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# 2023

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## High School Olympiad PREPARATION STUDY GUIDE

# ACCOUNTING

**PAST PAPER AND MEMO  
ROUND ONE AND TWO  
2021 & 2022**

## GRADE 12



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## 2023

**NATIONAL HIGH SCHOOL  
OLYMPIAD**

**NASIONALE HOëRSKOOL  
OLIMPIADE**

**Gr 10 11 12**

**ROUND ONE: 10 MAY**

**ROUND TWO: 2 AUGUST**

January							February							March							April							
Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	
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8	9	10	11	12	13	14	5	6	7	8	9	10	11	12	13	14	15	16	17	18	2	3	4	5	6	7	8	
15	16	17	18	19	20	21	12	13	14	15	16	17	18	19	20	21	22	23	24	25	9	10	11	12	13	14	15	
22	23	24	25	26	27	28	19	20	21	22	23	24	25	26	27	28	29	30	31	16	17	18	19	20	21	22		
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May							June							July							August							
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7	8	9	10	11	12	13	4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12	
14	15	16	17	18	19	20	11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19	
21	22	23	24	25	26	27	18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26	
28	29	30	31				25	26	27	28	29	30	23	24	25	26	27	28	29	27	28	29	30	31				
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September							October							November							December							
Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	
					1	2	1	2	3	4	5	6	7				1	2	3	4							1	2
3	4	5	6	7	8	9	8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9	
10	11	12	13	14	15	16	15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16	
17	18	19	20	21	22	23	22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23	
24	25	26	27	28	29	30	29	30	31				26	27	28	29	30	24	25	26	27	28	29	30				
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**ACCOUNTING  
BUSINESS STUDIES  
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# ACCOUNTING

**GRADE 12**

**Olympiad Paper**

**Round One**

**Marks: 30**

**Time: 1 hour**

**Date: 11 May 2022**



## 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!

# Making a career choice

Choosing a career is one of the most important decisions that you will ever make. Although most people make several career changes in their lifetime, your first career decision will have an impact on various aspects of your life. Your career choice will determine the direction in which you will develop skills, the type of organisation in which you will start working and the income that you will earn.



For most careers in the Finance, Investment, Accounting and Management sector, you will need:  
Your Grade 12 (matric) qualification Subjects: Mathematics, Accounting, Economics and Business Studies

What is the Finance and Accounting Services Sector all about?  
As the largest employer of people with financial management, accounting and auditing skills, this is a particularly important sector in our country.

How it is defined and what it includes depend on various sources, probably because it includes so many fields and thus, career opportunities. For example, in the national accounts and employment surveys done by Statistics South Africa - such as the Labour Force Survey (LFS), the sector includes real estate activities and a wide range of business services. Think labour brokerages, as well as information technology, legal, engineering and architectural services!

When it comes to this sector, FASSET is the name to remember.  
This is the Finance and Accounting Services Sector Education and Training Authority (SETA).

The Financial and Accounting Services Sector refers to all the organisations that Fasset supports. Demonstrating the many fields in this sector, these organisations include:

- \* investment entities, trusts and company secretary services
- \* stock broking and financial markets
- \* financial development organisations
- \* accounting, bookkeeping, auditing and tax services
- \* business and management consulting services
- \* the South African Revenue Service (SARS)
- \* the national and provincial treasuries
- \* other activities linked to financial intermediation, such as debt collection

## Unlocking opportunities

These pathways are often linked to membership of professional bodies and they lead to different career opportunities. Finance and accounting professionals may belong to one or more of a number of professional bodies. Although this is not always a prerequisite to practice in a financial occupation, it can be a requirement.



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**COMPANIES: THEORY**

1. The following relates to the financial statements of companies:

- (i) A financial year for a new company may be shorter than 12 months, but not longer than 15 months.
- (ii) Financial statements may fulfil some requirements of IFRS.
- (iii) Financial statements must show the company's assets, equity and liabilities, as well as income and expenditure.
- (iv) The financial statements of a public company may need an audit, independent review or neither.

Which ONE of the following indicates statements are TRUE?

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

2. The King Reports on corporate governance serves as a benchmark for corporate governance in South Africa. The following statements refer to King IV:

- (i) King IV is a set of voluntary principles and leading practices, drafted to apply to all organisations, regardless of their form of incorporation.
- (ii) All companies wishing to be listed on the SARB must comply fully with all the principles and practises outlined in King IV.
- (iii) King IV has adapted an "apply or explain" approach, meaning that companies may choose not to apply a principle and then explain why it has not been applied.
- (iv) Essentially, the purpose behind King IV is to achieve, through its application, four "governance outcomes", namely ethical culture, good performance, effective control and legitimacy.

Which ONE of the following indicates statements are TRUE?

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

3. The following statements are related to directors of a company:
- (i) Full-time employee of the company.
  - (ii) Independent from the company.
  - (iii) Earns a salary.
  - (iv) Earns directors' fees.
  - (v) Participates in the daily management of a company.
  - (vi) Participates in the strategic management of a company.
  - (vii) Has a specific role in the company, e.g. CFO.

Which ONE of the following relates to non-executive directors?

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

**COMPANIES: GENERAL LEDGER ACCOUNTS, FINAL ACCOUNTS & ACCOUNTING EQUATION**

The following information was taken from the records of Batman Ltd on 30 June 2021.

	2021	2020
<b>Loan (16% p.a.)</b>	560 000	1 300 000
<b>Interest on loan</b>	?	104 000

The first payment of the loan incurred on 31 March 2021. There are no accrued or prepaid amounts for interest relating to the financial year ending 30 June 2021. Interest on loan is not capitalised.

Answer questions 4, 5 and 6.

4. The loan amount paid on 31 March 2021 was:
- A R740 000
  - B R844 000
  - C R636 000
  - D R89 600
5. On which date was the loan taken out?
- A 31 December 2021
  - B 31 December 2020
  - C 31 December 2019
  - D 31 December 2018



6. What effect would the interest part of this transaction have on the accounting equation?

	Assets	Equity	Liabilities
A	-156 000	-156 000	
B		-22 400	+22 400
C		-178 400	+178 400
D	-178 400	-178 400	

The following information was taken from the records of Iron Man Ltd on 30 June 2021.

	2021	2020
SARS (Income tax)	18 000 Credit	12 800 Debit
Income tax (calculated at 30% on net profit)	?	252 000
Net profit after tax	434 000	588 000

Answer questions 7 and 8.

7. Calculate the net profit before tax for the year ending 30 June 2021.

- A R130 200
- B R1 446 667
- C R303 800
- D R620 000

8. What effect would the payment of income tax have on the accounting equation?

	Assets	Equity	Liabilities
A		-180 800	-180 800
B	-155 200		-155 200
C	-155 200	-155 200	
D		+180 800	-180 800

#### COMPANIES: INCOME STATEMENT, BALANCE SHEET & CASH FLOW STATEMENT

The following information was taken from the records of Superman Ltd on 30 June 2021.

	2021	2020
Equipment at cost	840 000	600 000
Equipment at carrying value	?	330 000

Some of the equipment was sold on 31 December 2020 at carrying value. This equipment was originally purchased on 1 July 2018 for R80 000. New equipment was purchased on 31 January 2021. Depreciation is accounted for at 15% p.a. on the cost of the assets.

Answer questions 9, 10, 11 and 12.

9. Calculate the depreciation amount on the sold equipment for the year ending 30 June 2021.
- A R12 000  
B R24 000  
C R30 000  
D R6 000
10. Calculate the profit/loss made on this transaction.
- A R6 000 profit  
B R6 000 loss  
C R0  
D R50 000 profit
11. Calculate the cost price of the new equipment purchased on 31 January 2021.
- A R320 000  
B R240 000  
C R270 000  
D R570 000
12. Calculate the accumulated depreciation on equipment on 30 June 2021.
- A R404 000  
B R344 000  
C R650 000  
D R284 000

**The following information was taken from the records of Spiderman Ltd on 30 June 2021.**

	2021	2020
<b>Ordinary Share Capital</b>	5 400 000	4 000 000

**The authorised share capital of the Spiderman Ltd is 600 000 ordinary shares. After new shares were issued on 1 July 2020, 75% of the authorised shares were in issue at an average share price of R?. Original shares were issued on 1 July 2019 at R10 a share.**

**Answer questions 13 and 14.**

13. Calculate the number of shares issued on 1 July 2020.
- A 50 000  
B 400 000  
C 450 000  
D 1 400 000

14. Calculate the issue price of the new shares issued on 1 July 2020.
- A R10  
B R12  
C R28  
D R50

The following information was taken from the records of Aqua Man Ltd on 30 June 2021.

