# BA SANGAM COLLEGE YEAR 11 ACCOUNTING WORKSHEET 3

NATURE OF ACCOUNTING

# 1. Accountants measure profits or losses by recording the effects of transactions in terms of dollars and cents. Which of the following concepts **best** describes this

A. entity concept

process?

- B. monetary concept
- C. materiality concept
- D. historical cost concept.

### PART B

**QUESTION 1** 

- a) There are a number of authorities in Fiji that register and ensure that professional standards of accounting are maintained all the time. Outline **a role** of each of the following:
  - (i) Fiji Institute of Accountants
  - (ii) Institute of Auditors in Fiji
  - (iii)Fiji Tax Agents Board
  - (iv)Fiji Revenue and Customs Services
- (b) State the name of the **specialised field of accounting** for each of the descriptions given below.
  - (i) It is a specialised branch of accounting that keeps track of companies' financial transactions.
  - (ii) It is concerned with the provision and the use of accounting information to managers within the organization to provide them with the basis to make informed decisions.

#### (1 mark)

(c) Ravi operates a car dealing business. He imports Toyota vehicles from Japan and records

it in Fijian dollars. Identify the accounting concept being applied by Ravi's business reports.

#### (1 mark)

(d) Give **one** reason why the government and the suppliers may be interested in the accounting reports of a business.

# (2 marks)

3. Identify two users of accounting information and the reason to use accounting information.

(Apart from Government/ Suppliers)

#### (9 marks)

(10 marks)

(2 marks)

# (1 mark)

(2 mark

# QUESTION 2FINANCIAL ACCOUNTING AND<br/>THE ACCOUNTING PROCESS(25 marks)

# PART A

# MULTIPLE CHOICE

1. Which of the following business has a separate legal and accounting entity?

- A. Sole trader.
- B. Company.
- C. Partnership.
- D. Unregistered Clubs
  - 2. A motor vehicle worth \$5 000 was introduced by the owner into the business. Which two ledger accounts would be affected by this transaction?
- A. Motor vehicle and cash.
- B. Motor vehicle and creditor.
- C. Motor vehicle and capital.
- D. Motor vehicle and drawings.

# PART B Accounting Entities

- 1. The features given below relate to the different types of business ownerships.
- (i) Owners have limited life and unlimited liability.
- (ii) Owners take all the risks such as losses, business failures and natural hazards.
- (iii) Owners sign an agreement to work together for a common purpose.
- (iv)Dividends are paid out to shareholders from year-end profit.

# Required:

(a) Use the features given above and identify the business ownership in each case.

(4 marks)

(2 marks)

# (b)Define the following terms

- (i) Agreement
- (ii) Unlimited liability

(2 marks)

	OWNER'S EQUITY	1		
	Capital a/c–Tom	70 000		
	Capital a/c–Jerry	65 000		
	Current a/c–Tom	(10 000)		
	Current a/c–Jerry	15 000		
(a)Name the type of business ownership depicted above.			(1 mark)	
(b)Outline two advantages and one disadvantage of this form				
0	f business ownership.		(3 marks)	
(c)Identify a legal requirement for this kind of business ownership. (1 mark				
(d)	In relation to this type of business ownership, o	liscuss what		

2. Study the information given in the table below and answer the questions that follow.

is capital account	(1 mark)
(e)Calculate the Total Owner's Equity for the above business.	(1mark)

THE END