

BA SANGAM COLLEGE
YEAR 12
ACCOUNTING
WORKSHEET 4

QUESTION 1 **NATURE OF ACCOUNTING**

1. Explain the purpose of special purpose financial statements and general purpose financial statements
2. Outline the differences between management accounting and financial accounting.
3. State the meaning of Conceptual Framework for financial reporting.
4. Identify the accounting standards followed in Fiji.
5. Identify the drawbacks of monetary and historical cost concept.

QUESTION 2 **PERSONAL FINANCE**

1. Outline two categories of fringe benefit tax.
2. List **two** electronic financial services provided by Commercial Banks in Fiji.
3. Define **Fringe Benefit Tax**.
4. Study the extract given below and answer the questions that follow:

MrSakuru is a Fiji resident. In 2007, he bought a freehold land with a building for \$350 000. On 31st August, 2017, he sold her property to Zaim Ltd for \$750 000.

- (a) Calculate the gain or loss on the sale of MrSakuru's land and building.
 - (b) Assuming that the land and building is not MrSakuru's primary place of residence, calculate the capital gains tax imposed by FRCS.
5. SaulaKoro is considering buying a Mini Van Business, which is on sale at a price of \$30 000. He has arranged to see his bank manager to discuss the possibility of getting loan to purchase the business. He has been asked to bring to the meeting his most recent financial position. Saula is not sure what is required and had asked you to help him. After discussing with Saula, you discover the following information:
- (a) He owns a house with a recent government valuation of \$56 000, however he has a first mortgage of \$12 000 due on his house.
 - (b) His gross salary is \$20 000 and he gets \$1 283 per month after deductions.
 - (c) Household contents are valued at \$18 000.
 - (d) His fixed and variable expenses is \$449 per month.
 - (e) Motor Car which he bought 3 months ago costing \$8 000, but he still owes \$1 400 on it.
 - (f) Saula has a life insurance policy with a surrender value of \$7 000.
 - (g) Unpaid monthly accounts total \$400.

- (h) His bank account balances are :
- (i) Fixed deposit \$5 500
 - (ii) Savings account \$ 500
 - (iii) Cheque account \$ 200 OD

Required :

Use the above information to answer the questions that follow.

- (a) You are to identify and value Saula's :
- (i) Assets
 - (ii) Liabilities
 - (iii) Net Worth
- (b) Suggest which asset is **most** likely to be used as security for his loan.

QUESTION 3 **FINANCIAL ACCOUNTING AND
THE ACCOUNTING PROCESS**

Part A Personal Banking and Cheques

Study the cheque given below and answer the questions that follow:

SMART BANK OF FIJI 101 BAU STREET		STAMP DUTY PAID
Pay <i>Simon Patel</i>	Date: <i>05/03/2016</i> or bearer	
The sum of <i>two thousand two hundred</i> dollars		
and <i>sixty five cents only.</i>	\$2 200.65	
09 8001543	<i>H. Hurgher</i> H. Hurgher 02757402	

Required

- (a) Name the type of cheque shown
- (b) Identify the following from the cheque given:
- (i) Drawer
 - (ii) Drawee
- (c) List **two** advantages of using cheques as a mode of payment.

Part B- Books of First Entry

Sharuf owns a store called Wonder Feet, operating all seven journals. During the first week of June 2017, the business had the following transaction :

- June 1 - Issued a receipt to Viliame for \$46, discount allowed - \$4.
 Cash -\$208.
- 3 - Used one cheque to pay - Insurance - \$25.00

- James Footwear - \$800
- Cash received from Shoe repairs - \$56
- 4 - Cash takings - \$194
- Invoices received from Ron's Shoes company - \$1100
- 5 - Rodney's cheque of \$60 was dishonoured
- Owner took a pair of shoes worth \$30 for his son.
- 6 - Bank charges - \$3
- Cash received from shoe repairs - \$48
- 7- Received commission- \$55
- Paid Jeke Limited on account \$143, discount received - \$7
- Received loan from Bank of Baroda - \$1500
- 8- David a debtor declared bankrupt and paid a final sum of 50c in each dollar out of \$200.
- Cheque paid to Raniga for wages -\$69

Required : From the above information, select the appropriate transactions and prepare Columnar Cash Receipts Journal.

Part C - Ledger Posting

Albert Singh operates a grocery business. The following information is given for the month of June 2016:

General Journal			
Date	Particulars	Debit (\$)	Credit (\$)
June 1	Cash at Bank	620	
	Inventory	6 500	
	Equipment	1 520	
	Accounts Receivable: Tomasi	153	
	: Anthony	65	
	Accounts Payable: Gonac Ltd		800
	: Taniela		880
	Loan		3 000
	Capital		4 178
		(To record assets and liabilities.)	8 858
7	Drawings	88	
	Purchases		88
	(To record goods taken by owner for own use.)		
18	Equipment	750	
	Supplies Ltd		750
	(To record purchase of equipment.)		

Cash Payments Journal							
Date	Particulars	Discount Received \$	Detail \$	Bank \$	Purchases \$	Accounts Payable \$	Other Payments \$
June 3	Purchases		85		85		
	Wages		<u>280</u>	365			280
8	Gonac Ltd	20		720		740	
24	Purchases			105	105		
		<u>20</u>		<u>1 190</u>	<u>190</u>	<u>740</u>	<u>280</u>

Purchases Journal			
Date	Particulars	Debit (\$)	Credit (\$)
June 6	Manasa		140
15	Gonac Ltd		175
	Purchases A/c Dr	315	

Purchases Returns Journal			
Date	Particulars	Debit (\$)	Credit (\$)
June 17	Gonac Ltd	25	
	Purchases Returns A/C Cr		<u>25</u>

Total Receipts \$2000

Required

Prepare the following ledger accounts from the journals given:

- (a) Equipment Account
- (b) Purchases Account
- (c) Gonac Ltd Account