	2021	2020
Income tax (calculated at 30% on net profit)	294 000	
Retained income	704 000	450 000
Shareholders for dividends	0	100 000

The authorised share capital of Aqua Man Ltd is 400 000 ordinary shares and all shares are in issue. No shares were bought back during the year.

Answer question 15 and 16.

15. Calculate the amount paid for dividends for the year ending 30 June 2021.
- A R100 000  
B R294 000  
C R432 000  
D R532 000
16. Calculate the final dividend per share declared on 30 June 2020.
- A 113 cents  
B 0 cents  
C 25 cents  
D 4 cents

The following information was taken from the financial records of Black Panther Limited on 30 June 2021.

Cash flow from operating activities	R650 000
Cash flow from investing activities	R2 450 000
Cash flow from financing activities	?
Net change in cash and cash equivalents	?
Cash and cash equivalents at the beginning of the year	(R1 350 000)
Cash and cash equivalents at the end of the year	R900 000

Answer questions 17 and 18.

17. Calculate the net change in cash and cash equivalents for the year.
- A R2 250 000 inflow  
B R2 250 000 outflow  
C R850 000 inflow  
D R850 000 outflow

18. Which of the following will lead to an outflow of cash as depicted in the cash flow from financing activities?
- (i) Issuing of shares.
  - (ii) Buy-back of shares.
  - (iii) Obtaining a long-term loan.
  - (iv) Repayment of a long-term loan.
  - (v) Purchase of non-current assets.
  - (vi) Proceeds from sale of non-current assets.
- A (i) and (iii)  
 B (ii) and (iv)  
 C (iv) and (v)  
 D (ii) and (vi)

The following information was taken from the records of Elektra Ltd on 30 June 2021.

	2021	2020
Shareholders' equity		7 448 000
Ordinary share capital	8 583 000	?
Retained income	?	152 000

On 1 July 2020 the company had 1 520 000 shares in issue.

On 1 August 2020 the company made an offer to shareholders and bought back 60 000 shares at R5.20 per share.

On 1 November 2020 an additional 225 000 shares were issued.

No interim dividends were declared during the year and the final dividend for the year on all ordinary shares in issue was 22 cents.

Answer questions 19, 20 and 21.

19. The entry to record the buy-back of shares in the Ordinary Share Capital account will be \_\_\_\_\_ on the debit side.
- A R288 000  
 B R420 000  
 C R312 000  
 D R294 000
20. The total amount received for the shares issued on 20 November 2020 was:
- A R1 575 000  
 B R1 599 000  
 C R1 080 000  
 D R1 170 000

21. The total dividend paid on year-end was:

- A R334 400
- B R321 200
- C R49 500
- D R370 700

**COMPANIES: ANALYSIS AND INTERPRETATION**

22. In which order are current assets shown on the Statement of Financial Position?

- A Alphabetical order.
- B Decreasing value order.
- C Increasing value order.
- D In order of liquidity.

23. The short-term portion of long-term loans are indicated as current liabilities on the Statement of Financial Position. This is done in order to better analyse the long-term \_\_\_\_ of a company.

- A liquidity
- B profitability
- C return on investment
- D risk

**The following information was taken from the notes to the financial statements of Whacky Ltd on 30 June 2021, the last day of the financial year:**

	<b>2021</b>	<b>2020</b>
<b>Trade creditors</b>	163 000	147 000
<b>Income received in advance</b>	12 000	10 000
<b>Accrued expenses</b>	8 000	11 000
<b>Shareholders for dividends</b>	183 000	175 000
<b>SARS: Income Tax</b>	37 000	-
	<b>403 000</b>	<b>343 000</b>

**Answer question 24.**

24. The change in trade and other payables as per note 1 of the Cash flow statement on 30 June 2021 will be:

- A R15 000
- B R60 000
- C R16 000
- D R45 000

25. The current ratio of a company is calculated as 2:1. Both current assets and current liabilities increase with equal amounts. This will result in:
- A no change in the current ratio.
  - B an increase in the current ratio.
  - C a decrease in the current ratio.
  - D a doubling of the current ratio.

**COMPANIES: ANALYSIS OF PUBLISHED FINANCIAL STATEMENTS AND AUDIT REPORTS**

The following extracts were taken from the audit report of NECSA (2018). Read them carefully and answer questions 26 to 30.

<b>Extract 1</b>	I do not express an opinion on the consolidated and separate financial statements of the South African Nuclear Energy Corporation (NECSA).
<b>Extract 2</b>	I was unable to obtain sufficient appropriate audit evidence that the accounting authority has fulfilled its responsibility for the preparation and fair presentation of the separate and consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS).
<b>Extract 3</b>	The entity's current liabilities exceed its current assets by R 153 132 000 and the entity made a loss of R 132 992 000 during the current year with accumulated losses of R510 752 000 at year end. The entity has adverse liquidity ratios with cash deficits forecasted for the next financial year.
<b>Extract 4</b>	The accounting authority and management did not provide adequate and effective leadership based on a culture of honesty, ethical business practices and good governance, and protecting and enhancing the best interests of the entity.

26. This opinion was expressed by the \_\_\_\_\_ of NECSA.
- A CEO
  - B CFO
  - C internal auditor
  - D external auditor
27. NECSA received an opinion according to Extract 1 that can best be described as:
- A qualified.
  - B unqualified.
  - C disclaimer.
  - D adverse.
28. The accounting authority in Extract 2 refers to the \_\_\_\_\_ of NECSA.
- A board of directors
  - B CFO
  - C external auditors
  - D shareholders

29. Which accounting principle is addressed in Extract 3?

- A The separate legal entity principle.
- B The going concern principle.
- C The accrual principle.
- D The materiality principle.

30. Extract 4 refers to:

- A King Code IV.
- B the accounting policy of NECSA.
- C legal requirements of the JSE.
- D the role of the CA.

# ACCOUNTING

**GRADE 12**

**Olympiad Paper**

**Round One**

**Marks: 30**

**Time: 1 hour**

**Date: 12 May 2021**



## Instructions

1. Complete questions on the ANSWER SHEET provided.
2. Complete all information on the ANSWER SHEET.
3. The ANSWER SHEET consist of 4 sections. Please select the correct section/subject.
4. There are 4 possible answers per question (A B C D)  
Only one answer is correct.  
Colour a circle completely.
5. Good luck!



# PROVERTO

## 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

### BUSINESS STUDIES / BESIGHEIDSTUDIES

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 12

## ACCOUNTING

### ROUND 1

#### ACCOUNTING INFORMATION, GAAP/IFRS, PUBLISHED FINANCIAL STATEMENTS AND AUDIT REPORTS

1. The \_\_\_\_\_ principle states that all revenues earned during an accounting year, whether received/not received during that year and all costs incurred, whether paid/not paid during the year should be taken into account when determining the profit or loss for that year.
  - A matching / accrual
  - B prudence / conservatism
  - C consistency
  - D going concern
  
2. The principle of \_\_\_\_\_ refers to the idea that all liabilities and expenses should be recorded as soon as possible, while assets and revenues should only be recorded when an accountant is certain they will occur.
  - A matching / accrual
  - B prudence / conservatism
  - C consistency
  - D going concern
  
3. The \_\_\_\_\_ principle entails that the recorded amounts for equity investments, assets and liabilities should not be adjusted for improvements, market value or inflation.
  - A business entity
  - B double entry
  - C full disclosure
  - D historic cost
  
4. According to the \_\_\_\_\_ principle, credit sales are recorded when sales take place and not when the customer pays the invoice.
  - A full disclosure
  - B monetary unit
  - C time period
  - D matching / accrual

5. Which one of the following is an example of the business entity principle?
- A Drawings reduce the current assets of the business or increase the current liabilities of the business.
  - 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 records small-valued assets such as pencil sharpeners, wastepaper baskets and pocket calculators as stationery (expenditure) instead of as equipment (assets), although they can last for more than one accounting period. The applicable accounting principle is \_\_\_\_\_.
- A objectivity
  - B consistency
  - C materiality
  - D business entity

Read the following and answer questions 7 and 8.

