



STUDENT EDUCATION NUMBER									

Samoa School Certificate

ACCOUNTING

2021

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 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 paper to write your 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 (min)	Weighting
STRAND 1	ACCOUNTING APPLICATION	2	35	20
STRAND 2	FINANCIAL ACCOUNTING	5	80	50
STRAND 3	THE ACCOUNTING PROCESS	17	65	30
TOTAL			180	100

Check that this booklet contains pages 2-23 in the correct order.

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

MULTIPLE CHOICE: Choose the BEST answer and write the correct letter in the box provided.

1. The main purpose of accounting is to:

- A. record financial transactions in the books of accounts to identify, measure and communicate economic information.
- B. keep books in order to track income and expenditure's made for tax purposes.
- C. reach decisions about how to manage the business, or invest in it, or lend money to it.
- D. all of the above.

SL 1

2. Which of the following is an example of a personnel in an area of specialization of accounting?

- A. Sales representative.
- B. Customer Service.
- C. Receptionist.
- D. Cost Accountant.

SL 1

3. The following are functions of accounting except:

- A. recording.
- B. analyzing.
- C. counting.
- D. summarizing.

SL 1

MULTIPLE CHOICE: Choose the best answer and write the correct LETTER in the box provided.

10. Which of the following is NOT a characteristic of a company?

- A. Unlimited liability.
- B. Continuity of existence.
- C. Separate legal entity.
- D. Capacity to issue shares.

SL 1

Questions 11 and 12 relates to the following extract from a company's Statement of comprehensive income.

Lusia's Catering Ltd
Statement of comprehensive income (extract)
for the year ended 30 June 2020

	\$
Profit for the year (after tax and expenses)	108,000
Other comprehensive income, net of income tax	<u>450,000</u>
Total comprehensive income for the year	<u>558,000</u>

11. What does this statement show?

- A. The company has expanded its operations during the year.
- B. The company's net equity is likely to have increased during the year.
- C. The company made a satisfactory profit over the year relative to its competitors.
- D. The company's share price is likely to have increased during the year.

SL 1

12. What type of business ownership is Lusía's catering?

- A. A Sole trader.
- B. Private company.
- C. Partnership.
- D. A club.

SL 1

13. Which accounting concept requires that the life of the business should be divided into appropriate segments for studying the financial results?

- A. Matching concept.
- B. Going concern concept.
- C. Accounting periods concept.
- D. Realisation concept.

SL 1

14. The following are components for calculating owner's equity except for:

- A. investment by the owner.
- B. net income.
- C. drawings by the owner.
- D. gross profit.

SL 1

15. A company purchased land and buildings for \$100,000 10 years ago. It's expected market value today is \$20 million, the asset is still recorded on the balance sheet at \$100,000.

What accounting concept is applied here?

- A. Matching Concept.
- B. Historical Cost Concept.
- C. Going Concern Concept.
- D. Historical Cost Concept.

SL 1

16. What concept of accounting is used when the business's records and personal records are kept separate?

- A. Continuity Concept.
- B. The Concept of Prudence.
- C. Accounting Entity Concept.
- D. Historical Cost Concept.

<input type="checkbox"/>	SL 1

17. Fixed assets are usually reported on the balance sheet at which amount?

- A. Expected selling price.
- B. Current market value.
- C. Historical Cost.
- D. Depreciation Cost.

<input type="checkbox"/>	SL 1

18. The following are characteristics of a Sole Trader except for:

- A. owned by one person.
- B. unlimited liability.
- C. owners are liable for all the debts incurred.
- D. owners are the shareholders.

<input type="checkbox"/>	SL 1

19. Which of the following is the correct accounting concept that fits the following definition:- **“Revenues and gains are recognised slower and expenses and losses are recognised quicker.”**

- A. Cost concept.
- B. Conservation concept.
- C. Matching concept.
- D. Materiality concept.

<input type="checkbox"/>	SL 1

SHORT ANSWERS: Read each question carefully and then write your answer in the spaces provided.

20. Michelle bought a new delivery van for \$50,000.00 tala from Hyundai Samoa Ltd. She was wondering about the best depreciation method to use in her books of entry. List the types of depreciation methods she can use.

SL 2

21. List any TWO types of business ownership.

SL 2

22. Su'a ma Puga and Associates is a consulting and a chartered accounting firm. They are accounting partners.
Explain the advantages of a partnership type of business.

SL 3

23. Describe the accounting principle which states that expenses must be recorded with corresponding revenues in the same period.

SL 2

24. A large company purchased a \$250 digital camera. It was recorded as an expense instead of an asset.

Describe the accounting concept applied.

SL 2

25. Near the end of the current year, a company required a customer to pay \$200,000 and recorded the amount as a liability on its balance sheet.

Explain the accounting principle which prevented the company from reporting the \$200,000 on its income statement for the current year.

SL 3

26. Use the two extracts below to explain the difference between the two Owner's Equity Sections.

EXTRACT A:	
Proprietorship:	
Capital	25,000
Net Profit	<u>10,000</u>
	35,000
Less Drawing	<u>5,000</u>
Owner's Equity	<u>30,000</u>

EXTRACT B:	
Shareholder's Equity:	
Paid in Capital	100,000
Retained Earnings	<u>50,000</u>
Total Shareholder's Equity	<u>150,000</u>

SL 3

27. Financial accountants prepare Financial Statements. They always prefer understating business profit and assets instead of overstating them.

Describe the accounting concept being utilized here.

SL 2

32. Use VJ Store's Trial Balance to complete a fully classified Statement of Financial Performance for year ended 30th June, 2021 (page 15).

