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GRADE 11

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NATIONAL HIGH SCHOOL OLYMPIAD

2021

Dear Olympiad Learner,

Thank you for entering the Proverto National High School Olympiad.

Proverto Educational Publishers designed this guide to help you prepare for the National Olympiad.

The guide consist of Olympiad Past Papers Round One and Round Two, 2020.

Study Tip:

Print the Red Answer Sheet provided or use a pen and paper to answer all questions, for example Section A, Question 1. A (answer A)

A memo is included for each question paper.

We hope this guide will help you prepare for the exams this year. The papers are 100 % aligned to the latest Curriculum.

Proverto designed online, interactive self tests (past papers) so that you can familiarise yourself with the olympiad exam papers.

Visit the website: www.proverto.co.za for more information and old past papers.

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FIRST NAME INITIALS

SCHOOL NAME

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GRADE	
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Grade 11	<input type="radio"/>
Grade 12	<input type="radio"/>

GENDER	
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EMAIL

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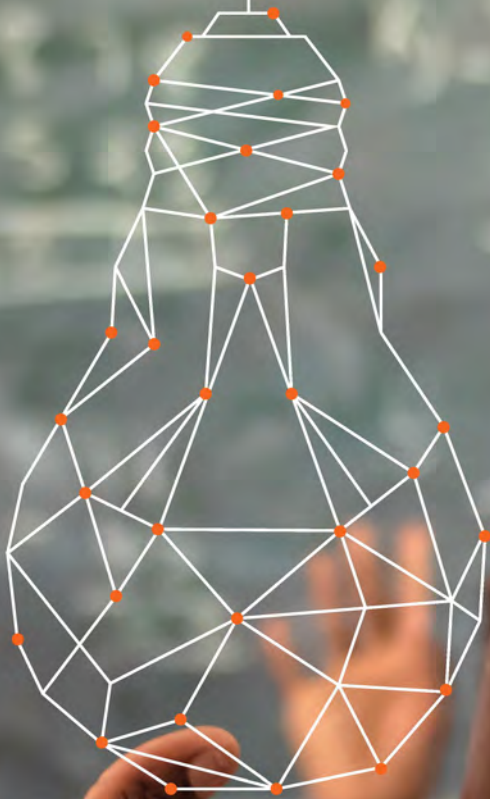
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RULES OF ORDERING IN MATHEMATICS - BODMAS



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Proverto National Olympiad 2020

Grade 11 - Round 1

Instructions to Candidates:

1. Make sure you have the correct paper for your grade.
2. The question paper consists of 3 sections with 30 multiple choice questions per section: Section A – Accounting; Section B – Business Studies; and Section C – Economics. You can choose which sections you want to complete. *(You can write 1, 2 or all 3 sections.)*
3. The answer sheet has 3 sections. Please answer the section on the space provided for the subject; Example if you are answering the Accounting questions you must mark the correct answer in the Accounting block on the answer sheet. Each section will be marked separately.
4. Each question have 4 possible answers (A, B, C, or D). Only one answer is correct.



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DIFFERENT,
YOUR
FUTURE
CAN BE
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INNOVATIVE
creative
ADAPTIVE
VISIONARY
BRIGHT

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APPLY YOUR **BRILLIANT** MIND, **ADAPT**
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Reconciliations

Questions 1 to 9 relates to the information provided on reconciliation.

You are provided with information regarding Western Cape Shop for April 2020. Western Cape Shop's financial year ends on 31 March.

Information:

A Bank reconciliation statement of Western Cape Shop for 31 March 2020:

Unfavourable balance as per Bank statement	14 300
Outstanding deposit (26 March 2020)	23 700
Outstanding cheques: No. 201 (dated 16 November 2019)	4 600
No. 366 (dated 22 April 2020)	8 790
No. 478 (dated 19 Maart 2020)	6 450
Debit incorrect amount credited	4 820
Balance according to the bank account	?

- B** A comparison of the Bank Statement for April 2020 with the Cash Journals of April 2020 brought the following differences to light:
- The bank statement shows a favourable balance of R18 900 on 30 April 2020.
 - A deposit of R23 700 appears on the bank statement on 2 April 2020, but not in the Cash Receipts Journal for April 2020.
 - An amount of R4 820 appears only on the bank statement with the entry 'correction of error'.
 - A deposit of R25 000 appears in the Cash Receipts Journal on 12 April 2020, but not on April 2020's bank statement.
 - An electronic transfer of R16 000 for rent received appears only on the bank statement for April 2020.
 - Bank charges of R2 300 appear only on the bank statement for April 2020.
 - The bank statement shows a dishonoured cheque received from a debtor in settlement of his account of R6 900 after 4% discount was allowed.
 - On 28 April 2020, cheque no. 201, issued as a donation to the SPCA, is cancelled and replaced with cheque no. 523. The donation is increased by R1 000 and the cheque is mailed on 1 May 2020. No entry has been made yet.
 - Cheque no. 478, dated 19 March 2020, for the purchase of goods, appears on April's bank statement but not in the cash journals for April 2020.
 - Cheque no. 546 for R2 550, dated 29 April 2020, appears in the cash payments journal, but not on April 2020's bank statement.

