

**BA PROVINCIAL FREEBIRD INSTITUTE
ANNUAL EXAMINATION 2020
ACCOUNTING
YEAR 12
QUESTION PAPER**

(An extra 10 minutes is allowed for reading this paper)

Time Allowed: 3 hours

(An extra 10 minutes is allowed for reading this paper)

INSTRUCTIONS

1. Write your **NAME** on the front page and inside the back flap of the **Answer Booklet**.
2. Write all your answers in the **Answer Booklet** provided.
3. If you use extra sheets of paper, be sure to show clearly the question number(s) being answered and to tie each sheet in your **Answer Booklet** at the appropriate places. Ensure that your **NAME** is written on the extra sheets used.
4. Answer all the questions with a blue or black ballpoint pen or ink pen. Do not use red ink. You may use a pencil only for drawing.
5. You may use a calculator, provided it is silent, battery-operated and non-programmable.
6. There are six questions altogether in this paper. **All the questions are compulsory.**

SUMMARY OF QUESTIONS

QUESTION	STRANDS	MARK	SUGGESTED TIME
1	Personal Finance	10	18 minutes
2	Nature of Accounting	5	9 minutes
3	Financial Accounting and the Accounting Process	23	41 minutes
4	Accounting Reports	20	36 minutes
5	Analysis and Interpretation of Periodic Financial Statements	20	36 minutes
6	Systems for Implementing Accounting Process	22	40 minutes
TOTAL		100	180 minutes

INSTRUCTIONS FOR MULTIPLE-CHOICE QUESTIONS

The multiple-choice questions are **all compulsory**. Each question is worth 1 mark.

1. In your **Answer Booklet**, **circle** the letter which represents the **best** answer. If you change your mind, put a line through your first choice and circle the letter of your next choice.

For example:

2.	A	B	C	D
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2. If you **change your mind** again and like your first answer better, put a line through your second circle and tick (✓) your first answer.

For example:

2.	A	B ✓	C	D
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3. **No mark** will be given if you circle more than one letter for a question.

Circle the letter of the best answer in the Answer Booklet.

QUESTION 1**PERSONAL FINANCE****[10 marks]****PART A****PERSONAL INCOME TAX****[5marks]**

1. List any **two** categories of taxable fringe benefits received by employees. **(1 mark)**
2. What is service turnover tax **(1 mark)**
3. Study the extract given below and answer the question that follows.

Arieta a resident of Fiji acquired a piece of land for \$80 000 in Suva on 12th February 2012 and she was planning to build a house for rental purpose in later years. However, before she could build a house she got an opportunity to migrate to New Zealand and had to sell the piece of land for \$150 000 on 3rd March 2019. Note that this was her second property.

- a) Define capital gains tax **(1mark)**
- b) Calculate capital gain **(1 mark)**
- c) Calculate the capital gains tax paid by Arieta to the tax department. **(1 mark)**

PART B**STATEMENT OF AFFAIRS****[5 marks]**

1. A statement of affairs is prepared to calculate **(1 mark)**
- Net worth
 - Total loss
 - Net income
 - Total income
2. Bhavesh is planning to start an Event Decorations & Photography business which will cost \$45 000. He has arranged to see his bank manager to discuss the possibility of getting loan to purchase the necessary equipment's for the business. He has been asked to bring to the meeting his most recent financial records. The following information is available relating to his financial status as at 31st August, 2020.

i.	He owns a house with a recent valuation of \$120 000, however he has a mortgage of \$50000 due on his house.
ii.	Household contents are valued at \$30 000.
iii.	His bank account balance at Bula Bank is \$4560.
iv.	Land lease due \$500.
v.	Bhavesh got a motor vehicle costing \$15000.
vi.	Hire purchase installment unpaid by Bhavesh on TV is \$400 to date.

Required

Prepare a statement of Affairs for Bhavesh as at 31st august 2020 to assist him with his loan application **(4 marks)**

QUESTION 2**NATURE OF ACCOUNTING****(5 marks)****PART A****NATURE AND ENVIRONMENT OF ACCOUNTING (2 marks)**

1. The external user who is interested to know the amount of tax paid by the business is known as
- | | |
|-------------|----------------|
| A. Creditor | C. Government |
| B. Customer | D. Trade union |
- (1 mark)**
2. Name the type of report prepared by financial accountant **(1 mark)**

PART B**CONCEPTUAL BASIS OF ACCOUNTING****[3 marks]**

1. Taito operates a jewelry store in her hometown. She imports jewelry from India and records it in Fijian dollars.

Name the accounting concept Taito is applying?

(1 mark)

2. Define the following enhancing qualitative characteristics of accounting information:

(i) Understandability

(ii) Comparability

(2 marks)**QUESTION 3****FINANCIAL ACCOUNTING AND
THE ACCOUNTING PROCESS****[23 marks]****PART A****JOURNALS****(15marks)**

1. Which of the following journal would record interest charged on overdue accounts?

A. Sales Journal

B. General Journal

C. Purchases Journal

D. Cash Receipts Journal

2. A sales journal is used to record all

A. sale of fixed assets

B. cash purchases.

C. sales of goods on credit.

D. purchases returns and allowances

(2 marks)

3. Samu Lee asks you to write up his credit journals from the following information and total them at the end of the week.

2016

Nov 20 Issued tax invoice to M. Bean \$85.

received tax invoice from Kailash \$165.

Charged interest \$50 to Sita's overdue account.

21 Issued tax invoice to Grower \$50.

Received tax invoice from Maria \$595.

