

BA PROVINCIAL FREE BIRD INSTITUTE

TERM 1 EXAMINATION 2021

YEAR 12 ACCOUNTING

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.
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 **five** questions altogether in this paper. **All the questions are compulsory.**

QUESTION	GUIDELINES	MARK	SUGGESTED TIME
1	Nature of Accounting	25	45 minutes
2	Personal Finance	16	40 minutes
3	Financial Accounting and the Accounting Process	44	60 minutes
4	Accounting Reports	15	35 minutes
TOTAL		100	180 minutes

STRAND ONE**NATURE OF ACCOUNTING****(25 MARKS)****PART A****MULTIPLE CHOICE****(3marks)**

The multiple-choice questions are all compulsory. Each question is worth 1 mark.
Circle the letter of the best answer in the Answer Booklet.

1. Management Accounting is primarily concerned with providing information to
 - A. Internal parties.
 - B. External parties.
 - D. Tax authorities.
 - C. Potential investors.
2. Which of the following is regarded as non-financial information in a business organisation?
 - A. Cash at bank.
 - B. Quality of Staff.
 - C. Land and building.
 - D. Value of Delivery vehicles.
3. Accountants measure profits or losses by recording the effects of transactions in terms of dollars and cents. Which of the following concepts best describes this process?
 - A. Accruals concept.
 - B. Matching concept.
 - C. Double entry concept.
 - D. Money measurement concept.

PART B**SHORT ANSWER****(22marks)**

1. Explain the **difference** between financial and non-financial information. **(2 marks)**
2. Identify **three** external users of accounting information and explain why they are needed. **(3 marks)**
3. **Differentiate** between special purpose financial statements and general purpose financial statements. **(2marks)**
4. Give **one** reason why the government may be interested in the accounting reports of a business. **(1 mark)**
5. Define **Conservatism** concept. **(1 mark)**

6. Fill in the following table by indicating the differences between Management and Financial accounting.

(3 marks)

	Management Accounting	Financial Accounting
Types of report prepared		
Verification		
Frequency of report		

7. What is **conceptual framework**?

(1 marks)

8. Identify the **accounting characteristic** which best describes each situation given below.

- The reporting of accounting information should be free from personal biasness.
- The cost of stationery is too small to be shown separately in the balance sheet.
- Data to be expressed in words and in numbers
- Having information available to decision makers on time.
- Means when different independent people reach an agreement that an event, account or transaction is faithfully represented.

(5marks)

9. **Jona is an owner of an internet shop in Tavua known as Tavualevu Internet shop. The Statement of Financial Performance is prepared every 12 months for Tavualevu Internet shop.**

- Which accounting **concept** is applied in Alice's business? (1 mark)
- The repairs to the Computers for Tavualevu Internet shop are reported as an expense in the Statement of Financial Performance. Justify why the repairs to the Computers is treated as an expense

(1 mark)

10. Study the **statements** given in the table and answer the questions that follow.

(i)	The business will continue to operate for indefinite number of years.
(ii)	The business uses the same depreciation method in 2014 and 2015 to depreciate fixed assets.

Name the relevant **accounting concept** involved in (i) and (ii) above. (2 marks)

STRAND 2**PERSONAL FINANCE****(16 MARKS)****PART A****MULTIPLE CHOICE****(2 MARKS)**

1. Mr Shaahil 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.
2. Which of the following is **not** an important reason to keep personal financial records?
- A. For proof of ownership.
 - B. For warranty purposes.
 - C. To use when setting up or reviewing a budget.
 - D. To see how much profit you make in few years' time.

PART B**SHORT ANSWER****(14 MARKS)**

- 1. Define **Fringe Benefit Tax**. **(1 mark)**
- 2. State the purpose of **EFTPOS**. **(1 mark)**
- 3. List **one advantage** and **one disadvantage** of credit card. **(2 marks)**
- 4. Give **two** advantages of personal filling. **(2 mark)**
- 5. List **two** electronic financial services provided by Commercial Banks in Fiji. **(2 mark)**
- 6.