1. Refer to **INFORMATION A** (Bank reconciliation statement on 31 March 2020). With regards to cheque no. 366, what adjustment will be made to the figures in the financial statement on 31 March 2020?
 - A** No adjustment is required in the financial statement; the cheque must be cancelled in the Cash receipts journal as it is a stale cheque.
 - B** A reversal must be made in the financial statement; the amount must be added to Bank and Creditors control.
 - C** No adjustment is required in the financial statement; the cheque must be kept in a safe place as it is postdated.
 - D** No adjustment is required in the financial statement; the cheque is reconciled between the business and the bank.
2. Calculate the Bank account balance on 1 April 2020.

A R15 260 unfavourable	B R13 340 favourable
C R5 620 unfavourable	D R22 980 favourable

3. Refer to INFORMATION A.

Choose the correct transaction that lead to the entry 'Debit incorrect amount credited' in the bank reconciliation statement.

- A** Cheque no. 351 appears correctly in the cash journals as R8 420; however, the bank statement only debited R3 600.
- B** Cheque no. 351 appears correctly on the bank statement as R8 420, but the cash payments journal only shows R3 600.
- C** A direct deposit of R4 820 appears on the bank statement. After careful investigation, it was found that the bank incorrectly added it to Western Cape Shop's bank statement.
- D** A direct deposit of R4 820 appears on the bank statement. The money was received from the tenant of Western Cape Shop.

In each case, choose the correct reconciliation action for the transactions in Questions 4 to 9 below.

- 4.** A deposit of R23 700 appears on the bank statement on 2 April 2020, but not in the cash receipts journal for April 2020.

	General ledger Bank account		General ledger Contra-account	Bank reconciliation statement		No entry
	Debit	Credit		Debit	Credit	
A	23 700		Deposit			
B				23 700		
C					23 700	
D						X

- 5.** An electronic transfer of R16 000 for rent received appears only on the bank statement for April 2020.

	General ledger Bank account		General ledger Contra-account	Bank reconciliation statement		No entry
	Debit	Credit		Debit	Credit	
A	16 000		Rent income			
B				16 000		
C					16 000	
D						X

- 6.** The bank statement shows a dishonoured cheque received from a debtor in settlement of his account of R6 900 after 4% discount was allowed.

	General ledger Bank account		General ledger Contra-account	Bank reconciliation statement		No entry
	Debit	Credit		Debit	Credit	
A	6 900		R/D cheque			
B		6 900	Debtors control			
C	6 624		R/D cheque			
D		6 624	Debtors control			

7. On 28 April 2020, cheque no. 201, issued as a donation to the SPCA, is cancelled and replaced with cheque no. 523. The donation is increased by R1 000 and the cheque is mailed on 1 May 2020. No entry has been made yet.

	General ledger Bank account		General ledger Contra-account	Bank reconciliation statement		No entry
	Debit	Credit		Debit	Credit	
A						X
B	4 600	5 600	Donations	5 600		
C	4 600		Donations			
D		1 000	Donations	5 600		

8. Cheque no. 478, dated 19 March 2020, for the purchase of goods, appears on April's bank statement but not in the cash journals for April 2020.

	General ledger Bank account		General ledger Contra-account	Bank reconciliation statement		No entry
	Debit	Credit		Debit	Credit	
A				6 450		
B		6 450	Trading stock			
C						X
D	6 450		Trading stock			

9. Following all of the above **INFORMATION A** and **B**, which option gives the correct entries to the **Bank reconciliation statement on 30 April 2020**?