There are various users of accounting information, e.g.

- **User 1** – Needs information about the profitability and solvency of the business in order to determine the risk and interest rate of loans.
- **User 2** – Needs information about the liquidity of a business in order to assess the ability to repay the amounts owed to them.
- **User 3** – Needs information about various businesses for statistics and formulation of economic plans.
- **User 4** – Interested in long-term stability of the business and continuance of the supply of particular products.
- **User 5** – Interested in the stability of the business to provide employment, fringe benefits and promotion opportunities.

7. Which user is most probably a financial institution where the business has applied for a loan?
- A User 1
  - B User 2
  - C User 3
  - D User 4
8. Which user is most probably a trade creditor of the business?
- A User 1
  - B User 2
  - C User 4
  - D User 5
9. Assets and liabilities are classified as either current or non-current based on \_\_\_\_\_.
- A value
  - B time
  - C payments
  - D cost

10. A company takes out a short-term loan of three months to use as bridging finance. The interest on this loan will be classified as a/an \_\_\_\_\_.
- A expense
  - B payment
  - C non-current liability
  - D current liability
11. The total instalments payable on a mortgage loan for the following financial year will be shown as:
- A an expense in the published cash budget for the following financial year.
  - B a current liability as part of the notes of the balance sheet at the end of the current financial year.
  - C a non-current liability on the face of the balance sheet.
  - D an expense on the projected income statement for the following financial year.
12. Which one of the following is **NOT** true concerning the auditor's report?
- A The auditor's report is a document containing the auditor's opinion on whether a company's financial statements comply with accounting standards and are free from material misstatement.
  - B The audit report is important because various stakeholders, e.g. banks, creditors and regulators, require an audit of a company's financial statements.
  - C A qualified audit report means a company followed accounting standards while an unqualified report means there might be errors.
  - D An adverse report means that the financial statements might have had discrepancies and/or misrepresentations and did not adhere to accounting standards.
13. In our opinion, the financial statements present fairly, in all material respects, the financial position of Fancy Technologies Limited as at 28 February 2021 and its financial performance and its cash flows for the year then ended in accordance with IFRS and the Companies Act of South Africa.
- This report will be issued by the \_\_\_\_\_.**
- A external auditor
  - B internal auditor
  - C Directors
  - D Promoters

# TRANSACTIONS RELATED TO COMPANIES AND ANALYSIS OF FINANCIAL STATEMENTS

14. Fargo Ltd. received a loan statement from the BBC Bank. The loan is a mortgage loan and interest is capitalised.

Balance on 28 February 2020	R984 000
Payments received	R37 000 per month
Balance on 28 February 2021	R618 720

Which one of the following statements is true?

- A The loan was used to purchase trading stock and the interest for the year amounts to R78 720.  
 B The loan was used to purchase land and buildings and the interest for the year amounts to R78 720.  
 C The loan was used to purchase moveable assets and the interest for the year amounts to R35 520.  
 D The loan was used to pay trade creditors and the interest varies as the rate is capitalised.
15. The board of Gallagher Limited consists of 3 executive and 4 non-executive members. Directors fees is R20 000 per month.

The remuneration of directors will be included in the financial statements on 28 February 2021 as:

	SALARIES AND WAGES	DIRECTORS FEES
A	R720 000	R960 000
B	R960 000	R720 000
C	R1 680 000	R0
D	R0	R1 680 000

16. The pre-adjustment trial balance on 28 February 2021 shows rent expense as R333 450. Rent increased with 10% on 1 November 2020 and the rent for March 2021 was paid on 24 February 2021.

Which one of the following transactions is correct?

	DEBIT	CREDIT
A	Rent expense, R27 787.50	Prepaid expenses, R27 787.50
B	Prepaid expenses, R27 787.50	Rent expense, R27 787.50
C	Rent expense, R27 170.00	Prepaid expenses, R27 170.00
D	Prepaid expenses, R27 170.00	Rent expense, R27 170.00

17. The pre-adjustment trial balance on 28 February shows the following balances:

	2021	2020
Debtors control	R634 000	R208 600
Provision for bad debts	?	?

The following adjustments must still be taken into consideration:

- (i) Three debtors owing a total of R840 must be written off as irrecoverable.
- (ii) One debtor is insolvent. His estate paid 30 cents in the Rand and R2 370 was received at the end of January. No entry was made.
- (iii) The debtors list includes a creditor with a debit balance of R412 000. This was for a deposit on a new custom build vehicle that will be delivered at the end of May.
- (iv) The provision for bad debts must be increased with one percentage point to 5%.

Choose the correct effect on the financial statements on 28 February 2021.

	INCOME STATEMENT – NET PROFIT WILL	BALANCE SHEET – NET TRADE DEBTORS WILL
A	increase with R233	increase with R233
B	decrease with R233	decrease with R233
C	increase with R2 319	increase with R2 319
D	decrease with R2 319	decrease with R2 319

18. Halo Limited underpaid SARS with R300 for the year ending 28 February 2020. During the current financial year (28 February 2021), tax payments totalling R41 300 were made. On 28 February 2021, the SARS: Income Tax account had a credit balance of R3 400.

Calculate the **net profit before tax** for the year ending 28 February 2021 if the tax rate is 30%.

- A R148 000
- B R127 333
- C R125 333
- D R150 000

19. Cara Limited was registered on 31 May 2017 with an authorised share capital of 2 000 000 shares. On 30 June 2017, shares to the value of R4 000 000 were issued at 400 cents per share. On 1 February 2019, an additional 500 000 shares were issued at 460 cents per share. On 28 February 2020, Cara Ltd. repurchased 100 000 shares from a shareholder at 10% less than the market price of 480 cents per share on that day.

Which entry is correct for the **repurchase of shares on 28 February 2020**?

	ORDINARY SHARE CAPITAL		RETAINED INCOME	
A		432 000		60 000
B	432 000		60 000	
C		420 000		12 000
D	420 000		12 000	

20. The ordinary share capital account shows that 1 200 000 shares are in issue on 1 July 2020 at 400 cents per share. On 1 January 2021, an additional 300 000 shares were issued. On 31 March 2021, 75 000 shares were repurchased at a total of R450 000. The ordinary share capital note shows the balance on 30 June 2021 as R5 985 000.

Shares were issued at \_\_\_\_\_ cents per share.

- A 500
  - B 545
  - C 600
  - D 410
21. JJ Limited issued 100 000 shares at R25 per share.

An ill-timed news item questioning the company's leadership ethics causes panicked shareholders to begin to sell, driving the price down to R15 per share. The company decides to repurchase 50 000 shares at the current market price and wait out the frenzy. The business remains profitable and launches a new and exciting product line the following quarter, driving the market price up past the original offering price to R35 per share. After regaining its popularity, the company reissues the 50 000 shares at the new market price.

Which one of the following is true?

- A JJ Limited was able to turn R2,5 million in equity into R3,0 million without further diluting ownership by issuing additional shares.
  - B JJ Limited has a total share value of R1,75 million.
  - C The market price has no influence on the value of shares issued by the company.
  - D The total value of shares decreased by R1 million, thus diluting the ownership as JJ Limited has issued new shares.
22. Shares can be bought back from:
- A existing shareholders.
  - B directors who have taken a share option.
  - C the open market.
  - D all of the above.

23. The following information was taken from the records of Katana Limited:

	28 FEBRUARY 2021	28 FEBRUARY 2020
Non-current assets at cost	18 000 000	12 000 000
Accumulated depreciation	1 440 000	1 200 000
Depreciation for the year	620 000	430 000

New equipment was purchased during the year at a cost of R7 000 000. Old equipment was sold at carrying value.

