

## GRADE 10 SECTION A ACCOUNTING

### Accounting and GAAP principles

#### Questions 1 to 8 relates to accounting concepts

Match the term in COLUMN A to the best description in COLUMN B. Therefore, select only A, B, C or D on the answer sheet.

COLUMN A		COLUMN B	
1.	Double entry principle	A	The owner's personal finances are recorded separately from the business finances
2.	Business entity principle	B	For every debit there is a credit of equal value
3.	Accounting equation	C	Source documents are first recorded in journals before being posted to the ledgers
4.	Accounting process	D	Owner's equity and liabilities are equivalent to all assets.

5. The acronym GAAP stands for:

- A Generally Answered on Accounting Practice
- B Accepted Answered Accounting Principles
- C Generally Accepted Accounting Practice
- D Generally Accounting Accepted Practice

6. Possible expenses are always created in the books of the business, but possible income is not included.

**Choose the GAAP principle applied above.**

- A Prudence principle
- B Matching principle
- C Materiality principle
- D Going concern principle

7. Salaries and wages account are sometimes created as one account in the General Ledger and other times as two separate accounts.

**Choose the correct principle applied.**

- A Prudence principle
- B Matching principle
- C Materiality principle
- D Going concern principle

8. Cost of sales account is included in the Cash receipts journal (CRJ) due to the ...

- A prudence principle
- B matching principle
- C materiality principle
- D going concern principle

## Journals and control accounts

Questions 9 to 16 relates to the subsidiary journals and general ledger control accounts provided.

You are provided with information regarding Star Sparkle Suppliers for April 2020.

Information:

The following information was taken from the journals for April 2020.

### • CASH RECEIPTS JOURNAL

Bank	Sales	Cost of sales	Debtors control	Discount allowed	Creditors control	Sundry accounts
①	35 380	24 400	10 500	560	2 100	68 000

### • CASH PAYMENTS JOURNAL

Bank	Trading stock	Creditors control	Discount received	Debtors control	Stationery	Sundry accounts
72 380	31 800	?	1 400	420	860	25 720

### • DEBTORS JOURNAL

Sales	Cost of sales
24 418	?

### • DEBTORS ALLOWANCES JOURNAL

Debtors allowances	Cost of sales
1 560	?

### • CREDITORS JOURNAL

Creditors control	Trading stock	Stationery	Equipment	Packing material	Sundry accounts
?	15 000	3 860	12 400	150	7 190

### • CREDITORS ALLOWANCES JOURNAL

Creditors control	Trading stock	Stationery	Equipment	Packing material	Sundry accounts
2 450	1 680	200	0	0	570

### Creditors control

Apr	30	Bank and discount received	?	④	Apr	01	Balance	b/d	19 860
		Sundry accounts				30	Sundry accounts		
		(Total returns)	?	?			(Total purchases)	?	?
							Bank	?	③

### Trading stock

Apr	01	Balance	b/d	48 320	Apr	30	Cost of sales	CRJ	24 400
	30	Bank	CPJ	31 800			Creditors control	CAJ	1 680
		Creditors control	CJ	15 000			②	②	②
		Cost of sales	?	?					