A

Favourable balance as per bank statement	18 900
Outstanding deposit	25 000
Outstanding cheques: No. 366	8 790
No. 546	2 550
Favourable balance as per bank account	32 560

B

Favourable balance as per bank statement	18 900
Outstanding deposit	25 000
Outstanding cheques: No. 546	2 550
Favourable balance as per bank account	41 350

C

Favourable balance as per bank statement	18 900
Outstanding deposit	25 000
Outstanding cheques: No. 366	8 790
No. 523	5 600
No. 546	2 550
Favourable balance as per bank account	26 960

D

Favourable balance as per bank statement	18 900
Outstanding deposit	25 000
Outstanding cheques: No. 523	5 600
No. 546	2 550
Debit incorrect amount credited	4 820
Favourable balance as per bank account	30 930

Information:

	Land and buildings	Vehicles	Equipment
Carrying value on 1 January 2019	5 200 000	(123 750)	567 500
Cost price	5 200 000	660 000	910 000
Accumulated depreciation	-	(536 250)	(342 500)
Movement			
Additions	①	450 000	180 000
Disposal at carrying value	-	-	③
Depreciation	-	②	④
Carrying value on 31 December 2019			
Cost price			860 000
Accumulated depreciation			

Land and buildings

- New extensions were made to an existing building. A summary of the costs was as follows:

Building material	R350 000	Painting of new extension	R15 000
Repairs to existing roof	R65 000	Windows and doors for new building	R16 500
Painting of existing building	R12 000	Architectural cost	R21 000

Vehicles

- The business owned three vehicles on 1 January 2019. The vehicles were originally purchased on the same day. Due to the age of the vehicles, it was decided to buy a new vehicle on 1 November 2019 for the time being.
- Depreciation on vehicles is calculated at 25% p.a. on cost price.

Equipment

- One of the machines used in manufacturing was sold for cash at carrying value on 1 April 2019. The accumulated depreciation on this machinery on 1 January 2019 was R115 200.
- The replacement machinery was purchased on 1 September 2019.
- Depreciation on machinery is calculated at 20% p.a. on the diminishing balance method.

Refer to the above information to answer Questions 10 to 14.

10. Calculate the additions to land and buildings during the current financial year (number ①).

A R479 500 B R402 500 C R381 500 D R365 000

11. Calculate the depreciation on vehicles for the current financial year (number ②).

A R142 499 B R174 375 C R142 497 D R183 750

12. Calculate the disposal at carrying value on equipment sold during the current financial year (number ③).

A R64 800 B R103 300 C R114 800 D R109 060

13. Calculate the depreciation on equipment for the current financial year (number ④).

A R108 280 B R114 040 C R137 000 D R131 240

14. As an internal auditor, what measures can be taken to secure the fixed assets?

- i. A detailed individual asset register can be kept for each asset.
- ii. Do regular random checks on the fixed assets to determine their usefulness.
- iii. Employees who use the fixed assets must sign in/out in a log book.
- iv. Keep the fixed assets locked inside at night.
- v. Never allow employees to take fixed assets home for personal use.

A i, ii and iv
C iii, iv and v

B ii and v
D All of the above

Partnerships

15. Which one of the options below is NOT an advantage of a partnership?

- A** More capital can be generated.
B Variety of skills offered by the partners.
C Decisions are made quickly and unilaterally.
D Partners are entitled to primary and final distribution of profits.

16. Sole traders and partnerships are characterised by ...

- A** limited liabilities.
B partial liabilities.
C unlimited liabilities.
D None of the above

17. A partnership is established and contractually bound through ...

- A** a partnership agreement
B a founding agreement
C a memorandum of incorporation
D Partnerships Act 13A

18. Sharing of profit in a partnership takes place at two stages; primary and final distribution. Which distribution does not form part of the primary distribution of profits?

- | | | | |
|----------|------------------------------------------|----------|---------------------|
| A | Partners' salaries | B | Interest on capital |
| C | Distribution according to a profit ratio | D | Partners' bonus |

Questions 19 to 21 relates to Note 8: Current account below

Note 8: Current account			
	Pillay	Sumro	Total
Primary distribution	389 000	306 000	
Final distribution	164 000		
Net profit for the year	553 000		
Drawings			
Balance at the beginning of the year			
Balance at the end of the year			

19. Partner Pillay earns a salary of R240 000 per year and 10% p.a. interest on capital. How much capital did he invest in the partnership?

- A** R1 490 000 **B** R3 130 000 **C** R1 640 000 **D** R3 890 000

20. Profits are shared in a 4:3 ratio between Pillay and Sumro respectively. Calculate Sumro's final distribution.

- A** R70 286 **B** R414 750 **C** R237 000 **D** R123 000

21. Calculate the net profit for the year.

A R967 750

B R929 286

C R982 000

D R790 000

Partnerships – Financial statements

Questions 22 to 30 relates to the information of JJ Suppliers.

JJ Suppliers supplies household goods to local supermarkets. It is owned by two brothers, Johnathan and JP. The business's financial year ends on 30 June.

