

STUDENT EDUCATION NUMBER

--	--	--	--	--	--	--	--	--	--



GOVERNMENT OF SAMOA  
MINISTRY OF EDUCATION, SPORTS AND CULTURE

## Samoa School Certificate

# ACCOUNTING

## 2017

### QUESTION and ANSWER BOOKLET

Time allowed: 3 Hours & 10 minutes

#### INSTRUCTIONS

1. You have 10 minutes to read **before** you start the exam.
2. Write your **Student Education Number (SEN)** in the space provided on the top left 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, 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.

CURRICULUM STRANDS		Page	Time (min)	Weighting
<b>STRAND 1:</b>	ACCOUNTING APPLICATION	2	54	30
<b>STRAND 2:</b>	FINANCIAL ACCOUNTING	7	61	25
<b>STRAND 3:</b>	THE ACCOUNTING PROCESS	14	65	45
<b>TOTAL</b>			<b>180</b>	<b>100</b>

Check that this booklet contains pages 2-25 in the correct order and that none of these pages are blank.

**HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION**

1. What is *accounting*?

---

---

---

SL 1

2. “*Taxation accounting is one area of specialization*”.

Define the term *taxation accounting*.

---

---

---

SL 1

3. Describe the financial statement represented by Equation A.

**Equation A:** Revenue – Expenses = Net Profit

---

---

---

---

---

---

SL 2

4. Name the area of specialization in accounting described by the information below:

*“Verifies assets and liabilities by comparing items to documentation and completes audit work papers by documenting audit tests and findings”*

---

SL 1

5. Describe how the following user, can use accounting information for decision making.

Management:

---

---

---

---

SL 2

6. *“John owns a business on computer network. He prepares a Statement of Financial Position for his business at the end of every financial period”.*

Explain the purpose of preparing Financial Statements.

---

---

---

---

---

---

---

SL 3

7. *Simon has agreed to sell his land to his friend David, sometime in the future.*

Explain why legal advice from a buyer is required for the purchase of this land.

---

---

---

---

---

SL 3

8. Name the function of accounting that defines when an employee is held responsible to his or her manager.

---

SL 1

9. *“An external user is a person outside of an organization who does not directly run its operations and uses financial or accounting information about the business to make decisions.”*

Name ONE user who would be interested in this information.

---

SL 1

10. Define the term *cost accounting*.

---

---

---

SL 1

11. Explain the purpose of invoices as source documents in business transactions.

---

---

---

---

---

---

SL 3

12. Describe the nature of accounting.

---

---

---

---

SL 2

13. *“Sam owns a local restaurant in town. A large number of customers eat at his restaurant which is noted for its delicious food and fine dining.”*

Explain types of non-financial information for the restaurant's success.

---

---

---

---

---

SL 3

14. "Management accounting is different from Financial accounting."

Define the term management accounting.

---

---

---

SL 1

15. Define the term *auditing*.

---

---

---

SL 1

Peter Schuster runs a Mini Mart at the Fugalei Market. He prepared a Statement of Income & Expenses for the year ended 30 June, 2016.

**Statement of Income for the year ended 30 June 2016**

	(\$)	(\$)
<b>Revenue</b>	20,175.00	
Total Revenue		20,175.00
<b>Expenses:</b>		
Electricity	600.00	
Salaries&Wages	16,000.00	
Insurance	2,200.00	
Rent	2,500.00	
<b>Total Expenses</b>		21,300.00
<b>Net Loss</b>		<b>1,125.00</b>

16. Discuss the reason why Peter prepared this Statement of Income for his business.

---

---

---

---

SL 4

---

---

---

---

---

---

<b>STRAND 2:</b>	<b>FINANCIAL ACCOUNTING</b>	<b>Weighting 34</b>
------------------	-----------------------------	---------------------

