

Required:

Prepare a fully classified statement of financial Performance of Newland Traders for the year ended 30th September 2020. **(10 marks)**

PART B ACCOUNTING FOR CLUBS AND SOCIETIES [9 marks]

1. Which of the following statement is **true** for Receipts and Payments Account of a club?
 - A. Includes balance day adjustments.
 - B. Follows accrual basis of accounting.
 - C. Records cash and credit transactions.
 - D. Records both revenue and capital expenditure items. **(1 mark)**

2. State one feature of incorporated clubs **(1 mark)**

3. The treasurer of Unity Social Club provides the following adjusted Trial Balance as at 31st October 2020.

Trial Balance of Unity Social Club
As at 31st October 2020

	Debit \$	Credit \$
Cash at Bank	4 509	
Prepaid rates	425	
Bar Stock	1 648	
Accounts Payable-Bar		967
Entrance Fees		580
Clubhouse at cost	40 000	
Furniture and Fittings	5 000	
Accumulated Depreciation on Furniture and Fittings		400
Accumulated Depreciation on Clubhouse		6 000
Subscriptions in arrears	1 400	
Subscriptions in advance		800

Excess of Expenditure over Income	2 104	
Accumulated Fund 1/9/2019		46 339
	\$55 086	\$55086

Required:

- (a) Prepare a fully classified Statement of financial Position of Unity Social Club as at 31st October 2020. (7 marks)

QUESTION 5 ANALYSIS AND INTERPRETATION [20 marks]
OF PERIODIC FINANCIAL STATEMENTS

PART A ANALYSING ACCOUNTING REPORTS

1. Analysis of relationship between items or group of items within the financial statement for one accounting period is known as _____ analysis.

A. vertical B. horizontal C. ratio D. trend

2. Which of the following ratios will measure the financial stability of a firm?

A. Net Profit ratio C. Debtors turnover ratio
 B. Current ratio D. Return on Owners Equity ratio

(2 marks)

3. Alexa Traders is in operation for few years. The following information has been extracted from the books of Alexa Traders for the year ending 31st July 2019 and 2020.

Data from the Statement of Financial Position for the year:		
	2019	2020
	\$	\$
Cash at Bank	12 000	-
Accounts Receivables	3 200	3 600
Inventories	4 100	3 900
Prepaid Expenses	800	600

Property, Plant and Equipment	40 600	52 200
Investments	4 600	12 300
Accounts Payables	2 600	1 600
Accrued Expenses	400	600
Bank Overdraft (limit \$4 000)	-	6 000
Mortgage	16 000	12 000
Capital - Alexa	46 300	52 400

Data from the Statement of Financial Performance (Extract) for the year:		
	2019	2020
	\$	\$
Total Sales (40% on Credit)	35 000	52 800
Cost of Goods Sold	13 000	18 100
Gross Profit	22 000	34 700
Selling and Distribution Expenses	2 200	2 800
Administrative Expenses	3 100	3 600
Financial Expenses	1 600	2 000
Net Profit	15 100	26 300

Additional information:

- (a) The business operates for 302 days in a year.
- (b) Inventories on 31st July 2018 was \$4 500.
- (c) Accounts Receivables on 31st July 2018 was \$3 400.

Required

calculate the following ratios and percentages for the given year, correct to two decimal places. Show the formula and full working.

- (i) Net Profit percentage (2020)
- (ii) Gross profit ration(2019)
- (iii) Mark ratio percentage (2019)
- (iv) Financial Expenses percentage (2019)
- (v) Debt ratio (2019)

April 7	Salele	60	
	Freight		60
	(To record freight charged to Salele)		
April 12	Bad debts	95	
	Waqa		95
	(To record bad debts on Waqa's account)		
April 20	Aminiasi (Creditors ledger)	460	
	Aminiasi (Debtors ledger)		460
	(To record the transfer from debtors to creditors ledger)		
April 24	Shivnay	85	
	Interest		85
	(To record interest charged to Shivnay)		

From the information given, prepare the Accounts Receivable Control Account to determine the balance for the accounts receivable at the end of April 2020. (4 marks)

2. Study the extract given below that relates to DCs Furniture store and answer questions (i) and (ii).

Micky is a sales personnel in DCs Furniture store. The business allows its clients to purchase furniture either on cash or credit. There were numerous occasions when Micky have approved large credit sales causing significant increases in bad debts.

