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ACCOUNTING Olympiad GRADE 10

DATE: 5-8 AUGUST 2024

TIME: 90 MINUTES

INSTRUCTIONS:

1. This booklet has 30 multiple choice and 10 open ended questions.
2. Use the answer sheet provided.

   Circle the letter corresponding to your answer.
3. All working details must be done in the space provided.
4. Calculators are permitted.
5. Diagrams are not necessarily drawn to scale.
6. The first 30 questions carry 1 mark each and the next 10 carry 2 marks each.
7. You have 90 minutes for the paper which works out to an average of 2.25 minutes per question.
8. Read the questions carefully before answering.
9. Visit the website: www.saolympiads.co.za.

ENJOY THE OLYMPIAD.

Grade Ten Accounting Olympiad 2024

SECTION A

Indicate the most correct answer by indicating the correct letter on the answer sheet provided.

1. Which of the following represents owner's equity?
   A Accounts payable
   B Retained earnings
   C Accounts receivable
   D Inventory (1)

2. Which financial statement reports a company's revenues and expenses over a specific period?

   A Balance sheet
   B Income statement
   C Cash flow statement
   D Retained earnings statement (1)

3. Which of the following is an example of an operating expense for a retail store?

   A Purchase of inventory
   B Rent expense
   C Loan repayment
   D Sale of equipment (1)

4. What is the accounting equation?

   A Assets = Liabilities + Owner's Equity
   B Assets + Liabilities = Owner's Equity
   C Liabilities = Assets - Owner's Equity
   D Owner's Equity = Liabilities – Assets (1)

5. Which accounting principle states that financial statements should reflect the assumption that a business will continue to operate indefinitely?

   A Matching principle
   B Going concern principle
   C Revenue recognition principle
   D Conservatism principle (1)

6. Which financial statement shows the financial position of a company at a specific point in time?

A Income statement
B Balance sheet
C Statement of cash flows
D Statement of retained earnings (1)

7. What type of account represents money owed to creditors and is a liability?

A Revenue account
B Expense account
C Asset account
D Liability account (1)

8. Which of the following is considered a fixed asset?

A Inventory
B Accounts receivable
C Land
D Accounts payable (1)

9. What is the purpose of a journal entry?

A To summarize financial transactions
B To prepare financial statements
C To calculate taxes
D To communicate with shareholders (1)

10. Which financial statement reports the changes in a company's retained earnings over a specific period?

A Income statement
B Balance sheet
C Statement of cash flows
D Statement of retained earnings (1)

11. What is the normal balance of a liability account?

A Debit
B Credit
C It varies
D Zero (1)

12. Which accounting concept states that you should record expenses when they are incurred, not when they are paid?

A Matching principle
B Accrual basis of accounting
C Cash basis of accounting
D Conservatism principle (1)

13. Which of the following is considered a current asset?

A Building
B Prepaid rent
C Long-term loan
D Patent (1)

14. What does the term "accounts payable" represent in accounting?
A Amounts owed by the business to its suppliers for goods or services purchased on credit
B Cash and cash equivalents available for immediate use
C Investments in stocks and bonds
D The total amount of sales revenue generated by the business (1)

15. Which account is typically used to record the cost of goods sold?

A Sales revenue
B Accounts payable
C Inventory
D Salaries expense (1)

16. What is the formula for calculating net income?

A Net Income = Total Revenue - Total Expenses
B Net Income = Total Assets - Total Liabilities
C Net Income = Owner's Equity - Liabilities
D Net Income = Total Revenue + Total Expenses (1)

17. Which of the following is an example of a non-current asset?
A Accounts payable
B Inventory
C Land
D Accounts receivable (1)

18. What financial statement shows the cash inflows and outflows from operating, investing, and financing activities?

A Balance sheet
B Income statement
C Statement of cash flows
D Statement of retained earnings (1)

19. Which financial statement reports the ending balances of a company's equity accounts?

A Income statement
B Balance sheet
C Statement of cash flows
D Statement of retained earnings (1)

20. What does the term "accounts receivable turnover ratio" measure?
A The speed at which inventory is sold and replaced
B The efficiency of collecting outstanding receivables from customers
C The profitability of the business operations
D The rate of return on investment for shareholders (1)

21. When a company receives cash in advance from a customer for services it will provide in the future, which account is credited?

A Cash
B Accounts Receivable
C Unearned Revenue
D Sales Revenue (1)

22. Which financial statement helps assess a company's ability to generate cash to meet its short-term obligations?

A Income statement
B Balance sheet
C Statement of cash flows
D Statement of retained earnings (1)

23. What is the purpose of the general ledger?

A To record all financial transactions in chronological order
B To prepare financial statements
C To communicate with shareholders
D To calculate taxes (1)

24. If owners equity is R100,000, and total liabilities are R40,000, what are the total assets?

A R40,000
B R60,000
C R100,000
D R140,000 (1)

25. Which accounting principle suggests that assets should be recorded at their original cost, rather than their current market value?