1. Define the term “*going concern concept*.”

---

---

---

SL 1

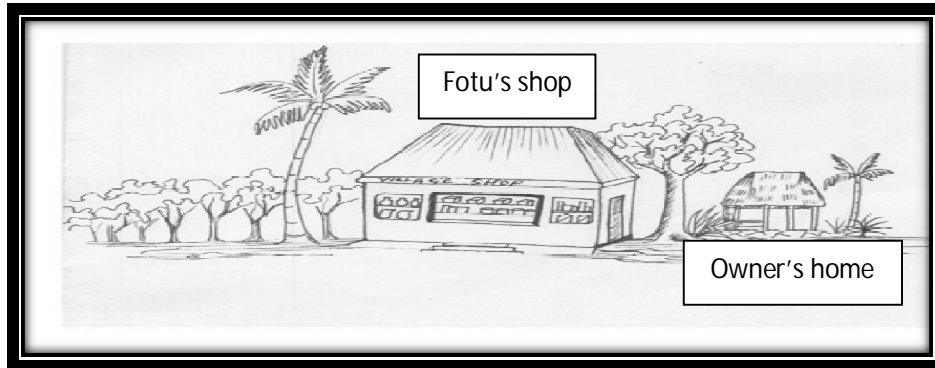
2. What is the accounting concept that gives guidance on how to record uncertain events and estimates?

---

---

---

SL 1



Use the picture above to answer Number 3.

3. (a) What type of business ownership is represented in the picture?

\_\_\_\_\_

SL 1

- (b) Name ONE characteristic of this business ownership.

\_\_\_\_\_

SL 1

\_\_\_\_\_

\_\_\_\_\_

- (c) Which accounting concept restricts the relationship of the owner and the shop?

\_\_\_\_\_

SL 1

- (d) Explain the accounting concept in part (c) above.

\_\_\_\_\_

SL 3

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



4. Red Cross Society is a Non-profit organization. Name ONE component included in the Owner's Equity of the Red Cross Society balance sheet.

---

---

SL 1

5. Explain the relationship between the accounting period and matching concepts.

---

---

---

---

---

---

---

SL 3

6. Explain the main source of income for the following society.



---

---

---

---

---

---

---

SL 3

7. Describe the concept shown in the following statement.

*“Writing off the cost of a fixed asset over the period of its useful life.”*

---



---



---



---

SL 2

8. Complete the following table to differentiate among the different types of ownership. Write the answer in the space provided.

	SOLE TRADER	PARTNERSHIP	COMPANY	CLUB or SOCIETY (Inc)
What do we call the owner/s?	Sole Proprietor	Partners	<b>A</b> _____	Club members
Do the owners have limited liability? (Yes/No)	No	No	Yes	<b>C</b> _____
What term is given to ownership profits paid to owners?	Net Profit	<b>B</b> _____	<b>D</b> _____	Excess of Income over expenditure

SL 4

9. *“Fixed assets are recorded in the balance sheet at their original costs but not at their market values”*

Identify the accounting concept which is described by the above definition.

SL 1

10. Tara Co. Limited is deciding whether to purchase or hire a vehicle for their usual delivery while their delivery truck is being repaired.

**Business A**



**Business B**



List TWO similar characteristics between Business A and Business B.

**Business A:**

SL 2

**Business B:**

11. *“Limited liability is a good reason for forming a private company.”*

Describe the meaning of the term *limited liability*.

---

---

---

---

SL 2

--

12. *Esera is an accountant for Leauina Resort. He advises the owner of Leauina Resort that the life of his business is divided into equal time periods.*

Name the accounting concept that requires the owner of Leauina Resort to operate his business.

---

SL 1

--

13. Define the *accrual basis concept*.

---

---

---

SL 1

--

14. The owner's equity section for Tevita Proprietorship shows the following information.

	1 January 2016	31 December 2016
Capital (Tevita)	\$50,000	\$60,000

Describe a possible cause for the change in Tevita's Capital.

---

---

---

---

SL 2

--

15. Use Country Market Stores Trial Balance to prepare the Owner's Equity section of the balance sheet.

**Country Market Stores**

**Trial Balance as at 30 June 2014**

ACCOUNTS		
	DR	CR
Accounts Payable		5 500
Accounts Receivable	2 500	
Accrued Expense		200
Advertising	500	
Bank		2 400
Capital		10 450
Delivery expenses	550	
Discount expense	500	
Discount revenue		300
Drawings	1 000	
Electricity	150	
Inventories 01/05/2014	7 000	
Motor Vehicles	9 000	
Office Equipment	1 200	
Office salaries	2 000	
Prepayment	150	
Purchases	6 500	
Sales		17000
Sales salaries	4 500	
Telephone	300	
	<b><u>\$35 850</u></b>	<b><u>\$35 850</u></b>

SL 4

**Additional Information:**

Inventory 30/06/2014 \$10,000.