9. Calculate the mark-up percentage on cost price.
- A** 15% on cost price                                      **B** 20% on cost price  
**C** 45% on cost price                                      **D** 50% on cost price
10. Effective internal controls require that the book value of Trading stock be checked regularly. How is it controlled?
- A** By means of physical stocktaking.  
**B** By means of creditors' and debtors' list.  
**C** By means of a Trial Balance.  
**D** By means of balancing.
11. Why are folio references used throughout the accounting process?
- A** This ensures a debit and credit transfer to the ledger.  
**B** This ensures that the correct profit is shown at the end of the accounting period.  
**C** This ensures that the accounting equation is balanced at all times.  
**D** This ensures easy and quick cross-reference between the source documents, journals, ledgers and trial balance.
12. Calculate the correct amount for the BANK column in the CRJ (number ①).
- A** R140 940                                      **B** R115 420  
**C** R116 540                                      **D** R111 780
13. Complete entry number ② on the credit side of the Trading stock account.
- |          | <b>Account</b>     | <b>Fol</b> | <b>Amount</b> |
|----------|--------------------|------------|---------------|
| <b>A</b> | Bank               | CRJ        | 24 400        |
| <b>B</b> | Cost of sales      | DAJ        | 960           |
| <b>C</b> | Debtors allowances | DAJ        | 960           |
| <b>D</b> | Cost of sales      | DJ         | 16 840        |
14. Study the reasons below. Which one of the reasons can NOT support entry number ③ on the credit side of the Creditors Control account?
- A** Incorrect cheque was offered for payment  
**B** Correction of error (overstated) in the CPJ  
**C** Creditors repayment  
**D** Cancellation of discount received
15. Calculate the value for number ④ on the debit side of the Creditors Control Account.
- A** R14 980  
**B** R12 180  
**C** R2 100  
**D** R38 600

16. Study all of the above information. Which Debtors Control Account is correct after taking all the information from the journals into account?

**A Debtors Control Account**

	Apr	30	Bank	CRJ	10 500	Apr	01	Balance	b/d	12 100
			Debtors allowances	DAJ	1 560		30	Bank	CPJ	420
								Sales	DJ	24 418

**B Debtors Control Account**

	Apr	01	Balance	b/d	12 100	Apr	30	Bank	CRJ	10 500
		30	Bank	CPJ	420			Discount allowed	CRJ	560
			Sundry accounts (total sales)	DJ	24 418			Trading stock	DAJ	1 560

**C Debtors Control Account**

	Apr	01	Balance	b/d	12 100	Apr	30	Bank and discount allowed	CRJ	10 500
		30	Sales	DJ	24 418			Debtors allowances	DAJ	1 560
			Bank	CPJ	420					

**D Debtors Control Account**

	Apr	01	Balance	b/d	12 100	Apr	30	Bank	CRJ	9 940
		30	Sales	CRJ	35 380			Discount allowed	CRJ	560
			Bank	CPJ	420					

**Cash transactions**

Study the transactions below and, in each case, select the most appropriate entry in the correct cash journal.

17. The bank statement was received from ABBA Bank on 30 September 2019 with the following transactions still to be recorded:
- Service fees, R55
  - Cheque book fee, R105
  - Cash handling fee, R23
  - Interest debited, R46

**Cash payments journal (CPJ)**

	Details	Bank	Trading stock	Sundry accounts	
				Amount	Details
A	ABBA Bank	229		229	Bank charges
B	ABBA Bank	229		183	Bank charges
				46	Interest on overdraft
C	ABBA Bank	183		183	Bank charges
D	ABBA Bank	183		55	Service fees
				105	Cheque book fee
				23	Cash handling fee
	ABBA Bank	46		46	Interest expense

18. Purchased goods from Simon Shelters and received invoice 188 for R570. Paid Trem Courier R150 for delivery.

**Cash payments journal (CPJ)**

	Details	Bank	Trading stock	Sundry accounts	
				Amount	Details
A	Simon Shelters	720	570	150	Delivery fee
B	Trem Courier	150	150		
C	Simon Shelters	720	720		
D	Simon Shelters	570		570	Creditors control
	Trem Courier	150		150	Delivery fee

19. D. Gravenstone, a debtor, paid R2 590 by cheque in settlement of his account, after 7.5% discount was granted.

**Cash receipts journal (CRJ)**

	Details	Analysis of receipt	Bank	Debtors control	Discount allowed	Sundry accounts	
						Amount	Details
A	D. Gravenstone	2 590	2 590	2 800	210		
B	D. Gravenstone	2 590	2 590	2 590	194		

**Cash payments journal (CPJ)**

	Details	Bank	Creditors control	Discount received	Debtors control	Sundry accounts	
						Amount	Details
C	D. Gravenstone	2 590	2 590	194			
D	D. Gravenstone	2 590		210	2 800		

20. A. Drew, a debtor whose account was written off as irrecoverable two months ago, deposited R500 directly into the business's bank account.