A Matching principle
B Going concern principle
C Cost principle
D Revenue recognition principle (1)

26. When a company makes a sale on credit, which accounts are affected?

A Cash and Accounts Receivable
B Cash and Sales Revenue
C Accounts Receivable and Sales Revenue
D Accounts Payable and Sales Revenue (1)

27. Which financial statement reports the financial position of a business at a specific point in time?
A Income statement
B Statement of cash flows
C Balance sheet
D Statement of retained earnings (1)

28. Which of the following is considered a current liability?

A Long-term loan
B Accounts receivable
C Accounts payable
D Equipment (1)

29. What does the term "GAAP" stand for in accounting?

A Generally Accepted Accounting Practices
B Generally Approved Accounting Principles
C Generally Acknowledged Accounting Procedures
D Generally Accepted Accounting Principles (1)

30. If a company has total assets of R150,000 and total liabilities of R80,000, what is the owner's equity?

A R150,000
B R80,000
C R70,000
D R230,000 (1)

SECTION B

31. From the information given in the Pre-Adjustment Trial Balance and the Adjustments, indicate how these adjustments will be entered (treated) in the Statement of Comprehensive Income for the year ended 28 February 2023.

INFORMATION

Extract from the Pre-Adjustment Trial Balance of BB Stores on 28 February 2023

Capital	850 000
Loan: Piggy Bank (17,5% p.a.)	80 000
Land & Buildings	728 000
Equipment	112 000
Accumulated Depreciation on Equipment	41 600
Trading stock	13 200
Debtors Control	16 570
Rent Income	27 200
Insurance	21 000

ADJUSTMENT AND ADDITIONAL INFORMATION

1. The insurance amount includes an annual premium of R2 400 paid on 31 August 2022.

2. The tenant paid his rent one month is advance. The rent was increased by 10% on 1 October 2022. (2)

32. Calculate the missing amounts denoted by A to G in the Tangible/Fixed Asset Note for the year ended 28 February 2023.

INFORMATION:

You are provided with information relating to Uhlula Stores for the financial year ended 28 February 2023.

TANGIBLE/FIXED ASSETS NOTE

	LAND & BUILDINGS	EQUIPMENT	VEHICLES
Carrying value - beginning of the year		560 000	
Cost	2 400 000	800 000	420 000
Accumulated depreciation	0	(240 000)	(230 000)
MOVEMENTS			
Additions	500 000	150 000	0
Depreciation		**A**	38 000
Carrying value – end of the year	**B**		
Cost		950 000	420 000
Accumulated depreciation			268 000

ADDITIONAL INFORMATION

1. The following invoice was received during the year from Boogie Builders for R580 000.
   - R500 000 was for new administration block
   - R80 000 for repairs and maintenance
2. The new equipment was purchased on 1 November 2022
3. The depreciation is calculated as follows:
   - Equipment at 15% p.a. on cost
   - Vehicles at 20% p.a. on the book value. (2)

33. **REQUIRED:**

Calculate the following for June 2023:

- Prime Cost
- Factory Overhead cost

INFORMATION

L. Grey is a small business that manufacturers tracksuits.

The following costs were incurred during June 2023.

Cost of fabric used in the production of the tracksuits	151 710
Productive wages	89 350
Salary of foreman	14 160
Advertising	15 000
Factory cleaners' wages	6 840
Other factory expenses	4 000
Rent expenses (shared in the ratio 3:2:1 for factory, sales and administration)	36 000
Water and electricity (share in the floor space: factory 300 sq m; sales 200 sq m and administration 100 sq m.)	66 000

(2)

34. Refer to the Trading Stock Account and provide details or folio references for **A & B.**

INFORMATION:

The following information relates to Qwaqwa Trades for April 2023. The perpetual inventory system is in use.

TRADING STOCK A/C

2023 April	1	Balance	b/d	42 300	2023 April	30	Cost of sales	CRJ	19 750
	30	**A**	CPJ	20 500			Cost of sales	DJ	7 900
		Creditors control	CJ	22 100			**B**	CAJ	3 215
		Cost of sales	DAJ	1 110			Drawings	GJ	900
							Balance	c/d	54 245
				86 010					86 010
May	1	Balance	b/d	54 245					

(2)

35. Describe the importance of financial literacy for individuals in managing personal finances. (2)

36. Discuss the differences between assets, liabilities, and owner's equity in accounting. (2)

37. How does double-entry accounting ensure the accuracy of financial records and prevent errors in the accounting process? (2)

38. Explain the concept of a budget and its role in financial planning for a business. (2)

39. Discuss the role of ethical considerations in accounting and financial reporting. (2)

40. Discuss the significance of financial statements (income statement, balance sheet, and cash flow statement) in assessing the financial health of a business. (2)

TOTAL MARKS = 50