Miss Purnima is a Fiji resident. In 2008, she bought a freehold land with a building for \$250 000. On 31st August, 2017, she sold her property to Zoya Ltd for \$430 000

- a. **Calculate** the gain or loss on the sale of Miss Purnima's land and building. **(1 mark)**
- b. Assuming that the land and building is not Miss Purnima's primary place of residence, **calculate** the capital gains tax imposed by FRCA. **(1 mark)**
- c. Identify **one** situation in which tax payers are exempted from paying Capital Gains Tax. **(1 mark)**

7. Tema is planning to buy a restaurant business for \$40 000. He needs to arrange a loan from the bank to purchase the new business. The following information is provided to the bank:

- ✓ Tema owns a house worth \$55 000 and mortgage on the house is \$23 000.
- ✓ His bank account balance at WTZ bank is \$2 800.
- ✓ Household contents (TV, Fridge and others) worth \$15 000.
- ✓ Tema still has final \$200 hire purchase instalment to be made on his fridge.
- ✓ Land rent due \$150.

Required

Using the information given above, calculate the value of Tema's Net worth. (3 marks)

STRAND 3: FINANCIAL ACCOUNTING AND THE ACCOUNTING PROCESS

(44 MARKS)

PART A MULTIPLE CHOICE

(4MARKS)

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

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

1. Jone bought a typewriter for \$600 VIP. What type of transaction is this?
 - A. Revenue transaction
 - B. Zero rated transaction
 - C. VAT inclusive transaction
 - D. VAT exclusive transaction
2. Which of the following describes a stale cheque?
 - A. Cheque that is not signed.
 - B. Cheque that bears a future date.
 - C. Cheque that is over six months old.
 - D. Cheque that has two parallel lines.
3. What is the correct general journal entry to record the increase in provision for doubtful debts?

A.	Debit: Bad Debts	Credit: Doubtful Debts
B.	Debit: Doubtful Debts	Credit: Accounts Receivable
C.	Debit: Provision for Doubtful Debts	Credit: Doubtful Debts
D.	Debit: Doubtful Debts	Credit: Provision for Doubtful Debts

4. Tanu's Enterprise paid wages to its staffs \$380. The entries in the books of Tanu's Enterprise would be:
- A. Debit: Wages Credit: Accounts Payable
 - B. Debit: Bank Credit: Wages
 - C. Debit: Wages Credit: Cash
 - D. Debit: Wages Credit: Staff Creditors

PART B**VAT****(9marks)**

1. Which government department is responsible for collecting VAT in Fiji?

(1 mark)

2.

i.

Timoci Bought a Table for \$810 VIP.

Required:

a) Calculate the amount of VAT paid by Timoci.

(2 marks)

b) Calculate the VEP.

(2 marks)

ii.

Mika bought a freezer for \$650VEP

Required:

a) Calculate the amount of VAT paid by Mika.

(2 marks)

b) Calculate the VIP.

(2 marks)**PART C****SOURCE DOCUMENTS****(17marks)**

1) Identify the source documents to be used for the following transactions?

Transactions	Source Documents
a) Cash sales \$200	
b) Sold goods to Mr. White on Account \$600	

c) Returned goods to the creditor \$500	
d) Paid electricity bill \$600	
e) Goods stolen worth \$1000.	
f) Owner withdrew \$100 from the business.	

(6 marks)

- 2) Dhobi Enterprises sells household electrical products in Sabeto. Given below is a tax invoice received from the supplier. Study the tax invoice and answer the questions that follow:

TAX INVOICE			
Kamlesh Electronics		No. 368	
37 Banana St, Nadi			
TIN: 08- 0583469- 15		Date: 25/01/2016	
Name & Address of Customer:		Dhobi Enterprises	
		11 Eldams St, Sabeto	
Terms: 5% cash discount if payment is made within 30 days			
Qty	Description	Rate \$	Total Amount \$
3	Refrigerators	1 500.00	4 500.00
10	Washing Machines	999.00	9 990.00
			14 490.00
	VAT		1304.10
			15794.10
	Handling and Delivery Charges		500.00
	Total		<u>16294.10</u>

- a. Name the **party** which issued the tax invoice? (1 mark)
- b. Is Kamlesh Electronics a **debtor or creditor** to Dhobi Enterprises? (1mark)
- c. What does the abbreviation **TIN** stands for? (1mark)
- d. Write down the **transaction** for the above tax invoice? (1 mark)
- e. Identify the **rate** at which **VAT** is charged in the tax invoice above? (1 mark)
- f. Why do businesses **buy on credit**? Give one reason (1mark)

3)

Personal Banking and Cheques

Study the cheque given below and answer the questions that follow.

