

MARKER CODE



Student Personal Identification Number

Solomon Islands National Form Six Certificate

ACCOUNTING 2017

QUESTION AND ANSWER BOOKLET

Time Allowed: Three hours

INSTRUCTIONS

1. There are **SIX** sections in this paper. Answer **ALL** sections and allocate your time as given below:

| | <u>Marks</u> | <u>Suggested Time</u> |
|---|------------------|-----------------------|
| Section One : Multiple Choice | 20 | 18 minutes |
| Section Two : Conceptual Basis of Accounting | 20 | 18 minutes |
| Section Three : Processing | 33 | 30 minutes |
| Section Four : Accounting Reports | 50 | 45 minutes |
| Section Five : Analysis, Interpretation and Decision Making | 24 | 22 minutes |
| Section Six : Accounting Systems | 53 | 47 minutes |
| TOTAL | 200 marks | 180 minutes |

2. Answer **ALL** questions in the spaces provided in this booklet.
3. If you need extra papers for your answers, ask the supervisor. Write your SPIN on all extra sheets used and number the questions clearly. You can use a scientific *fx 82* calculator.
4. Write your Student Personal Identification Number (SPIN) on the top right hand corner of this page and on the fold-out flap page at the back.
5. Check that this booklet contains pages **2-30** in the correct order and that none of these pages is blank. Page - **29** has been left blank deliberately.

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

TOTAL MARKS

200

SECTION ONE:**MULTIPLE CHOICE****(20 marks)**

Write the **LETTER** of your best answer on the back flap page of this booklet. Each question is worth **2 marks**.

1. 'Invoices received' from the suppliers of goods and services will be **recorded** in the:

-

- A. Sales Journal
- B. General Journal
- C. Purchases Journal
- D. Cash Payments Journal

2. "Out of cash sales \$1,000, the owner spent \$200 for his family use and banked the balance \$800". The **net effect** on an extended accounting equation ($A + E = L + P + R$) would be : –

- A. Assets + \$800, Capital - \$200 and Revenue +\$1,000
- B. Assets + \$1,000, Capital \$ nil and Revenue + \$1,000
- C. Assets + \$1,000 and Capital + \$1,000
- D. Capital + \$1,000 and Revenue + \$1,000

3. Rita's Payroll Details:

- Gross wages \$360
- Normal hours 8 hours per day for 5 day week

The **basic hourly wage** for Rita will be:

- A. \$ 3.60 per hour
- B. \$ 4.00 per hour
- C. \$ 6.40 per hour
- D. \$ 9.00 per hour

4. Kasco Company paid \$78,000 salaries for the year. Salary for one month \$6,000 has been paid in advance on balance day. **Net amount of Salaries** shown in the Income Statement will be:

- A. \$ 6,000
- B. \$ 66,000
- C. \$ 72,000
- D. \$ 84,000

5. Manager's Petty Cash Fund for Sunshine Store is \$1,200 per year. The petty cashier has spent \$960. The **Petty Cash Imprest Balance** at the end of year would be:

- A. \$ 200
- B. \$ 240
- C. \$ 960
- D. \$ 2,160

6. An **advantage** of a sole - proprietor firm is:

- A. continuity
- B. unlimited liability
- C. sharing profits and losses
- D. owner taking all risks, losses and profits

7. For the year ended 31 December 2016, Pacific Computers Limited's income statement showed a Net Profit of \$30,000. The accountant forgot to include a Sales Commission Income of \$ 5,000 and an Unpaid Salary \$2,000. Therefore the **Net Profit** will now be:

- A. \$ 23,000
- B. \$ 33,000
- C. \$ 35,000
- D. \$ 37,000

8. The following information relate for the year ended 31 March 2017:

| | | | |
|-------------------|-------------|-------------------|------------|
| Sales income | \$ 160,000, | Sales returns | \$ 10,000 |
| Opening inventory | \$ 25,000, | Purchases | \$ 100,000 |
| Purchases Returns | \$ 5,000, | Closing inventory | \$ 30,000 |

The **Gross Profit** shall be:

- A. \$ 55,000
- B. \$ 60,000
- C. \$ 65,000
- D. \$ 70,000

9. An example of **Capital Expenditure** is:

- A. New computer equipment
- B. Maintenance to electrical systems
- C. Purchases of goods and services for re-sale
- D. Annual insurance premiums paid for inventories and fixed assets

10. Which is an **Application of Fund**?

- A. Payment of salaries
- B. Sales income received
- C. Cash assistance received from the government
- D. Additional cash capital provided by the proprietor

SECTION TWO:

CONCEPTUAL BASIS OF ACCOUNTING

(20 marks)

a) What do you mean by “Accounting”? Describe in your own words.

| |
|--|
| |
| |

(2 marks)

b) Given below are situations in a business’s financial reporting system:

1. The business and personal financial accounts are same, so no drawings at all
2. There is only one income statement from 2012 to 2016
3. The business doesn’t keep any journals, ledgers and trial balances
4. The accountant provides little or no information on overseas investments
5. The balance sheet shows the values of fixed assets at market values
6. The business doesn’t account for any outstanding items on balance day

Evaluate the statements (1 – 6) above, and state which **Concept or Principle** had been violated.

| |
|--|
| Accounting Entity Concept , Monetary Concept, Historical Cost Concept, Going Concern Concept, Accounting Period Concept, Double Entry Concept, Matching Cost Concept, Materiality Concept, Conservatism Principle, Consistency Concept, Disclosure Concept |
|--|

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

(6 marks)

c)

Accounting Equation

(6 marks)

The following transactions relate to Jenkins Hardware Store for July 2017. Identify **possible transactions** that have taken place.

Accounting Equation Grid

| Transactions | Cash + | Inventory + | Debtors + | Motor Vehicles = | Creditors + | Capital |
|--------------|-----------|-------------|-----------|------------------|-------------|----------|
| 1 | +\$5,000 | | | | | +\$5,000 |
| 2 | -\$5,000 | | | | -\$5,000 | |
| 3 | -\$990 | | -\$1,000 | | | +\$10 |
| 4 | | -\$480 | +500 | | | +\$20 |
| 5 | +\$25,000 | | | +\$25,000 | | |
| 6 | -\$450 | | | | | -\$450 |

Possible Transactions:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

(6 marks)

d. Characteristics of Accounting Data

| Financial Reporting Situations |
|---|
| A. The financial reports of the Company were presented to the Board of Directors within 90 days for their Annual General Meeting. |
| B. Financial statements of a supermarket company was audited by a well known chartered accounting firm hence we can rely on the information. |
| C. Information about the profitability and financial position was present in last year's financial statements that could be cross-checked for accuracy by any interested parties. |
| D. The financial reports were presented in a very simple English Language that was understood by all the club members. |
| E. The accountants, auditors and board of directors were always neutral in their opinions about the financial results of the Company. |
| F. Financial and economic information was presented in the financial reports clearly so that the shareholders were able to compare the results for each year |

In each case identify and match the **best financial report situation** (A – F) given above with the **Characteristics** given below:

1. Understandability: _____
2. Verifiability: _____
3. Timeliness: _____
4. Reliability: _____
5. Comparability: _____
6. Neutrality: _____

(6 marks)

SECTION THREE:**ACCOUNTING PROCESS****(33 marks)****Part A:****Chart Analysis**

Sami operates a store selling all types and kinds of goods. He maintains full set of financial records.

The following transactions took place in his business.

You are required to study the Analysis Chart and:

- (i) Write **possible transactions** that have taken place (1-4).
- (ii) Identify a **source document** for each transactions

An example has been done for you.

