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2022

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High School Olympiad PREPARATION STUDY GUIDE

ACCOUNTING

PAST PAPER AND MEMO ROUND ONE AND TWO

GRADE 11



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Accounting, Business Studies, Economics

NASIONALE HOËRSKOOL OLIMPIADE
Rekeningkunde, Besigheidstudies, Ekonomie

2022

January							February							March							April								
M	T	W	T	F	S		S	M	T	W	T	F	S		S	M	T	W	T	F	S		S	M	T	W	T	F	S
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3	4	5	6	7	8		6	7	8	9	10	11	12		6	7	8	9	10	11	12		3	4	5	6	7	8	9
10	11	12	13	14	15		13	14	15	16	17	18	19		13	14	15	16	17	18	19		10	11	12	13	14	15	16
17	18	19	20	21	22		20	21	22	23	24	25	26		20	21	22	23	24	25	26		17	18	19	20	21	22	23
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September							October							November							December								
M	T	W	T	F	S		S	M	T	W	T	F	S		S	M	T	W	T	F	S		S	M	T	W	T	F	S
29	30	31	1	2	3		25	26	27	28	29	30	1		30	31	1	2	3	4	5		27	28	29	30	1	2	3
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26	27	28	29	30	1		23	24	25	26	27	28	29		27	28	29	30	1	2	3		25	26	27	28	29	30	31
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First Round: 11 MAY
Second Round: 3 AUGUST

Eerste Ronde: 11 MEI
Tweede Ronde: 3 AUGUSTUS

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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!

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NATIONAL HIGH SCHOOL OLYMPIAD

ANSWER SHEET ROUND ONE

TODAY'S DATE DAY MONTH YEAR GRADE

SCHOOL NAME

LEARNER SURNAME

FIRST NAME INITIALS DATE OF BIRTH Female Male

LEARNER EMAIL (if available)

LEARNER Mobile Number

SELECT THE SUBJECT/SUBJECTS (Mark a block with a X)

ACCOUNTING/REKENINGKUNDE BUSINESS STUDIES/BESIGHEIDSTUDIES ECONOMICS/EKONOMIE

ACCOUNTING / REKENINGKUNDE

1 A B C D	6 A B C D	11 A B C D	16 A B C D	21 A B C D	26 A B C D
2 A B C D	7 A B C D	12 A B C D	17 A B C D	22 A B C D	27 A B C D
3 A B C D	8 A B C D	13 A B C D	18 A B C D	23 A B C D	28 A B C D
4 A B C D	9 A B C D	14 A B C D	19 A B C D	24 A B C D	29 A B C D
5 A B C D	10 A B C D	15 A B C D	20 A B C D	25 A B C D	30 A B C D

TOTAL ____/30

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1 A B C D	6 A B C D	11 A B C D	16 A B C D	21 A B C D	26 A B C D
2 A B C D	7 A B C D	12 A B C D	17 A B C D	22 A B C D	27 A B C D
3 A B C D	8 A B C D	13 A B C D	18 A B C D	23 A B C D	28 A B C D
4 A B C D	9 A B C D	14 A B C D	19 A B C D	24 A B C D	29 A B C D
5 A B C D	10 A B C D	15 A B C D	20 A B C D	25 A B C D	30 A B C D

TOTAL ____/30

ECONOMICS / EKONOMIE

1 A B C D	6 A B C D	11 A B C D	16 A B C D	21 A B C D	26 A B C D
2 A B C D	7 A B C D	12 A B C D	17 A B C D	22 A B C D	27 A B C D
3 A B C D	8 A B C D	13 A B C D	18 A B C D	23 A B C D	28 A B C D
4 A B C D	9 A B C D	14 A B C D	19 A B C D	24 A B C D	29 A B C D
5 A B C D	10 A B C D	15 A B C D	20 A B C D	25 A B C D	30 A B C D

