



# Samoa Secondary Leaving Certificate

# ACCOUNTING

## 2020

### 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 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>	CONCEPTUAL BASIS OF ACCOUNTING	2	18	14
<b>STRAND 2:</b>	PROCESSING	5	36	8
<b>STRAND 3:</b>	ACCOUNTING SUBSYSTEMS	7	54	42
<b>STRAND 4:</b>	ACCOUNTING REPORTS	15	54	22
<b>STRAND 5:</b>	ANALYSIS, INTERPRETATION AND DECISION MAKING	20	18	14
<b>TOTAL</b>			<b>180</b>	<b>100</b>

Check that this booklet contains pages 2-22 in the correct order and that none of these pages are blank.

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

*Financial information must be material, be presented on a timely basis and be able to satisfy the requirements of comparability and understandability.*

1. Describe clearly **understandability** as one qualitative characteristic of financial information.

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SL 2

2. Describe an example of **comparability** of financial information.

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SL 2

*Relevance of financial information also allows users to assess whether preparers have discharged their obligations of accountability.*

3. Explain what it means by establishing **accountability**.

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SL 3

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Grace Freyna			
Statement of Financial Position as at 31 <sup>st</sup> July 2020			
<b>ASSETS:</b>		<b>LIABILITIES:</b>	
Cash at bank	10,000	Loan from ANZ Bank	20,000
Inventories	10,000		
Furniture	5,000	<b>OWNER'S EQUITY:</b>	
Premises	<u>15,000</u>	Capital	<u>20,000</u>
	<u>\$40,000</u>		<u>\$40,000</u>

*The above Statement of Financial Position totals (in T-Form) shows the accounting equation of  $A = L + OE$ .*

4. Explain the application of liabilities when using the narrative (vertical form).

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SL 3



G.Grace Invoice	
No 28	15 Aug 2020
Sold to N.Nua	\$100

G.Grace Invoice	
No 29	15 Aug 2020
Sold to F.Tonu	\$150

G.Grace Invoice	
No 30	30 Aug 2020
Sold to F.Reyna	\$200

6. Identify the goods journal to record the above source documents.

SL 1

Transactions → Source documents → Journals → \_\_\_\_\_ → Final Statements

7. Identify the missing stage of the accounting cycle to be written on the given space.

SL 1

*On 10<sup>th</sup> March 2020, Terri Smith returned expired goods to Ah Liki Co, Ltd which were bought on 1<sup>st</sup> March 2020.*

8. Explain the debit and credit rules (double entry) used to process the given accounting transaction.

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SL 3

9. Explain how the accounting equation shows separate expenses and revenues for the owner's equity.

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SL 3

*Internal controls are often found in the accounting systems of businesses.*

For **Questions 10 to 15**; state the principle of internal control indicated by each case.

- 10.** Credit notes issued to customers must be signed by a senior staff member.

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SL 1

- 11.** Before an Invoice is paid, it is checked against the purchase order and the packing slip.

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SL 1

- 12.** The cashier does not prepare the Cash Receipts Journal.

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SL 1

- 13.** Two people open the mail.

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SL 1

- 14.** All receipts should be pre-numbered. All copies of cancelled receipts should remain in the Receipt Book.

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SL 1

15. Personnel should be well trained and competent. Lines of responsibility and limits of authority should be specified.

SL 1

16. Define depreciation.

SL 1

17. Define the need for internal control over payroll.

SL 1

18. Nafanua Ayako has a salary of \$50,000 per annum.  
Calculate her gross salary per fortnight.

SL 2



**Grace Freyna**  
**Accounts Receivable Ledger**

N.Patty

No. 3104.1

Date	Particulars	Debit	Credit	Balance
Apr 1,2020	Balance			1600 dr

L.Smith

No. 3104.2

Date	Particulars	Debit	Credit	Balance
Apr 1,2020	Balance			200 dr

E.MJ

No. 3104.3

Date	Particulars	Debit	Credit	Balance
Apr 1,2020	Balance			3100 dr

**19.** Prepare a list of Accounts Receivables from the individual accounts above.

SL 2

A machine was purchased for \$8,000 on 1<sup>st</sup> June 2020. The estimated useful value was \$1,000. The estimated useful life of the machine was 7,000 hours. The machine was used for 1,400 hours Year 1 and 2,700 hours in Year 2.

- 20.** Calculate the depreciation expense for Year 1 using the Units of Use method.

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SL 2

- 21.** Prepare the Journal Entry with narration for the depreciation expense in Question 20.

General Journal			
Date	Particulars	Debit	Credit

SL 2

- 22.** Prepare the Ledger Account for the same depreciation expense in Question 20.

