

**LABASA SANGAM (SKM) COLLEGE**

**DEPARTMENT OF COMMERCE**

**YEAR 13 ACCOUNTING**

**WORKSHEET**

**SECTION A**

**NATURE OF ACCOUNTING**

1. Define Conceptual Framework and one purpose
2. Explain the purpose of the International Financial Reporting Standard
3. Differentiate between Asset Misappropriation and Skimming
4. Define the Whistleblower
5. State one drawback for each of the following accounting concept
  - (i) Legal Entity
  - (ii) Prudence
6. Study the statements given below and answer the questions that follow:
  - i. The private car of the business owner is included in the assets of the business.
  - ii. The company changes its inventory valuation method each year.
  - iii. Sale is recorded in the financial statement in units instead of dollar values.
  - iv. The firm increased profits because a new branch was opened. This, however, was not mentioned anywhere in the final accounts or notes to accounts.

**Required:**

For each of the statements given above:

- a) State which accounting concept was violated.
  - b) Define the concept identified in (a) above.
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7. Monetary concept is obviously important in recording any business transactions because it provides systematic accounting information  
In relation to the above statement, discuss:
    - (i) what monetary concept is

(ii) how it provides systematic accounting information

(iii) **any two** problems associated with the adoption

8. Differentiate between Integrity and Objectivity

9. Define the term Ethics

10. Define the term Tax Evasion

11. Give two functions of the Fiji Institute of Accountants (FIA)

12. State any two functions of FICAC

13. List any two code of conduct for professional accountant

14. Define Fiji Independent Commission Against Corruption

15. List any two roles of the Accounting Profession

16. Case Study

Study the case study given below and answer the questions that follow:

The Accounts Clerk (accused) at a Fancy Company Ltd was sentenced for three months. The accused was convicted of one Count of Forgery and one Count of Obtaining Money on Forged Document.

The Accounts Clerk had used the letterhead of the company to obtain \$2 595.00. the magistrate stated that the use of the forged document to obtain the money was a serious offence.

The accused was sentenced to three months imprisonment and the balance of 15 months was suspended for three years. The Court also ordered the accused to pay \$2 595.00 as compensation and \$300.00 cost to the Prosecution.

Required:

- a. Identify the type of fraud committed by the offender in the situation given.
- b. Discuss some ways that can help prevent such offence from taking place.

17. Study the case study given below and answer the questions that follow:



Required:

- a. Identify the type of fraud committed
- b. What you would do if you were in this situation

18. Study the case study given below and answer the questions that follow:

Two friends Ana and Tina are a first year Accounting students at a university. In the first week of the semester Ana got sick, so she gave Tina \$200 to buy the prescribed accounting textbook for her. On the day Tina went to buy the textbook from the bookshop, she noticed that the book was selling for a discounted price of \$150 instead of the original selling price of \$180. Tina decided to keep the \$30 change, and she thought she would Ana that she had lost the receipt in the crowd.

Required:

- a. What are the unethical issues involved in the above situation
- b. What are the ethical issues involved in the above situation
- c. What would you do if you were Tina

## **SECTION B**

## **PARTNERSHIP ACCOUNTING**

### **Part A**

### **Nature of Partnership**

1. Explain the meaning of each of the following terms:
  - a. Partnership Act
  - b. Partnership Agreement
  - c. Memorandum of association
2. List the function of the following annual accounts.
  - a. Profit and loss appropriation statement
  - b. Current account/ retained profits account
  - c. Capital account
3. State TWO advantages of partnership accounting

4. State the formula of calculating Goodwill

### Part B Formation Of Partnership

Tora and Shayal have been operating their business for quite some time as sole traders. They decided to amalgamate their business on 1st February 2019 to form a partnership business. At the date of amalgamation they had the following assets and liabilities:

	Tora (\$)	Shayal (\$)
Accounts Receivables	15 200	18 000
Cash at Bank	12 560	-
Inventory	25 000	17 000
Prepaid expenses	150	200
Fixed Assets	30 000	38 000
Bank Overdraft	-	3 500
Accounts Payable	12 000	15 300

The following assets were revalued for the purpose of amalgamation. Other assets and liabilities were taken over at book value:

	Tora (\$)	Shayal (\$)
Inventory	30 000	17 500
Fixed Assets	32 000	-
Accounts Receivables	14 800	17 600
Goodwill	3 000	5 000

Required:

Using the above information, Prepare:

(i) The General Journal entries.

(ii) The Statement of Financial Position of T& S Enterprises as at 1st February 2019.

### Part C Profit and loss distribution

Vandani and Kara are in partnership sharing profits and losses in a 2 : 1 ratio. The following were the relevant balances in ledger at 31st March 2019.

	\$
Capital Account - Vandani	46 000
Current Account (Cr) - Vandani	8 550
Drawings - Vandani	9 000
Capital Account - Kara	23 000
Current Account (Dr) - Kara	3 200
Drawings - Kara	8 000

The following clauses were shown in the partnership agreement:

- Interest on drawings is to be charged at a rate of 5% per annum.
- Vandani and Kara are non-working partners and each receive \$4 000 salary per partnership agreement. These salaries have not yet being paid.
- Interest to be charged and allowed on current account at a rate of 4%.
- Interest on capital to be allowed at 10% per annum.
- Net profit for the year was \$20 000.

Required:

a) Prepare the Statement of Profit and Loss Appropriation.

b) Prepare the Current Account of:

i. Vandani

ii. Kara

#### **Part D Capital Adjustment**

Gandhi and Neeraj are in partnership sharing profits and losses in a 3 : 1 ratio. On 30th June 2019, they agree to admit Buli into the partnership for a half share of profits. Buli is to contribute cash \$12 000, accounts receivable \$4 200, inventories \$4 000, furniture \$8 500 and accounts payable \$1 300. The following were the assets, liabilities and owners' equity of the partnership at that date:

Assets	\$	Liabilities	\$
Cash at Bank	1 000	Accounts payable	3 800
Accounts receivable 2 850		<b>Owner's Equity</b>	
<u>Less</u> Prov for Doubtful debts 100	2 750		
Inventories	12 500	Capital - Gandhi	70 000
Prepaid expenses	150	Current - Gandhi	29 300
Plant and Machinery	12 500		
Furniture	9 200	Capital - Neeraj	30 000
Building	70 000	Current - Neeraj	20 000
Land	45 000		
	<b>153 100</b>		<b>153 100</b>

It was agreed to revalue the following assets and liabilities before admitting the new partner:

1. Bad debts of \$75 to be written off and provision for doubtful debts to be increased to \$125.
2. Inventories to be valued to \$10 500.
3. Furniture and plant and machinery to be depreciated at a rate of 10% per annum.
4. Land to be revalued at \$55 000

Required:

a. Record the above in the necessary journals.

b. Prepare Capital Adjustment and Capital Accounts.

**Part E**                      **Calculation of New Profit Sharing Ratio**

Calculate the new profit sharing ratios for the following:

1. Pearl and Jacinta are in partnership sharing profits in a 2 : 3 ratio. They agree to admit Wise on the understanding that Wise receives one quarter share of profits.
  
3. Jerry and Dinky share profits equally. They agree to admit Grit on the understanding that Grit receives one third share of profits.

.....THE END.....