- (i) Identify a **weakness** in the internal control procedure followed by the business. (1 mark)
- (ii) Recommend a change to improve the system. (1 mark)

PART B

ACCOUNTING FOR PAYROLL

[10 marks]

1. Ms. Tokasa works as a Fabric Assistant in Chandra's Garments. She works for 8 hours daily from Monday to Friday at an hourly rate of \$7.50 per hour. Overtime is paid at time and a half rate on weekdays and Saturday while double time rate for working on Sunday.

Given below is the Timesheet for Ms. Tokasa for the week ending 14th July 2020.

TIMESHEET					
Name of Employee: Ms. Tokasa			Week Ending: 14/07/2020		
Days	Hours Worked		Official Use Only		
	AM	PM	Ordinary Hours	Time and a Half Hours	Double Time Hours
Monday	4	7	8	3	
Tuesday	4	5	8	1	
Wednesday	4	4	8		
Thursday	4	4	8		
Friday	4	7	8	3	
Saturday	4	-		4	
Sunday	4	-			4

Required

Use the information given above to answer the following questions:

- (i) Calculate the following for Ms. Tokasa's:
 - (I) Normal Pay
 - (II) Time and a half rate
 - (III) Overtime Pay
 - (IV) Gross Pay (4 marks)
- (ii) State **one** advantage of computer based payroll over manual payroll. (1 mark)
- (iii) Name **one** compulsory deduction from an employee's pay in Fiji. (1 mark)
- (iv) State **one** method of paying wages and salaries to employees. (1 mark)
- (v) Who is responsible for calculating and distributing wages to employees? (1 mark)

- (vi) Use the case study given below and your knowledge to answer the questions that follow:

Paula operates a restaurant business. He has hired Litea to maintain the accounts of the business. Litea is responsible for preparing the payroll, keeping payroll records, signing payroll cheques and reconciling the bank account. She distributes wages in a sealed envelope every Friday morning as employees come to work. Paula does not keep time sheet for each employee because he knows them personally. Paula suspects something is wrong regarding the payroll function as wages expense seems higher than what he expected.

- a) With reference to the case study, identify one internal control weaknesses of the payroll system. (1 mark)
- b) Suggest one change you would recommend to the owner to improve the above internal control system. (1 mark)

PART C**ACCOUNTING FOR INCOMPLETE RECORDS****[6 marks]**

1. Batiri operates a jewellery shop for few years. In a burglary at Batiri's premises on the night of 25th August 2020 part of the stock was stolen. The following information was available after the incident.

	\$
Inventory at cost on 31 st July 2020	256 890
Purchases	82 478
Cash Sales	75 425
Credit Sales	110 600
Inventory remaining after the burglary	91 280
The rate of gross profit is 30% on cost.	

Required

Using the Gross Profit method, prepare a Statement to calculate the inventory stolen as at 25th August 2020 to be presented to the insurance company for claims. (3 marks)

2. Kim Chang is in handicraft trade and has kept very few records of his transactions.

Business assets and liabilities were as follows:

17.

	1 st January 2019	31 st December 2019
	\$	\$
Bank Balance	6 500 Dr	840 Cr
Accounts Payable	4 316	2 814
Cash on hand	38	94
Motor Vehicle	-	4 960
Loan from Bank of Fiji	700	-
Accounts Receivables	867	97
Inventories	1 300	1 864
Furniture	500	450
Mortgage	2 671	1 000
Goodwill	1 000	800

During the year, Kim had withdrawn \$300 from his business.

Required

Prepare a Statement showing the amount of Profit or Loss made for the year ended 31st December 2019. (3 marks)

THE END