Information:

A. Extract from the Trial Balance on 30 June 2019:

	R
Loan: Nedbank	275 000
Sales (70% on credit)	5 111 000
Rent income	372 500
Interest on loan	33 750
Insurance	27 000
Bad debts	15 000

B. The accountant calculated the net profit for the year before taking into account the adjustments below.

Questions 22 to 26 relates to the correction of the net profit of JJ Suppliers on 30 June 2019.

22. Rent income was incorrectly recorded for 14 months. JJ Suppliers increased the rent by 18% on 1 April 2019.

Calculate the correct adjustment to be made to net profit regarding the rent income for the year ending 30 June 2019.

A (R53 214)

B (R59 000)

C (R50 000)

D (R70 104)

23. Which GAAP principle applies to the rent income adjustment in question 22?

A Matching principle

B Materiality principle

C Going concern principle

D Prudence principle

24. The annual loan repayment of R25 000 was made on 1 February. An increase of 1% in the interest rate came into effect on 30 April 2019. JJ Suppliers currently pays 15% p.a. interest on loan on 30 June 2019. Interest is not capitalised.

Calculate the correct adjustment to be made to net profit regarding interest on loan for the year ending 30 June 2019.

A (R3 170)

B (R3 700)

C (R7 250)

D (R10 150)

25. The total annual insurance amount was included in the net profit, but this includes an amount of R8 640 paid on 31 October 2018 for the annual building insurance.

Calculate the correct adjustment to be made to net profit regarding the insurance for the year ending 30 June 2019.

A +R5 760

B +R2 880

C (R5 760)

D (R2 880)

26. S. Sleek, a debtor who owes the business money, was declared insolvent. His estate paid 35 cents in the rand. An amount of R952 was received. The outstanding amount is to be written off as irrecoverable.

Calculate the correct adjustment to be made to net profit regarding the bad debts for the year ending 30 June 2019.

- A +R1 768 B (R619) C +R619 D (R1 768)

Questions 27 to 30 relate to the Statement of Financial Position (Balance sheet) of JJ Suppliers on 30 June.

JJ Suppliers		
Extract of the Statement of Financial Position on 30 June		
	30 June 2019	30 June 2018
	R	R
NON-CURRENT ASSETS		3 000 000
Property, plant and equipment		3 000 000
CURRENT ASSETS	①	1 582 000
Inventories		
Trade and other receivables (90% is trade debtors)	510 000	③
Cash and cash equivalents	②	
TOTAL ASSETS		4 582 000
EQUITY AND LIABILITIES		
PARTNERS' EQUITY	④	3 700 000
Capital		2 950 000
Current account		750 000
NON-CURRENT LIABILITIES	250 000	275 000
Loan: Nedbank	250 000	275 000
CURRENT LIABILITIES	575 000	607 000
Trade and other payables	550 000	582 000
Current portion of loan	25 000	25 000
TOTAL EQUITY AND LIABILITIES		4 582 000
FINANCIAL INDICATORS	30 June 2019	
Current ratio	2,8 : 1	
Acid test ratio	1,6 : 1	
Debtors' collection period	2,4 months	
Percentage return on partners' equity	23%	
Correct net profit for the year	R897 000	

27. Calculate the current assets on 30 June 2019 (number ①).

- A R1 085 000 B R1 610 000 C R1 540 000 D R4 429 600

28. Calculate the cash and cash equivalents on 30 June 2019 (number ②).

- A R410 000 B R690 000 C R370 000 D R730 000

- 29.** Calculate the amount for Trade and other receivables on 30 June 2018 (number ③).
Take note: Sales for the year ending 30 June 2019 were R5 111 000; 70% of all sales are on credit.
- A** R850 670
 - B** R1 080 089
 - C** R972 080
 - D** R715 540
- 30.** Calculate the partners' equity on 30 June 2019 (number ④).
- A** R3 700 000
 - B** R3 800 000
 - C** R3 900 000
 - D** R4 100 000



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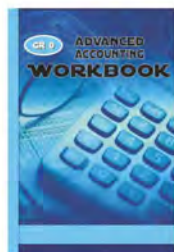
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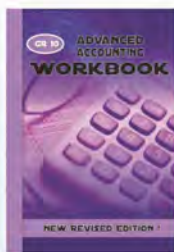
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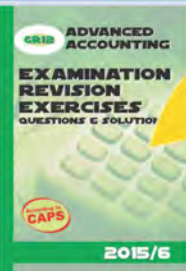
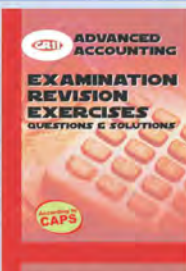
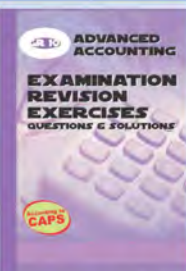
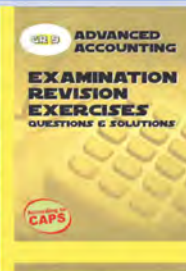
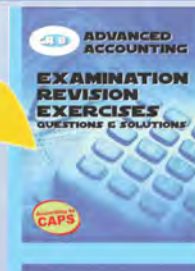


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PROVERTO EMS OLYMPIAD 2020 – GRADE 11

Accounting

ROUND 2

Reconciliation

- The bank statement of May 2020 shows a debit order of R1 280 for insurance, which erroneously paid out twice. No entry was found in the cash journals.

