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ACCOUNTING Olympiad GRADE 11

DATE: 7 AUGUST 2025

TIME: 90 MINUTES

INSTRUCTIONS:

1. This booklet has 30 multiple choice questions 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 Eleven Accounting Olympiad 2025

SECTION A

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

1. Which GAAP principle requires consistency in the application of accounting procedures?
   A. Prudence
   B. Matching
   C. Consistency
   D. Materiality (1)

2. The historical cost principle means that:
   A. Assets are recorded at current market value
   B. Assets are revalued every year
   C. Assets are recorded at their original purchase price
   D. Depreciation is not necessary (1)

3. The going concern principle assumes that:
   A. The business is closing
   B. The business has no liabilities
   C. The business will continue to operate
   D. The business makes profit every year (1)

4. The matching principle ensures that:
   A. Income equals expenses
   B. Income and expenses are recorded in the same period
   C. Assets match liabilities
   D. Income is greater than expenses (1)

5. Which GAAP principle ensures that all significant information is disclosed?
   A. Prudence
   B. Materiality
   C. Historical cost
   D. Consistency (1)

6. Which of the following may cause a difference between the bank statement and the ledger?
   A. Returned cheques
   B. Petty cash
   C. Invoices
   D. Capital (1)

7. A favourable bank balance appears as:
   A. A liability
   B. A debit in the bank statement
   C. A credit in the bank statement
   D. An expense (1)

8. Which internal control measure prevents fraud?
   A. Recording bank charges
   B. Allowing only one employee to handle cash
   C. Segregation of duties
   D. Delaying bank deposits (1)

9. What is the purpose of a bank reconciliation statement?
   A. To record petty cash
   B. To detect errors and omissions
   C. To calculate VAT
   D. To pay salaries (1)

10. An outstanding deposit is:
    A. A deposit not yet made
    B. A deposit made but not yet shown in the bank statement
    C. An incorrect deposit
    D. A post-dated cheque (1)

11. Which of the following is an advantage of the perpetual inventory system?
    A. No need for stocktaking
    B. Continuous stock records
    C. Cheaper to implement
    D. Based on stock valuation only (1)

12. In the periodic inventory system, cost of sales is calculated:
    A. Automatically
    B. Using a formula at year-end
    C. Daily
    D. Only for trading businesses (1)

13. Which account is used in the periodic system to close off inventory at year-end?
    A. Trading Stock
    B. Debtors Control
    C. Sales
    D. Creditors Control (1)

14. Which journal is used when inventory is purchased on credit?
    A. CPJ
    B. CRJ
    C. CJ
    D. DJ (1)

15. When inventory is stolen, under the perpetual system we record:
    A. An expense only
    B. An increase in inventory
    C. A decrease in inventory
    D. No entry (1)

16. VAT is levied at what rate in South Africa (as of 2024)?
    A. 14%
    B. 15%
    C. 13%
    D. 12% (1)

17. Zero-rated items include:
    A. Luxury goods
    B. Basic foodstuffs
    C. Alcohol
    D. Furniture (1)

18. Which of the following is VAT exclusive?
    A. R115 including VAT
    B. R100 before VAT
    C. R115 total
    D. R100 plus 15% VAT (1)

19. VAT paid on purchases is called:
    A. VAT output
    B. VAT refund
    C. VAT input
    D. VAT balance (1)

20. If VAT output is greater than VAT input:
    A. The business receives a refund
    B. The business owes SARS
    C. The business made a loss
    D. The business claims input VAT (1)

21. Which of the following is shown under current assets?
    A. Land and buildings
    B. Trading stock
    C. Equipment
    D. Vehicles (1)

22. Net profit is calculated in which statement?
    A. Statement of Financial Position
    B. Trial Balance
    C. Income Statement
    D. VAT Reconciliation (1)

23. Which is not an operating expense?
    A. Rent expense
    B. Salaries
    C. Interest on loan
    D. Water and electricity (1)

24. Depreciation is recorded as:
    A. An asset
    B. A liability
    C. An expense
    D. Income (1)

25. In the Statement of Financial Position, capital is:
    A. A current asset
    B. A non-current asset
    C. A liability
    D. Owner's equity (1)

26. If rent is prepaid, it is classified as:
    A. An income
    B. An expense
    C. A current asset
    D. A liability (1)

27. Accrued expenses refer to:
    A. Expenses paid in advance
    B. Expenses not yet paid
    C. Future income
    D. Depreciated assets (1)

28. Income received in advance is shown as:
    A. An income
    B. An asset
    C. A liability
    D. Owner's equity (1)

29. Which entry records a decrease in the value of an asset over time?
    A. Insurance
    B. Depreciation
    C. Cost of sales
    D. Provision for bad debts (1)

30. If stationery is used during the year, the correct adjustment is:
    A. Credit stationery expense
    B. Debit stationery on hand
    C. Credit stationery on hand
    D. Debit bank (1)

SECTION B

31. Why is it necessary to distinguish between capital and revenue expenditure? (2)

32. What is the impact of bad debts written off on the accounting equation? (2)

33. Explain the effect of issuing a debit note to a creditor. (2)

34. What is the purpose of the post-closing trial balance? (2)

35. How is profit or loss calculated in the Income Statement? (2)

36. What is the difference between a perpetual and a periodic inventory system? (2)

37. Why are adjustments necessary at the end of a financial year? (2)

38. What does the term 'contra entry' mean in cash journals? (2)

39. If a business receives a loan of R100,000 and repays R20,000 during the year, what is the loan balance at year-end? (2)

40. How does the provision for bad debts affect the Income Statement and Balance Sheet? (2)

TOTAL MARKS = 50