**Cash receipts journal (CRJ)**

	Details	Analysis of receipts	Bank	Debtors control	Sundry accounts	
					Amount	Details
A	A. Drew	500	500	500		
B	A. Drew	500	500		500	Bad debts
C	A. Drew		500	500		
D	A. Drew		500		500	Bad debts recovered

21. W. West, a debtor, settled his debt of R3 500 with a cheque at the beginning of the month. R400 discount was granted to him. At the end of the month, the bank notified the business that the cheque had been dishonoured due to insufficient funds. No entry has yet been made of the R/D cheque.

**Cash receipts journal (CRJ)**

	Details	Analysis of receipt	Bank	Debtors control	Discount allowed	Sundry accounts	
						Amount	Details
A	W. West	3 500	3 500	3 500	400		

**Cash payments journal (CPJ)**

	Details	Bank	Creditors control	Discount received	Debtors control	Sundry accounts	
						Amount	Details
B	W. West	3 500		400	3 500		
C	W. West	3 100			3 100		
D	W. West	3 100		400		3 100	R/D cheque

## General Journal

22. Max Dealers charged R150 interest on the overdue account of the business. This was incorrectly added to the Creditors ledger account of Maximum Suppliers.

Choose the correct entry in the General Journal.

	Details	Debit	Credit	Debtors control		Creditors control	
				Debit	Credit	Debit	Credit
A	Max Dealers	150				150	
	Maximum Suppliers		150				150
B	Maximum Suppliers	150				150	
	Max Dealers		150				150
C	Max Dealers	150				150	
	Interest on overdue account		150				
D	Interest on overdue account	150					
	Max Dealers		150				150

23. The loan statement received from Capitec Bank showed the following information:

Loan balance at the beginning of the year	900 000
Payment of R35 000 pm (including interest)	?
Interest capitalised	?
Loan balance at the end of the year	540 000

Interest on loan is capitalised.

Choose the correct entry in the General Journal.

	Details	Debit	Credit	Debtors control		Creditors control	
				Debit	Credit	Debit	Credit
A	Interest on loan	35 000					
	Loan: Capitec Bank		35 000				
B	Loan: Capitec Bank	325 000					
	Interest on loan		325 000				
C	Interest on loan	60 000					
	Loan: Capitec Bank		60 000				
D	Interest on loan	325 000					
	Loan: Capitec Bank		325 000				

**Questions 24 to 26 relate to the General Journal below.**

**General Journal of Fancy Dress Suppliers for March 2020**

GJ 01

Day	Details	Fol	Debit	Credit	Debtors control		Creditors control	
					Debit	Credit	Debit	Credit
21	Bad debts		262					
	A. Human			262		262		
	<i>Insolvent estate, 40 cents in the rand written off</i>							
23	Equipment		3 500					
	Trading stock			3 500				
	<i>Correction of error</i>							
24	M Molefe		45		45			
	Discount allowed			45				
	?							

**Study the General Journal above and answer the following questions:**

**24.** What amount was received from the insolvent estate of A. Human and recorded in the Cash Receipts Journal?

- A** R393
- B** R157
- C** R105
- D** R262

**25.** From the four options given below, identify the correct transaction for the entry on 23 March 2020.

- A** Equipment returned to a creditor was incorrectly recorded as Trading stock in the CAJ.
- B** Trading stock purchased for R8 000 was incorrectly recorded as R4 500 in the CPJ.
- C** Equipment purchased for cash was recorded incorrectly in the Trading stock column in the CPJ.
- D** Trading stock purchased on credit was incorrectly recorded in the Equipment column in the CJ.