ANALYSIS CHART

| No | Transactions | Source Documents | Journals | Ledger Account Debit | Ledger Account Credit |
|------|------------------|------------------|---------------------------|----------------------|-------------------------|
| E.g. | Cash sales \$200 | Cash sale docket | Cash Receipts | Cash \$200 | Sales \$200 |
| 1 | | | Purchases Returns Journal | Smiths Store \$150 | Purchases Returns \$150 |
| 2 | | | Sales Journal | John \$50 | Sales \$50 |
| 3 | | | Cash Payments | Term Loan \$2,500 | Cash at Bank \$2,500 |
| 4 | | | General | Drawings \$120 | Cash on Hand \$120 |

(8 marks)

Part B:**Ledgers and Trial Balance****(11 marks)**

Given below are the **General Ledger** balances of Sunshine Tourist Centre as at 31 March 2017:

| | |
|--------------------------------------|---------|
| Cash at ANZ Bank | 7,500 |
| Accounts payable | 2,500 |
| Land & buildings | 105,000 |
| Furniture | 6,000 |
| Loan from ANZ Bank | 15,000 |
| Accounts receivable | 9,500 |
| Net Sales | 85,000 |
| Net Purchases | 40,000 |
| Advertising expenses | 8,000 |
| Rent received | 6,000 |
| Interest expenses | 1,500 |
| Salaries expenses | 14,000 |
| Capital – Vuli Waqa | 81,100 |
| Accumulated depreciation – furniture | 600 |
| Bad & doubtful debts | 500 |
| Commission received | 1,000 |
| Prepaid advertising expenses | 1,000 |
| Salaries due | 2,000 |
| Rent received – in – advance | 500 |
| Commission due but not received | 100 |
| Depreciation expense on furniture | 600 |

Please note: All incomes and expenses have been adjusted. There are no opening and closing inventories.

Complete the **Adjusted Trial Balance** of Sunshine Tourist Centre as at 31 March 2017 by filling in appropriate amounts in Debit or Credit column. No ledger balance amount will be repeated

| <u>Sunshine Tourist Centre</u> | | |
|---|----------------|----------------|
| <u>Adjusted Trial Balance as at 31 March 2017</u> | | |
| <u>General Ledgers</u> | <u>Dr (\$)</u> | <u>Cr (\$)</u> |
| Cash at ANZ Bank | | |
| Accounts payable | | |
| Land & buildings | | |
| Furniture | | |
| Loan from ANZ Bank | | |
| Accounts receivable | | |
| Net Sales | | |
| Net Purchases | | |
| Advertising expenses | | |
| Rent received | | |
| Interest expenses | | |
| Salaries expenses | | |
| Capital – Vuli Waqa | | |
| Accumulated depreciation – furniture | | |
| Bad & doubtful debts | | |
| Commission received | | |
| Prepaid advertising expenses | | |
| Salaries due | | |
| Rent received – in – advance | | |
| Commission due but not received | | |
| Depreciation expense on furniture | | |
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| TOTAL AMOUNT | | |

(11 marks)

Part C:**Closing and Reversing Entries****(12 marks)**

Following is an extract of a Trial Balance as at 30 June 2016:

| No. | Revenues and Expenses Ledgers | Amounts |
|---------|-------------------------------|---------|
| Example | Salaries | 200 |
| 1 | Sales | 500 |
| 2 | Interest Expenses | 75 |
| 3 | Purchases Returns | 50 |

(i) Prepare the **Closing General Journal entries**:

(Narrations are not required.) (An example has been done for you.)

| No. | Closing Journal Entries | Dr \$ | Cr \$ |
|---------|---------------------------------|-------|-------|
| Example | Dr Profit & Loss Cr Salaries | 2,000 | 2,000 |
| 1 | | | |
| 2 | | | |
| 3 | | | |

(6 marks)

(ii) Prepare **Reversal General Journal entries** for the new financial year 1 July 2017.

Example: Salaries due but not paid, \$400

- 1. Wages Owing on balance day \$80
- 2. Commission earned but not received \$20
- 3. Unpaid Advertising expenses \$10

(Narrations are not required. An example is done for you.)

| No | Reversal Journal Entries | Dr | Cr |
|---------|--|----|----|
| Example | Dr Salaries Accrued/Due Cr Salaries Expense | 40 | 40 |
| 1 | | | |
| 2 | | | |
| 3 | | | |

(6 marks)

Part D: Computerized Accounting (2 marks)

Explain **two advantages** of using a Computer System of Accounting in a large scale business.