TOTAL ____/30

INSTRUCTIONS: Please complete all required information
Colour a circle completely ● CORRECT MARK
Erase any faulty marks completely
Do not fold, tear or damage this form

PROVERTO EMS OLYMPIAD 2021 – GRADE 11

ACCOUNTING

ROUND 1

ACCOUNTING AND GAAP PRINCIPLES

- 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
- 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
- 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
- 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
- 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

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ACCOUNTING

GRADE 11

Olympiad Paper

Round Two

Marks: 30

Time: 1 hour

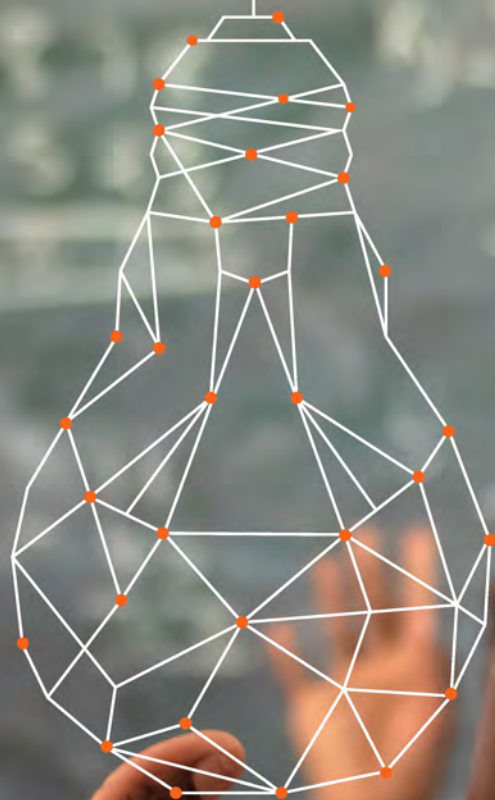
Date: 04 Aug 2021

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!



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PROVERTO EMS OLYMPIAD 2021 – GRADE 11

ACCOUNTING

ROUND 2

RECONCILIATION

1. How can a business ensure that a creditor's account is correctly recorded and therefore that the correct amount is paid on time?
 - i. Creditors list is compared monthly to the Creditors control account to find any errors or omissions.
 - ii. Creditors ledger accounts are compared monthly to the Creditors statement of account to find any errors or omissions.
 - iii. Management can do random spot checks on the creditors clerk's work as part of the control procedure.
 - iv. Division of duties in creditors department will ensure that one person is not responsible for the ordering, receipt, payment and reconciliation of creditors accounts.

Choose the best internal control options:

- A ii and iv
 - B i and ii
 - C i, ii and iv
 - D All of the above
2. A return entry of R670 from a debtor was correctly recorded in the Debtors Allowances Journal, but it was incorrectly recorded to the wrong side of debtor, M. Colin's, account.

Which action is needed in the debtors reconciliation process?

- A Debit R670 in the Debtors ledger of the business.
 - B Credit R670 in the Debtors ledger and Debtors control account of the business.
 - C Debit R1 340 in the Debtors control account of the business.
 - D Credit R1 340 in the Debtors ledger of the business.
3. A credit balance of R320 on the account of Spieth Stores in the Debtors ledger must be transferred to his account in the Creditors ledger.

Which action is needed in the reconciliation process?

	DEBTORS RECONCILIATION		CREDITORS RECONCILIATION	
	DEBTORS CONTROL	DEBTORS LIST	CREDITORS CONTROL	CREDITORS LIST
A	320		(320)	
B	320	320	320	320
C		320		(320)
D	(320)	(320)	320	320

4. 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. Due to a delay in the post, the account from Marrow Traders was received late. The accountant made the payment of R57 000 after the usual discount of 5% for early settlement was taken into account.

Marrow Traders informed the business that neither the payment nor the discount was received nor granted. Instead, 2,5% per month interest was charged for 2 months on the overdue account; this was brought into account on the statement. After close investigation, the business found that the payment was paid over to the wrong creditor's bank account.

