

JASPER WILLIAMS HIGH SCHOOL

ANNUAL EXAMINATION 2020

YEAR 12

ACCOUNTING

Time Allowed: **3 hours**

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

INSTRUCTIONS

1. Write your **Index Number** on the front page 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 Index Number is written on the extra sheets.
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 **6** questions altogether in this paper. All the questions are compulsory.

SUMMARY OF QUESTIONS

QUESTION	GUIDELINES	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.	<p>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.</p>					
For example:	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <td style="padding: 5px;">2.</td> <td style="padding: 5px;">A</td> <td style="padding: 5px; text-align: center;">B</td> <td style="padding: 5px; text-align: center;">C</td> <td style="padding: 5px;">D</td> </tr> </table>	2.	A	B	C	D
2.	A	B	C	D		
2.	<p>If you change your mind again and like your first answer better, put a line through your second circle and tick (✓) your first answer.</p>					
For example:	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <td style="padding: 5px;">2.</td> <td style="padding: 5px;">A</td> <td style="padding: 5px; text-align: center;">B ✓</td> <td style="padding: 5px; text-align: center;">C</td> <td style="padding: 5px;">D</td> </tr> </table>	2.	A	B ✓	C	D
2.	A	B ✓	C	D		
3.	<p>No mark will be given if you circle more than one letter for a question.</p>					

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

QUESTION 1 PERSONAL FINANCE **[10 marks]**

PART A PERSONAL INCOME TAX **[5 marks]**

1. List **two** categories of fringe benefit. **(1 mark)**
2. Define Capital Gains Tax. **(1 mark)**
3. Study the extract given below and answer the questions that follow:

Maria a resident of Fiji acquired a piece of land for \$60 000 in Lautoka on 12th March 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 Canada and had to sell the piece of land for \$120 000 on 3rd March 2019.

- a) Calculate the gain or loss on the sale of land. **(1mark)**
- b) Calculate the capital gains tax imposed by FRCS.
Note: This was her second Property **(1mark)**
- c) Identify **one** situation in which taxpayers are exempted from paying Capital Gains Tax apart from the one mentioned in (b) above. **(1mark)**

PART B STATEMENT OF AFFAIRS [5 marks]

1. Mr Singh wishes to apply for a loan from the bank to buy a vehicle. He has been requested to prepare a "Statement of Affairs". This statement

- A. lists his present assets and liabilities.
- B. is a reference from his past employer.
- C. summarises his income and expenditure over the last year.
- D. shows his present income and predicts future possible changes **(1 mark)**

2. Rusiate is planning to buy a vehicle which will cost \$15000. He will need to borrow \$12000. Litiana has suggested him to prepare some information to show the loans officer at the bank. Rusiate writes the following list of items that he owns on 1st November, 2018.

	\$
House	50000
Household Content	10000
Bank Account Balance	1500
Life Insurance Policy	5000

Additional Information:

- i) Rusiate still has \$20000 mortgage on the house.
- ii) Rusiate owes \$1200 to Courts Ltd for furniture he bought at the beginning of the year.
- iii) Rusiate has received internet bill of \$40 which has not been paid.

Required:

Prepare a Statement of Affairs for Rusiate to take to the bank in support of his loan application. **(4 marks)**

QUESTION 2 NATURE OF ACCOUNTING [5 marks]**PART A NATURE AND ENVIRONMENT OF ACCOUNTING [2 marks]**

1. The **main** function of accounting is to provide

- A. ideas that make up broad accounting principles.
- B. financial information to various parties for decision making.
- C. information to be used for profit making organisations only.
- D. accounting information to serve the interests of the owners only **(1 mark)**

2. State **one** reason why potential investors need the accounting information **(1 mark)**

PART B CONCEPTUAL BASIS OF ACCOUNTING [3 marks]

1. List **two** enhancing qualitative characteristics of accounting data. **(1 mark)**

2. Use the situations given below and answer the question that follows:

Situation I

Alice is an owner of an internet shop in Rakiraki known as Wonderland Internet shop. The Statement of Financial Performance is prepared every 12 months for Wonderland Internet shop

Situation II

While preparing the financial information for Samu's business, it is assumed that the business will be in existence for several years.

