

GRADE 11 | 2024 | PRACTICE EXAM

Accounting

ACCOUNTING

Time: 2 hours

Total: 150 marks

Practice Exam Paper

INSTRUCTIONS

- Answer ALL questions.
- Show all calculations. Work neatly in columns.
- Round monetary values to the nearest cent (2 decimal places).
- Use standard accounting format for all journals, ledgers and statements.

QUESTION 1 [20 marks]

MULTIPLE CHOICE -- Circle the correct answer. (2 marks each)

- 1.1 The accounting equation is: A) Assets = Equity + Income B) Assets = Equity + Liabilities C) Assets = Liabilities + Revenue D) Profit = Revenue - Assets
- 1.2 Debit the receiver, credit the giver is the rule for: A) Assets B) Personal accounts C) Nominal accounts D) Real accounts
- 1.3 Gross Profit is calculated as: A) Sales - Expenses B) Revenue - COGS C) Net Profit + Expenses D) Sales - Net Profit
- 1.4 Accumulated depreciation appears in the balance sheet as: A) Current liability B) Equity C) Contra asset D) Current asset
- 1.5 An expense incurred but not yet paid is a/an: A) Prepaid expense B) Accrued expense C) Deferred expense D) Capital expense
- 1.6 The closing stock that appears in the Income Statement is: A) Opening stock B) Middle-period stock count C) Current-year closing stock D) Stock purchased
- 1.7 Which of the following is NOT a current asset? A) Cash B) Debtors C) Inventory D) Mortgage bond
- 1.8 Drawings by a sole trader are recorded by: A) Debit drawings, credit bank B) Debit bank, credit drawings C) Debit expenses, credit equity D) Debit equity, credit capital
- 1.9 The purpose of a provision for bad debts is to: A) Record cash payments B) Estimate future uncollectable amounts C) Write off all debtors D) Increase debtor balances
- 1.10 FIFO stock valuation assumes: A) Last items in are first sold B) Average of all stock costs C) Oldest items are sold first D) Items are sold at selling price

INCOME STATEMENT

Bongani Traders had the following balances on 28 February 2024:

Sales	R450 000
Sales returns	R8 000
Opening stock (1 March 2023)	R35 000
Purchases	R210 000
Freight inward	R4 500
Closing stock (28 Feb 2024)	R42 000
Salaries and wages	R65 000
Rent expense	R24 000
Depreciation	R18 500
Interest expense	R12 000
Bad debts	R3 200
Insurance	R6 800
Interest income	R5 500
Rent income	R9 600

2.1 (30)

Prepare the INCOME STATEMENT of Bongani Traders for the year ended 28 February 2024.

Calculate: (a) Gross Profit (b) Total operating expenses (c) Net profit before and after tax (assume 28% tax on net profit)

2.2 (5)

Calculate the GROSS PROFIT PERCENTAGE.

2.3 (5)

Calculate the NET PROFIT PERCENTAGE (after tax) on sales.

QUESTION 3 [40 marks]**INVENTORY AND DEBTORS**

The following information relates to Product X:

Opening stock: 20 units at R80 each

Purchase 1: 30 units at R90 each

Purchase 2: 25 units at R95 each

Units sold: 45 units

3.1 (10)

Calculate the value of closing stock and the cost of sales using FIFO.

3.2 (10)

Calculate the value of closing stock and the cost of sales using the WEIGHTED AVERAGE method.

3.3 (12)

The Debtors Control Account shows a balance of R85 000. The debtors list totals R80 500.

- (a) State whether these balances AGREE.
- (b) Suggest TWO possible reasons for the difference.
- (c) Describe the steps taken during DEBTORS RECONCILIATION.

3.4 (8)

Explain the difference between BAD DEBTS and the PROVISION FOR BAD DEBTS.

CASH BUDGET AND INTERNAL CONTROLS

- January: Cash sales R45 000; Cash purchases R25 000; Rent R8 000; Salaries R18 000
- February: Cash sales R52 000; Cash purchases R30 000; Rent R8 000; Salaries R18 000; New equipment R15 000
- March: Cash sales R48 000; Cash purchases R27 000; Rent R8 000; Salaries R18 000
- Opening cash balance 1 January: R12 000
- A loan of R40 000 is received in February.

Prepare a CASH BUDGET for the three months January to March 2024.

Using the cash budget, identify ONE month where cash flow is a concern. Suggest ONE way to improve it.

State FOUR internal controls that a business should implement to safeguard its cash.

Differentiate between a CASH BUDGET and an INCOME STATEMENT. Give TWO differences.

4.5 (7)

Explain what is meant by GAAP. Name and explain THREE GAAP principles.