VJ Store
Trial Balance as at 30 June 2021

	Debit	Credit
Inventories (1 July 2020)	6,500.00	
Telephone	250.00	
Customs duty	300.00	
Purchases	6,400.00	
Drawings	1,000.00	
Advertisement	700.00	
Land	15,000.00	
Light and Power	300.00	
Accounts receivable	2,400.00	
Sales Salaries	5,000.00	
Delivery Expenses	800.00	
Cash at Bank	10,000.00	
Office Equipment	1,500.00	
Office salaries	2,100.00	
Discount allowed	400.00	
Discount received		250.00
Sales		20,000.00
Accounts Payable		5,000.00
Loan		2,000.00
Capital		25,400.00
	\$52,650.00	\$52,650.00

Additional information;

- Inventories 30 June 2021 \$10,000.

VJ Store
Statement of Financial Performance for year ended 30 June 2021

	\$	\$	%
Sales			20,000.00
Less Cost of Goods Sold			<u> </u>
Inventories (1 July 2020)		6,500.00	
Purchases		6,400.00	
Customs duty		300.00	
Goods available for sale		13,200.00	
Less inventories (30 June 2021)		<u>10,000.00</u>	
Gross Profit			16,800.00
Other Gains			
Discount received			<u> </u>
Total Profit			<u> </u>
Selling & Distribution Expenses			
Advertisement	700.00		
Sales salaries	5,000.00		
Delivery expenses	800.00	6,500.00	
General & Administrative Expenses			
Telephone	250.00		
Light & Power	300.00		
Office salaries	2,100.00	2,650.00	
Financial Expenses			
Discount allowed	400.00	400.00	
Total Expenses			<u>9,550.00</u>
Net Profit			<u> </u>

SL 4

MULTIPLE CHOICE: Choose the best answer and write the correct letter in the box provided.

34. Which of the following shows the correct general journal entry for this transaction?
'Paid insurance account.'

- A. Debit insurance account; credit bank account.
- B. Debit bank account; credit insurance account.
- C. Debit insurance account; debit bank account.
- D. Credit bank account; credit insurance account.

SL 1

35. Which group of accounts below would appear in the Statement of Financial Position?

- A. Bank, stock, property, plant and equipment, retained earnings.
- B. Bank, stock, loan (NBS), interest received, retained earnings.
- C. Bank, stock, prepayments, depreciation expense, retained earnings.
- D. COGS, gross profit, selling expense.

SL 1

36. In order to find out the value of the closing stock during the end of the financial year, we:

- A. do this by stocktaking.
- B. deduct the cost of goods sold from sales.
- C. deduct opening stock from the cost of goods sold.
- D. look in the stock account.

SL 1

37. The financial statement that reports the revenues and expenses for a period of time such as a year or a month is the:

- A. Balance Sheet.
- B. Income Statement.
- C. Statement of Cash Flows.
- D. Trial Balance.

SL 1

38. A company had the following Statement of Financial Position accounts and balances.

Accounts Payable	\$24,000	Cash	\$12,000
Accounts Receivable	\$4,000	Common Stock	?
Building & Equipment	\$68,000	Capital	\$8,000

What is the balance of the Common Stock account?

- A. \$76,000
- B. \$68,000
- C. \$60,000
- D. \$52,000

SL 1

39. What are the effects on the accounting equation when a business borrows a five-year bank loan of \$5,000?

- A. \$5,000 credit in current liabilities; \$5,000 debit in current assets.
- B. \$5,000 debit in current assets; \$5,000 credit in non-current liabilities.
- C. \$5,000 credit in non-current liabilities; \$5,000 debit in non-current assets.
- D. \$5,000 debit in non-current assets; \$5,000 credit in current liabilities.

SL 1

SHORT ANSWERS: Read each question carefully and then write your answer in the spaces provided.

40. On balance day, 30 June 2021, the following transaction took place.
Prepare a General Journal entry to record the adjustment. Narrations are required.

Accrued Electricity \$500

General Journal

Date	Account	Debit	Credit

SL 3

Use the Accounts Payable Ledger account below to answer Questions 41 – 43.

Accounts Payable

Date	Particulars	Folio	Debit	Credit	Balance
April-01	Balance	GJ			20,000.00 CR
05	Purchases	PJ		5,000.00	25,000.00 CR
20	Cash	??	8,000.00		_____

41. What is the ending balance of the account payable ledger account?

SL 2

42. Which type of ledger is required to post the cash account?

SL 2

43. The transaction on April 20 is cash paid from accounts payable. Which journal was this amount originally from?

SL 2

Below is the Statement of Financial Performance for Vili's Gift Store for year ended 31st March 2021.

Vili's Gift Store
Statement of Financial Performance for the year ended 31 March 2021

Revenue	\$ 5,000
Cost of goods sold (COGS)	\$ 2,000
Gross Income	\$ 3,000
Expenses	
Marketing & promotions	\$ 300
General & administrative	\$ 400
Depreciation	\$ 100
Interest	\$ 200
Total expenses	\$ 1,000
Earnings before tax	\$ 2,000
Taxes	\$ 500
Net income	\$ 1,500

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ACCOUNTING

2021

(For Scorer only)

STRANDS		Weighting	Scores	Check Scorer	AED check
SECTION 1:	ACCOUNTING APPLICATION	20			
SECTION 2:	FINANCIAL ACCOUNTING	50			
SECTION 3:	THE ACCOUNTING PROCESS	30			
TOTAL		100			