1. _____

2. _____

Section Four

Accounting Reports

(50 Marks)

Part A

Community Organisation

(21 Marks)

(i) The following information relates to Crusaders Rugby Club Dining Hall for the year ending 31 July 2017:

| | |
|------------------------|-----------|
| Sales | \$ 90,000 |
| Purchases | \$ 60,000 |
| Opening Stock | \$ 30,000 |
| Salaries & Wages | \$ 20,000 |
| Power & Water expenses | \$ 16,000 |
| Closing Stock | \$ 30,000 |

| <u>Crusaders Rugby Club</u> <u>Dining Hall Trading Statement</u> <u>For the Year Ended 31 July 2017</u> | | | |
|---|----|----|----|
| Sales, Cost of Sales & Expenses | \$ | \$ | \$ |
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(4 marks)

(ii) The treasurer of Naviti Golf Club provided the following information:

As at 01/01/2016:

| | |
|-----------------------------------|----------|
| Subscriptions in arrears | \$ 3,000 |
| Subscriptions received in advance | \$ 5,000 |

As at 31/12/2016:

| | |
|----------------------------------|-----------|
| Membership fees received by cash | \$ 25,000 |
| Subscriptions in arrears | \$ 500 |
| Subscriptions in advance | \$ 300 |
| Subscriptions written-off | \$ 100 |

From the information above, prepare a **Subscriptions Account**:

| Subscriptions Account – Naviti Golf Club | | | | |
|--|-------------|----------|-----------|------------|
| Date | Particulars | Debit \$ | Credit \$ | Balance \$ |
| | | | | |
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(4 marks)

(iii) From the summary information of Honiara Secondary Schools Football Association provided below, prepare **Statement of Income and Expenditure** for the year ended 30 June 2017:

| | |
|-----------------------------------|-----------|
| Annual Games Ticket Sales | \$ 45,000 |
| Donations received | \$ 14,500 |
| Schools entry fees | \$ 13,700 |
| Vodafone sponsorship | \$ 35,000 |
| Bank interest | \$ 105 |
| Purchases of computers & printers | \$ 3,500 |
| Communications expenses | \$ 2,600 |
| Boys Winners Cash Prizes | \$ 5,000 |
| Girls Winners Cash Prizes | \$ 5,000 |
| Trophies & plaques | \$ 2,700 |
| Management expenses | \$ 4,900 |
| Players' insurance premium | \$ 5,700 |
| Schools travelling claims | \$ 25,000 |
| Annual Games Expenses | \$ 10,000 |

Honiara Secondary Schools Football Association
Statement of Income and Expenditure for the Year Ended 30 June 2017

| <u>Incomes and Expenditure</u> | \$ | \$ | \$ |
|--------------------------------|----|----|----|
| <u>Incomes Received:</u> | | | |
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| <u>Less Expenditure:</u> | | | |
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| <u>Net Surplus/(Deficit)</u> | | | |
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(13 marks)

Part B:**Sole Trader Organization****(23 marks)**

Given below are the Ledger Balances of Jaisons Motor Spares as at 31 March 2017:

| Ledger Balances | Amounts |
|--|---------|
| Closing inventory | 120,000 |
| Cash at bank | 91,000 |
| Accounts payables | 27,000 |
| Mortgage on building | 60,000 |
| Capital – Jaisons | 617,800 |
| Accumulated depreciation on building | 17,500 |
| Accumulated depreciation on machinery | 2,000 |
| Accumulated depreciation on motor vehicles | 8,500 |
| Accumulated depreciation on office equipment | 800 |
| Prepaid expenses | 5,000 |
| Unpaid expenses | 2,000 |
| Shares in Vanuatu Co-operative Society | 25,000 |
| Loan to Mr. Jacobs | 10,000 |
| Term loan – secured | 40,000 |
| Freehold land | 150,000 |
| Concrete building at cost | 265,000 |
| Plant and machinery at cost | 14,000 |
| Motor vehicles at cost | 67,000 |
| Office equipment at cost | 5,600 |
| Drawings - Jaisons | 15,000 |
| Investment in Pacific Power Ltd | 10,000 |
| Net profit | 30,000 |
| Accounts receivables | 28,000 |

Required: Prepare a fully classified **Statement of Financial Position (Balance Sheet)** of Jaisons Motor Spares as at 31 March 2017.