Calculate the returns on non-current assets sold.

- A R380 000
- B R810 000
- C R620 000
- D R1 240 000

24. The balance sheet of Lima Limited shows the following:

	28 FEBRUARY 2021	28 FEBRUARY 2020
Financial assets	600 000	500 000

During the year a fixed deposit of R300 000 matured. This money was re-invested in a 60-day call account.

Calculate the change in investment that will be included on the cash flow statement on 28 February 2021.

	INFLOW	OUTFLOW	NET CHANGE
A	400 000	300 000	R100 000 inflow
B	400 000	0	R400 000 inflow
C	300 000	400 000	R100 000 outflow
D	0	400 000	R400 000 outflow

25. The note to the cash flow statement: Cash generated from operations is adjusted with the amounts for depreciation and interest expense because

- A depreciation is shown more prominently on the face of the cash flow statement and interest expense does not represent cash flow and is therefore excluded from cash operations.
- B both depreciation and interest expense are non-cash flow items and must be excluded from the cash flow from operating activities.
- C depreciation must be deducted from net profit as it is shown in the cash flow from investing activities and interest expense is a non-operating expense.
- D interest expense is shown more prominently on the face of the cash flow statement and depreciation does not represent cash flow and is therefore excluded from cash operations.

26. The net change in cash and cash equivalents is the result of:

- A Cash flow from non-current activities, investment activities and financing activities.
- B Cash flow from operating activities, investment activities and financing activities.
- C Cash flow from changes in retained activities, current activities and non-current activities.
- D Cash flow from income activities, expense activities and financing activities.

27. The current ratio is calculated as 2,25:1 and the acid test ratio as 0,90:1.

Calculate the value of stock on hand if current assets is shown as R1 395 000 on the balance sheet.

- A R837 000
- B R1 883 250
- C R1 550 000
- D R620 000



28. Which one of the following statements is true?
- A Return on shareholders' equity looks at how well a company uses shareholder equity while return on capital invested (employed) is meant to determine how well a company uses all its available capital to make profit.
  - B The purpose of return on capital invested (employed) is to figure out the amount of money before dividends a company makes based on all its sources of capital, which includes shareholders' equity and debt.
  - C Return on shareholders' equity determines the investment made in relation to the average capital employed.
  - D The return on capital invested (employed) must preferably be much lower than the current interest rate paid on loans.
29. The current market price of a share in Lima Limited is 450 cents. These shares have been issued at 320 cents and the net asset value per share is 400 cents. Peter has the opportunity to purchase 10 000 Lima share at 500 cents each from a friend.

**What would you suggest Peter do?**

- A Peter must purchase the shares from his friend.
  - B Peter must purchase the shares on the open market.
  - C Peter must not purchase shares in Lima Limited at all.
  - D Peter must wait for market price to go lower than the net asset value per share before he purchases shares.
30. You have to report on the liquidity of Marvellous Limited.

**Which ratios will you use in your report?**

- A Return on shareholders' equity, current ratio, stock turnover rate, solvency ratio and earnings per share.
- B Current ratio, stock turnover rate, average debtors collection period, stock holding period.
- C Return on shareholders' equity, return on capital employed, current ratio and earnings per share.
- D Solvency ratio, earnings per share, net asset value per share and dividends per share.

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# ACCOUNTING

**GRADE 12**

**Olympiad Paper**

**Round Two**

**Marks: 30**

**Time: 1 hour**

**Date: 3 August 2022**



## 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!

### COMPANIES

1. A shareholder invested R2 000 000 in 1 000 000 ordinary shares in ABC Ltd. on 15 April 2015. On 31 March 2022, she sold the 1 000 000 shares at R1.25 each on the JSE to another investor. The share capital account of ABC Ltd. will be:
  - A increased with R750 000.
  - B decreased with R750 000.
  - C diluted with 37.5%.
  - D unchanged, as there is no effect.
  
2. The abbreviation LTD. in a company's name refers to the limited liability of a company. This means that:
  - (i) the company is not fully liable for the debts of the company.
  - (ii) the company's liability is limited to existing shareholders on the day of insolvency.
  - (iii) shareholders' liability is limited to the market value of shares they have.
  - (iv) shareholders' liability is limited to the value invested in shares in the company.
  - (v) the directors of a company are fully liable for the debts of the company.

Choose one of the following:

- A (i) and (v)
  - B Only (ii)
  - C Only (iii)
  - D Only (iv)
3. The general objective of the Trading Account of a company is to indicate the:
    - A difference between cash receipts and cash payments for the financial period concerned.
    - B net profit or loss for the financial period concerned.
    - C profit or loss on the turnover of goods sold in the period concerned.
    - D difference between income earned and expenditure incurred in the period.
  
  4. A company has trade debtors of R100 000 with an existing provision of R12 000 for bad debts. The provision for bad debts has to be adjusted to 10% of trade debtors. What will the effect on the financial statements be?

	<b>Income Statement</b>	<b>Balance Sheet</b>
A	The net profit will increase by R2 000.	Net trade debtors will increase by R2 000.
B	The net profit will decrease by R2 000.	Net trade debtors will decrease by R2 000.
C	The gross profit will increase by R2 000.	Net trade debtors will decrease by R10 000.
D	The gross profit will decrease by R2 000.	Net trade debtors will increase by R10 000.

5. ABC Ltd. made income tax payments of R57 400 for the financial year under consideration. On the first day of the current financial year, ABC Ltd. owed SARS R2 700. On the last day of the current financial year, the amount owed to SARS was R5 800. Calculate the NET PROFIT BEFORE TAX if the current tax rate is 30%.
  - A R191 333
  - B R219 667

- C R65 900  
D R201 667

6. DEF Ltd. was registered on 1 February 2019 with an authorised share capital of 5 000 000 shares. On 30 June 2019, shares to the value of R6 000 000 were issued at 200 cents per share. On 1 February 2020, an additional 600 000 shares were issued at 290 cents per share. On 28 February 2020, DEF Ltd. repurchased 200 000 shares from a shareholder at R2.75 per share.

Which entry is correct for the **repurchase of the 200 000 shares on 28 February 2020?**

	ORDINARY SHARE CAPITAL		RETAINED INCOME	
A	550 000			
B	430 000		120 000	
C	120 000		430 000	
D			550 000	

7. Company GH Ltd. is registered with 500 000 shares. On 30 June 2021, the last day of the financial year, the share capital note indicates that 400 000 shares are in issue at R5.00 each. The trading price of a share in GH Ltd. on 30 June 2021 was R6.75.

What is GH Ltd. issued share capital?

- A It is the total number of shares that have been allotted to shareholders, thus 400 000 shares.  
B It is the total value of shares that have been allotted to shareholders, thus R2 000 000.  
C It is the total market value of shares that have been allotted to shareholders, thus R2 700 000.  
D It is the total value of shares that may be allotted to shareholders at the current market price, thus R3 375 000.
8. Which one of the following statements is NOT true with regards to the distribution of profits?
- A The dividend recommended by the directors has to be approved by shareholders.  
B It is possible for a company to declare and pay a dividend if a loss for the financial year has been recorded.  
C A dividend per share can be declared from previous years' retained income.  
D If a company does not declare a dividend in the current financial year due to a loss, the company will be declared insolvent.
9. The financial statements of Company ABC Ltd. show a reduction in the working capital. This is the result of:
- (i) an increase in the bank overdraft used to pay for new office equipment.  
(ii) a decrease in cash from paying property rates in advance.  
(iii) a receipt of cash from trade debtors.

Choose one of the following:

- A Only (i) is correct.  
B Only (iii) is correct.  
C Only (i) and (ii) are correct.  
D Only (ii) and (iii) are correct.

