



STUDENT EDUCATION NUMBER									

Samoa Secondary Leaving 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 PRINCIPLES AND CONCEPTS	2	25	14
STRAND 2	PROCESSING	5	14	8
STRAND 3	ACCOUNTING SUBSYSTEMS	7	76	42
STRAND 4	ACCOUNTING REPORTS	18	40	22
STRAND 5	ANALYSIS, INTERPRETATION AND DECISION MAKING	24	25	14
	TOTAL		180	100

Check that this booklet contains pages 2-28 in the correct order.

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

Accounting deals with the measurement, processing and communication of financial and non-financial information of businesses and other entities.

1. Describe **ONE** function of accounting.

SL 2

2. Explain **ONE** difference between the **Separate Entity Concept** and **Legal Entity Concept**.

SL 3

3. Explain the relationship between the **Matching Concept** and **Accounting Period Concept**.

SL 3

4. One of the qualitative characteristics of accounting information is **faithful representation**. Discuss the importance of faithfully representing the accounting information.

SL 4

5. One of the five elements of financial statements is **liabilities**. Describe a Liability.

SL 2

6. Define **Capital transactions**.

SL 1

7. The following transaction occurred in the business of Haych Traders:

November 10, 2021 Paid interest on loan \$1300

Show the effect of the above transaction on the extended accounting equation below.

Date	Cash at Bank	Accounts Receivable	Stock	Expenses	Accounts Payable	Loan	Capital	Revenues
Nov. 1	15,000 +	13,000 +	7,000 +	0	10,000 +	15,000 +	10,000	0
10								

SL 3

8. State the data processing cycle.

SL 1

9. Compare the computerized accounting system and the manual accounting system in terms of Speed, Accuracy, and Storage.

SL 3

10. Define **transactions**.

SL 1

11. Identify the Cash Journal in which the following transaction would be recorded:

Repaid loan \$5000

SL 1

12. Describe **credit notes**.

SL 2

13. The following transaction took place in the business of Salua Enterprises:

October 23, 2021. Bought equipment worth \$9000 from Afega Equipment Ltd on credit.

Prepare the General Journal entry to record this transaction. (Narration is not required).

General Journal

Date	Particulars	\$	\$

SL 2

14. Natia Fashions sold clothes, cost price \$6700 to Sefina for \$9000 on credit.

Explain how the above transaction will affect the accounting equation under the perpetual inventory system.

SL 3

15. The following ledger account balances have been extracted from Aleki's Toy Shop October 2021.

Ledger Accounts	\$
Sales	22,000
Cash at Bank	12,900
Wages	5,700
Purchases	16,000
Sales Returns	380
Bad Debts	500
Accounts Receivable	6,700
Accounts Payable	7,200
Commission Received	3,700
Motor Vehicles	35,000
Capital	35,280
Loan	9,000

Use the information given above to prepare a Trial Balance of Aleki's Toy Shop as at October 31 2021.

Trial Balance of Aleki's Toy Shop as at October 31, 2021

Particulars	Debit (\$)	Particulars	Credit (\$)

SL 4

Use the information given below to answer Question 16.

Trial Balance (extract) of Martin Traders as at October 31, 2021

Building	150,000	Rent Received	18,200
		Accumulated Depreciation - Equipment	15,000

16. Balance Day Adjustment

Rent for one financial period is \$15,000. Some rent has been received in advance.

Required:

Prepare the adjusting journal entry to record the rent received in advance. **(Narration is not required).**

General Journal

Date	Particulars	\$	\$

SL 2

17. Balance day adjustments are adjustments that need to be made on certain accounts at the end of the financial year.

Explain the need for balance day adjustments.

SL 3

Internal controls are based on nine different principles. Two of these principles are **Reliable Personnel** and **Verification**.

Use this statement to answer Questions 18 and 19.

18. Define **reliable personnel**.

SL 1

19. Define **verification**.

SL 1

20. Name the objective of internal control for inventory subsystem.

SL 1

21. The following weaknesses were identified in the internal control for cash subsystem of Papaseea Hardware Ltd.

- (i). Banking is only done when there is large sum of cash accumulated.
- (ii). Payments for expenses are made from the cash in the till.
- (iii). The cashier who receives cash from customers over the counter also records it in cash book.

Required:

For weakness number (ii) above, **recommend** the improvement needed in the internal control of cash subsystem with a **justification** for your recommendation.

SL 3

22. Discuss the **importance** of carrying out regular bank reconciliation for any business. Use examples in your discussion.

SL 4

Read the case study given below and answer Question 23 that follows.

Case Study

Sam is the purchasing officer for Mate Ltd and he is in charge of all purchases of the company. He also buys his personal goods under the company account in order to take advantage of the trade discount. He is also in charge of the warehouse where he receives all deliveries from suppliers. His boss has full trust in Sam and assumes that he is honestly doing his job.

23. List **TWO** weaknesses in the inventory subsystem in the case study above.

SL 2

Read the case study given below to answer Question 25.

Case Study

Jewel Hardware buys and sells hardware materials for cash and credit. Customers who place their orders for delivery are given 10 days delivery time. They pay for the materials ordered over the counter and the order is then sent to the delivery department for dispatch. Credit customers can buy up to any limit. There is no time frame given to credit sale customers to settle their accounts. Any salesperson who is available dispatches the orders from the warehouse.