Which action is needed in the bank reconciliation process during May 2020?

	Cash receipts journal	Cash payments journal	Bank reconciliation statement	
			Debit	Credit
A		1 280		1 280
B		1 280	1 280	
C				2 560
D		2 560	2560	

- A credit note of R420 from creditor DBJ Distributors was added to the creditors' journal during January 2020 and posted as such in the books of Oz Traders.

Which action is needed in the creditors reconciliation process during January 2020?

- Debit R420 in the Creditors control account and the Creditors list of Oz Traders.
- Credit R420 in the Creditors control account and the Creditors list of Oz Traders.
- Debit R840 in the Creditors control account and the Creditors list of Oz Traders.
- Credit R840 in the Creditors control account and the Creditors list of Oz Traders.

- A cheque was issued to creditor Mayfield Stores for R8 400, and correctly recorded in the relevant journal. However, it was incorrectly posted to the personal account as R8 800.

Which action is required in the creditors' reconciliation process to correct the error?

	Creditors control		Creditors list	
	Debit	Credit	Debit	Credit
A	400			
B			400	
C				400
D		400		

- When reconciliation was done between the creditors' ledger account of a business and the statement received from the creditor, discount of R3 150 was discovered in the ledger, but not on the statement. After consultation with the creditor, they agreed to grant R2 150 worth of discount only.

Which action is required in the creditors' reconciliation process?

	Creditors ledger		Creditors reconciliation statement	
	Debit	Credit	Debit	Credit
A		1 000		2 150
B		1 000	2 150	
C	3 150			3 150
D		2 150	2 150	

5. When reconciliation was done between the creditors ledger account of a business and the statement received from the creditor, a journal voucher of R4 600 was discovered in the ledger, but not on the statement. After consultation with the accountant, it was explained that the debit balance from this supplier's debtors ledger account was transferred to the creditors ledger account.

Which action is required in the creditors' reconciliation process?

	Creditors ledger		Creditors reconciliation statement	
	Debit	Credit	Debit	Credit
A	4 600			
B		4 600	4 600	
C			4 600	
D				4 600

6. Study the Bank reconciliation statement. Exclude the entries in error before calculating the correct balance as per bank account at the end of May 2020.

	Debit	Credit
Balance as per bank statement	12 150	
Credit outstanding deposit		42 000
Debit outstanding cheques:		
No. 100 (5 Nov 2019)	3 800	
No. 321 (12 Mar 2020)	7 200	
No. 344 (29 Jun 2020)	6 230	
Credit amount incorrectly debited		1 330
Balance as per bank account	?	?

- A R20 180
B R12 620
C R17 750
D R13 950

Fixed assets

7. Fire Ltd sold unused land for cash at cost price to solve cashflow problems. This property was bought by Skyline Properties (Pty) Ltd. The majority shareholder of Skyline Properties (Pty) Ltd is Cathy Carreira, the wife of Fire Ltd's CEO.

As an internal auditor, you would be concerned about the disposal of the land. Which unethical behaviour could the CEO be guilty of?

- A Counterfeiting
B Insider trading
C Whistleblowing
D Nepotism



8. Extract from the list of balances on 28 February:

	2020	2019
Property, plant and equipment	5 230 000	5 160 000

- Depreciation for the year ending 28 February 2020 amounted to R184 200.
- A new vehicle was purchased on 30 June 2019 for R425 000.
- A new computer was purchased on 1 January 2020 for R37 500.
- Machinery was sold at carrying value on 28 February 2020 for R120 800.

The business also sold one of their vehicles for a profit of R13 000. What was the selling price of the vehicle?

- A R157 500
 B R100 500
 C R87 500
 D R170 500
9. Extract from the list of balances on 31 May:

	2020	2019
Equipment	800 000	800 000
Accumulated depreciation on equipment	675 000	575 000

If the business expects its equipment to have a lifespan of 8 years, how many months' use does the business still have on the equipment on 31 May 2020, if they were all purchased on the same date?

