

**BA SANGAM COLLEGE**

**Year 11 Accounting**

**Worksheet One – Revision Questions**

**Reminder**

1. Write the solutions at the back of accounting book.

**QUESTION 1**

**PERSONAL FINANCE**

**PART A**

**PERSONAL BUDGET**

A. Mukesh and Tara are married and have two children. Mukesh is a taxi driver and earns \$380 a week. Tara works as a cook and earns \$500 a month. The eldest son Sanjeev is a technician and earns \$80 a week. Tara also has a fixed term deposit of \$5000 with a 5% interest per annum on it.

Their estimated family expenses are as follows:

<b>EXPENSES</b>	<b>\$</b>
Food	\$105 a week
Entertainment	\$34 a fortnight
Loan Repayment	\$100 a month
Travelling	\$30 a week
Insurance	\$120 a year
Water rates	\$25 a month
Mobile Recharge	\$25 a week
Clothing	\$50 a month
General Expenses	\$30 a week

**Required:**

- (i) Prepare an monthly budget for the Family of Mukesh and Tara in vertical form. Classify the expenses into variable and fixed expenses. (9 marks)
- (ii) The family predicts that their total expenses next year would increase by 6%. Calculate their total expenses for next year. (2marks)
- (iii) Differentiate between variable expenses and fixed expenses. (2marks)
- (iv) List the two reasons for preparing a budget? (2marks)

- B. 1. Define Gross Pay. (1 mk)
2. State what is meant by Take Home Pay/ Net Pay. (1 mk)
3. Differentiate between Voluntary deductions and statutory deductions. (1 mk)

C. What are the different ways of saving money by different cultures in Fiji.

(2 mks)

**PART B**

**INCOME TAX RETURN**

A. The following information relates to Joseph’s Income Tax Return for the year ended 31<sup>st</sup> December 2020

**Resource 1**

**Personal Information of Tax Payer**

Joseph, a resident of Fiji works as an engineer at Wong Engineering Limited.

**Resource 2**

**P4 – 1 Salary Slip Information**

Gross Salary \$ 44, 334.88

Pay As You Earn Tax: \$ 5, 017.20

<i>Chargeable Income (\$)</i>	<i>Tax Payable (\$)</i>	<i>Social Responsibility Tax</i>
0 – 30,000	Nil	
30,001 – 50,000	18% of excess over \$30,000	
50,001 – 270,000	\$3,600 + 20% of excess over \$50,000	
270,001 – 300,000	\$47,600 + 20% of excess over \$270,000	13% of excess over \$270,000
300,001 – 350,000	\$53,600 + 20% of excess over \$300,000	3,900 + 14% of excess over \$300,000
350,001 – 400,000	\$63,600 + 20% of excess over \$350,000	10,900 + 15% of excess over \$350,000
400,001 – 450,000	\$73,600 + 20% of excess over \$400,000	18,400 + 16% of excess over \$400,000
450,001 – 500,000	\$83,600 + 20% of excess over \$450,000	26,400 + 17% of excess over \$450,000
500,001 – 1,000,000	\$93,600 + 20% of excess over \$500,000	34,900 + 18% of excess over \$500,000

Required :

i. Using the information given above, complete the relevant section of Form ‘S’ Income Tax Return and complete the amount of income tax payable or refundable for the year ended 31<sup>st</sup> December 2014.

B. 1. Define Social Responsibility Tax

2. State the employer's role in relation to the payment of SRT to the tax department.

3. Define Redundancy Payment.

4. List 1 circumstance where redundancy payment is not applicable.

5. What is the total percentage that is to be contributed by the employer and the employee towards the FNPF.

## **QUESTION 2 NATURE, PURPOSE, SCOPE AND ENVIRONMENT OF ACCOUNTING**

### **PART A CHARACTERISTIC OF ACCOUNTING**

- a) Select from the list below the most likely characteristic of accounting data for each of the four accounting information numbered (i) to (iv).

Reliability	Comparability	Objectivity
Relevance	Understandability	Quantifiability

#### **Accounting Information:**

- (i) Accounting data is free from bias.  
(ii) Users should know the meaning of information.  
(iii) Accounting information is presented in the same way.  
(iv) Information should influence the decision being made. (4 marks)
- b) What is the rate of VAT charged in Fiji and which government agency collects all VAT in the country? (2 marks)
- c) List two internal users of Accounting Information? (2 marks)

### **PART B ACCOUNTING CONCEPTS**

1. Name three firms in Fiji which provides professional accounting services. 1 mk
2. State the functions of the following institutions in Fiji.
- i. Fiji Tax Agents Board
  - ii. Institute of Auditors in Fiji
  - iii. Office of Auditor General 3 mks
3. Explain the difference between Accounting Period and Accounting Entity concept. 2 mks
4. State the role of an Auditor and an Accountant in a business firm. (2 mk)

5. State 2 reasons why the investors are interested in the financial statements of a business. 1 mk

**PART C CAREERS IN ACCOUNTING**

1. Differentiate between a Management Accountant and a Financial Accountant? (2 marks)
2. Describe two important role or duties of a bank officer. 2 mk
3. State the qualification required to become a chartered accountant. 1 mk
4. What is the difference between a payroll clerk and a inventory clerk. 2 mks
5. State the role of a taxation department. (1 mk)

**QUESTION 3 FINANCIAL ACCOUNTING**

**PART A BUSINESS OWNERSHIP**

Below is an extract from the Balance Sheet of Douglas Industries Ltd as at 31 December 2012.