**INTERNAL CONTROL AND ANALYSIS OF FINANCIAL STATEMENTS**

10. YDM Ltd.'s net sales for the year amounted to R8 000 000. The gross profit percentage on sales was correctly calculated as 34.25%. Calculate the gross profit on the cost of sales for the year.
- A 47.91%
  - B 31.50%
  - C 52.09%
  - D 65.75%
11. The net profit after 30% tax was correctly calculated as R770 000. The directors declared a dividend of 55 cents per share which was 20% of net income before tax. Calculate the number of shares in issue on the date that dividends were declared.
- A 420 000
  - B 121 000
  - C 220 000
  - D 400 000
12. Which one of the following is not seen as an external user of information obtained by analysing the financial statements of a company?
- A Potential suppliers of the company.
  - B Creditors of the company.
  - C Managing directors of the company.
  - D Financial institutions that provide loans.
13. A company's sales for the year amounted to R390 000 and this represented a mark-up of 30% on cost. If the average stock holding was R120 000, the rate of turnover would be:
- A 0.98 times.
  - B 3.25 times.
  - C 2.50 times.
  - D 2.275 times.
14. Company RS Ltd. reports a dilution in the earnings per share for the current financial year. Which of the following statements are true with regards to the dilution?
- A The EPS for the current year is higher than the EPS for the previous financial year.
  - B The EPS for the current year is lower than the EPS for the previous financial year.
  - C The number of shares in issue for the current year is higher than the number of shares in issue for the previous financial year.
  - D The number of shares in issue for the current year is lower than the number of shares in issue for the previous financial year.
15. JK Ltd repurchased 10 000 of its own shares from various shareholders at R25 per share. The average share price on the date of repurchase was R20. The current market price per share is R28. What will the effect of this be on the shareholder's equity as indicated on the published financial statement of JK Ltd.?
- A It will increase with R250 000.
  - B It will decrease with R200 000.

- C It will decrease with R250 000.
- D It will decrease with R280 000.

16. The following is an extract from the financial statements on 28 February 2022 and is correct:

Sales	R20 000
Cost of sales	R17 000
Operating expenses	R1 000
Interest expense	R300
Income Tax	R1 000
Dividends	R200
Current assets	R10 000
Non-current assets	R20 000
Current liabilities	R8 850
Non-current liabilities	R1 000

Calculate the return on capital employed (ROCE), assuming that there were no changes in the capital employed at the beginning and end of the financial year.

- A 9.46%
- B 0%
- C 9.93%
- D 8.04%

#### NON-CURRENT ASSETS

17. When calculating depreciation using the diminishing balance method:

- A a constant percentage is multiplied by a declining book value.
- B a declining percentage is multiplied by a constant book value.
- C a constant percentage is multiplied by the previous year's depreciation expense.
- D a variable percentage is multiplied by the previous year's depreciation expense.

18. Equipment with a cost of R450 000 has an estimated lifespan of 4 years. It has to be depreciated by the straight-line method. At the end of the fourth year, a decision is made to use the equipment for another year. What is the amount of depreciation that must be recorded for the FOURTH year?

- A R90 000
- B R112 500
- C R89 999
- D R112 499

19. The gain or loss on disposal of an asset is the difference between the selling price of an asset and the:

- A historic cost less the accumulated depreciation up to the date of disposal.
- B historic cost less the accumulated depreciation up to the beginning of the year of disposal.
- C the depreciation amount of the asset and the accumulated depreciation up to the date of disposal.
- D the replacement value of the asset less the book value of the asset.

#### INVENTORY SYSTEMS

20. During its first year of operation, a company purchased the following stock:

Date of purchase	Quantity purchased (tons)	Purchase price per ton
31 March	1 000	R50
31 July	2 000	R100
31 October	500	R200

On 31 December, the last day of the financial year, 1 250 tons were on hand. Calculate the value of the stock on hand using FIFO.

- A R37 500
- B R120 000
- C R125 000
- D R175 000

21. The following information relates to LM Traders for the year ending 30 June 2021:

	Number of units	Total value
Opening stock on hand	800	10 000
1 <sup>st</sup> purchase	4 200	48 000
2 <sup>nd</sup> purchase	7 000	98 000
Closing stock on hand	500	?

LM Traders uses the periodic weighted-average method to value stock. Calculate the cost of sales for the year ending 30 June 2021.

- A R149 500
- B R6 500
- C R7 000
- D R161 000

#### COST ACCOUNTING

22. The fixed cost per unit increases when the:

- A variable cost per unit increases.
- B variable cost per unit decreases.
- C volume of production increases.
- D volume of production decreases.

23. Prime cost includes:

- A direct expenses plus indirect expenses.
- B direct materials, direct wages and indirect expenses.
- C direct materials, direct wages and direct expenses.
- D indirect materials, indirect wages and indirect expenses.

24. Depreciation calculated in the manufacturing plant and machinery forms part of:

- A factory overheads.
- B selling overheads.



- C distribution overheads.
- D administration overheads.

### VAT

25. Credit sales invoiced to a customer at R276 000, inclusive of standard rate VAT, should be accounted for as:

	Account(s) debited	Account(s) credited	
A	Debtors Control R276 000	Sales	R240 000
		Output-VAT	R36 000
B	Debtors Control R276 000	Sales	R240 000
		Input-VAT	R36 000
C	Debtors Control R276 000	Sales	R276 000
D	Debtors Control R240 000	Sales	R240 000
		Output-VAT	R36 000

26. The list price of goods sold was R72,000 (excluding VAT). A trade discount of 10% and a 5% cash discount is on offer. The VAT to be included on the invoice would be:
- A R10 800
  - B R9 720
  - C R540
  - D R9 234

### CASH BUDGETS

27. A cash budget for the six months ending 30 September 2022 shows an anticipated overdraft of approximately R9 500. Which of the following would reduce the expected overdraft?
- A Allowing customers two months' credit, instead of one month's credit.
  - B Cash purchases instead of one month's credit.
  - C Charging depreciation on fixed assets at 25% on the straight-line basis, rather than 20%.
  - D Assets being leased, rather than purchased for cash.
28. ABC Ltd. had an opening bank balance of R60 000 on 1 January 2022. An extract of a cash budget is provided below:

	January 2022	February 2022	March 2022
Net receipts/(payments)	(R72 000)	(R43 000)	R37 000

At the end of March 2022, ABC Ltd. will:

- A require no overdraft facility.
- B require an overdraft facility of R18 000.
- C have a favourable bank balance of R37 000.
- D require an overdraft facility of R78 000.

### RECONCILIATIONS

29. An EFT of R10 925 was made on 30 June 2022 to pay a creditor on time. The accountant did not enter the transaction in the accounting records of the business. The creditor allows a discount of 5% on early payments. The correct entry on the Balance Sheet dated 30 June 2022 will be:
- A increase Bank with R10 925 and decrease Creditors with R10 925.
  - B decrease Bank with R10 925 and decrease Creditors with R10 925.
  - C increase Bank with R11 500 and decrease Creditors with R11 500.
  - D decrease Bank with R10 925 and decrease Creditors with R11 500.
30. A credit note received from a supplier for stock returned was omitted from the relevant journal. This will have an effect on:
- A the balance of the Trading Stock, as well as the balance of the Creditors Control accounts in the General Ledger.
  - B the balances of the Trading Stock account and the Debtors Control accounts in the General Journal.
  - C the balance of the Creditors Control accounts in the General Ledger, as well as the list of creditors as per the Creditors Ledger.
  - D the balance of the trading stock, the balance of the Creditors Control accounts in the General Ledger, as well as the list of creditors as per the Creditors Ledger.
- 
-

# ACCOUNTING

**GRADE 12**

**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!



# RULES OF ORDERING IN MATHEMATICS - BODMAS



<b>B</b>	<b>O</b>	<b>D</b>	<b>M</b>	<b>A</b>	<b>S</b>
Brackets (...)	Orders $\sqrt{x}$ $x^2$	Division $\div$	Multiplication $\times$	Addition $+$	Subtraction $-$

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# PROVERTO EMS OLYMPIAD 2021 – GRADE 12

## ACCOUNTING

### ROUND 2

### RECONCILIATIONS

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. 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 to the wrong creditor's bank account.

**Which action is required in the creditors' reconciliation process?**

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

5. **Study the debtors age analysis on 28 February 2021.**

Credit terms: 30 days, early settlement earns 5% discount.