Which action is required in the creditors' reconciliation process?

		CREDITORS LEDGER		CREDITORS RECONCILIATION STATEMENT	
		DEBIT	CREDIT	DEBIT	CREDIT
A			60 150		
B			57 000	57 000	
C			59 850	2 850	
D			63 000		

6. 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.

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 Nepotism
- B Whistleblowing
- C Counterfeiting
- D Insider trading

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

	2021	2020
Property, plant and equipment	5 180 000	3 450 000

- Depreciation for the year ending 28 February 2021, R345 100.
- A new vehicle was purchased during the year for R305 000.
- Machinery was sold at carrying value on 28 February 2021 for R120 800.

The business also bought a new piece of land during this year which they want to develop. What was the purchase price of the land?

- A R1 425 000
- B R1 569 100
- C R1 730 000
- D R1 890 900

9. Extract from the list of balances on 31 May:

	2021	2020
Equipment	875 000	650 000
Accumulated depreciation on equipment	449 250	351 000

On 31 May 2020, the business already used the equipment for 4,5 years. New equipment was purchased during the year; no equipment was sold. Depreciation is calculated on the cost price method.

On what date was the new equipment purchased?

- A 1 June 2020
- B 1 September 2020
- C 1 December 2020
- D 1 May 2021

10. 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.

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

	2021	2020
Land and building	R3 250 000	R1 850 000
Vehicles	R555 000	R260 000
Accumulated depreciation on vehicles	?	R97 500

Vehicles:

- On 1 October 2020, the business owned two identical vehicles, originally bought on the same date.
- On 1 June 2021, 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 2021	BALANCE SHEET ON 30 SEPTEMBER 2021
A	R47 250	R3 722 000
B	R50 063	R3 720 812
C	R53 750	R3 715 500
D	R83 250	R3 624 250

12. Study the Asset disposal account.

ASSET DISPOSAL					
2021 Apr, 30	Vehicles	355 000	2021 Apr, 30	Accumulated depreciation on vehicles	?
				Bank	?
				Loss due to theft	42 000

- One of the business's vehicles was stolen from the premises overnight. The insurance informed the business that 75% of the carrying value of the vehicle would be paid out.

Calculate the accumulated depreciation on vehicles on the day that the theft took place.

- A R145 000
- B R187 000
- C R257 000
- D R313 000

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

- i. Keep a detailed individual fixed asset register on each asset.
- ii. Do random spot checks often on the fixed assets to determine their usefulness.
- iii. Install software in the vehicles that can monitor routes and use.
- iv. Employees that use the fixed asset must sign in using a logbook.
- v. Install dashcams in the vehicles that can monitor the drivers.
- vi. Keep the fixed assets locked away at night.
- vii. Never allow an employee to take a fixed asset home for personal use.

Choose the best option:

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

PARTNERSHIPS

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 alphabetical order.
 - B** Due to the numerical order.
 - C** Due to the order of liquidity.
 - D** Due to the order of importance.
- 15.** A drop in percentage between gross profit on turnover and operating profit on turnover is mainly caused by ...
- A** operating expenses.
 - B** financing cost (interest expense).
 - C** operating incomes.
 - D** returns from debtors.
- 16.** Solvency is equal to ...
- A** working capital.
 - B** total assets.
 - C** owners equity.
 - D** total liabilities.

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.

18. **LOAN AND INTEREST**

The following loan statement was received from Nedbank:

Balance on 1 March 2020	?
Repayments (interest included)	?
Interest capitalised	?
Balance on 28 February 2021	725 000

After all repayments for the current year were done, the balance of the Loan account was R680 000.