- A 15 months
 B 16 months
 C 12 months
 D 18 months
10. Study the Asset disposal account.

Asset disposal							
2020 Apr	30	Vehicles	230 000	2020 Apr	30	Accumulated depreciation on vehicles	?
						Creditors control	110 500
						Loss on sale of asset	?

- A business sold one of their vehicles on 30 April 2020, originally bought on 1 May 2017.
- The business depreciates vehicles at 20% p.a. on the diminishing balance method.
- Financial year ends on 31 January.

Calculate the loss on sale of asset on 30 April 2020.

- A R38 080
 B R18 500
 C R27 500
 D R8 364

11. Extract from the list of balances on 30 September:

	2020	2019
Land and building	4 500 000	2 100 000
Vehicles	680 000	440 000
Accumulated depreciation on vehicles	?	170 000

Vehicles:

- On 1 October 2019, the business owned two identical vehicles, bought on the same date.
- On 30 June 2020, the business traded in one of their vehicles at carrying value. On the same date, the business purchased a new vehicle.
- The business depreciates vehicles at 15% on cost.

Indicate how the above **FIXED ASSET** information would affect each statement.

	Income Statement for the year ending 30 September 2020	Balance Sheet on 30 September 2020
A	R102 000	R4 908 000
B	R75 000	R5 044 750
C	R93 750	R5 001 250
D	R78 000	R5 017 000

12. What is the purpose of an asset register?

- A The ledger accounts of assets show each individual asset, therefore all assets must be shown as a total amount in the register.
- B It helps the business to see on which days of the month the assets were used and for how long.
- C To only show the historical cost price of all assets bought.
- D It is part of the internal control process of the business to keep record of each individual asset.

13. As an internal auditor, what measures could be taken to safeguard the fixed assets?

- Keep a detailed individual fixed asset register on each asset.
- Do random spot checks often on the fixed assets to determine their usefulness.
- Employees that use the fixed asset must sign in using a logbook.
- Keep the fixed assets locked away at night.
- Never allow an employee to take a fixed asset home for personal use.

- A i, ii and iv
- B ii and v
- C iii, iv and v
- D All of the above

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Partnership

14. 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.
15. A drop in percentage between operating profit on turnover and net profit on turnover is mainly caused by ...
- A operating expenses.
 B financing cost (interest expense).
 C current income.
 D returns from debtors.
16. Solvency is equal to ...
- A working capital.
 B total assets.
 C total liabilities.
 D owner's equity.
17. Fixed deposits maturing and short-term portions of loans are relocated on the Balance sheet to enable better accuracy when analysing...
- A solvency.
 B liquidity.
 C risk.
 D return on equity.

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18. **LOAN AND INTEREST**

The following loan statement was received from Capitec Bank:

Balance on 1 March 2019	1 440 000
Repayments per month (R25 000 p.m.) (includes interest)	?
Interest is capitalised	?
Balance on 28 February 2020	1 200 000

During the next financial year, a repayment of R18 000 per month will be made on the capital portion of the loan.

Indicate how the above **LOAN AND INTEREST** information would affect each statement.

	Income Statement for the year ending 28 Feb 2020	Balance Sheet on 28 Feb 2020	
		Non-Current Liabilities	Current Liabilities
A	(R60 000)	R1 200 000	R300 000
B	(R60 000)	R900 000	R300 000
C	(R60 000)	R984 000	R216 000
D	(R60 000)	R1 200 000	R216 000

19. A business has a total of R65 020 outstanding debtors at the end of the financial year, 30 April 2020.

The following entries must still be taken into consideration before preparing the Balance Sheet on 30 April 2020.

- The bank returned a debtor's cheque of R1 280, marked R/D. The cheque was originally received in settlement of his account of R1 400.
- A debtor was declared insolvent. His estate paid out R680, which represented 40 cents in the rand. The amount was received and recorded correctly. Write off the remainder of the account.
- Provision for bad debts (1 May 2019) totalled R3 800.
- Provide for 5% provision on outstanding debt.

Calculate the net trade debtors on 30 April 2020.

- A R62 130
- B R59 470
- C R62 711
- D R61 370

20. Study the information from the extract provided:

Income Statement			Balance sheet		
	2020	2019		2020	2019
Sales	2 210 000	1 820 300	Non-current assets	8 650 000	8 945 000
Gross profit	828 750	682 613	Current assets	682 300	540 100
Operating profit	574 600	436 872	Non-current liabilities	1 480 000	1 800 500
Net profit	430 950	327 654	Current liabilities	420 300	78 300

Calculate the percentage return on partners' equity for the 2020 financial year.