DEBTORS	CREDIT LIMIT	TOTAL	CURRENT	30 DAYS	60 DAYS	90 DAYS +
L. NANDI	R1 500	R2 300	R1 200	R950		R150
W. LEWIS	R6 000	R500	R500			
P. PILLAY	R10 000	R8 750	R6 850	R1 900		
T. OWENS	R4 000	R5 620	R3 420	R1 150	R850	R200
		<b>R17 170</b>	<b>R11 970</b>	<b>R4 000</b>	<b>R850</b>	<b>R350</b>

**As the manager of the debtors' department, you would be concerned about the following:**

- A Poor control over the collection of debtors.
  - B Poor control over the management of credit limits and the blocking of accounts that exceed the credit terms.
  - C High discounts are allowed.
  - D Few debtors that bought on credit from the business in the current month.
6. The trial balance balances when the creditors control account's balance is included in it, but it does not balance when the total of the creditors' list is included.

**It is clear that the error is in ...**

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

## STOCK VALUATION AND INTERNAL CONTROL OF FIXED ASSETS

7. The business uses the perpetual inventory system.

**Balances according to the Pre-adjustment trial balance on 28 February 2021:**

Trading stock	R488 200
Cost of sales	R 1 365 650
Donations	R8 750

**The following transaction was not yet taken into account:**

- The physical stock take on 28 February 2021 revealed the following items:

ITEMS	VALUATION METHOD	STOCK ON HAND ON 28 FEB 2021	VALUE ON 28 FEB 2021
Televisions	Specific identification (R15 200 each)	25 televisions	?
DSTV decoders	FIFO	105 DSTV decoders	?
Universal remotes	Weighted average	264 universal remotes	?

- Three televisions were donated to a local school after the stock take was completed. No entries were made in regard to the donations.
- The following information relates to the stock of decoders and remotes:

	DSTV DECODERS			UNIVERSAL REMOTES		
	UNIT	PRICE	TOTAL	UNIT	PRICE	TOTAL
<b>OPENING STOCK</b>	155	R650	R100 750	242	R67,75	R16 396
<b>PURCHASES:</b>						
<b>APRIL 2020</b>	250	R685	R171 250	150	R75	R11 250
<b>AUGUST 2020</b>	410	R600	R246 000	150	R78	R11 700
<b>JANUARY 2021</b>	80	R795	R63 600	150	R86	R12 900
<b>TOTAL:</b>	<b>895</b>		<b>R581 600</b>	<b>692</b>		<b>R52 246</b>

**Calculate the closing stock on 28 February 2021 by using the stock valuation methods given above.**

- A R422 564
- B R432 932
- C R478 532
- D R483 407

8. The business uses the perpetual inventory system.

**Balances according to the Pre-adjustment trial balance on 28 February 2021:**

Trading stock	R488 200
Cost of sales	R 1 365 650
Donations	R8 750

**The following transaction was not yet taken into account:**

- The physical stock take on 28 February 2021 revealed the following items:

ITEMS	VALUATION METHOD	STOCK ON HAND ON 28 FEB 2021	VALUE ON 28 FEB 2021
Televisions	Specific identification (R15 200 each)	25 televisions	380 000
DSTV decoders	FIFO	105 DSTV decoders	84 000
Universal remotes	Weighted average	264 universal remotes	21 120

- Three televisions were donated to a local school after the stock take was completed. No entries were made in regard to the donations.

**Calculate the entries needed for the Statement of Comprehensive Income for the year ended 28 February 2021.**

STATEMENT OF COMPREHENSIVE INCOME			
	TRADING STOCK DEFICIT	TRADING STOCK SURPLUS	DONATIONS
<b>A</b>	R3 080	-	R45 600
<b>B</b>	R48 680	-	R45 600
<b>C</b>	-	R48 680	R45 600
<b>D</b>	-	R3 080	R45 600

9. If a business wants to calculate how many times per year it is able to sell out its stock, they would do the following calculation:

**A**  $\frac{\text{Average stock}}{\text{Cost of sales}} \times \frac{365}{1}$

**B**  $\frac{\text{Cost of sales}}{\text{Average stock}} \times \frac{365}{1}$

**C**  $\frac{\text{Average stock}}{\text{Cost of sales}}$

**D**  $\frac{\text{Cost of sales}}{\text{Average stock}}$



10. The following information is applicable to the stock of decoders:

	DSTV DECODERS		
	UNITS	PRICE	TOTAL
OPENING STOCK	155	R650	R100 750
PURCHASES:	740		R480 850
APRIL 2020	250		
AUGUST 2020	410		
JANUARY 2021	80		
CLOSING STOCK	105		R84 000

Calculate the time period for enough closing stock on hand for the DSTV decoders.

- A 53 days  
 B 58 days  
 C 62 days  
 D 68 days
11. Bezazz Beauty products has three sales reps on the road to promote their unique beauty device to beauty salons. Study the figures at the end of April 2021.

	SALES REPRESENTATIVES		
	DANNY	DARLA	DOMINIQUE
Units at the beginning of the month	120	120	120
Units sold in the month	107	85	120
Units at the end of the month	10	35	0
Discounts allowed to clients	R0	R3 500	R8 000
Selling price per unit	R2 400	R2 400	R2 400
Cash deposited	R245 400	R200 500	R280 000
Gross profit	R144 450	R114 750	R162 000
Basic salary	R7 000	R7 000	R7 000
Commission to sales reps	R21 400	R17 000	R24 000
Travel allowance (R3,15 per km)	R3 150	R3 937,50	R2 583

Identify the biggest concern with Danny's figures for April 2021.

- A Danny has a theft problem; cash as well as units are missing at the end of April 2021.  
 B Danny did not allow discounts to his customers.  
 C Danny sold 107 units this month and therefore earned a high of commission of R21 400.  
 D Danny brought in little profit after all the expenses were subtracted.

12. Bezazz Beauty products has three sales reps on the road to promote their unique beauty device to beauty salons. Study the figures at the end of April 2021.

	SALES REPRESENTATIVES		
	DANNY	DARLA	DOMINIQUE
Units at the beginning of the month	120	120	120
Units sold in the month	107	85	120
Units at the end of the month	10	35	0
Discounts allowed to clients	R0	R3 500	R8 000
Selling price per unit	R2 400	R2 400	R2 400
Cash deposited	R245 400	R200 500	R280 000
Gross profit	R144 450	R114 750	R162 000
Basic salary	R7 000	R7 000	R7 000
Commission to sales reps	R21 400	R17 000	R24 000
Travel allowance (R3,15 per km)	R3 150	R3 937,50	R2 583

Identify the biggest concern with Darla's figures for April 2021.

- A Darla's travel allowance is high compared to the number of units she sold.  
 B Darla sold too few units compared to Danny and Dominique.  
 C Darla has a cash theft problem.  
 D Darla allows too much discounts to customers.
13. Bezazz Beauty products has three sales reps on the road to promote their unique beauty device to beauty salons. Study the figures at the end of April 2021.

	SALES REPRESENTATIVES		
	DANNY	DARLA	DOMINIQUE
Units at the beginning of the month	120	120	120
Units sold in the month	107	85	120
Units at the end of the month	10	35	0
Discounts allowed to clients	R0	R3 500	R8 000
Selling price per unit	R2 400	R2 400	R2 400
Cash deposited	R245 400	R200 500	R280 000
Gross profit	R144 450	R114 750	R162 000
Basic salary	R7 000	R7 000	R7 000
Commission to sales reps	R21 400	R17 000	R24 000
Travel allowance (R3,15 per km)	R3 150	R3 937,50	R2 583

Identify the biggest concern with Dominique's figures for April 2021.

- A Dominique allows too much discount to customers, which influences the profit greatly.  
 B Dominique has a cash theft problem.  
 C Dominique has a planning problem that affects her stock purchasing.  
 D Dominique's travel allowance is too low and this impacts her sales negatively.

## VALUE ADDED TAX

14. **JoJo LTD** is a registered VAT vendor and VAT is added at 15%, and owed to SARS according to the invoice basis. The business uses a mark-up of 60% on cost.

