

**RATU NAVULA COLLEGE**  
**TERM 3 TRIAL EXAMINATION 2020**  
**ACCOUNTING**  
**YEAR 12**

Time Allowed: 3 hours  
*(An extra 10 minutes is allowed for reading this paper)*

**INSTRUCTIONS**

1. Write your **Name and Level** 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 and Level** 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 four questions altogether in this paper. **All the questions are compulsory.**

**SUMMARY OF QUESTIONS**

QUESTION	GUIDELINES	MARKS	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	Measuring Periodic Income	20	36 minutes
5	Analysis and Interpretation of Financial Statements	20	36 minutes
6	Systems for Implementing the Accounting Process	22	40 minutes
<b>TOTAL</b>		<b>100</b>	<b>180 minutes</b>

**QUESTION 1**

**PERSONAL FINANCE**

[10 MARKS]

**PART A**

**MULTIPLE CHOICE**

[1 mark]

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

1. Rahil wishes to purchase a 52-inch LCD Screen on hire purchase and 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.

**PART B**

**PERSONAL INCOME TAX**

[5 marks]

1. Define **Fringe Benefit Tax**. (1 mark)
2. Define **Service Turnover Tax**. (1 mark)
3. Study the extract given below and answer the question that follows.

Fiu a resident of Fiji, owns a house in Suva and she plans to sell it to Wing Chong on 2<sup>nd</sup> May 2020 for \$100 000. Fiu acquired the house on 1st January 2010 for \$75 000.  
 (Note: This was not Fiu's principal place of residence)

- i). Calculate the **Capital Gain or Loss** on disposal of asset? (1 mark)
- ii). If there is a gain, then calculate the **Capital Gains Tax**. Explain. (1 mark)
- iii). Give two examples of a capital asset apart from a House. (1 mark)

**PART C**

Davish is planning to take a car loan in order to purchase a new car for his family worth \$28 000. He is required to show his financial status to the bank. Given below is the list of items relating to his financial status as at 31<sup>st</sup> July 2018.

Items	\$
Savings account balance	1 700
Television	2 500
Other Household Items	30 000
Building	120 000
Mortgage on building	35 500

**Additional Information**

- (i) Davish owes \$250 to his family member.
- (ii) He owes \$450 to Appliance Ltd for hire purchase of television.

**Required:**

Prepare a **Statement of Affairs** of Davish as at 31<sup>st</sup> July 2018 to assist him with his loan application. (4 marks)

*yacht*

**QUESTION 2**                      **NATURE OF ACCOUNTING**                      [5 MARKS]

**PART A**                      **MULTIPLE CHOICE**                      [1 mark]

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

1. The area of accounting that deals with scrutinizing records and reports is
  - A. Management Accounting
  - B. Taxation Accounting
  - C. Cost Accounting
  - D. Auditing

**PART B NATURE AND ENVIRONMENT OF ACCOUNTING**                      [4 marks]

1. Fill in the following table by indicating the differences between Management and Financial accounting.                      (2 marks)

	Management Accounting	Financial Accounting
Types of report prepared		
Frequency of reports		

2. Explain **understandability** as an enhancing qualitative characteristic of accounting data and discuss its application in real life.                      (1 mark)
3. Explain **accrual concept**.                      (1 mark)

**QUESTION 3**                      **FINANCIAL ACCOUNTING AND THE ACCOUNTING PROCESS**                      [23 MARKS]

**PART A**                      **MULTIPLE CHOICE**                      [2 marks]

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

1. A trial balance is a listing of
  - A. the chart of accounts.
  - B. transactions in a journal.
  - C. the totals from the journal pages.
  - D. general ledger accounts and balances.
2. Manu's Enterprise paid salaries to its staffs \$400. The entries in the books of Manu's Enterprise would be:
 

A. Debit: Salaries	Credit: Accounts Payable
B. Debit: Bank	Credit: Salaries
C. Debit: Salaries	Credit: Cash
D. Debit: Salaries	Credit: Staff Creditors

**PART B**                      **JOURNALS**                      [15 marks]

1. Saimone operates a laundry business in his home town. The following transactions were taken from the books of his business for the month of July 2020.