**26.** Choose the correct journal narration (description) for the entry on 24 March 2020.

- A** Correction of error (discount omitted from M. Molefe's account).
- B** Correction of error (goods returned was incorrectly recorded as discount on M. Molefe's account).
- C** Correction of error (discount allowed was incorrectly recorded on the wrong side of M. Molefe's account).
- D** Cancellation of discount on R/D cheque.

## Accounting equation (AOL)

Questions 27 to 30: Complete the accounting equation by calculating the missing figure.

27.

Assets	Owner's equity	Liabilities
R180 000	?	R50 000

- A R130 000
- B R230 000
- C R80 000
- D R180 000

28.

Non-current assets	Current assets	Non-current liabilities	Current liabilities	Owner's equity
?	R50 500	R200 000	R37 500	R465 000

- A R753 000
- B R652 000
- C R577 000
- D R200 000

29.

Non-current assets	Current assets	Non-current liabilities	Current liabilities	Owner's equity
R114 000	R54 800	R66 000	R16 000	?

- A R86 800
- B R109 200
- C R168 800
- D R180 000

30.

Non-current assets	Current assets	Capital	Drawings	Income	Expenses	Non-current liabilities	Current liabilities
R940 000	R44 600	644 000	?	R340 800	R238 400	R323 000	R56 900

- A R618 500
- B R366 500
- C R61 700
- D R141 700



# PROVERTO EMS OLYMPIAD 2020 – GRADE 10

## Accounting

### ROUND 2

#### Accounting theory

1. Accountancy is built upon an accounting equation. Choose the correct equation:
- A Assets = Owners' Equity + Liabilities
  - B Liabilities = Owners' Equity – Assets
  - C Liabilities = Owners' Equity + Assets
  - D None of the above
2. To record information into the books of the business, the following accounting process must be followed:
- i. Trial balance
  - ii. Ledgers
  - iii. Transactions
  - iv. Financial statement
  - v. Journals
  - vi. Analysis of financial statements
  - vii. Source documents

Choose the correct order of the process:

- A iii, vii, ii, v, i, vi, iv
  - B iii, vii, v, ii, iv, i, vi
  - C iii, vii, ii, v, vi, i, iv
  - D iii, vii, v, ii, i, iv, vi
3. At year-end, the following process must be followed to prepare the books of a business for financial year-end. Choose the correct order:
- i. Post-adjustment Trial Balance
  - ii. Reversals
  - iii. Pre-adjustment Trial Balance
  - iv. Post-closing Trial Balance
  - v. Adjustments
  - vi. Closing transfers

- A iii, v, i, ii, vi, iv
- B iii, ii, iv, v, i, vi
- C iii, v, i, vi, iv, ii
- D iii, vi, iv, ii, v, i



For more information  
SMS "Name, Surname and Olympiad" to 41721

## General journal

4. A cheque for R6 600 was received from a debtor, M Max, in settlement of his account after 12% discount had been allowed. This cheque was returned by the bank with the remark r/d. Cancel the discount on the dishonoured cheque.

Choose the correct entry in the General journal.

	Details	Debit	Credit	Debtors control		Creditors control	
				Debit	Credit	Debit	Credit
A	Discount cancelled	792		792			
	Debtors control		792		792		
B	Discount allowed	900		900			
	M Max		900				
C	M Max	792		792			
	Discount allowed		792				
D	M Max	900		900			
	Discount allowed		900				

5. The debit balance of R310 of a debtor, Steph Stores, in the Debtors ledger must be posted to their account in the Creditors ledger.

Choose the correct entry in the General journal.

	Details	Debit	Credit	Debtors control		Creditors control	
				Debit	Credit	Debit	Credit
A	Steph Stores	310				310	
	Steph Stores		310				310
B	Steph Stores	310		310			
	Steph Stores		310				310
C	Steph Stores	310		310			
	Steph Stores		310		310		
D	Steph Stores	310				310	
	Steph Stores		310		310		

6. Receive a cheque for R2 880 from a debtor, R Ramsey, who was declared insolvent. His insolvent estate paid a dividend of 45 cents in die rand, and the remaining balance must be written off.