During the following financial year there would be a loan repayment of R48 000 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 2021	BALANCE SHEET ON 28 FEB 2021	
		NON-CURRENT LIABILITIES	CURRENT LIABILITIES
A	(R45 000)	R725 000	R48 000
B	(R68 000)	R680 000	R48 000
C	(R45 000)	R677 000	R48 000
D	(R48 000)	R632 000	R48 000

19. A business has a total of R48 300 outstanding debtors at the end of the financial year, 30 April 2021.

The following entries must still be taken into consideration before preparing the financial statement on 30 April 2021.

- Interest charged on overdue debtors, R1 250.
- Debtors with credit balances of R3 470 must be transferred to the Creditors ledger.
- A debtor was declared insolvent. His estate paid out 75 cents in the rand. The amount of R1 200 was received and correctly recorded. Write off the remainder of the account.
- Provision for bad debts (1 May 2020) totalled R2 280.
- Provide for 5% provision on outstanding debt.

Calculate the provision for bad debts adjustment that is needed on 30 April 2021.

- A R4 expense
 B R135 expense
 C R291 expense
 D R351 expense

20. EXTRACT FROM THE PRE-ADJUSTMENT TRIAL BALANCE ON 31 MARCH 2021

Trading stock	549 000
---------------	---------

The following adjustments were not yet taken into account at year end:

- The owner took trading stock (selling price, R3 500; cost price, R2 000) for own use.
- On 20 March 2021, there was a burglary at the storeroom and a lot of stock is missing. The insurance informed the business that only 75% of the claim would be paid out at R65 250.
- A physical stock-take was done on 31 March 2021 and amounts to R468 000.

Choose the correct trading stock deficit/surplus adjustment needed for the year ending 31 March 2021.

	ACCOUNT DEBITED	ACCOUNT CREDITED	ASSETS	OWNERS EQUITY	LIABILITIES
A	Trading stock deficit	Trading stock	- 13 750	- 13 750	0
B	Trading stock deficit	Trading stock	- 12 250	- 12 250	0
C	Trading stock	Trading stock surplus	+ 8 000	+ 8 000	0
D	Trading stock	Trading stock surplus	+ 9 500	+ 9 500	0

21. Study the Insurance account provided.

INSURANCE					
2020 Mar	1	Prepaid expenses	2 080		
2020 Jul	1	Bank	3 276		
2021 Jan	1	Bank	3 480		

Insurance premiums are reviewed every six months, increased and paid in advance.

Choose the correct insurance adjustment needed for the year ending 28 February 2021.

	ACCOUNT DEBITED	ACCOUNT CREDITED	ASSETS	OWNERS EQUITY	LIABILITIES
A	Bank	Insurance	- 3 480	- 3 480	
B	Prepaid expenses	Insurance	+ 2 320	+ 2 320	
C	Accrued expenses	Insurance		- 2 320	+ 2 320
D	Prepaid expenses	Insurance	+ 1 160	+ 1 160	

22. EXTRACT FROM THE PRE-ADJUSTMENT TRIAL BALANCE ON 30 APRIL 2021

Rent income	175 000
-------------	---------

A section of our building has been let since 1 May 2012. The rent was decreased by 10% as from 1 January 2021. According to the rental agreement, rent must be paid one month in advance.

Calculate the correct rent income adjustment amount that must be removed from the rent income account for the year ending 30 April 2021.

- A R12 500
- B R12 600
- C R14 000
- D R14 260

23. Study the information from the extract provided:

INCOME STATEMENT

	2021	2020
Sales	1 925 300	1 860 200
Gross profit	673 850	558 060
Operating profit	423 560	446 448
Net profit	367 970	288 330

BALANCE SHEET

	2021	2020
Capital	?	2 450 000
Current account	?	367 500
Non-current liabilities	748 200	815 000
Current liabilities	39 710	42 300

The debt/equity ratio on 31 March 2021 is 0,24:1

Calculate the percentage return on average partners equity for the year ending 31 March 2021.