05 / 08 / 2014	BANK OF PACIFIC 10A4 NASAU ROAD. SUVA		STAMP DUTY PAID
Fwd : \$ <u>300.50</u>			DATE : 05/08/2014
Dep : <u>-</u>			
Bal : <u>-</u>			
This Cheque \$ <u>200.50</u>	PAY <i>Dev Kumar</i>	or Bearer	
Balance \$ <u>100.00</u>	The sum of <i>Two hundred</i>	dollars	
	and <i>Fifty</i>	<u>\$200.50</u>	
		<i>John Jones</i>	
		Signature John Jones	
0 1 5 4 3 7 2 1 4	0 1 5 4 3 7 2 1 4		

- a) Name the type of cheque shown. (1mark)
- b) The three parties to a cheque are the Drawee, the Drawer and the Payee. Identify each one of them from the cheque given. (3marks)
- c) On which date will this cheque become a stale cheque? (1marks)

PART D**JOURNAL****(8marks)****Columnar Cash Payment Journal**

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 2015.

July 1	Received \$380 for services provided to cash customers.
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:

- (a) Select the relevant transactions and prepare a Columnar Cash Payments Journal for the month of July. (5 marks)
- (b) State **one** function of a journal. (1 mark)
- (c) Explain **one purpose** of preparing sales journal and cash receipts journal (2marks)

PART E**LEDGER POSTING**

(6marks)

Albert Singh operates a grocery business. The following information is given for the month of June 2016:

General Journal			
Date	Particulars	Debit (\$)	Credit (\$)
June 1	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.)	8 858
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 \$
June 3	Purchases		85		85		
	Wages		<u>280</u>	365			280
8	Gonac Ltd	20		720		740	
24	Purchases			105	105		
		20		1 190	190	740	280

Purchases Journal			
Date	Particulars	Debit (\$)	Credit (\$)
June 6	Manasa		140
15	Gonac Ltd		175
	Purchases A/c Dr	315	

Purchases Returns Journal			
Date	Particulars	Debit (\$)	Credit (\$)
June 17	Gonac Ltd	25	
	Purchases Returns A/C Cr		<u>25</u>

Required

Prepare the following three column ledger from the journals given:

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

STRAND 4 ACCOUNTING REPORTS (15 MARKS)

PART A MULTIPLE CHOICE (1 mark)

The multiple-choice questions are all compulsory. Each question is worth 1 mark. Circle the letter of the best answer in the Answer Booklet.

1. A Statement of Financial Position
- A. shows how profit was determined.
- B. measures the entities financial performance.
- C. is classified into operating, investing and financing activities.
- D. lists assets, liabilities and proprietorship at a specific point in time.

PART B WORKSHEET (8 marks)

Elenoa owns and operates Elenoa's Store. The unadjusted trial balance for the year ended 31st August 2016 is given below:

Ledger Balances	Debit (\$)	Credit (\$)
Stock at 01/09/15	6 780	
Purchases	23 580	
Wages	9 880	
Electricity Expenses	1 870	
Building	47 000	
Cash at Bank	8 580	

Accounts Receivable	4 570	
Office Expenses	3 190	
Drawings	900	
Insurance	400	
Sales		46 756
Interest		220
Commission		750
Purchases Return		780
Accounts Payable		11 560
Capital		46 684
Total	<u>106 750</u>	<u>106 750</u>

Adjustments as at 31st August 2016

1. Wages due but not paid \$200
2. Prepaid Insurance \$180
3. Commission due but not received \$80
4. Stock at 31/08/16 \$3 200

Required

- (a) Use the above information to complete the Worksheet provided in the **Answer Booklet**.

(8 marks)

PART C

The following represents the trial balance extract of Siteri's Enterprise. **(12 marks)**

Siteri's Enterprises			
Trial Balance (extract) as at 31st July 2015			
	\$		\$
Accounts Receivables	8500	Provision for doubtful debts	200
Equipment	15000	Commission Received	300
Bad Debts	250	Loan (10% p.a.)	15000
Interest on Loan	300	Accounts Payable	9560
Discount allowed	200		
Office Salaries	5050		

The balance day adjustments:

- Interest on Loan owing.
- Office Salaries Unexpired \$50.
- Commission received in advance \$60.
- Provide depreciation on equipment at 8% on cost.
- Wrote off additional Bad Debts \$230.
- Provision for doubtful debts to be provided at a rate of 3% per annum.

Required:

1. Prepare the general journal entries for the above adjustments. (6 marks)

THE END