Choose the correct entry in the General journal.

	Details	Debit	Credit	Debtors control		Creditors control	
				Debit	Credit	Debit	Credit
A	Bad debts	1 584					
	R Ramsey		1 584		1 584		
B	R Ramsey	3 520		3 520			
	Bad debts		3 520				
C	Bad debts	3 520					
	R Ramsey		3 520		3 520		
D	R Ramsey	1 584		1 584			
	Bad debts		1 584				

7. The account of T Tsilo, a debtor owing R4 150, must be charged with interest of 6% p.a. for 8 months.

Choose the correct entry in the General journal.

	Details	Debit	Credit	Debtors control		Creditors control	
				Debit	Credit	Debit	Credit
A	Interest on overdue debtors	166					
	T Tsilo		166		166		
B	Interest on overdue debtors	249					
	T Tsilo		249		249		
C	T Tsilo	166		166			
	Interest on overdue debtors		166				
D	T Tsilo	249		249			
	Interest on overdue debtors		249				

### Correction of errors (Debtors reconciliation)

You are provided with information regarding Truck Traders. The bookkeeper made a number of mistakes which resulted in the balances of the control accounts not reconciling with the totals of the lists from the subsidiary ledgers.

#### Provisional balances/totals on 29 February 2020:

Debtors Control	R8 070
Debtors List	R3 260

#### REQUIRED:

Take into account the information provided to analyse the errors which were made in order to reconcile the balances of the Debtors control accounts with the totals of the Debtors lists from the subsidiary ledgers on 29 February 2020.

8. Why should the balance of the Debtors Control account reconcile with the total of the Debtors List?
- The Debtors List contains all the information from the DJ and DAJ, and the Debtors Control account contains information from the CRJ and GJ, therefore the information should balance each other out.
  - Both the Debtors Control account and the Debtors List were drawn up from the same journal information, therefore should give the same end results.
  - The internal control rule states that the Debtors Control account always equals the Debtors List due to the double entry principle.
  - The accounting process first posts the information to the Debtors List and then to the journals and the Debtors Control account, therefore the process allows a seamless flow and should balance out accordingly.
9. The column total for Debtors allowances in the Debtors allowances journal was calculated as R1 900 and posted as such. However, the correct total is R9 100.
- Increase the Debtors Control account with the difference of R7 200.
  - Decrease the Debtors Control account with the difference of R7 200.
  - Increase the Debtors List with the difference of R7 200.
  - Decrease the Debtors List with the difference of R7 200.

10. Interest of R315 must still be added on the arrears account of a debtor, D Dahl.
- A Increase the Debtors Control account and the Debtors List with the interest of R315.
  - B Increase the Debtors List with the interest of R315.
  - C Decrease the Debtors Control account and the Debtors List with the interest of R315.
  - D Increase the Debtors Control account with the interest of R315.
11. The entry for the credit note of R270 was recorded correctly in the Debtors allowances journal, but was posted incorrectly as an amount of R720 to the debit side of the personal account of the debtor, C Clue.
- A Increase the Debtors List with R720.
  - B Decrease the Debtors List with R270.
  - C Decrease the Debtors List with R990.
  - D Increase the Debtors List with R450.
12. No entry had been made for a dishonoured cheque for R625. The cheque was received from a debtor, B Barry, in settlement of her account of R670.
- A Increase the Debtors Control account and the Debtors List with R625.
  - B Increase the Debtors Control account with R670.
  - C Increase the Debtors Control account and the Debtors List with R670.
  - D Increase the Debtors List with R625.
13. The total of the column of Debtors control in the Cash receipts journal includes an amount of R1 400 which had been recovered from a debtor whose account had previously been written off. However, this did not influence the Debtors ledger.
- A Increase the Debtors Control account with R1 400.
  - B Decrease the Debtors Control account with R1 400.
  - C Increase the Debtors List with R1 400.
  - D Decrease the Debtors List with R1 400.

