

STUDENT EDUCATION NUMBER



Sāmoa Secondary Leaving Certificate

ACCOUNTING

2016

QUESTION and ANSWER BOOKLET

Time allowed: 3 Hours & 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
1. CONCEPTUAL BASIS OF ACCOUNTING	2	18	10
2. PROCESSING	4	36	20
3. ACCOUNTING SUBSYSTEMS	9	54	30
4. ACCOUNTING REPORTS	15	54	30
5. ANALYSIS, INTERPRETATION AND MAKING DECISIONS	22	18	10
TOTAL		180	100

CHECK! This booklet contains pages 2-23 in the right order.

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

STRAND 1

Conceptual Basis of Accounting

Weighting 10

1. Identify the qualitative characteristic of accounting information in the given statement.

“Two or more independent observers would agree that the presentation of a transaction or event, actually represents the actual transaction or event.”

Skill Level 1

2. Define the concept of *disclosure*.

Skill Level 1

3. Accountant → Financial Information → Users

Describe ONE specific function of accounting shown process above.

Skill Level 2

4. Explain how Owner's Equity is affected by:
(i) contributions and withdrawals by the owner and
(ii) profit/loss as measured in R – E.

Skill Level 3

5. Explain the application of Owner's Equity in the Statement of Financial Position.
Given in the Statement of Financial Performance is a net loss.

Skill Level 3

STRAND 2

Processing

Weighting 20

1. Record the following transactions of Lewina Plumbing Services in the correct source document provided below:

- *2/3/16 Sold pipes to Eric Drainage \$900 Invoice # 10*
- *4/3/16 Broken pipes of \$270 were returned by Eric Drainage CN # 21*
- *5/3/16 Lewina Plumbing received payment for the pipes Receipt # 16*
- *7/3/16 Paid \$9 for stamps Voucher # 61*

(a)

PETTY CASH VOUCHER No. 61 Lewina Plumbing Services
Date: _____
Amount: _____
For: _____
Authorised: _____

Skill Level 1

(b)

INVOICE	No. 10
Lewina Plumbing Services	
Date: _____	
Amount: _____	
To: _____	
For: _____	

Skill Level 1

(c)

CREDIT NOTE	No. 21
Lewina Plumbing Services	
Date: _____	
Amount: _____	
To: _____	
For: _____	

Skill Level 1

(d)

RECEIPT	No. 16
Lewina Plumbing Services	
Date: _____	
Received from: _____	
For: _____	
Amount: _____	

Skill Level 1

2. At the end of an accounting period, balance day adjustments or additional information are given for corrections in the financial statements. One adjustment given is *unearned revenue of \$150.*”

Define this balance day adjustment with regards to the last day of the accounting period.

Skill Level 1

3. Name ONE method for processing accounting data using the computerized accounting system.

Skill Level 1

4. Clearly describe bank statements as a source document.

Skill Level 2

5. Prepare the *General Journal of Tracy's Car Hire* using her opening assets and liabilities given below. Narration is NOT required.

Mar 1st 2016 Buildings \$25 000, Land \$43 000 and Accounts Payables \$9 500

GENERAL JOURNAL

Date	Particulars	Debit	Credit

Skill Level 2

6. A chart of accounts is maintained in both manual and computerized systems. Explain the use of a chart of accounts.

Skill Level 3

7. Under the perpetual inventory system, the given transaction took place on 1st May 2016, Purchased 100 items @ \$22.50 on credit. This is shown in the general journal as;

May 1 Inventory	22.50
Accounts Payable	22.50

Explain how the purchase of inventory under the perpetual system affects the accounting equation.

Skill Level 3

STRAND 3

Accounting Subsystems

Weighting 30

1. Define *serialisation of documents* as a principle of internal control.

Skill Level 1

2. Name the objective of internal control for Purchases and Cash Subsystems violated in each case below.

(a) A purchasing officer ordered goods for personal use.

Skill Level 1

(b) An employee writing a cheque to pay an invoice from a company owned by her sister for services that were never provided.

Skill Level 1

3. State the purpose of a stock ledger card in calculating the Cost of Goods Sold.

Skill Level 1

4. Identify the input element for accounts payables.

Skill Level 1

5. Identify the process element for the fixed assets subsystem.

Skill Level 1

6. Identify the need for internal control over credit purchases.

Skill Level 1

7. Why are reliable personnel considered to be a principle of internal control?

Skill Level 1

8. Why is it important to keep an accounts receivables subsidiary ledger?

Skill Level 1

9. Under the 'First in First out' (FIFO) method, how is the inventory recorded on the stock ledger card?

Skill Level 1

10. Prepare the General Journal entries for the following transactions. No narrations required.

- (a) Eric MJ's business was declared bankrupt so his account of \$5000 was written off.

GENERAL JOURNAL

Date	Particulars	Debit	Credit

Skill Level 2

- (b) L. Smith's account was overdue so the ANZ Bank charged him interest of \$200.