July 1	Received \$380 for services provided to cashcustomers.
4	Paid wages \$75 and electricity \$120 using the same cheque.
13	Paid Lisa Chang \$600 and received a discount of \$60.
24	Received tax invoice for detergent from JM Cleaners \$350.
27	Paid rent \$500.

**Required:**

Select the relevant transactions and prepare **Columnar Cash Payments Journal**                      (7 marks)

2. 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.

- |    |   |
|----|---|
| 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**)                      (8 marks)

**PART C** **LEDGER POSTINGS** [6 marks]

Albert Singh operates agrocerybusiness. The following information is given for the of June 2018:

GENERAL JOURNAL			
Date	Particulars	Debit (\$)	Credit (\$)
Junel	Cash at Bank	620	
	Inventory	6 500	
	Equipment	1 520	
	Accounts Receivable: Tomasi	153	
	: Anthony	65	
	Accounts Payable:Gonac Ltd		800
	: Taniela		880
	Loan		3 000
	Capital		4 178
	(To record assets and liabilities.)	<b>8 858</b>	<b>8 858</b>
7	Drawings	88	
	Purchases		88
	(To record goods taken by owner for own use.)		
18	Equipment	750	
	Supplies Ltd		750
	(To record purchase of equipment.)		

CASH PAYMENTS JOURNAL							
Date	Particulars	Discount Received \$	Detail \$	Bank \$	Purchases \$	Accounts Payable \$	Other Payments \$
June3	Purchases		85		85		
	Wages		280	365			280
8	Gonac Ltd	20		720		740	
24	Purchases			105	105		
		<b>\$20</b>		<b>\$1 190</b>	<b>\$190</b>	<b>\$740</b>	<b>\$280</b>

PURCHASES JOURNAL			
Date	Particulars	Debit (\$)	Credit (\$)
June6	Manasa		140
15	Gonac Ltd		175
	Purchases A/C Dr	<b>\$315</b>	

PURCHASES RETURNS JOURNAL			
Date	Particulars	Debit (\$)	Credit (\$)
June17	Gonac Ltd	25	
	Purchases Returns A/C Cr		<b>\$25</b>

**Required:**

From the above information, prepare the following ledger accounts in three column form:

- a) Equipment Account (1 mark)
- b) Purchases Account (2½ marks)
- c) Gonac Ltd Account (2½ marks)

**QUESTION 4** **MEASURING PERIODIC INCOME** [20 MARKS]

**PART A** **MULTIPLE CHOICE** [2 marks]

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

- A club's Receipts and Payments Account for the period would be a clear reflection of its
  - A. Cash at Bank Account.
  - B. Subscriptions Account.
  - C. Refreshments Trading Account.
  - D. Income and Expenditure Account.
2. Dividends received by a furniture dealer is classified as
  - A. other expenses.
  - B. an asset.
  - C. other income.
  - D. liability.

**PART B** **STATEMENT OF FINANCIAL POSITION** [9marks]

Hasina operates a jewelry store known as Hasina's Jewelry Shop. The following Trial Balance and additional information relates to Hasina's Jewelry Shop for the year ended 30th September 2018.

Hasina's Jewellery Shop Trial Balance as at 30 <sup>th</sup> September 2018			
	\$		\$
Advertising	1 500	Accounts Payable	5 960
Cash at Bank	7 000	Accumulated Depreciation- Furniture	5 010
Customs Duty	390	Accumulated Depreciation - Vehicle	7 200
Discount Allowed	600	Sales	103 500
Electricity	1 880	Purchases Returns	1 700
Insurance	960	Discount Received	1 280
Inventory (01/10/17)	19 070	Loan	20 000
Purchases	50 000	Capital	36 110
Goodwill	2 200		
Sales Returns	2 500		
Wages and Salaries	20 000		
Furniture	33 400		
Office expenses	3 680		
Vehicle	18 920		
Accounts Receivable	6 500		
Rent	11 700		
Drawings	460		
	180 760		180 760