Jaisons Motor Spares
Statement of Financial Position (Balance Sheet) as at 31 March 2017

| <u>Assets and Equities</u> | \$ | \$ | \$ |
|---------------------------------|----|----|----|
| <u>Proprietorship – Jaisons</u> | | | |
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| <i>Represented by:</i> | | | |
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| <u>ASSETS</u> | | | |
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| <u>Current Assets</u> | | | |
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| <u>Add Fixed Assets</u> | | | |
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Jaisons Motor Spares
Statement of Financial Position (Balance Sheet) as at 31 March 2017

| <u>Assets and Equities</u> | \$ | \$ | \$ |
|-----------------------------|----|----|----|
| | | | |
| | | | |
| <u>Add Investments</u> | | | |
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| TOTAL ASSETS | | | |
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| | | | |
| <u>LESS LIABILITIES:</u> | | | |
| | | | |
| <u>Current Liabilities</u> | | | |
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| | | | |
| <u>Add Term Liabilities</u> | | | |
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| TOTAL LIABILITIES | | | |
| | | | |
| NET ASSETS/NET WORTH | | | |
| | | | |

(23 marks)

Part C:

Cash Flow Statement

(6 marks)

The information below relates to the business of Jai Transport Company. The transactions for the year are as follows:

- Cash at Westpac Bank \$ 15,000 (Favorable)
- Wages payments \$ 8,000
- Owner invested additional capital in his business \$50,000
- Repairs & Maintenance expenses \$15,000
- Payments to Creditors \$16,000
- Incomes received from truck hire services \$79,000
- Payment of interest on loans \$ 100
- Cash sale of a used truck \$15,000

Required: Prepare a **Cash Flow Statement** for the year ended 31 March 2017:

| <u>Jai Transport Company</u> <u>Statement of Changes in Cash Position</u> <u>For the Year Ended 31 March 2017</u> | | |
|---|----|----|
| <u>Cash In-flows and Cash Out-flows</u> | \$ | \$ |
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(6 marks)

SECTION 5:

ANALYSIS, INTERPRETATION AND DECISION MAKING

(24 marks)

(a) Kamal's Departmental Store provided the operating results for the 2016 – 2017 financial year:

| FINANCIAL REPORTS HIGHLIGHTS | AMOUNTS (\$) |
|---|--------------|
| Net sales (Credit sales: \$10,000) | 30,000 |
| Cost of sales | 24,000 |
| Gross profit | 6,000 |
| Operating expenses | 5,000 |
| Net income | 1,000 |
| Current assets (Opening Debtors: \$5,000; Closing Debtors: \$3,000) | 18,000 |
| Fixed assets | 32,000 |
| Current liabilities | 5,000 |
| Term liabilities | 5,000 |
| Capital – Kamal | 40,000 |
| Opening inventory | 6,000 |
| Closing inventory | 4,000 |

Calculate the following **ratios, percentages and dollar amounts**. Show formula and full working.

| <u>No.</u> | <u>Ratios, percentages and dollar amounts</u> | <u>Formula</u> | <u>Workings</u> | <u>Answers</u> |
|------------|---|----------------|-----------------|----------------|
| 1 | Mark-up percentage | | | |
| 2 | Gross Profit percentage | | | |
| 3 | Operating Expenses percentage | | | |

| <u>No.</u> | <u>Ratios, percentages and dollar amounts</u> | <u>Formula</u> | <u>Workings</u> | <u>Answers</u> |
|------------|---|----------------|-----------------|----------------|
| 4 | Net Profit percentage | | | |
| 5 | Return on Owner's Equity percentage | | | |
| 6 | Return on Total Assets percentage | | | |
| 7 | Accounts receivable turnover (Number of times) | | | |
| 8 | Working Capital Ratio | | | |
| 9 | Liquid Capital Amount (\$) | | | |
| 10 | External Debts to Equity Ratio | | | |
| 11 | Inventory Turnover in times | | | |
| 12 | Proprietary Ratio (Asset Based) | | | |