<b><u>Balance Sheet (Extract) of Douglas Industries Ltd</u></b>	
<b><u>As At 31 December 2012</u></b>	
<b><u>Authorized Capital</u></b>	<b>\$</b>
200000 ordinary shares at \$2	400000
<b><u>Issued and Paid-Up capital</u></b>	
100000 \$2 ordinary shares (fully paid)	200000
40000 \$2 ordinary shares (paid to \$0.40/shares)	16000
Retained Earnings	163000

**Required:**

- |  |            |               |
|--|------------|---------------|
| (i) Total Shareholders Fund in the Business? | (0.5 mark) | Calculate the |
| (ii) number of shares had not been issued?   | (0.5 mark) | What          |
| (iii) value of a share?                      | (0.5 mark) | Find the par  |
| (iv) 'Ltd' tell you about the business?      | (0.5 mark) | What does     |
| (v) understand by Retained Earnings?         | 0.5 mark)  | What do you   |
| (vi) total value of authorized capital?      |            | What is the   |
|  |            | 0.5 mark)     |

(vii)  
value of unissued shares?

What is the  
0.5mark)

B. Define the following terms:

- i. Partnership Agreement
- ii. Unlimited Liability
- iii. Cooperatives
- iii. Authorized Shares

(2 mks)

C. i. List two types of business organization which has unlimited liability.

(1 mk)

ii. From the box below, choose the **type of business** that best matches each of the features of the business entity given.

(2 mks)

Sole trader   Partnership   Company   Clubs and Society
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- a. This business is treated as a person in the eyes of the law. It can be sued and can sue people.
- b. The aim of the organization is to serve the people.
- c. The owners are mutually liable for the debts of the business.
- d. The growth of the business is limited to the owner's personal wealth and capacity to raise funds.

**D. Classify the following characteristics of business organizations under the heading **Sole-Trader, Partnership, Companies and Non – Trading Concern****

- a) Freedom of ownership.
- b) Death of one of its members will mean the business has to be dissolved.
- c) The legal document is the Memorandum of association.
- d) In the of bankruptcy the owners liability is limited to what he owes to the business.
- e) Can raise larger amounts of capital by issuing shares.
- f) Unlimited liability of the owner.

(3 MKS)

E. Given below is an extract from the balance sheet of ABC Limited as at 31st Dec 2012.

<b>Authorized capital</b>	
200 000 ordinary shares of \$2 each	\$400 000
<b>Issued and Paid –up Capital</b>	
175 000 ordinary shares paid at \$1.00	\$175 000
Retained Earnings	\$45 000

**Required:** Use the information to answer the following questions.

- i. What is the amount of Authorized Capital? 0.5 mk
- ii. How many shares are issued? 0.5 mk
- iii. Calculate the value of unissued shares. 0.5 mk
- iv. Calculate the value of the total Shareholders Fund for the company. 0.5 mk
- v. What is the par value of a share. 0.5 mk
- vi. State one disadvantage of a company type of business. 0.5 mk
- vii. Define the term shareholders fund. 0.5mk

**QUESTION 4**

**ACCOUNTING PROCESS**

**A.**

**ACCOUNTING EQUATION**

Sunil Brothers operate a business as SB's Timber Hardware Shop. Given below is the financial information of their business as at 1<sup>st</sup> May, 2015.

Cash at Bank	\$28 000	Accounts Receivable	\$13 000
Inventories (Timber)	\$ 6 000	Delivery Van	\$25 000
Accounts Payable	\$15 500		

- i. Calculate the amount of capital. (1 mark)
- ii. The following transactions took place during the month of May, 2015.

- May 4 Sold timber to Kris for \$150 on credit (cost price \$125).
- 9 Bought timber from Fiji Wood Supplies on credit \$1 500.
- 13 Paid for cartage \$80.
- 14 Mereani paid her account \$200 less \$20 discount.
- 21 Paid Fiji Wood Supplies \$1 400 and received \$100 discount.
- 23 Owner gave \$100 worth of timber to his family.
- 27 Paid wages to the delivery boy \$120.
- 31 Sold delivery van costing \$10 000 for \$7 500 cash.

**Required:**

Calculate the opening capital for SB's Timber Hardware Shop and show the effects of the above transactions on the accounting equation.

**Note: The business uses perpetual inventory method.**

**(12 marks)**

**B.** Ashika operates a restaurant at Mid City. The following transactions relates to Ashika's business.

	Stock +	Debtors +	Fitting +	= Bank	+ Creditors	+Capital
	\$2400	\$600	\$7000	\$2000	\$1000	\$7000
a				-300		+300
b		-60		-50		-10
c				+460	-500	+40
d			-2000	-1800		-200
e	+500			+500		
f		+30				+30
g		+2300	- 2500			-200
h	+100				+100	

i. Write the opening balances for the transactions.

(2 mark)

ii. **Required:** Write possible transactions for a – h.

(10 marks)

***THE END***