Identify the accounting concept applied in each of the situations given above. (1 mark)

3. State **one** drawback of the Monetary Concept. (1 mark)

QUESTION 3

FINANCIAL ACCOUNTING AND THE ACCOUNTING PROCESS

[23 marks]

PART A JOURNALS

[14 marks]

1. Return of damaged goods by a debtor would be recorded in.

- A. Sales Returns Journal
- B. Cash Receipts Journal
- C. Cash Payments Journal
- D. Purchases Returns Journal

(1 mark)

2. State **one** function of preparing journals. (1mark)

(1mark)

3. State **one** advantage of preparing journals. (1mark)

(1mark)

4. Malakai operates an accounting firm known as Mala's A & A Services. The following transactions were taken from the books of his business for the month of September 2017.

Sept 1	Paid for Computer repairs \$230.
6	Received Cheque from Raju Enterprises \$1 200.
10	Paid TT's Fiji Ltd \$15 000 less 2% discount.
12	Interest charged to Devi on overdue accounts \$40.
14	Paid Loan \$2 000.
17	Bought a new set of computers from Smart Computer Ltd \$5 000.
25	Paid rent \$350 and electricity \$120 using the same cheque.
30	Received cash from customers \$4 500 for services provided.

Required: Prepare a Columnar Cash Payments Journal.

(6 marks)

5. The following information was provided by Lemeki, a retailer in Savusavu for the month of August, 2017.

August	2	Issued tax invoice to Tuwai \$150
	8	Bought vehicle from Peter \$38 000
	10	Received \$500 from Jope and allowed a discount of \$45
	14	Kate charged interest for overdue accounts \$170.
	18	Received Tax invoice from Sima's Supplies \$250
	22	The owner took goods worth \$200 for his own use
	27	Wrote off Samuel's account as bad debts \$150
	29	Sold goods to Maria \$300.

Required : Use the information given above to prepare:

- a) General Journal entries for Lemeki's Retail Shop. (Narrations are not required.) (4 marks)
- b) Sales Journal (1 mark)

PART B LEDGER ACCOUNTS [9 marks]

1. Tivoli's Grocery shop sold a motor vehicle on credit to Seini for \$10000.
Which of the following entries will be made in the books of Tivoli's Grocery shop?

- | | | |
|----|----------------------|----------------------|
| A. | Debit Seini | Credit Motor vehicle |
| B. | Debit Seini | Credit sales |
| C. | Debit Motor Vehicles | Credit Seini |
| D. | Debit Sales | Credit Seini |

(1 mark)

2. Define ledger. (1mark)

3. The following information is taken from the Books of Manua Enterprises.

General Journal

Date	Particulars	Debit (\$)	Credit(\$)
June 1	Cash at Bank	23 000	
	Debtors: Tania	34 00	
	Lavinia	600	
	Land and buildings	50,000	
	Motor Vehicle	46 000	
	Creditors: Deepak		5 000
	Mortgage		32000
	Capital – Manua		86000
		\$123000	\$123000
<u>Other General Journal entries</u>			
4	Zaira	15000	
	Motor Vehicle		15000
10	Tania	60	
	Interest		60
19	Drawings	150	
	Purchases		150

Sales Journal

Date	Particulars	Debit (\$)	Credit (\$)
June 4	Tania	620	
15	Lavinia	100	
30	Sales Account Credit		720

Sales Returns Journal

Date	Particulars	Debit (\$)	Credit (\$)
June 24	Tania		50
30	Sales Returns Account Debit	50	

Columnar Cash Payments Journal

Date	Particulars	Discount	Details	Bank	Purchases	Creditors	Others
June 2	Purchases		650		650		
5	Deepak	100	<u>1300</u>	1950		1400	
23	Mortgage			1 000			1000
30	Cash & Discount A/C Cr	\$100		2950	650	1400	1000

Columnar Cash Receipts Journal

Date	Particulars	Discount	Details	Bank	Sales	Debtors	Others
June 9	Sales		2900		2900		
	Tania		<u>2 00</u>			2 00	
				3 100			
19	Capital			5 000			5 000
23	Motor Vehicle			3500			3 500
29	Rent			400			400
	Cash & Discount A/C Dr	-		\$12000	\$2 900	\$2 00	\$8 900

Required: Prepare T-form ledger accounts for:

- a) Tania (2½ marks)
- b) Motor Vehicle (1½ marks)
- c) Capital (1 mark)
- d) Sales (1 mark)
- e) Deepak (1 mark)