Net profit for the year ended 30 June 2014 was \$5,300.

OWNER'S EQUITY:	\$

1. Prepare the General Journal entries for the following balance day adjustments. Narrations are not required.

- (a) Insurance of \$1000 paid in advance of which 30% expired at the end of the financial period.

(a)		Dr	Cr

**SL 1**

- (b) Commission earned but not yet received \$250.

(b)		Dr	Cr

**SL 1**

- (c) Depreciate vehicle at 10% per annum. Vehicle cost \$35 000.

(c)		Dr	Cr

**SL 1**

2.

Le Vai Company Limited is mainly concerned with the supply of bottled water to all of Samoa. You discover that they own a Delivery van bought on 1<sup>st</sup> Jan 2010 for \$50,000. You recommend the diminishing value depreciation rate of 20% per year for the Delivery van.

Use the above information to complete the table below.

Depreciation Schedule for the Delivery Van				
Year Ending	Original Cost	Annual Depreciation	Accumulated Depreciation	Net Book Value
2010				
2011				

SL 3

3. *A club has 50 members. Each member is supposed to pay \$40 as his yearly subscription. At 1 January 2016, 5 members still owed their subscription for 2015 while 7 members had already paid their 2017 subscriptions.*

Show the journal entry to record subscription in advance?

2011		Dr	Cr
Jan			

SL 2

4. *“Mercy Shop” is a retail store selling children’s wears, food, toys and other kids’ stuff. The source documents provided below were taken from the records of Mercy Shop for the month of June 2015.*

**Invoices Issued:**

<b><u>Mercy Shop Invoice</u></b>
No.12
08 June 2015

<b><u>Mercy Shop Invoice</u></b>
No.14
22 June 2015

<b><u>Mercy Shop Credit Note</u></b>
No.102-5
10 June 2015

<b><u>Mercy Shop Credit Note</u></b>
No.102-6
19 June 2015

- (a) Enter the source documents for the month of June in the appropriate journals.

**(i) Sales Journal**

Date	Particulars	Invoice	Debit	Credit

SL 2

**(ii) Return Inwards Journal**

Date	Particulars	Credit Note	Debit	Credit

- (b) Prepare the following ledger account.

**(i) Sales Account**

Date	Particulars	Debit	Credit	Balance	

SL 2

**(ii) Returns Inwards Account**

Date	Particulars	Debit	Credit	Balance	



5. The following are payments made by Office Café for the month of September 2017.

September	1 <sup>st</sup> , 2017	Purchased goods for \$500 cash
	10 <sup>th</sup> , 2017	Paid wages \$300
	19 <sup>th</sup> , 2017	Cash drawings \$150
	29 <sup>th</sup> , 2017	Cash purchases \$650
		Paid Advertising \$200

Complete and total Office Café Cash Payments Journal with GST of 15% inclusive where relevant.

OFFICE CAFÉ CASH PAYMENTS JOURNAL						
DATE	PARTICULAR	BANK	GST	PURCHASES	WAGES	SUNDRY

SL 4

6. Define the term *internal control*.

---



---



---

SL 1

7. Complete the table below to differentiate between the manual and computer accounting systems.

	INPUT	PROCESS	OUTPUT
MANUAL	Transactions		
COMPUTERIZED			Monitor

SL 3

8. Name the financial statement to report discount received.

---

SL 1

9. Identify a feature of internal control system for cash receipts.

---



---



---

SL 1

10. Identify the transaction which is NOT recorded in the General Journal.

- Cash sale of new office equipment.
- Drawings of goods for personal use.
- Credit purchase of fittings & fixtures.
- Interest charged on overdue accounts.

