

SANGAM SKM COLLEGE – NADI
YEAR 11 ACCOUNTING WORKSHEET - WEEK 3 SOLUTIONS

Date	Questions																						
07/06/21	<p>1. Differentiate between Social Accounting and Government Accounting. Social Accounting communicates social and environmental effects of organisation’s economic actions on society whereas Government Accounting refers to the various accounting systems used by various public sector entities</p> <p>2. State one reason why the following stakeholders would be interested in financial statements of a business. (2 marks)</p> <p>a. Trade Unions – to assess the job security of its members and their work conditions b. Lending Institutions – to assess the credit worthiness of the business</p> <p>3. Explain what the Fiji Accounting Standards is. The Fiji Accounting Standards are the rules and guidelines that assist accountants in the preparation of financial reports in Fiji</p> <p>4. Briefly discuss the function of the Fiji Institute of Auditors. It monitors, educates, controls the activities and regulates the auditing profession or auditors</p> <p>5. Identify the characteristic which best describes each situation below:</p> <p>a. If financial reports are prepared for untrained users, the accountant should ensure that the reports are as simple as possible. Understandability b. In order to provide the most appropriate information to management, accountants must know the purpose of the management’s decisions. Relevance</p>																						
08/06/21	<p>Match the characteristics in Column A with the best description in Column B</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Column A</th> <th style="text-align: center;">Column B</th> </tr> </thead> <tbody> <tr> <td>1. Matching Principle d.</td> <td>a. They interested in the financial statements of the business to see how effective their policies have been.</td> </tr> <tr> <td>2. Materiality e.</td> <td>b. Those who have completed all requirements of FIA.</td> </tr> <tr> <td>3. Auditor h.</td> <td>c. Provides financial information to the external decision</td> </tr> <tr> <td>4. Neutrality g.</td> <td>d. Income and expenses of a given period to be matched with one another.</td> </tr> <tr> <td>5. Quantifiability f.</td> <td>e. Treatment of an item depends on its importance and relevance to the business.</td> </tr> <tr> <td>6. Financial Accounting c.</td> <td>f. Accounting data should not only be expressed in words but in numbers also.</td> </tr> <tr> <td>7. Managers a.</td> <td>g. Accounting data is free from biasness.</td> </tr> <tr> <td>8. Fiji Institute of Accountants j.</td> <td>h. Checks the accuracy of the accounting records.</td> </tr> <tr> <td>9. Chartered Accountants b.</td> <td>i. The financial affairs of the owner is separate and distinct from the business.</td> </tr> <tr> <td>10. Accounting Entity i.</td> <td>j. Premier body that regulates the Accounting profession.</td> </tr> </tbody> </table>	Column A	Column B	1. Matching Principle d.	a. They interested in the financial statements of the business to see how effective their policies have been.	2. Materiality e.	b. Those who have completed all requirements of FIA.	3. Auditor h.	c. Provides financial information to the external decision	4. Neutrality g.	d. Income and expenses of a given period to be matched with one another.	5. Quantifiability f.	e. Treatment of an item depends on its importance and relevance to the business.	6. Financial Accounting c.	f. Accounting data should not only be expressed in words but in numbers also.	7. Managers a.	g. Accounting data is free from biasness.	8. Fiji Institute of Accountants j.	h. Checks the accuracy of the accounting records.	9. Chartered Accountants b.	i. The financial affairs of the owner is separate and distinct from the business.	10. Accounting Entity i.	j. Premier body that regulates the Accounting profession.