## Year-end procedures

14. Removing the extra commission income that the business received in advance at the end of the financial year is guided by the ... principle.
- A materiality
  - B prudence
  - C matching
  - D going concern
15. Bank overdraft is shown separately from the rest of the current liabilities on the Balance Sheet due to the ... principle.
- A materiality
  - B prudence
  - C matching
  - D going concern
16. The loss in the fixed asset value caused by wear, tear and usage creates a Depreciation expense account each year due to the ... principle.
- A prudence
  - B matching
  - C materiality
  - D historical cost

17. The Accumulated Depreciation on Vehicle/Equipment account is created in the books of the business as a negative asset due to the ... principle.

- A prudence
- B matching
- C materiality
- D historical cost

18. Study the Insurance account provided.

INSURANCE					
2019 Sept	1	Prepaid expenses	5 480		
Dec	31	Bank (31/12/2019 – 30/06/2020)	8 220		
2020 Jul	1	Bank (1/07/2020 – 31/12/2020)	9 060		
			<u>22 760</u>		

Choose the correct insurance adjustment needed for the year ending 30 August 2020.

	Account debited	Account credited	Assets	Owners' Equity	Liabilities
A	Insurance	Prepaid expenses	-7 550	- 7 550	
B	Prepaid expense	Insurance	+6 040	+6 040	0
C	Insurance	Accrued Expense		+ 3 020	+ 3 020
D	Accrued expense	Insurance	0	- 6 040	+6 040

19. **EXTRACT FROM THE PRE-ADJUSTMENT TRIAL BALANCE ON 30 APRIL 2020**

Rent income	71 280
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A section of our building has been let since 1 May 2012. The rent was increased as from 1 January 2020 by 12%. According to the rental agreement, rent must be paid one quarter in advance.

Calculate the correct rent income adjustment for the year ending 30 April 2020.

- A R17 820
- B R15 120
- C R18 829
- D R14 256

20. The loan statement from ABSA showed the following information:

Balance on 1 January 2020	900 000
Additional loan on 31 March 2020	250 000
Instalments paid (including interest) during the year	193 200
Balance on 31 December 2020	1 016 200

The interest on the loan must still be capitalised.

	Account debited	Account credited	Assets	Owners' Equity	Liabilities
A	Interest on loan	Loan: ABSA	0	-173 000	+173 000
B	Loan: ABSA	Interest on loan	0	-173 000	-173 000
C	Loan: ABSA	Interest on loan	0	+59 400	-59 400
D	Interest on loan	Loan: ABSA	0	-59 400	+59 400

21. **NOTES TO THE FINANCIAL STATEMENTS:**

**3. Property, plant and equipment**

	Land and buildings	Vehicles	Equipment
Cost	1 200 000	910 000	?
Accumulated depreciation	-	?	(31 400)
<b>Carrying value on 1 February 2019</b>	<b>1 200 000</b>	<b>?</b>	<b>?</b>
<b>Movements:</b>			
Additions	900 000	184 000	16 900
Depreciation	-	(91 000)	(10 890)
<b>Carrying value on 31 January 2020</b>	<b>2 100 000</b>	<b>?</b>	<b>?</b>
Cost	2 100 000	?	89 500
Accumulated depreciation	-	(736 000)	?

Calculate the property, plant and equipment total that should be disclosed on the Balance Sheet at 31 January 2020.

- A R2 505 210
- B R2 431 110
- C R2 199 010
- D R2 462 510

22. **EXTRACT FROM THE PRE-ADJUSTMENT TRIAL BALANCE ON 31 May 2020**

Balance sheet accounts section	Debit	Credit
Land and buildings	1 800 000	
Vehicles	780 000	
Equipment	68 300	
Accumulated depreciation on vehicles		253 840
Accumulated depreciation on equipment		11 700

- Depreciation on equipment at 15% p.a. on cost price. Take into account that new equipment was bought for R12 000 from Incredible Connects on 1 December 2019. No entry has yet been made in the books of the business.
- Depreciation on vehicles at 20% p.a. on diminishing balance method. Take into account that a new vehicle was bought for R210 000 on 1 September 2019; this was properly recorded.