Sold goods on account to D. Dlamini, R4 232.

Choose the **CORRECT** accounting equation option that accompanies the entry.

	ACCOUNT DEBITED	ACCOUNT CREDITED	ASSETS	EQUITY	LIABILITIES
<b>A</b>	Debtors control	Sales	+ 4 232	+ 4 232	
	Debtors control	VAT Output	+ 635		+ 635
	Cost of Sales	Trading Stock	- 2 645	- 2 645	
<b>B</b>	Debtors control	Sales	+ 3 680	+ 3 680	
	VAT Output	Debtors control	+ 552		+ 552
	Cost of Sales	Trading Stock	- 2 300	- 2 300	
<b>C</b>	Sales	Debtors control	+ 4 232	+ 4 232	
	VAT Output	Debtors control	+ 635		+ 635
	Cost of Sales	Trading Stock	- 2 645	- 2 645	
<b>D</b>	Debtors control	Sales	+ 3 680	+ 3 680	
	Debtors control	VAT Output	+ 552		+ 552
	Cost of Sales	Trading Stock	- 2 300	- 2 300	

15. At the end of the financial year, after all adjustments were taken into account, the following information appeared in the books of JoJo LTD:

	PRE-ADJUSTMENT TRIAL BALANCE	POST-ADJUSTMENT TRIAL BALANCE
VAT Control account	R12 420 (DR)	R9 450 (DR)

Where would the final VAT control account balance appear in the financial statements?

- A Statement of comprehensive income (as an income).  
 B Statement of comprehensive income (as an expense).  
 C Statement of financial position (in Trade and other receivables note).  
 D Statement of financial position (in Trade and other payables note).
16. Which item is not a zero-rated VAT item?

- A Petrol  
 B Brown bread  
 C Fresh fruit and vegetables  
 D Interest on fixed deposit

## COMPANIES

17. Assets and liabilities are classified as either current or non-current based on \_\_\_\_\_.
- A payments
  - B cost
  - C time
  - D value
18. Which one of the following is **NOT** true concerning the auditor's report?
- A The auditor's report is a document containing the auditor's opinion on whether a company's financial statements comply with accounting standards and are free from material misstatement.
  - B The audit report is important because various stakeholders, e.g. banks, creditors and regulators, require an audit of a company's financial statements.
  - C A qualified audit report means a company followed accounting standards, while an unqualified report means there might be errors.
  - D An adverse report means that the financial statements might have had discrepancies and/or misrepresentations and did not adhere to accounting standards.

19. **SHARES**

The following information relates to shares during the year ending 31 December 2021:

- The business has 2 500 000 authorised shares.
- 1 500 000 ordinary shares were in issue at the end of the previous financial year.
- 100 000 ordinary shares were repurchased on 31 August 2021 from the estate of a shareholder who had died. The shares were repurchased at R6 above the average issue price.
- 400 000 ordinary shares were issued on 1 November 2021.

Extract from the Statement of financial position on 31 December:

	2021	2020
Ordinary Share Capital	R36 000 000	R27 000 000
Retained Income	R14 740 000	R10 580 000

Which amounts would be disclosed for shares on the Cash flow statement for the year ending 31 December 2021?

	PROCEEDS FROM SHARES ISSUED	REPURCHASE OF SHARES
A	R11 000 000	(R2 600 000)
B	R10 800 000	(R2 400 000)
C	R9 600 000	(R600 000)
D	R9 000 000	(R600 000)

## 20. INCOME TAX

List of balances on 30 April

	2021	2020
SARS (Income Tax)	R15 400 DR	R24 100 CR
Sales	R5 400 000	
Interest income	R26 000	
Interest expense	R125 000	

- **Financial indicators on 30 April 2021:**
  - Operating profit on sales: 18,5%
  - Net profit after tax on sales: 12%
  - Income tax percentage: 28%

Indicate how the **INCOME TAX** would affect each statement.

	STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 APRIL 2021	STATEMENT OF FINANCIAL POSITION ON 30 APRIL 2021 TRADE AND OTHER RECEIVABLES	CASH FLOW STATEMENT FOR THE YEAR ENDING 30 APRIL 2021
<b>A</b>	(R252 000)	R15 400	(R291 500)
<b>B</b>	(R351 000)	R15 400	(R390 500)
<b>C</b>	(R252 000)	R15 400	(R260 700)
<b>D</b>	(R351 000)	R15 400	(R359 700)

## 21. DIVIDENDS

Study the information below for the year ending 28 February 2021.

List of balances on 28 February

	2021	2020
Retained income	R239 680	R160 000
Shareholders for dividends	?	R155 900
Net profit before tax	R1 320 800	
Net profit after tax	R950 980	

- Total dividends paid during the year, R371 200.
- 80 000 shares were repurchased during the current financial year at R3,20 above the average price per share.

Indicate how the **DIVIDENDS** would affect each statement.

	STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2021 (NOTE 8: RETAINED INCOME)	STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2021 (CURRENT LIABILITIES)	CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2021
<b>A</b>	R615 300	R244 100	(R371 200)
<b>B</b>	R829 220	R613 920	(R371 200)
<b>C</b>	R615 300	R400 000	(R371 200)
<b>D</b>	R871 300	R656 000	(R371 200)

## 22. FIXED ASSETS

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, 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.

	STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 SEPTEMBER 2021	STATEMENT OF FINANCIAL POSITION ON 30 SEPTEMBER 2021	CASH FLOW STATEMENT FOR THE YEAR ENDING 30 SEPTEMBER 2021	
			PURCHASE OF FIXED ASSET	PROCEEDS FROM SALE OF FIXED ASSET
A	(R53 750)	R3 715 500	(R1 825 000)	R68 250
B	(R50 063)	R3 720 812	(R1 825 000)	R68 250
C	(R47 250)	R3 722 000	(R1 695 000)	R68 250
D	(R83 250)	R3 624 250	(R1 763 250)	R68 250

## 23. LOAN AND INTEREST

List of balances on 31 August 2021:

Loan: Capitec Bank	R777 000
Interest on loan	R54 300

A mortgage loan from Capitec Bank was negotiated on 1 March 2019. It would be paid back over 6 years. A fixed loan instalment (excluding interest) is paid at the end of each month. The first monthly payment was done on 31 March 2019. All other loan repayments were done. Interest on loan is not capitalised and was correctly calculated and recorded.

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

	STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 AUGUST 2021	STATEMENT OF FINANCIAL POSITION ON 31 AUGUST 2021		CASH FLOW STATEMENT FOR THE YEAR ENDING 31 AUGUST 2021	
		NON-CURRENT LIABILITIES	CURRENT LIABILITIES	OPERATING ACTIVITIES	FINANCING ACTIVITIES
A	(R54 300)	R777 000	R129 500	(R54 300)	(R129 500)
B	(R54 300)	R777 000	R222 000	(R54 300)	(R222 000)
C	(R54 300)	R647 500	R129 500	(R54 300)	(R129 500)
D	(R54 300)	R555 000	R222 000	(R54 300)	(R222 000)

**24. STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY  
NOTE 5: TRADE AND OTHER RECEIVABLES**

	<b>2021</b>	<b>2020</b>
Trade debtors	61 530	43 200
Prepaid expenses (interest)	1 200	-
Accrued incomes	7 410	5 600
Deposit for water and electricity	1 500	1 000
SARS (Income tax)	-	14 300
	<b>71 640</b>	<b>64 100</b>

Calculate the changes in trade and other receivables in Note 1: Cash generated from operations in the Cash flow statement for the year ending 28 February 2021.

- A (R7 540)
- B (R18 330)
- C (R20 640)
- D (R21 840)

**25. Study the information from the extract provided:**

**STATEMENT OF COMPREHENSIVE INCOME**

	<b>2021</b>
Interest income	R18 000
Interest expense	R88 000
Net profit before tax	R2 280 000
Net profit after tax	R1 854 000

**STATEMENT OF FINANCIAL POSITION**

	<b>2021</b>	<b>2020</b>
Non-current liabilities	1 200 000	500 000
Current liabilities	510 500	555 800
Debt/equity ratio	0,3 : 1	0,2 : 1

Calculate the net asset value (NAV) for the end of 2021 financial year if the business had 375 000 shares in issue.