- A 29,4%
- B 11,0%
- C 5,7%
- D 7,6%

21. Study the financial indicators provided for the year ending 31 May 2020:

	J&K Brothers	JoJo and Sons
Current ratio	1,8:1	5,2:1
Acid test ratio	1,2:1	1,4:1
Stock holding period	55 days	215 days
Average debtors collection period	23 days	63 days
Percentage net profit on turnover	11%	6%
Return on partners' equity	18,5%	11,3%
Return on total capital employed	13,1%	11,8%
Interest rate on alternative investments	9%	9%
Interest rate on loan	10,5%	13%

Which business manages their working capital more effectively?

- J&K Brothers has better control over their debtors, which indicates more effective management of working capital.
- Stock holding period of JoJo and Sons is more effective, as they don't run the risk of running out of stock.
- Current ratio of J&K Brothers is better than that of JoJo and Sons, as JoJo and Sons is too high, indicating that funds are tied up in stock.
- Return on partners' equity of J&K Brothers outperformed that of JoJo and Sons.
- J&K Brothers has better net profit on turnover percentage, which indicates more effective operating efficiency.

Choose the best combination.

- i, ii and iii
- i and iii
- iii, iv and v
- All of the above

22. Study the financial indicators provided for the year ending 31 May 2020:

	J&K Brothers	JoJo and Sons
Percentage net profit on turnover	11%	6%
Return on partners' equity	18,5%	11,3%
Debt/equity ratio	0,7:1	0,2:1
Return on total capital employed	13,1%	11,8%
Interest rate on alternative investments	9%	9%
Interest rate on loan	10,5%	13%

If you were given the opportunity, which business would you rather invest in and why?

- J&K Brothers – good net profit on turnover percentage was achieved; this is more than the interest rate on alternative investments and higher than JoJo and Sons.
- J&K Brothers – good return on partners' equity achieved; this was more than the interest rate on alternative investments and higher than JoJo and Sons.
- JoJo and Sons – good debt/equity ratio, shows lower debts compared to J&K Brothers and higher returns earned by partners.
- JoJo and Sons – overall they show more stability and growth than J&K Brothers.

Cost accounting

Questions 23 to 26 relate to COLUMN A and B provided.

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

	COLUMN A
23.	Accountants' salary
24.	Depreciation of delivery vehicle
25.	Wages of factory workers
26.	Insurance of factory machinery

	COLUMN B
A	Selling and distribution cost
B	Direct labour cost
C	Factory overhead cost
D	Administration cost

27. The bookkeeper compiled an incorrect Factory Overhead Cost account for the business on 28 February 2020. Study the amounts and transactions provided in order to correct the Factory Overhead Cost account.

INCORRECT FACTORY OVERHEAD COST ACCOUNT

Indirect materials	48 700
Indirect labour	462 000
Insurance	120 000
Depreciation	54 200
Bad debts	32 180
Rent expense (factory)	165 600
Advertising	7 210
	R889 890

Corrections needed for the Factory Overhead Cost account:

- Some of the accounts were incorrectly added to the Factory Overhead Cost account.
- The accountant forgot to record the 15% increase for the rent expense since 30 November 2019.
- The accountant forgot to make corrections for the indirect materials on hand at the beginning, R2 870, and end of the financial year, R5 700.
- The accountant added the full insurance expense to the above account instead of sharing it in a ratio of 5:3:2 to the factory, administration and sales departments.

Calculate the correct total for Factory Overhead Cost account for the year ending 28 February 2020.

- A R826 060
- B R793 880
- C R833 270
- D R799 540



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28. Extract from the list of balances on 30 September:

	2020	2019
Raw material stock	274 680	355 200
Work-in-progress stock	72 350	190 300
Finished goods stock	564 020	320 120
Direct labour cost	948 100	
Direct material cost	1 420 900	
Factory overhead cost	1 877 300	
Selling and distribution cost	655 200	
Administration cost	1 230 800	
Sales	6 880 200	

Calculate the cost of sales for the year ending 30 September 2020.

- A R4 246 300
- B R4 120 350
- C R6 132 300
- D R4 364 250

29. Extract from the list of balances on 30 November 2020:

	2020
Salaries	1 320 800
Production Wages	978 300
UIF Contribution	22 800
Pension Contribution	241 380
Medical Contribution	320 100

Salaries and wages contributions can be distributed in a ratio of 4:3:3:2 to the production-, factory-, administration- and sales departments.

Calculate the final amount for the Direct Labour cost account to be closed off to the Work-in-progress account on 30 November 2020.