---

SL 1

11. Use the trial balance extract below to answer (a) – (c).

**KK Mart**  
**Trial Balance as at 31 October 2010**

Purchases	1080.00	
Freight inwards	700.00	
Advertising	150.00	
Sales		5000.00
Returns inwards	25.00	
Insurance	520.00	
Salesperson wages	240.00	
Stock (1.10.2009)	2260.00	
Discount allowed	42.00	
Debtors	1300.00	
Creditors		1050.00
Shop license	200.00	
Return outwards		57.00

Name any ONE account from the trial balance above that would appear in the following financial statements.

- (a) Trading account

<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <hr style="border: none; border-top: 1px solid black; margin-top: 5px;"/>	SL 1
--	------

- (b) Statement of Financial Performance

<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <hr style="border: none; border-top: 1px solid black; margin-top: 5px;"/>	SL 1
--	------

- (c) Statement of Financial Position

<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <hr style="border: none; border-top: 1px solid black; margin-top: 5px;"/>	SL 1
--	------

12. Use the document below to answer (a) and (b).

June 10, 2016

Invoice No. 7295

BSL Office Supplies

P.O. Box 241, Apia, Samoa; Phone: (0685) 24337; Fax: (0685) 30021

To: Samoa Stationeries and Books

Particular	Quantity	Price	Amount
Office desks	2	896.00	1,792.00
Chairs	3	556.00	1,668.00
			3460.00
VAGST (15%)			
TOTAL			

- (a) Name the given document.

\_\_\_\_\_

SL 1

- (b) Calculate the total amount including VAGST.

\_\_\_\_\_  
 \_\_\_\_\_

SL 1

13. Define the importance of *physical control over cash payments*.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

SL 1

14. The following information was extracted from the books of Matauti'a Village Store for the period ended 30<sup>th</sup> June 2015.

**Extract one:**

<b><u>Matauti'a Village Store</u></b>	
<b><u>as at 30th June 2015</u></b>	
<b><u>Current Assets</u></b>	
Accounts Receivables	\$20 000
Inventory	\$10 000
<b><u>Non-Current Assets</u></b>	
Tools and Equipment	\$57 000
Intangible Assets	\$13 000

**Extract two:**

<b><u>Matauti'a Village Store</u></b>	
<b><u>for the year ended 30th June</u></b>	
<b><u>2015</u></b>	
Total Sales	\$155 000
Cost of Goods Sold	\$95 000
Total Expenses	\$42 500
Net Profit	\$23 000

**Extract three:**

<b><u>Other financial information for Matauti'a</u></b>	
<b><u>Village Store</u></b>	
Opening Capital – 1 July 2014	\$26 000
Total Assets – 30 June 2014	\$80 000

Give the formulae and calculate the following ratios/percentages.

SL 3

Ratio/Percentage	Formula	Calculation & Answer
Gross Profit Percentage		
Return on Total Assets		
Current Ratio		

Use the below Trial Balance to answer Number 15.

<b>Fagali'i Golf Club</b> <b>Trial Balance as at 30<sup>th</sup> June 2016</b>		
	<b>Dr</b>	<b>Cr</b>
Subscriptions revenue		18,000
Players' fees		7,000
Tournament fees		3,000
Visitor's fees		500
Rates	5,000	
Groundsman's wages	15,000	
Fuel and oil	1,400	
Depreciation of machinery	500	
Repairs to machinery	600	
Fertilizer	300	
Repairs to clubhouse	2,000	
Machinery	8,000	
Clubhouse	35,000	
Accumulated depreciation on machinery		3,000
Cash at bank	7,300	
Accumulated funds		41,600
Entrance fees		2,000
TOTALS	\$75,100	\$75,100

15. Prepare an Income and Expenditure Statement for the year ended 30<sup>th</sup> June 2016 for Fagali'i Golf Club.

<b>Fagali'i Gold Club</b> <b>Income and Expenditure Statement</b> <b>for year ended 30<sup>th</sup> June 2016</b>		
	\$	\$
<b>Income:</b>		
<b>Less Expenditure:</b>		

SL 4



STUDENT EDUCATION NUMBER									

## ACCOUNTING

2017

(For Scorers only)

CURRICULUM STRANDS	Weighting	Scores	Check Scorer
STRAND 1: ACCOUNTING APPLICATIONS	30		
STRAND 2: FINANCIAL ACCOUNTING	34		
STRAND 3: THE ACCOUNTING PROCESS	36		
TOTAL	100		