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	<p>2. Study the statements given in the table and name the relevant Accounting Concept involved. (2 marks)</p> <table border="1" data-bbox="373 188 1473 297"> <tr> <td data-bbox="373 188 448 224">(i)</td> <td data-bbox="448 188 1473 224">The business will continue to operate indefinitely Going Concern Concept</td> </tr> <tr> <td data-bbox="373 224 448 297">(ii)</td> <td data-bbox="448 224 1473 297">The business uses Straight Line Method in 2019 and 2020 to depreciate Fixed Assets Consistency</td> </tr> </table>	(i)	The business will continue to operate indefinitely Going Concern Concept	(ii)	The business uses Straight Line Method in 2019 and 2020 to depreciate Fixed Assets Consistency														
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<p>10/06/21</p>	<p>Define the following accounting concepts: (8 marks)</p> <p>a. Going Concern Concept – States that the life of a business will continue to operate indefinitely unless there is evidence for its dissolution</p> <p>b. Accounting Period Concept – States that the life of business is divided into arbitrary periods for calculations of profits</p> <p>c. Accrual Basis – States that that revenues and costs are recognized and included in the financial statements as they are accrued or earned or incurred and not as they are paid or received</p> <p>d. Disclosure – States that all information and explanations necessary for interpretation of reports should be disclosed or given to the users of the reports</p> <p>e. Legal Entity Concept – States that an association, corporation, trust or individual has legal standing in the eyes of the law</p> <p>f. Conservatism – States that accountants should provide for all possible losses and do not anticipate profits when preparing financial reports</p> <p>g. Double Entry Concept – States that for every transaction, a debit entry will have a corresponding credit entry</p> <p>h. Materiality – States that the treatment of an item depends on its importance/ relevance</p>																		
<p>11/06/21</p>	<p>Study the information given below and use your knowledge to answer the questions that follow</p> <table border="1" data-bbox="352 1014 1166 1400"> <thead> <tr> <th colspan="2" data-bbox="352 1014 1166 1055">Mikado Enterprise Ltd</th> </tr> <tr> <th colspan="2" data-bbox="352 1055 1166 1099">Statement of Financial Position (Extract) as at 31st July 2020</th> </tr> </thead> <tbody> <tr> <td data-bbox="352 1099 807 1140">Shareholders Fund</td> <td data-bbox="807 1099 1166 1140" style="text-align: right;">\$</td> </tr> <tr> <td data-bbox="352 1140 807 1180">Authorised Capital</td> <td data-bbox="807 1140 1166 1180"></td> </tr> <tr> <td data-bbox="352 1180 807 1220">500 000 Ordinary Shares @ \$3 each</td> <td data-bbox="807 1180 1166 1220" style="text-align: right;">1 500 000</td> </tr> <tr> <td data-bbox="352 1220 807 1261">Issued and Paid Up Capital</td> <td data-bbox="807 1220 1166 1261"></td> </tr> <tr> <td data-bbox="352 1261 807 1328">300 000 Ordinary Shares @ \$3 paid at \$1.50</td> <td data-bbox="807 1261 1166 1328" style="text-align: right;">450 000</td> </tr> <tr> <td data-bbox="352 1328 807 1368">Retained Earnings</td> <td data-bbox="807 1328 1166 1368" style="text-align: right;">50 000</td> </tr> <tr> <td data-bbox="352 1368 807 1400">Total Shareholders Fund</td> <td data-bbox="807 1368 1166 1400" style="text-align: right;">500 000</td> </tr> </tbody> </table> <p>Required:</p> <p>a. Name the type of business ownership shown above. Company</p> <p>b. What is the main advantage of this type of business entity? Limited Liability</p> <p>c. What is the par value of a share? \$3.00</p> <p>d. Calculate the value of the Total Shareholders Fund. $450\,000 + 50\,000 = \\$500\,000$</p> <p>e. How much is yet to be collected from Shareholders? $1.50 \times 300\,000 = \\$450\,000$</p> <p>f. How many more shares is the company entitled to issue? 200 000 shares</p> <p>g. In what document is the Authorised Capital specified? Memorandum of Association</p>	Mikado Enterprise Ltd		Statement of Financial Position (Extract) as at 31st July 2020		Shareholders Fund	\$	Authorised Capital		500 000 Ordinary Shares @ \$3 each	1 500 000	Issued and Paid Up Capital		300 000 Ordinary Shares @ \$3 paid at \$1.50	450 000	Retained Earnings	50 000	Total Shareholders Fund	500 000
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