**Additional Information as at 30th September 2018**

- Inventory on hand \$16 850 — CA
- Wages and Salaries due \$500 — wages due — CL
- Depreciation is yet to be provided on furniture \$3 340 and vehicle \$3 600. — P&D
- Insurance Premium is due for 2 months \$192 — insurance due — CL
- Paid one month Rent in Advance \$900 — rent in adv — CL
- Create Provision for Doubtful Debts at 2% p.a on accounts receivables. — 130
- Net Profit for the year ended 30th September 2018 is \$4 188.

**Required:**

- Use the information given above and your knowledge to prepare a fully classified **Statement of Financial Position** for Hasina's Jewelry Shop as at 30th September, 2018. (8 marks)
- State one reason why businesses write off bad debts. (1 mark)

**PART C ACCOUNTING FOR CLUBS AND SOCIETIES**

[7 marks]

The following information is provided by the Treasurer of Futuna Hills Club.

Futuna Hills Club Statement of Financial Position as at 31 <sup>st</sup> July 2017			
Assets	\$	Liabilities	\$
Cash at Bank	2 000	Subscriptions in Advance	620
Inventory— Canteen	1 650	Mortgage	700
Equipment— Canteen	2 000	Accumulated Funds	4 330
	<b>\$5 650</b>		<b>\$5 650</b>

The summary of receipts and payments for the year ended 31<sup>st</sup> July 2018 are as follows:

Receipts	\$	Payments	\$
Subscriptions	1 140	Wages-Canteen	600
Entrance Fees	350	Rates	30
Sales — Canteen	3 150	Electricity-Canteen	400
		Purchases of Inventory Canteen	780

**Additional Information as at 31<sup>st</sup> July 2018**

- Depreciation on equipment for canteen \$200
- Inventory on hand for canteen \$900
- Subscriptions written off \$155
- Subscriptions Due \$580
- Subscriptions received in Advance \$400

**Required**

From the information given above, prepare:

- Subscriptions Account** for the year ended 31<sup>st</sup> July 2018. (3marks)
- Canteen Trading Statement** of Futuna Hills Club for the year ended 31<sup>st</sup> July 2018. (4marks)

**PART D CLOSING JOURNAL ENTRIES**

[2 marks]

Prepare the closing journal entries for the following accounts:  
(Narrations are not required.)

- Sales \$10000
- Net Profit \$664 (2 marks)

**QUESTION 5 ANALYSIS OF FINANCIAL STATEMENTS**

[20 MARKS]

**PART A MULTIPLE CHOICE**

[2 marks]

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

- The main purpose of analyzing ratios is to
  - make better decisions.
  - attract more investors.
  - reduce business expenses.
  - assist in profit calculations
- Which one of the following represents a limitation of ratio analysis?
  - It is based on historical cost concept.
  - Analysis assists in profit determination.
  - Leads to comparison of other businesses.
  - Inclusion of items of non-monetary value

**PART B ANALYSIS OF FINANCIAL STATEMENTS**

(18 marks)

- The following are the financial statements of Christin Clothing's for the year ended 31<sup>st</sup> March 2015 and 2016.

Christin's Clothings Statement of Financial Position as at 31 <sup>st</sup> March 2015 and 2016.		
	2015 \$	2016 \$
<b>Assets</b>		
Inventories	26000	34000
Accounts Receivables	21000	29000
Property Plant and Equipment	153000	182000
<b>Total assets</b>	<b>200000</b>	<b>245000</b>
<b>Less liabilities</b>		
Bank Overdraft (Limit \$1000)	6000	7000
Accrued expenses	3000	4000
Noncurrent liabilities	20000	30000
<b>Total Liabilities</b>	<b>29000</b>	<b>41000</b>
<b>Net assets</b>	<b>171000</b>	<b>204000</b>
<b>Owner's Equity</b>	<b>171000</b>	<b>204000</b>

