



MARKER CODE			

STUDENT ENROLMENT NUMBER									



Samoa Secondary Leaving Certificate

ACCOUNTING

2015

QUESTION and ANSWER BOOKLET

Time allowed: 3 Hours and 10 Minutes

INSTRUCTIONS

1. You have 10 minutes to read **before** you start writing.
2. Write your **Student Education Number (SEN)** in the space provided on the top right hand corner of this page.
3. Answer **ALL QUESTIONS**. Write your answers in the spaces provided in this booklet.
4. If you need more space for answers, ask the Supervisor for extra paper. Write your SEN on all extra sheets used and clearly number the questions. Attach the extra sheets at the appropriate places in this booklet.

STRANDS	Pages	Time (Minutes)	Weighting
STRAND 1: CONCEPTUAL BASIS OF ACCOUNTING	2	18	10
STRAND 2: PROCESSING	5	36	20
STRAND 3: ACCOUNTING SUBSYSTEMS	12	54	30
STRAND 4: ANALYSIS, INTERPRETATION AND MAKING DECISIONS	19	54	30
STRAND 5: ACCOUNTING REPORTS	27	18	10
TOTAL		180	100

Check that this booklet contains pages 2- 29 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

STRAND 1: CONCEPTUAL BASIS OF ACCOUNTING

WEIGHTING 10

1. Name the accounting concept the statement below relates to.
In a single proprietorship, the owner's house and car are not recorded in the business records.

Skill Level 1	
1	
0	
NR	

2. Define *timeliness* as a qualitative characteristic of accounting.

Skill Level 1	
1	
0	
NR	

3. Describe how the *government* uses accounting information for decision making.

Skill Level 2	
2	
1	
0	
NR	

4. The basic accounting equation is *Assets = Liabilities + Owner's Equity*.
 Show how each transaction below affects this accounting equation.
 Put the correct account and amount under each component and
 calculate it correctly.
- (i) Paid \$2150 for accounts payable
 - (ii) Unrecorded wages \$1500
 - (iii) Purchased office equipment for \$4200. Paid \$1500 and signed a loan agreement for \$2700.

Assets	=	Liabilities	+	Owner's Equity
50,000	=	35,000	+	15,000

(i) _____

(ii) _____

(iii) _____

Skill Level 3	
3	
2	
1	
0	
NR	

5. Differentiate between revenue and capital transactions. Give an example for each

Skill Level 3	
3	
2	
1	
0	
NR	

STRAND 2:

PROCESSING

WEIGHTING 20

1. Name the processing methods for storing accounting data using the manual accounting system.

Skill Level 1	
1	
0	
NR	

2. One of the transactions below “*Issued the statement to Mr. Eric MJ*” took place at the end of the month because he’s one of the debtors. How do you define this transaction?

Cash Sales

Sent an invoice to SSAB

Goods Drawings

Credit Sales

Received payments from debtors

Issued a statement to Mr. Eric MJ

Skill Level 1	
1	
0	
NR	

3. Journals are also known as _____ .

Skill Level 1	
1	
0	
NR	

4. Name the processing method for reporting accounting data using the computerized accounting system?

Skill Level 1	
1	
0	
NR	

5. *Payments are always done using cheques instead of carrying big amounts of cash. There are specific information to write on the cheque leaf as well as the cheque butt for reference.*

The transaction "Pay SSAB \$4000" is for one new photocopier bought.

Give ONE piece of information to be recorded on the cheque butt for business reference.

Skill Level 1	
1	
0	
NR	

6. In number 5 above, what source document is recorded when payments are made.

Skill Level 1	
1	
0	
NR	

7. On July 1st 2015, cheque # 1234 was issued to pay for both electricity \$520 and water \$700.
How are the individual and the total amounts in this transaction shown in the Cash Payments Journal?

CASH PAYMENTS JOURNAL.

Date	Particulars	Ch #	D/recd	Details	Bank	Purchases	Creditors	Sundries

Skill Level 2	
2	
1	
0	
NR	

8. Show general journal entries for these balance day adjustments. Narrations are NOT required.

- Unearned revenue \$200
- Pre-recorded insurance \$480

GENERAL JOURNAL

Date	Particulars	Debit	Credit
(i)			
(ii)			

Skill Level 3	
3	
2	
1	
0	
NR	

9. Post the July transactions below to the given ledger accounts. Calculate correct balances at the end of the month.

- (i) Cash purchases \$850 cheque # 012
- (ii) Purchased goods on credit from Lewyna Traders \$540 Invoice # 19
- (iii) Paid Lewyna Traders on account Receipt # 78

Skill Level 3	
3	
2	
1	
0	
NR	

CASH

Date	Particulars	Folio	Debit	Credit	Dr/ Cr

PURCHASES

Date	Particulars	Folio	Debit	Credit	Dr/Cr

LEWYNA TRADERS

Date	Particulars	Folio	Debit	Credit	Dr/Cr

10. The balance day ledger accounts are given on 31st March 2015. Prepare the correct general Journal entries to close off these accounts. Show NARRATIONS.