(Note: Do Not Balance the Ledger Accounts)

QUESTION 4 ACCOUNTING REPORTS

PART A FINAL ACCOUNTS OF SOLE TRADER

[20 marks]
[12marks]

1. The purpose of balance day adjustments is
- A. match the assets with liabilities
 - B. exclude all the expenses of the current period only
 - C. match all the revenue with expenses of past, current and future period.
 - D. exclude all the revenues and expenses which do not belong to current period.
- (1mark)**

2. The following are the Ledger Account balances that have been taken from the books of K.K Limited for the year ending 31st December 2018.

Ledger Account Balances	Debit (\$)	Credit (\$)
Sales		180 000
Sales Returns	2 000	
Purchases	60 000	
Bad Debts	300	
Insurance	1 000	
Office Salaries	19 400	
Cash at Bank	38 000	
Stock 1 st January 2018	72 000	
Accounts Receivable	28 000	
Provision for doubtful debts		400
Equipment	24 000	
Accumulated Depreciation on Equipment		1 600
Advertising Expenses	900	
Freight Inwards	1 000	
Delivery Vehicle	45 000	
Accumulated Depreciation on Delivery Vehicle		55 000
Accounts Payable		16 800
Commission		2 000
Term Deposit at the Bank of Nation	12 600	
Capital		136 700
Discount Received		900
Land and Buildings	98 800	
Rent Received		5 200
Loan from Bank of Fiji (Repayable 2020)		24 000
Interest on Loan	1 000	
Drawings	18 000	
Loss from Theft	1 600	
Purchase Returns		1 000
	\$423 600	\$423 600

Additional Information:

- (i) Additional bad debts of \$200 had been written off.
- (ii) The doubtful debt was provided at 5% per annum.
- (iii) Salaries due of \$400 was not paid on the balance day.
- (iv) The depreciation was provided at 10% for the Equipment and 5% for the delivery vehicle annually.
- (v) Rent of \$1 000 was received in advance.
- (vi) Stock on hand at 31st December 2018 was \$48 000.

Required:

- a) Prepare a fully classified Statement of Financial Performance of K.K Limited for the year ended 31st December 2018. **(9 marks)**
- b) Prepare the closing journal entries for the following accounts: (Narrations are not required.)
 - (i) Commission
 - (ii) Sales Return

(2marks)**PART B ACCOUNTING FOR CLUBS AND SOCIETIES****[8 marks]**

1. The **main** source of income for clubs and societies is

- A subscriptions.
- B. entrance fees.
- C. canteen profits.
- D. sports entry fees.

(1mark)

2. State **one** importance of auditing financial reports of non profit organisations.

(1mark)

3. Korolevu Social Club was formed by young women to provide community service to its people. The treasurer of Korolevu Social Club provides the following items from the trial balance as at 30th June, 2017.

	\$
Accounts Payable – Canteen	862
Cash at Bank	3 880
Inventories – Canteen	1 545
Entrance Fees	700
Donations	550
Clubhouse at Cost	50 450
Accounts Receivables – Canteen	320
Accumulated Depreciation on Clubhouse	9 400
Accumulated Funds	48 003
Rent	750

Additional Information at 30/06/17

- Subscriptions due \$350.
- The excess of expenditure over income was \$3 100.
- Subscriptions received in advance \$680.
- Subscriptions written off \$85.

Required:

Prepare a fully classified Statement of Financial Position of Korolevu Social Club as at 30th June, 2017. (6 marks)

QUESTION 5 ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS

[20 marks]

1. Return on Owner's Equity is best classified as
 - A. Profitability Ratio
 - B. Long term financial stability
 - C. Short term financial stability
 - D. Management effectiveness.

2. A firm's analysis formula that shows the ratio of funds provided by outsiders is known as
 - A. Debt ratio
 - B. Current ratio
 - C. Gross Profit ratio
 - D. Proprietorship ratio

(2 marks)

3. Define horizontal analysis. (1 mark)
4. List **two** limitations of ratio analysis. (2 marks)
5. State the purpose of calculating the following ratios. (3 marks)
- Proprietorship Ratio.
 - Gross Profit Ratio
 - Rate of Inventory turnover
6. The following information has been taken from the records of Manu's Enterprises.