- A 10,5%
- B 11,1%
- C 11,8%
- D 12,4%

24. What is the correct formula to calculate the percentage return on partner Calitz's equity?

- A $\frac{\text{Calitz: Primary profit share} + \text{Final profit share}}{\frac{1}{2} (\text{Capital: Calitz (beginning of year)} + \text{Capital: Calitz (end of year)})} \times \frac{100}{1}$
- B $\frac{\text{Net profit}}{\text{Partners equity}} \times \frac{100}{1}$
- C $\frac{\text{Calitz: Partner salary} + \text{Interest on capital} + \text{Partner bonus} + \text{Final profit share}}{\frac{1}{2} (\text{Equity: Calitz (beginning of year)} + \text{Equity: Calitz (end of year)})} \times \frac{100}{1}$
- D $\frac{\frac{1}{2} (\text{Calitz: Primary profit share} + \text{Final profit share})}{\text{Equity: Calitz}} \times \frac{100}{1}$

25. Study the financial indicators provided from Hornbill Traders for the year ending 31 May:

	2021	2020
Current ratio	2,1:1	3,7:1
Acid test ratio	1,5:1	1,2:1
Stock holding period	89 days	122 days
Average debtors collection period	40 days	42 days
Return on partners equity	22%	18%
Net profit on sales	16,5%	15%

Did the business make better liquidity choices during 2021?

- i. Hornbill Traders has better control over their debtors in 2021, which indicates more effective management of working capital.
- ii. Stock holding period declined in 2021, and now they run the risk of running out of stock.
- iii. Current ratio is better in 2021; in 2020, the ratio was too high, indicating that funds were tied up in stock.
- iv. Return on partners' equity improved in 2021, which indicates effective cash management.
- v. Hornbill Traders has improved the net profit on turnover percentage in 2021, which indicates more effective operating efficiency.

Choose the best combination.

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

CASH BUDGETS

26. The aim of a projected income statement is...

- A a forecast of future receipts and expenses in order to predict the future profits.
- B a forecast of future receipts and payments in order to predict the future cash.
- C a forecast of future incomes and expenses in order to predict the future profits.
- D a forecast of future incomes and expenses in order to predict the future cash.

27. The aim of a cash budget is ...

- A a forecast of future receipts and expenses in order to predict the future profits.
- B a forecast of future receipts and payments in order to predict the future cash.
- C a forecast of future incomes and expenses in order to predict the future profits.
- D a forecast of future incomes and expenses in order to predict the future cash.

28. Study the following extract from the cash budget of March 2022 to May 2022:

	MARCH	APRIL	MAY
Fixed deposit: Standard bank (8% p.a.)		?	
Interest on fixed deposit	2 130	2 130	1 860

The planned maturing date of a portion of the fixed deposit is 30 April 2022.

How much is budgeted to pay out to the business of the fixed deposit on 30 April 2022?

- A R3 375
- B R24 625
- C R40 500
- D R55 000

29. Which account does not belong on a cash budget?

- A Cash sales
- B Payment to creditors
- C Discount received
- D Selling price from cash sale of asset

30. Study the debtors collection schedule to the cash budget.

- Fixed percentages are used for the projections.
- Discount of 5% is allowed for collections within the current month of sale.
- 2% of outstanding debtors are written off after 60 days.

MONTHS	CREDIT SALES	MARCH	APRIL	MAY
January	380 000	45 600		
February	415 000	269 750	49 800	
March	600 000	119 700	390 000	?
April	?		95 760	?
May	436 000			?
TOTAL		435 050	535 560	?

Calculate the expected debtors collection for May.

- A R455 382
- B R470 982
- C R475 560
- D R489 282

ROUND 1 RONDE

GR 11 MEMO

**MEMORANDUM
2021**



ACCOUNTING / REKENINGKUNDE

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ROUND 2 RONDE

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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 2022).

Contact information

Email: Unlockyourambition@nedbank.co.za

Bursaries are granted at Nedbank's sole discretion.

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