- (i) Reyna Management Services earned a profit of \$2780 during March.
- (ii) Total expenses is \$7470
- (iii) Her Drawings account balance was \$600

Skill Level 2	
2	
1	
0	
NR	

GENERAL JOURNAL

Date	Particulars	Debit	Credit
(i)			
(ii)			
(iii)			

11. On 30th August 2015, the following ledger account balances of EGT Gardening Enterprises are given.
You are required to prepare a correct Trial Balance as at 30th August 2015, from these balances.

Calculate correct totals on both debit and credit columns.

Account	Ending balances
Cash at bank	1,565
Sundry expenses	8,240
Gardening revenue	28,800
Gardening tools	2,160
Fuel on hand	200
Motor vehicle	18,000
Drawings	16,500
Capital	17,865

Skill Level 4	
4	
3	
2	
1	
0	
NR	

**EGT GARDENING ENTERPRISES
TRIAL BALANCE AS AT 30TH AUGUST 2015**

Accounts	Debit	Credit
Totals		

STRAND 3: ACCOUNTING SUBSYSTEMS

WEIGHTING 30

Define the following principles of internal control

i. Authorization

Skill Level 1	
1	
0	
NR	

ii. Responsibility

Skill Level 1	
1	
0	
NR	

iii. Separation of duties

Skill Level 1	
1	
0	
NR	

2. Name the objective of internal control for each subsystem listed below.

i. Inventory Subsystem

Skill Level 1	
1	
0	
NR	

ii. Fixed Assets Subsystem

Skill Level 1	
1	
0	
NR	

iii. Payroll Subsystem

Skill Level 1	
1	
0	
NR	

3. State the purpose of a bank reconciliation statement.

Skill Level 1	
1	
0	
NR	

4. It is possible that sometime in the future, a debtor who previously was written off as a bad debt may return to pay back the money he owed.

i. Which account is this transaction referred to?

Skill Level 1	
1	
0	
NR	

ii. Name the appropriate journal to record this transaction?

Skill Level 1	
1	
0	
NR	

3. Identify the need for the accounts payable subsidiary ledger?

Skill Level 1	
1	
0	
NR	

4. Describe the weighted average cost (WAC) valuation method of inventory?

Skill Level 2	
2	
1	
0	
NR	

5. *The firm provides 5% of accounts receivables on balance day.*
 Show the journal entry for the given transaction.
 Show the narration.

Skill Level 4	
4	
3	
2	
1	
0	
NR	

GENERAL JOURNAL

Date	Particulars	Debit	Credit

6. *F. Tracy purchased a new motor truck on 1 July 2015 for \$20,000.*
The estimated life of the motor truck is 5 years with a residual value of \$5000.
 Calculate the depreciation expense using the straight-line method.

Skill Level 2	
2	
1	
0	
NR	

7. Describe a perpetual inventory system.

Skill Level 2	
2	
1	
0	
NR	

8. *A good system of internal control over cash should have the following features.*

Explain the following measures of internal control over cash.

(i) All money received should be evidenced by a document.

Skill Level 3	
3	
2	
1	
0	
NR	

(ii) Rotation of Duties.

Skill Level 3	
3	
2	
1	
0	
NR	

9. Complete the table below by filling in the spaces in the second column showing the improvements to internal control for fixed assets.
An example is done for you.

column	Effect on General Ledger (Rule 1- double entry)	Effect on Subsidiary Accounts Payable Ledger (Rule 2 – extra entry)
<i>Accounts payables</i>	<i>Dr Accounts Payables with total amount.</i>	<i>Dr individual Accounts Payable accounts with individual amounts.</i>
Purchases		No effect
Wages		No effect
Discount received		No effect
Bank		No effect.

Skill level 4	
4	
3	
2	
1	
0	
NR	

STRAND 4: ACCOUNTING REPORTS

WEIGHTING 30

1. State the function of the Statement of Financial Performance?

Skill Level 1	
1	
0	
NR	

2. *Good accounting reports have several distinct features. A clear heading is one feature.*
What makes a clear heading for the Statement of Financial Position?