Financial Statements Highlights	31/12/18	\$	31/12/19	\$
Sales (all credit)		320000		380000
Cost of Sales		230000		300000
Gross Profit		90000		80000
Net Profit		64000		50000
Total Operating expenses		26000		30000
Closing Stock		60000		50000
Cash At Bank		12000		-
Debtors		32000		48000
Creditors		51000		38000
Bank Overdraft (limit \$8000)		-		15000
Mortgage on Land		100000		100000
Fixed Assets at book Value		320000		400000

Additional Information:

- Closing Stock at 31st December, 2017 was \$45,000
- Business operated for 365 days during the year.

Required: Use the information to calculate the following ratios and percentages by providing the formula and showing full working. Give answers to two decimal places.

- Mark up ratio (2019)
- Net Profit Percentage (2018)
- Age of Debtors in days (2019)
- Working capital in Dollars (2019)
- Acid Test Ratio (2019)
- Total Expenses ratio (2018)
- Inventory Turnover in times(2018)
- Debt ratio (2018).

(12 marks)

QUESTION 6**SYSTEMS FOR IMPLEMENTING
ACCOUNTING PROCESS****[22 marks]****PART A ACCOUNTING FOR CREDIT CONTROL****[8 marks]**

1. The total of purchases returns and allowances journal is placed on the:
 - A. debit side of Accounts Payable control account.
 - B. credit side of Accounts Payable control account.
 - C. debit side of Accounts Receivable control account.
 - D. credit side of Accounts Receivable control account.

(1 mark)
2. List **two** principles of good internal control system. **(1 mark)**
3. State **two** internal control procedures over credit sales. **(2marks)**
4. Jack's Minimart maintains a full set of books on a manual basis. For the month of March 2017, the following information was provided.

	\$
Account Receivable 01/03/17 .	8550
Account Payable 01/03/17	10475
Return Inwards	135
Cash paid to Accounts payable	9500
Bad debts	75
Interest charged to Accounts Receivables	25
Purchase Journal total	9570
Sales Journal Total	8690
Discount Received	105
Return Outwards	125
Lal's cheque dishonoured	150
Cash received from Accounts Receivables	8580
Interest Payable to Accounts Payables	18
Contra account transferred from Accounts Payables Ledger	160

Required: Prepare Accounts Payable Control Account in T.form**(4 marks)**

PART B ACCOUNTING FOR PAYROLL**[5 marks]**

1. Which of the following is a compulsory tax deduction

- A. FNPF
- B. PAYE
- C. Insurance
- D. Union fees

(1 mark)

2.

Sharma's Furniture Outlet				
Name : Arun Prasad		EDP : 10002	Week ending : 12/03/18	
FNPF N.o : 2301				
(This document provides information for five days in a week)				
Rate	Ordinary	Time and half	Double Time	Total
\$4.50 /hour	\$180	\$54	\$?	\$ _____

- a) Explain the purpose of the document above. **(1 mark)**
- b) How many hours is Arun paid for at time and a half rate? **(1 mark)**
- c) If Arun works for 5 hours at double time rate, calculate his Gross Pay using the information above. **(1 mark)**
- d) Explain **one** positive impact of computer based payroll. **(1 mark)**

PART C ACCOUNTING FOR INCOMPLETE RECORDS**[9 marks]**

- 1. State **one** reason why some businesses have incomplete records. **(1 mark)**
- 2. List **two** limitations of incomplete records. **(2 marks)**
- 3. The following information was obtained from the books of James Smith, who lost all his stock during a recent fire on 31 March, 2017.

	\$
Stock on hand at 1 April, 2016	8540
Purchases	70424
Sales	84212

The rate of gross profit on sales during the year was 25%.

Required: Calculate the value of stock destroyed by fire on 31 March, 2017. **(3 marks)**

4. Timoci Seru started his mechanical business on 1st January 2019 with cash \$11 500.

At the end of the financial period 31st December 2019, he had the following assets and liabilities:

	\$
Cash at bank	3 500
Equipment	9 870
Accounts Receivable	1 600
Building	20 000
Accounts Payable	2 800
Loan	18 900

Timoci withdrew \$3 000 during the year and invested \$2 000 worth of cash into the business.

Required:

Prepare a statement to show Timoci's Net Profit or Loss during his first year of business.

(3 marks)

THE END