, Lara and Mara were R500 000, R300 000 and R200 000 respectively. Profit for the year ended 31 March 2021 was R728 400.

Calculate the partnership profit each partner is entitled to.

	KARA	LARA	MARA
A	R346 200	R214 800	R107 400
B	R322 200	R214 800	R107 400
C	R376 200	R232 800	R119 400
D	R352 200	R250 800	R131 400

- 30.** Dolly, Molly and Polly are in partnership on the basis of an agreement which provides for equal sharing of profits after allowing Dolly a salary of R3 000 per month. Dolly drew her salary regularly at the end of each month. Partnership profit for the year ended 30 June 2021 was R312 000.

Calculate the amounts with which the respective current accounts will change if Dolly drew an additional R10 000 on 1 December 2020 while Molly drew R20 000 on 1 January 2021 and Polly R15 000 on 1 April 2021.

	DOLLY	MOLLY	POLLY
A	+ R92 000	+R92 000	+R92 000
B	+ R82 000	+R72 000	+R77 000
C	- R92 000	- R92 000	- R92 000
D	- R82 000	- R72 000	- R77 000