(12 marks)

b) The following financial information relates to a very large supermarket business in Honiara:

| <u>Ratios, percentages and dollar amounts</u> | <u>Change from Last Year</u> | <u>Explain a reason for change</u> |
|---|------------------------------|------------------------------------|
| 1. Mark-up percentage | Improved by 4.50% | |
| 2. Gross Profit percentage | Improved by 8.00% | |
| 3. Working Capital Dollar Amount | Increased by \$5,500 | |
| 4. Debts to Equity Ratio | Improved by 2.50% | |
| 5. Accounts Receivable Turnover in times | Declined by 1.50 times | |
| 6. Liquid Capital Ratio | Improved by \$1.50 : \$1.00 | |

(3 marks)

c) Classify the following: (Place a tick mark in the appropriate column)

| No. | Ratios, percentages and dollar amounts | Measures of Profitability | Measurement of Liquidity | Measurement of Financial Stability | Measures of Management Effectiveness |
|-----|--|---------------------------|--------------------------|------------------------------------|--------------------------------------|
| 1 | Mark-up percentage | | | | |
| 2 | Gross Profit percentage | | | | |
| 3 | Current Ratio | | | | |
| 4 | External Debts to Owner's Equity Ratio | | | | |
| 5 | Accounts receivable turnover in days | | | | |
| 6 | Liquid Capital Ratio | | | | |

(3 marks)

d) List **TWO essential features** of a good financial report

1. _____

2. _____

(1 mark)

e) List **TWO limitations** of analysis and interpretation of financial data

1. _____

2. _____

(1 mark)

f) What is the **purpose** of the tools analysis and interpretation?

(1 mark)

g) Why would the following **users** need the Income Statement and Balance Sheet?

1. Proprietor: _____

2. Bank: _____

(1 mark)

h) Why do you think the following items are **subtracted** when calculating the amount of Liquid Capital?

1. Closing Inventory: _____

2. Unsecured Bank Overdraft: _____

(1 mark)

i) Why do you think that Current Assets should **be equal to or greater** than Current Liabilities?

(1 mark)

SECTION SIX:

ACCOUNTING SYSTEMS

(53 marks)

Part A:

Internal controls

(8 marks)

1) Explain **two purposes** of a good internal control system for a large business accounting system.

- i. _____
- ii. _____

(2 marks)

2) Complete the table below. *An example has been done for you.*

| No. | Internal Control Principles | Business Documents | Examples of Business Transactions/Situations |
|-------------|-----------------------------|------------------------|--|
| <i>E.g.</i> | <i>Verification</i> | <i>Delivery docket</i> | <i>Delivery of goods to and from the business is checked by a security officer and stamped</i> |
| 1 | Reliable personnel | | |
| 2 | Serialization of documents | | |
| 3 | Separation of duties | | |

(6 marks)

Part B: Accounting for Accounts Receivables (15 marks)

1. Smiths Bookshop provided the following information:

| Date | Transactions |
|---------------|--|
| 1 March 2017 | Accounts Receivable opening balances \$2,000 |
| 31 March 2017 | Sales Returns Journal \$100 |
| | Sales Journal \$5,000 |
| | Contra Accounts Off-set \$100 |
| | General Journal (Interest charged by creditors) \$15 |
| | Cash Receipts Journal (Accounts Receivable) \$1,000 |
| | General Journal (Interest charged to debtors) \$10 |
| | Purchases Journal \$560 |
| | Bad debts written-off \$10 |

Prepare **Accounts Receivable Control Account**:

| Smiths Bookshop | | | | |
|-------------------------------------|-------------|-------|-------|------------|
| Accounts Receivable Control Account | | | | |
| Date | Particulars | Dr \$ | Cr \$ | Balance \$ |
| | | | | |
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(7 marks)

2. Explain **two internal control procedures** for receiving payments from **debtors**.

(i) _____

(ii) _____

(4 marks)

3. National Carriers Limited General Ledger has the following information:

| | |
|---|---------------------------------------|
| Accounts Receivable \$20,500 Dr; | Provision for doubtful debts \$800 Cr |
| <u>Balance Date Adjustments:</u> | |
| i. Write-off further bad debts \$500 | |
| ii. After allowing for further bad debts adjust Provision for Doubtful Debts to 3% of Account Receivables | |

Provide the **General Journal** entries narrations to record the following:

- (i) Further bad debts \$500
- (ii) Adjust the Provision for Doubtful Debts to 3% of Accounts Receivable

General Journal of National Carriers

| No. | Particulars | Dr \$ | Cr \$ |
|-----|-------------|-------|-------|
| i. | | | |
| | | | |
| | | | |
| | | | |
| ii. | | | |
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(4 marks)

Part C: Accounting for Inventories (12 marks)

1) Explain **two internal control procedures** for selling goods on credit to customers.