Skill Level 1	
1	
0	
NR	

3. *Cash flow means movement of cash in (inflows) and out (outflows) of the business resulting from transactions with an external entity.*
Give an example of a transaction showing a cash outflow.

Skill Level 1	
1	
0	
NR	

3. Name ONE feature which is shown in the Statement of Accounting Policies?

Skill Level 1	
1	
0	
NR	

4. Identify ONE limitation for the following financial statements.

(i) Statement of Financial Performance.

Skill Level 1	
1	
0	
NR	

(ii) Statement of Financial Position.

Skill Level 1	
1	
0	
NR	

(iii) Statement of Changes in Cash Position.

Skill Level 1	
1	
0	
NR	

(iv) Statement of Accounting Policies.

Skill Level 1	
1	
0	
NR	

5. Why are community organizations also known as non-trading concerns?

Skill Level 1	
1	
0	
NR	

6. Victim Support is a popular community organization in Samoa. What is its main function?

Skill Level 1	
1	
0	
NR	

7. Describe clearly with ONE example what “*Selling & Distribution Expenses*” are in the Statement of Financial Performance.

Skill Level 2	
2	
1	
0	
NR	

8. Describe clearly with ONE example what “*Financing Inflows*” are in the Statement of Cash Position.

Skill Level 2	
2	
1	
0	
NR	

9. Describe clearly with ONE example what “*Incorporated Associations*” are.

Skill Level 2	
2	
1	
0	
NR	

8. From the following information, prepare the Refreshments Trading Account for *Letava Rugby Club* on 30th June 2014.

- Opening Inventory– Refreshments 30th June 2014 \$80
- Closing Inventory – Refreshment 30th June 2014 \$70
- Sales Refreshments \$915
- Purchases Refreshments \$503
- Sales Returns \$12

<p>Letava Rugby Club Refreshments Trading Account 30th June 2014</p>
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Skill Level 3	
3	
2	
1	
0	
NR	

9. Explain the function of the Statement of Owner’s Equity.

Skill Level 3	
3	
2	
1	
0	
NR	

Given is the unadjusted trial balance of Lewyna's Party Hire as at 31st March 2014 with adjustments to be made on balance day. Prepare the following financial statements

**Lewyna's Party Hire
Unadjusted Trial Balance as at 31st March 2014**

	Debit \$	Credit \$
Cash at bank	5,200	
Accounts receivable	2,400	
GST Outlays	3,300	
Prepaid insurance	1,200	
Party equipment	31,400	
Accumulated depreciation – party equipment		17,600
Furniture	47,300	
Accumulated depreciation-furniture		23,000
Accounts payables		11,800
Lewyna – Capital		18,710
Lewyna – Drawings	18,310	
Hire fees revenue		74,700
Salaries	26,500	
Maintenance	4,500	
Rent expense	5,700	
Total	<u>\$145,810</u>	<u>\$145,810</u>

Additional information.

- Hire fees of \$1030 were received in advance.
- June maintenance expenses of \$120 have not been recorded.
- The rent expense account contains \$440 paid for July 2014 rent.

- (i) Prepare the Statement of Financial Performance for year ended 30th June 2014. Incorporate the given balance day adjustments.

Lewyna's Party Hire
Statement of Financial Performance for year ended 30th June 2014

	\$	\$	\$
Revenue			

Skill level 4	
4	
3	
2	
1	
0	
NR	

STRAND 5: ANALYSIS, INTERPRETATION AND MAKING DECISIONS WEIGHTING 10

1. Name ONE ratio that measures the earning capacity of a business.

Skill Level 1	
1	
0	
NR	

2. Name ONE ratio that measures management effectiveness of a business

Skill Level 1	
1	
0	
NR	

3. Calculate the gross profit percentage from the given information. Show your working.

- Total cash sales \$180,000
- Total credit sales \$380,000
- Gross profit \$95,000

Skill Level 2	
2	
1	
0	
NR	

4. Explain clearly the purpose of analyzing financial information.

Skill Level 3	
3	
2	
1	
0	
NR	

5. Explain clearly the relationship between *equity ratio* and *debt ratio*.

Skill Level 3	
3	
2	
1	
0	
NR	

Student Education Number									

ACCOUNTING

2015

(For Markers only)

STRANDS	Weighting	Marks	Check Marking
STRAND 1: CONCEPTUAL BASIS OF ACCOUNTING	10		
STRAND 2: PROCESSING	20		
STRAND 3: ACCOUNTING SUBSYSTEMS	30		
STRAND 4: ANALYSIS, INTERPRETATION AND MAKING DECISIONS	30		
STRAND 3: ACCOUNTING REPORTS	10		
TOTAL	100		