Calculate the depreciation for the year ending 31 May 2020.

- A R115 477
- B R105 877
- C R147 877
- D R104 077

23. **EXTRACT FROM THE PRE-ADJUSTMENT TRIAL BALANCE ON 30 JUNE 2020**

Fixed deposit: Nedbank (8% p.a.)	480 000
Interest on fixed deposit	25 200

A fixed deposit of R130 000 matured on 1 January 2020. An amount of R200 000 was invested on 1 April 2020. This was properly recorded.

Choose the correct interest on fixed deposit adjustment needed for the year ending 30 June 2020.

	Account debited	Account credited	Assets	Owners' Equity	Liabilities
A	Accrued income	Interest on fixed deposit	+6 400	+6 400	0
B	Accrued income	Interest on fixed deposit	+13 200	+13 200	0
C	Accrued income	Interest on fixed deposit	+9 600	+9 600	0
D	Accrued income	Interest on fixed deposit	+4 000	+ 4 000	0

24. A cheque dated 31 July 2020 was recorded in the Cash payments journal. This was for an amount of R122 500 imposed by Belfast Builders for:
- the building of a new storeroom, R111 600
  - repairs to the roof, R10 900
- Both these amounts were debited to the repairs account.

Choose the correct entry for the adjustment needed for the year ending 31 July 2020.

	Account debited	Account credited	Assets	Owners' Equity	Liabilities
A	Land and buildings	Repairs	+122 500	122 500	0
B	Repairs	Land and buildings	-10 900	-10 900	0
C	Land and buildings	Repairs	+111 600	+111 600	0
D	Repairs	Land and buildings	-122 500	-122 500	0

25. **EXTRACT FROM THE PRE-ADJUSTMENT TRIAL BALANCE ON 30 SEPTEMBER 2020**

Trading stock	374 600
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- The owner took merchandise (selling price, R2 850; cost price, R1 900) for his own use. The bookkeeper debited drawings and credited trading stock with R2 850. Correct the mistake.
- The trading stock-taking showed that merchandise (selling price, R7 560) is old and must be written off. This has not yet been recorded.
- A physical stock-take is done on 30 September and amounts to R372 600.

Choose the correct trading stock deficit/surplus adjustment needed for the year ending 30 September 2020.

	Account debited	Account credited	Assets	Owners' Equity	Liabilities
A	Trading stock deficit	Trading stock	-2 000	-2 000	0
B	Trading stock	Trading stock surplus	+7 460	+7 460	0
C	Trading stock	Trading stock surplus	+3 990	+3 990	0
D	Trading stock	Trading stock surplus	+2 090	+2 090	0

26. At year-end the following closing transfer process must be followed to close off the nominal accounts section and determine the net profit for the year. Choose the correct order:
- Transfer the gross profit from the Trading account to the Profit and loss account
  - All expenses close off to the Profit and loss account
  - Debtors Allowances close off to the Sales
  - Transfer the net profit from the Profit and loss account to the Capital account
  - Sales close off to the Trading account
  - All incomes close off to the Profit and loss account
  - Drawings close off to the Capital account
  - Cost of sales close off to the Trading account
- A iii, v, viii, iv, vi, ii, vii, i  
 B iii, viii, v, i, ii, vi, vii, iv  
 C iii, v, viii, i, vi, ii, iv, vii  
 D iii, v, viii, iv, ii, vi, i, vii

27. Study the extract from the Balance Sheet:

	NOTE	
CURRENT ASSETS		1 150 200
Inventory	4	520 000
Trade and other receivables	5	389 200
Cash and cash equivalents	6	241 000

Why should current assets be placed in this specific order on the Balance Sheet?

- A Due to the order of liquidity.
- B Due to the numerical order.
- C Due to the alphabetical order.
- D Due to the order of importance.