- (i) _____
- (ii) _____

(2 marks)

2) **Stock Card**

Transactions for the month of August 2017 are as follow:

| | | |
|----------|-----------|-----------------|
| 12/08/17 | Purchases | 800 units @ \$1 |
| 15/08/17 | Sales | 450 units @ \$4 |
| 22/08/17 | Purchases | 600 units @ \$2 |

Complete the Stock Card on the First In First Out Basis (FIFO).

| Stock Card No: 1699 FIFO Basis Product: LED Bulb 9 Watts BC Pin Type 240 Volts Re-order Level: 50 units | | | | |
|---|--------------|----------|-----------|-------------------|
| Date | Transactions | Stock In | Stock Out | Balance |
| 01/08 | Balance b/f | | | 100 @ \$1 = \$100 |
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(8 marks)

3) State **two purposes** of maintaining inventory cards for small scale electrical shop.

- (i) _____
- (ii) _____

(2 marks)

Part D:

Accounting for Fixed Assets

(10 marks)

(1) Explain **two internal controls** over Sale of a Fixed Asset.

(i) _____

(ii) _____

(2 marks)

(2) Toyota Van Cost \$30,000, Accumulated Depreciation \$10,000, Sold for \$15,000 cash. Calculate **Gain/Loss on sale**.

(2 marks)

(3) Following information relates to Ella Transport Company:

Hino 12 Wheeler Flat Tray Truck @ cost \$220,000

Estimated Re-sale Value \$20,000

Depreciate @ 10% p.a. on Straight – line basis

Using the Straight-line Method of Depreciation complete the Fixed Asset Subsidiary Ledger Card below:

| <u>Hino 12 Wheeler Flat Tray Truck</u> | | | | | |
|---|---------------|--------------------------|----------------------|--------------------------|------------|
| <u>Fixed Asset Subsidiary Ledger Card</u> | | | | | |
| Year | Original Cost | Accumulated Depreciation | Depreciation Expense | Accumulated Depreciation | Book Value |
| 1 | \$220,000 | \$0 | \$20,000 | \$20,000 | _____ (i) |
| 2 | \$220,000 | \$20,000 | (ii) _____ | \$40,000 | \$180,000 |
| 3 | (iii) _____ | \$60,000 | \$20,000 | (iv) _____ | \$160,000 |
| 4 | \$220,000 | (v) _____ | \$20,000 | \$100,000 | _____ (vi) |

(6 marks)

Part E:

Accounting for Cash

(8 marks)

1) List **two procedures** for daily business banking of cash and cheques.

(i) _____

(ii) _____

(2 marks)

2) List **two advantages** of making payments by cheques.

(i) _____

(ii) _____

(2 marks)

3) Honiara Bookshop Limited provided the following information as at 31 October 2017:

- Overdraft as per bank Statement \$4,000*
- Cheques not yet presented to bank \$12,000*
- Deposits not yet credited by the Bank \$16,000*

Prepare **Bank Reconciliation Statement** as at 31 October 2017:

| <u>Honiara Book Shop Limited</u> | | |
|---|----|----|
| <u>Bank Reconciliation Statement as at 31 October 2017</u> | | |
| Balances, Outstanding Deposits, Cheques and Rectification of Errors | \$ | \$ |
| | | |
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(4 marks)

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Student Personal Identification Number

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ANSWER SHEET

ACCOUNTING

2017

MULTIPLE CHOICE ANSWERS
Remember you are to write the letter of the correct answer only.

QUESTION TOTALS
(MARKER'S USE ONLY)

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Correct

| Section Number | Exam Mark | Check Marker |
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PART A

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