25. Recommend **TWO** improvements needed in the internal control for the inventory subsystem in the above case study and provide justifications for the recommendations. Use specific examples.

SL 4

26. Identify **ONE** need to prepare a schedule of age of accounts receivable.

SL 1

27. The information given below relates to Marcus Motor Parts for the year ended September 30, 2021.

Particulars	Amount (\$)
Cash sales during the month	150,000
Accounts Receivable opening balance	40,000
Credit notes issued total	6,000
Cash received from accounts receivables	74,000
Bad debts written off	400
Interest charged to accounts receivables	600
Transfer to Accounts Payable Ledger	300
Credit sales to debtors	107,000

Required:

Prepare the Accounts Receivable Control Account

Accounts Receivable Control Account

Particulars	Debit (\$)	Particulars	Credit (\$)

SL 2

28. Name the financial statement where depreciation expense is recorded.

SL 1

29. Identify **ONE** input element for the Payroll subsystem.

SL 1

30. Name the function of the Statement of Financial Performance.

SL 1

31. Name **ONE** feature of the Statement of Changes in Cash Position.

SL 1

32. State **ONE** limitation of the Statement of Financial Position.

SL 1

33. Describe **ONE** feature of the Statement of Financial Performance.

SL 2

34. Describe **ONE** feature of the Statement of Accounting Policies.

SL 2

35. Explain the importance of the Statement of Financial Position.

SL 3

36. There are many limitations of Statements of Financial Performance. One such limitation is that financial statements are derived from historical costs. Explain why this is a limitation.

SL 3

Use the following information to answer Question 37.

Trial Balance of Tasty Burgers as at July 31, 2021

	Dr	Cr
Cash at Bank	7,900	
Accounts Receivable	7,000	
Furniture	10,800	
Rent Received	2,000	
Drawings	2,300	
Accumulated Depreciation – Furniture		7,500
Capital		9,000
Loan		12,000
Commission Received		1,500

Additional Information on 31/07/21:

1. Rent due but not received \$1600
2. Provide depreciation on furniture at 15% p.a. on cost
3. The net loss for the year was \$2060
4. Wages due but unpaid \$500
5. Commission Received in Advance \$900
6. Create provision for doubtful debts at 2% of accounts receivable

Required:

Prepare a Statement of Financial Position of Tasty Burgers as at December 31, 2020.

37.

Statement of Financial Position of Tasty Burgers as at December 31, 2020

Assets	\$	\$	\$
Current Assets			
Add Fixed Assets			
Less Liabilities			
Current Liabilities			
Non-Current Liabilities			
Net Assets			
<u>Proprietorship</u>			

SL 4

38. Describe **the nature** of community organizations.

SL 2

39. The following information relates to Apia Zumba Club.

October 1, 2020 Cash at Bank \$7,500 Dr
 Canteen – Stock \$4,500

The summary of Receipts and Payments Account for the year ending September 30, 2021 is as follows:

Receipts	\$	Payments	\$
Subscription	1500	Telephone	600
Donations	6000	Electricity – Canteen	2100
Hire of Club Hall	4000	Canteen Purchases	16600
Canteen Sales	29,500	Repairs and Maintenance	400
Entrance Fees	1000	Secretary’s Honorarium	500
		Wages – Canteen Staff	2300

Additional Information on 30/09/2021:

- (i) Wages for canteen staff due but unpaid \$400
- (ii) Canteen Stock on hand 30/09/21 was \$5600

Required:

Prepare the Statement of Canteen Trading of Apia Zumba Club for the year ended September 30, 2021.

Use the information given below to answer Questions 40 and 41.

Dorman Retailers
Statement of financial Position (extract) as at 30th November, 2021

Debtors	28,000
Closing Stock	22,000
Income Due	4,000
Prepayments	2,000
Equipment	30,000
Furniture	22,000
Total Assets	108,000
Bank Overdraft (Secured \$8000)	10,000
Creditors	27,000
Mortgage	10,000
Loan	6,000
Total Liabilities	53,000

40. Calculate the **equity ratio** for the above business. **State the formula and show full working.** (Round off your answers to **two** decimal places).

SL 2

41. Calculate the **debt ratio** for the above business. **State the formula and show full working.** (Round off your answers to two decimal places).

SL 2

Study the information given below and answer Questions 42 and 43.

Given below are the financial statement highlights of Gala Clothings.

Ratios/Percentages	Gala Clothings	Industry Average
Net Profit Percentage	40%	45%
Working Capital Ratio	2.30:1	1.90:1
Rate of Stock Turnover	44 days	30 days
Accounts Receivable Turnover	35 days	28 days

42. Recommend with justification **ONE** measure the business can take to improve its Rate of Stock Turnover.

SL 3

STUDENT EDUCATION NUMBER									

ACCOUNTING

2021

(For Scorer only)

STRANDS		Weighting	Scores	Check Scorer	AED check
STRAND 1	ACCOUNTING PRINCIPLES AND CONCEPTS	14			
STRAND 2	PROCESSING	8			
STRAND 3	ACCOUNTING SUBSYSTEMS	42			
STRAND 4	ACCOUNTING REPORTS	22			
STRAND 5	ANALYSIS, INTERPRETATION AND DECISION MAKING	14			
TOTAL		100			