GENERAL JOURNAL

Date	Particulars	Debit	Credit

Skill Level 2

11. Use the given information to prepare the Accounts Receivables Control Account.

- Total credit sales \$1560
- Total returns \$200
- Cash from Accounts Receivables \$845

Skill Level 2

ACCOUNTS RECEIVABLES CONTROL

Date	Particulars	Debit	Credit	Balance

12. Explain the purpose of depreciating assets.

Skill Level 3

13. Explain the relationship between the conservative concept and providing for doubtful debts.

Skill Level 3

14. Discuss the need for internal control over fixed assets.

Skill Level 4

STRAND 4

Accounting Reports

Weighting 30

1. Read each scenario below and identify the limitation related to the financial statements.

(a) Amounts in the financial statements include Cost of Goods Sold, depreciation, doubtful debts and taxation.

Skill Level 1

(b) Costs determined are under the historical cost.

Skill Level 1

(c) Due to inflation, a \$1 million profit today is not equal to a \$1 million profit ten years ago.

Skill Level 1

(d) There is no Statement of Accounting Policies prepared by the business.

Skill Level 1

2. Identify which financial statement that each feature below relates to.

- (a) Provision for doubtful debts is the contra account of accounts receivables.

Skill Level 1

- (b) Bought shares in *A Ltd* to be held as an investment for \$100 000 cash.

Skill Level 1

- (c) Policies for measurement of the depreciation are not identified.

Skill Level 1

- (d) Additional ordinary expenses such as loss on disposal of motor vehicle, are also included.

Skill Level 1

3. *“One life that counts”* This is the motto for one community organization in Samoa. Give the name of that organization.

Skill Level 1

4. Name an Incorporated Club that has been involved in supporting their school in the Vaimauga District.

Skill Level 1

5. Describe the function of each financial statement stated below.

(a) Statement of Financial Performance

Skill Level 2

(b) Statement of Financial Position

Skill Level 2

(c) Statement of Accounting Policies

Skill Level 2

6. Explain THREE limitations of the Statement of Financial Performance.

Skill Level 3

7. Explain THREE limitations of the Statement of Financial Position.

Skill Level 3

Given are the Receipts & Payments and the Income & Expenditure Accounts for the Laumosooi Spinners' Club. Balance day adjustments are also given as additional information at the end of the financial year.

**Laumosooi Spinners' Club
Receipts & Payments for year ended 31 March 2016**

01/04/15	Balance	1800		
	Subscriptions	1020		
	Donations	400		
	Raffle proceeds	<u>1400</u>	31/3/16	
		<u>\$4620</u>		
	Raffle expenses			250
	Wool			70
	Spinning wheels			2000
	Balance			<u>2300</u>
				<u>\$4620</u>

- Amount of subscriptions for the year \$1040
- One member paid in advance \$20
- Two members in arrears \$40
- Amount of cash actually received \$1020
- An account for \$15 is also owing for the purchase of wool

**Laumosooi Spinners' Club
Income & Expenditure for year ended 31 March 2016**

Income:			
Subscriptions	1040		
Donations	400		
Raffle proceeds	1400		
		2840	
Less Expenses:			
Wool	85		
Raffle expenses	250		
		<u>335</u>	
Excess of income over expenditure transferred to Balance sheet.		<u>\$2505</u>	

8. Prepare the balance sheet for the Laumosooi Spinners' Club from the statements above, incorporating the balance day adjustments. Use the 3-column form (vertical presentation).

**Laumosooi Spinners' Club
Balance Sheet as at 31 March, 2016**

Accumulated Funds			
Assets			
Liabilities			

Skill Level 4

9. Use the given information to prepare the Statement of Cash Position of EGT Ltd for year ended 30 April 2016.

- Payment for new equipment \$92 000
- Proceeds from sale of old equipment \$87 000
- Proceeds from issue of ordinary shares \$150 000
- Dividends paid \$160 000
- Receipts from customers \$859 750
- Payments to suppliers and employees \$311 250
- Cash at beginning of year \$43 000

Skill Level 4

EGT Ltd
Statement of Cash Flow for year ended 30th April 2016

Cash Flows from Operating Activities		
Cash Flows from Investing Activities		
Cash Flows from Financing Activities		
Net increase in cash held		
Cash at beginning of year		
Cash at end of year		

STRAND 5

Analysis, Interpretation and Making Decisions

Weighting 10

1. Name ONE item apart from stock and purchases, that may be included in the Cost of Goods Sold.

Skill Level 1

2. Name the percentage when Cost of Goods Sold is subtracted from net sales x 100%.

Skill Level 1

3. Reyna Ltd reported the following financial data over a 5 year period.

	2011	2012	2013	2014	2015
Revenue	\$864 000	\$924 480	\$933 120	\$959 040	\$984 960
Gross profit	345 600	355 968	366 336	376 704	383 616
Other expenses	246 000	260 760	270 600	277 980	282 900

Describe the trend analysis of the data using 2011 as the base year.

Skill Level 2