Christin's Clothing's Income Statements for the year ended 31 <sup>st</sup> March 2015 and 2016.		
	2015 \$	2016 \$
Sales	235000	250000
Less Cost of Goods Sold	98000	112000
<b>Gross profit</b>	<b>137000</b>	<b>138000</b>
Selling and Distribution Expenses	32000	30000
Administrative Expenses	58000	59000
Financial Expenses	2000	3000
<b>Net profits</b>	<b>45000</b>	<b>46000</b>

**Additional information:**

- Inventory (2014) - \$20 000
- Accounts receivables (2014) - \$15 000
- Total Assets (2014) - \$15 500

**Required:**

Calculate the following ratios and percentages correct to two decimal places for the above business for the year 2016.

- Gross profit ratio.
- Administrative expense percentage.
- Rate of return on total assets.
- Working capital in dollars
- Quick asset ratio.
- Inventory Turnover in times.
- Net profit percentage
- Working capital ratio
- Mark up percentage
- Debt ratio
- Age of debtors in months (assuming all sales are on credit)
- Equity ratio

(18 marks)

**QUESTION 6 SYSTEMS FOR IMPLEMENTING THE ACCOUNTING PROCESS**

[22 MARKS]

**PART A MULTIPLE CHOICE**

[2 marks]

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

- Which one of the following is not an effective internal control procedure for accounts receivables?
  - All credit should be approved by an authorised person.
  - Credit worthiness of the customer has to be checked thoroughly.
  - Same employee to receive cash and handle accounts receivable records.
  - Adequate time to be given for payment and interest to be charged where necessary.

2. The best represented internal control procedure for accounts payable is
- purchases of goods to be done every week.
  - return of faulty goods to be done after few months.
  - same employee to handle the records and payment of cash.
  - proper authorisation must be obtained before making payment.

**PART B CONTROL ACCOUNT (20 marks)**

1. Rohit Kumar operates a grocery business. The business sells goods on cash and credit. However, the owner needs your assistance to prepare creditors control account

Summary of Information	Amount (\$)
Cash Purchases	30 000
Cash Sales	32 000
Cash paid to Accounts Payable	23 000 ✓
Accounts Payables at 1 <sup>st</sup> April 2019	32 650 ✓
Credit Purchases	10000 ✓
Cash received from Accounts Receivable	10 000
Accounts Receivable as at 1 <sup>st</sup> April 2019	54 020
Accounts Receivable as at 31 <sup>st</sup> March 2020	25 470
Bad Debts Written Off	180
Discount Received from Accounts Payable	18 ✓
Freight charged by Accounts Payable	900 ✓
Transfer to Accounts Receivable ledger	1 200 ✓
Purchases Returns and Allowances	2 560 ✓

**Required**

Prepare the Accounts Payable Control Account to find the closing balance of Accounts payable. (10 marks)

2. Ashwini's Minimart maintains its subsidiary ledger and other accounts. The following information relates to the accounts receivables and accounts payables ledger balances for the year ending 31<sup>st</sup> July 2018.

3.

Summary Information	Amount (\$)
Total of Tax Invoices Issued	15 230 ✓
Cash Sales	32 000
Accounts Receivables balance 01/08/17	10 750 ✓
Accounts Payables balance 01/08/17	20 200
Sale Returns and Allowances	2 760 ✓
Discount Received	1 000
Discount Allowed	895 ✓
Cash paid to Creditors	11 573
Interest charged to Debtors	785 ✓
Cash refund to Accounts Receivables	390 ✓
Bad debts	1 440 ✓
Cash received from Accounts Receivables	9 300 ✓
Contra entry from Debtors to Creditors ledger	450 ✓
Accounts Payables balance 31/07/18	40 800
Purchases Returns	665

**Required**

Select the relevant information and prepare the Accounts Receivables Control Account of Ashwini's Minimart as at 31<sup>st</sup> July 2018 to find out the closing balance of the Accounts Receivables. (10 marks)

**THE END**