28. **EXTRACT FROM POST-ADJUSTMENT TRIAL BALANCE ON 30 NOVEMBER 2020**

Capital	918 400	Savings account	12 000
Drawings	172 800	Petty cash	1 500
Fixed deposit: STD bank	100 000	Loan: ABSA	440 000
Land and buildings	554 000	Creditors control	42 532
Equipment	105 602	Rent received in advance	13 000
Vehicles	362 500	Packing material on hand	5 400
Accumulated depreciation on equipment	17 100	Commission income still outstanding	12 500
Accumulated depreciation on vehicles	30 314	Water and electricity still outstanding	12 173
Trading stock	132 250	Telephone owed	5 623
Debtors control	35 950	Advertising paid in advance	5 000
Bank (cr)	20 700	Stationery on hand	340

Note: The bookkeeper did not know the correct account names to use.

Help the bookkeeper in calculating the correct total for **NOTE 5: Trade and other receivables**.

- A R59 190
- B R53 450
- C R35 950
- D R61 450

Olympiad Gold Sponsor



For more information  
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29. **EXTRACT FROM POST-ADJUSTMENT TRIAL BALANCE ON 30 NOVEMBER 2020**

Capital	918 400	Savings account	12 000
Drawings	172 800	Petty cash	1 500
Fixed deposit: STD bank	100 000	Loan: ABSA	440 000
Land and buildings	554 000	Creditors control	42 532
Equipment	105 602	Rent received in advance	13 000
Vehicles	362 500	Packing material on hand	5 400
Accumulated depreciation on equipment	17 100	Commission income still outstanding	12 500
Accumulated depreciation on vehicles	30 314	Water and electricity still outstanding	12 173
Trading stock	132 250	Telephone owed	5 623
Debtors control	35 950	Advertising paid in advance	5 000
Bank (cr)	20 700	Stationery on hand	340

Note: The bookkeeper did not know the correct account names to use.

Help the bookkeeper in calculating the correct total for **NOTE 8: Trade and other payables**.

- A R73 328
- B R65 328
- C R94 028
- D R63 232

## 30. Study the information from the extract provided:

**Income Statement**

	2020
Sales	2 210 000
Gross profit	828 750
Operating profit	574 600
Net profit	425 700

**Balance sheet**

	2020	2019
Non-current assets	9 000 000	8 945 000
Current assets	682 300	540 100
Non-current liabilities	1 100 000	1 800 500
Current liabilities	420 300	78 300

Drawings for the year amounts to R350 000.

In order for the business to be able to pay back a large portion of the loan, the owner had to contribute more capital. Calculate the additional capital contribution made by the owner during the 2020 financial year.

- A R700 500
- B R631 400
- C R480 000
- D R555 700



For more information  
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# MEMORANDUM

	ANSWER
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	LOWER LEVEL
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	MODERATE LEVEL
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	HIGHER LEVEL
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## ROUND ONE: 30 Questions

TOPICS		A	B	C	D
ACCOUNTING AND GAAP PRINCIPLES	1.				
	2.				
	3.				
	4.				
	5.				
	6.				
	7.				
	8.				
CONTROL ACCOUNTS	9.				
	10.				
	11.				
	12.				
	13.				
	14.				
	15.				

TOPICS		A	B	C	D
CASH TRANS-ACTIONS	16.				
	17.				
	18.				
	19.				
	20.				
	21.				
GJ	22.				
	23.				
	24.				
	25.				
AOL	26.				
	27.				
	28.				
	29.				
	30.				

	ANSWER
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	LOWER LEVEL
--	-------------

	MODERATE LEVEL
--	----------------

	HIGHER LEVEL
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## ROUND TWO: 30 Questions

	A	B	C	D
1.				
2.				
3.				
4.				
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9.				
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11.				
12.				
13.				
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15.				

	A	B	C	D
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17.				
18.				
19.				
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27.				
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30.				