- A 454 cents
- B 867 cents
- C 1 067 cents
- D 1 520 cents

**26. Study the information from the extract provided:**

**STATEMENT OF COMPREHENSIVE INCOME**

	<b>2021</b>
Interest income	R15 000
Interest expense	R132 000
Net profit before tax	R1 175 000
Net profit after tax	R864 000

**STATEMENT OF FINANCIAL POSITION**

	<b>2021</b>	<b>2020</b>
Ordinary share capital	2 967 000	2 520 000
Retained income	472 500	198 000
Non-current liabilities	1 200 000	500 000

Calculate the percentage return on total capital employed for the 2021 financial year.

- A 25,35%
- B 28,17%
- C 30,29%
- D 33,27%

27. Gareth is the CEO of the company. His shareholding on 30 September 2021 is as follows:

NUMBER OF SHARES	DATE PURCHASED	% SHAREHOLDING	SHARES IN ISSUE ON 30 SEPTEMBER 2021
420 000	10 January 2016	40%	?

220 000 ordinary shares were repurchased on 1 October 2021 (none of Gareth's shares).

The independent auditor discovered that Gareth had made the decision to repurchase the shares without informing the board of directors. Why should the independent auditor be concerned about this?

- i. Not good corporate governance in accordance with King Code.
- ii. Consider that insider trading may have taken place.
- iii. He misused his position to gain majority shareholding after the repurchase.
- iv. Consider that nepotism may have taken place.
- v. Gareth's percentage shareholding increased to 61% after the repurchase.
- vi. Not transparent; therefore unethical.

**Choose the best combination.**

- A i, ii, iii and vi  
 B i, ii, iii, iv and vi  
 C i, iv, v and vi  
 D All of the above
28. Due to the Covid-pandemic and the poor economy, Kranskop Ltd. and Helderberg Ltd. were negatively affected.

**Extract from the Cash flow statement for the year ending 28 February 2021.**

	KRANSKOP LTD.	HELDERBERG LTD.
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(R5 460 000)</b>	<b>R5 400 000</b>
Purchase of fixed assets	(3 160 000)	0
Proceeds from disposal of fixed assets	0	3 600 000
Changes in investments	(2 300 000)	1 800 000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>R8 000 000</b>	<b>(R5 340 000)</b>
Proceed from new shares issued	400 000	
Shares repurchase		(2 140 000)
Cash effects from long term loan	7 600 000	(3 400 000)

Which decisions were made by the directors of Kranskop Ltd. in response to the state of the economy?

**Choose the best option.**

- A The company's infrastructure/size was deliberately shrunk to help with cost saving.  
 B The company had additional capital employed (own and borrowed capital) so that the infrastructure/size could be enlarged/upgraded to capitalise on the poor markets.  
 C Additional loans were obtained to keep the cash flow afloat in this difficult time.  
 D Fixed investments were decreased and loans was obtained to upgrade the needed fixed assets.



29. Due to the Covid-pandemic and the poor economy, Kranskop Ltd. and Helderberg Ltd. were negatively affected.

Extract from the Cash flow statement for the year ending 28 February 2021.

	KRANSKOP LTD.	HELDERBERG LTD.
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(R5 460 000)</b>	<b>R5 400 000</b>
Purchase of fixed assets	(3 160 000)	0
Proceeds from disposal of fixed assets	0	3 600 000
Changes in investments	(2 300 000)	1 800 000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>R8 000 000</b>	<b>(R5 340 000)</b>
Proceed from new shares issued	400 000	
Shares repurchase		(2 140 000)
Cash effects from long term loan	7 600 000	(3 400 000)

Which decisions were made by the directors of Helderberg Ltd. in response to the state of the economy and how would the decisions impact the business in future?

**Decisions:**

- i. The company's infrastructure/size was possibly shrunk on purpose to help with cost saving.
- ii. The company's fixed assets were sold to get rid of the excess borrowed capital.
- iii. Shares were repurchased and the supply on the share market was decreased.
- iv. Additional investments were matured to make the funds available so that own and borrowed capital can be repaid.

**Future outcome:**

- v. Future profits would be affected through the saving of interest expense but also losing out on interest income and profit on capital gains.
- vi. As soon as the economy turns, the repurchased shares can be re-issued at a higher cost.
- vii. Better dividends can be paid to the remaining shareholders, which would reflect well on the markets.

**Choose the best option.**

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

**30. Study the financial indicators for the year ending 31 May 2021.**

	<b>CLOVER LTD</b>	<b>DIAMOND LTD</b>
Earnings per share (EPS)	194 cents	166 cents
Dividends per share (DPS)	130 cents	160 cents
Net asset value (NAV)	1 500 cents	990 cents
Market price on JSE	1 680 cents	800 cents
Total shares in issue	2 480 000	5 200 000

**Mandla Moshi has R420 000 to invest on the JSE. Which one of the above-mentioned companies would you recommend?**

- i. Clover Ltd has higher earnings per share; even though they only spend 130 cents per share on dividends, there would be earnings invested in retained income which would contribute to future growth.
- ii. Clover Ltd's market price (1 680 cents) is higher than the net asset value (1 500 cents), which is a sign that there is a demand on the market for the shares. Therefore, now is a good time to invest in the business.
- iii. More shares can be purchased from Clover Ltd for R420 000, and therefore better dividends would be obtained this year.
- iv. Diamond Ltd's cost per share price is low on the JSE (800 cents) in relation to the earning on 5 200 000 shares (166 cents); therefore Mandla could get more value for his money if shares were bought here.
- v. More shares can be purchased from Diamond Ltd for R420 000, and therefore better dividends would be obtained this year.

**Choose the best option.**

- A** i and iii
- B** iv and v
- C** ii and iii
- D** Only v

**ROUND 1 RONDE**

**GR 12 MEMO**

**MEMORANDUM  
2021**



**ACCOUNTING / REKENINGKUNDE**

	A	B	C	D	
1.					
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**ROUND 2 RONDE**

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## NATIONAL HIGH SCHOOL OLYMPIAD

## NASIONALE HOËRSKOOL OLIMPIAD



# MEMORANDUM R2

## ACCOUNTING GR 12 REKENINGKUNDE

No	Answer	Level
1	D	Green
2	D	Yellow
3	C	Green
4	A	Yellow
5	D	Yellow
6	B	Yellow
7	B	Yellow
8	D	Yellow
9	A	Red
10	C	Green

No	Answer	Level
11	D	Yellow
12	C	Yellow
13	C	Yellow
14	C	Red
15	C	Red
16	A	Red
17	A	Red
18	D	Red
19	A	Red
20	D	Yellow

No	Answer	Level
21	A	Red
22	D	Yellow
23	C	Green
24	A	Green
25	A	Yellow
26	D	Red
27	D	Red
28	B	Red
29	D	Red
30	D	Yellow

## ROUND ONE MEMORANDUM RONDE EEN

### ACCOUNTING / REKENINGKUNDE

1	A	B	C	D
2	A	B	C	D
3	A	B	C	D
4	A	B	C	D
5	A	B	C	D

6	A	B	C	D
7	A	B	C	D
8	A	B	C	D
9	A	B	C	D
10	A	B	C	D

11	A	B	C	D
12	A	B	C	D
13	A	B	C	D
14	A	B	C	D
15	A	B	C	D

16	A	B	C	D
17	A	B	C	D
18	A	B	C	D
19	A	B	C	D
20	A	B	C	D

21	A	B	C	D
22	A	B	C	D
23	A	B	C	D
24	A	B	C	D
25	A	B	C	D

26	A	B	C	D
27	A	B	C	D
28	A	B	C	D
29	A	B	C	D
30	A	B	C	D

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

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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.

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  - 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](http://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 2023).

### Contact information

Email: [Unlockyourambition@nedbank.co.za](mailto:Unlockyourambition@nedbank.co.za)

Bursaries are granted at Nedbank's sole discretion.

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