- A R1 562 580
- B R1 922 253
- C R1 173 060
- D R1 613 327

30. Extract from the list of balances on 30 June:

	2020	2019
Raw material stock	66 920	45 610
Work-in-progress stock	41 300	74 140
Finished goods stock	61 200	85 230
Indirect material stock	4 220	6 150
Direct labour cost	1 330 900	
Direct material cost	2 150 100	
Factory overhead cost	987 660	
Selling and distribution cost	648 100	
Administration cost	1 444 000	

Calculate the correct amount for Inventories (note 4) to be disclosed on the Balance sheet at 30 June 2020.

- A R173 640
- B R169 420
- C R4 468 660
- D R4 501 500



SAICA

THE SOUTH AFRICAN INSTITUTE
OF CHARTERED ACCOUNTANTS

1

THE RIGHT CHOICE

When picking your subjects, make the right career choices. **Take Maths**, and English and study hard to achieve a Level 5 pass (or more) in Grade 12.

2

THE RIGHT UNIVERSITY

Study a BCom undergraduate and postgraduate degree (Certificate in the Theory of Accounting [CTA] or equivalent) from a university accredited by the South African Institute of Chartered Accountants (SAICA).

3

THE RIGHT TRAINING

Enter a 3-year training programme with a SAICA accredited training office to gain real life, on-the-job work experience.

4

THE RIGHT SKILL

Study for and pass the 2 SAICA qualifying exams - the Initial Test of Competence (ITC) and the Assessment of Professional Competence (APC).

5

THE RIGHT CAREER

Leaders never quit! Cas(SA) are leaders in their industries - once you've passed your exams and completed your training programme, register with SAICA to become a CA(SA).

YOUR ROADMAP TO BECOMING A CA(SA)

www.saica.co.za/becomeaCA



MEMORANDUM

	ANSWER
--	--------

	LOWER LEVEL
--	-------------

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

	HIGHER LEVEL
--	--------------

ROUND ONE: 30 Questions

TOPICS		A	B	C	D
RECONCILIATIONS	1.				
	2.				
	3.				
	4.				
	5.				
	6.				
	7.				
	8.				
	9.				
FIXED ASSETS	10.				
	11.				
	12.				
	13.				
	14.				
	15.				

TOPICS		A	B	C	D
PARTNERSHIPS: ADJUSTMENTS AND FINANCIAL STATEMENTS	16.				
	17.				
	18.				
	19.				
	20.				
	21.				
	22.				
	23.				
	24.				
	25.				
	26.				
	27.				
	28.				
	29.				
	30.				

	ANSWER
--	--------

	LOWER LEVEL
--	-------------

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

	HIGHER LEVEL
--	--------------

ROUND TWO: 30 Questions

	A	B	C	D
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				

	A	B	C	D
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
25.				
26.				
27.				
28.				
29.				
30.				

DON'T JUST STRIVE FOR EXCELLENCE, BECOME IT.

Be a #YoungDifferenceMaker



AT NEDBANK WE BELIEVE IN USING OUR FINANCIAL EXPERTISE TO DO GOOD BY ASSISTING BRIGHT YOUNG LEADERS TO PURSUE THEIR ACADEMIC DREAMS.

The Nedbank External Bursary Programme aims to fund academically deserving students who do not have the financial means to study fulltime towards a first undergraduate degree or diploma at a South African public university or university of technology.

Bursaries are awarded to address scarce and future skill requirements in the financial sector with specific focus on **Green Economy** skills.

CRITERIA FOR SELECTION:

To be eligible for the Nedbank bursary, you must:

- be a South African citizen;
- have a proven financial need, as determined by your household income;
- have achieved:
 - a minimum academic average of 65% in the year that you are applying for the bursary; and
 - a minimum academic average of 65% for the required subjects aligned with the qualification you plan to study towards at university; and
- not have completed your grade 12 or senior certificate with mathematics literacy; and
- have successfully obtained admission approval to a South African public university or university of technology for the undergraduate qualification you plan to study towards.

THE APPLICATION PROCESS:

We screen bursary applications against our external bursary selection criteria and we award bursaries through the Nedbank Educational Trust, at the sole discretion of the trust.

IF YOU ARE SHORTLISTED, WE WILL ASK YOU TO:

- submit the relevant documents for financial review;
- participate in psychometric and other assessments; and
- attend an interview.

For the complete application process and a list of required documents, please visit our website at

www.nedbank.co.za/bursary.

There you can also find more information on opening dates and apply online.

All candidates will receive **feedback on the status** of their application at the completion of the recruitment and selection process (expected to be completed by the end of 2021).

Contact information

Email: Unlockyourambition@nedbank.co.za

Bursaries are granted at Nedbank's sole discretion.

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