Depreciation Expenses				
Date	Particulars	Debit	Credit	Balance

SL 2

23. Explain **proof of ownership** as an internal control procedure for the purchase of a fixed asset.

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SL 3

24. Explain **protection** as an internal control procedure for storage of fixed assets.

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SL 3

25. Explain **purchase requisition** as an internal control procedure for purchase of inventories.

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SL 3

26. Explain the internal control procedures for the receipt of inventories.

SL 3

27. Prepare journal entries for the following information on 1<sup>st</sup> Nov 2020.

**Assets:** Cash at bank \$400, Inventories \$1,500, Vehicle \$3,500, Equipment \$300, Furniture \$900 and Debtors Control \$130.

**Liabilities:** Creditors Control \$246

General Journal

Date	Particulars	Debit	Credit

SL 4

[illegible]

Your friend, Lewyna Nua has a very successful small business of manufacturing and selling upeti to local souvenir shops. She has decided to expand into a mail order business to cover a wider area of the country. Lewyna wrote to you for your advice. Extracts from the letter are shown below:

*"I am a bit worried about the mail order side of the business because the mail order customers expect me to give them one month's credit. How can I be sure that they will pay me in a month's time? It's pretty risky".*

- 29.** Recommend to Lewyna, measures she should take to minimize the risk of bad debts from credit customers (accounts receivables).

[illegible]

- 30.** Name the community organization which is formed to provide necessary conduct of sports and hobbies.

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SL 1

- 31.** Name the community organization in Samoa and the world which caters for First Aid Assistance.

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SL 1

- 32.** What is the function of the Statement of Financial Performance?

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SL 1

- 33.** Describe the function of Statement of Financial Position.

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SL 2

34. Describe the function of Statement of changes in Cash Position.

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SL 2

35. Describe the function of Statement of Accounting Policies.

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SL 2

36. Explain ONE limitation of the Statement of Accounting Policies.

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SL 3



*Samoa Victim Support and Mapufagalele Rest Home are both formed as venues for people with common interest.*

- 37.** Compare features of these community organisations in Samoa stating **ONE** similarity and **ONE** difference.

[illegible]

Use the given Statement of Receipts & Payments for NGF Golf Club to prepare Activity (Trading) Statements for Raffle and Food Stalls for year ended 31<sup>st</sup> July 2020 in **Questions 38 and 39.**

**NGF Golf Club**  
**Statement of Receipts and Payments for year ended 31<sup>st</sup> July 2020**

Bank balance as at 1 <sup>st</sup> June 2019		1800
<b>Add Receipts:</b>		
Subscriptions	6000	
Raffle receipts	11000	
Food Stalls	2000	
Donations	<u>500</u>	<u>19500</u>
		21300
<b>Less Payments:</b>		
Raffle prizes	7000	
Raffle tickets	900	
Grounds maintenance	2500	
Food stall purchases	1000	
Food stall expenses	200	
Secretary's honorarium	2000	
Rent for store room	<u>500</u>	<u>14100</u>
Bank balance 31 July 2018		<u><u>\$7200</u></u>

38.

**NGF Golf Club**  
**Raffle Activity Statement for year ended 31<sup>st</sup> July 2020**

SL 3

39.

**NGF Golf Club**  
**Food Stall Activity Statement for year ended 31<sup>st</sup> July 2020**

SL 4

**40.** List any TWO measures of financial profitability ratios.

(a) \_\_\_\_\_

(b) \_\_\_\_\_

SL 2

**41.** List any TWO measures of financial stability ratios.

(a) \_\_\_\_\_

(b) \_\_\_\_\_

SL 2

**Use the following table to answer Questions 42 and 43.**

	31/3/2018	31/3/2019	31/3/2020
<i>Rate of Stock Turnover</i>	<i>10 times</i>	<i>8 times</i>	<i>6 times</i>
<i>Percentage of gross profit to Cost of Sales</i>	<i>35%</i>	<i>25%</i>	<i>2%</i>
<i>Proprietorship percentage</i>	<i>52%</i>	<i>49%</i>	<i>38%</i>

**42.** Explain clearly ONE reason for the decline (drop) in the rate of stock turnover over the three years.

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SL 3

43. Explain clearly ONE reason for the decline in the percentage of gross profit to Cost of Sales over the three years.

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SL 3

44. Discuss any TWO outflows for operating activities usually recorded in the Statement of Cash Flows.

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SL 4

STUDENT EDUCATION NUMBER									

## ACCOUNTING

2020

(For Scorers only)

CURRICULUM STRANDS	Weighting	Scores	Check Scorer	Double Entry (AED)
<b>STRAND 1:</b> CONCEPTUAL BASIS OF ACCOUNTING	14			
<b>STRAND 2:</b> PROCESSING	8			
<b>STRAND 3:</b> ACCOUNTING SUBSYSTEMS	42			
<b>STRAND 4:</b> ACCOUNTING REPORTS	22			
<b>STRAND 5:</b> ANALYSIS, INTERPRETATION AND DECISION MAKING	14			
TOTAL	100			