Issued credit note to Grower \$10.

Received cheque from M. Bean \$120.

22	Issued tax invoice to Merlin \$50. Issued tax invoice to Supriya \$75. Issued credit note to Grower \$45.
23	Bought goods from Aimale \$20.
24	Purchased goods from Miriama \$556.

Required

Prepare the following Journals

- i) Purchases Journal (2 marks)
- ii) Sales Journal (2 marks)
- iii) Purchases Returns Journal (1 mark)

4. Mr. Kisun operates a Goods Variety Shop in downtown for a few years. Given below is the list of transactions for his business for the month of October, 2018.

Oct 1	Issued tax invoice to Tuwai \$150.
5	Bought a new delivery vehicle from Bula Carz Ltd \$38 000.
6	Received \$500 from Jope and allowed a discount of \$45.
10	Charged interest to Kavita (a debtor) for overdue accounts \$170.
15	Received tax invoice from Sima's Suppliers \$300.
17	Mr. Kisun, the owner, took \$200 worth of goods for his own use.
19	Sold old van for \$28 000 to Mahek.
20	Wrote off Tuwai's account as bad debts \$150.
25	KB. Ltd charged for repairs of business property \$330.

Required

Select the relevant transactions given above and prepare the General Journal of Goods Variety Shop. (Narrations not required) (6 marks)

5. State two advantages of specialized journals (2 marks)

PART C

LEDGER ACCOUNTS

[8 marks]

- Rehana Sports World sold a motor vehicle on credit to George for \$10000. Which of the following entries will be made in the books of Rehana Sports World?
 - Debit: George Credit: Motor Vehicle
 - Debit: George Credit: sales
 - Debit: Motor Vehicles Credit: George
 - Debit: Sales Credit: George

- A trial balance is a listing of
 - Transactions in a journal.
 - The chart of accounts
 - General ledger accounts and balances
 - The totals from the journal pages.

(2 marks)

- Virimi operates a grocery business. The following information is given for the month of March 2019:

General Journal			
Date	Particulars	Debit (\$)	Credit (\$)
March 1	Cash at Bank	12 500	
	Inventory	16 100	
	Accounts Receivable: Harry	950	
	Accounts Payable: Viti Enterprises		5 600
	Food Suppliers		7 800
	Loan		2 300
	Capital		13 850
	(To record assets and liabilities.)	29 550	29 550
March 7	Furniture	1 325	
	StyleWorks Company		1 325
	(To record purchase of furniture on credit)		

Cash Payments Journal							
Date	Particulars	Discount Received \$	Detail \$	Bank \$	Purchases \$	Accounts Payable \$	Other Payments \$
March 3	Purchases			365	365		
8	Food Suppliers	50	3 000			3 050	
	EFL Bill		<u>150</u>	3 150			150
12	Viti Enterprises			2 450		2 450	
21	Loan			500			500
24	StyleWorks Company			675			675
	Bank A/c Cr Discount Received A/c Cr	<u>50</u>		<u>7 140</u>	<u>365</u>	<u>5 500</u>	<u>1 325</u>

Purchases Journal			
Date	Particulars	Debit (\$)	Credit (\$)
March 15	Food Suppliers		978
26	Viti Enterprises		850
	Purchases A/c Dr	<u>1 828</u>	

Purchases Returns Journal			
Date	Particulars	Debit (\$)	Credit (\$)
March 17	Food Suppliers	45	
28	Viti Enterprises	30	
	Purchases Returns A/c Cr		<u>75</u>

Required

Prepare the following ledger accounts from the journals given above:

- | | | |
|-------|-----------------------------|-----------|
| (i) | Food Suppliers Account | (2 marks) |
| (ii) | Loan Account | (1 mark) |
| (iii) | Style Works Company Account | (1 mark) |
| (iv) | Viti Enterprises Account | (2 marks) |

(Note: Do not balance the ledger accounts.)

QUESTION 4 ACCOUNTING REPORTS [20 marks]

PART A FINAL ACCOUNTS OF A SOLE PROPRIETOR [11 marks]

1. Which one of the following item is not closed off at the end of each accounting period?

- | | |
|-----------------|-------------|
| A. cash at bank | C. Drawings |
| B. purchases | D. sales |

(1 mark)

2. The following is the Trial Balance of Newland Traders as at 30th September 2020.

Ledger Balances	Debit \$	Credit \$
Sales		100 000
Purchases Returns		1 000
Interest on Mortgage	2 500	
Office –Wages	20 000	
Insurance	2 400	
Goodwill	15 000	
Land and Buildings	50 000	
Equipment	20 000	
Accumulated Depreciation-Equipment		6 000
Office Furniture	5 000	
Cash at Bank	26 000	
Sales Returns	3 000	
Drawings	15 000	
Capital		120 020
Office Expenses	4 430	
Interest received		1 260
Debtors	14 500	
Creditors		14 520
Inventories-(1 October,2019)	22 000	
Purchases	60 000	
Advertising	5 000	
Provision for doubtful debts		1 500
Mortgage		30 000
Stationery	2 650	
Lighting	5 620	
Customs Duty	1 200	
	\$274 300	\$274 300

Additional Information:

- Interest payment on mortgage was at 10 % per annum. Some interest were due but were not paid out on balance day.
- Insurance premium is \$200 per month.
Two months insurance premiums were paid in advance.
- Increase the Provision for doubtful debts to \$2 000.
- Inventories (30th September 2020) \$20 000.