

Year 11

Accounting Worksheet 2

Week 1: 24th - 28th May, 2021

Monday - Friday

Question 1

Kitione is planning to buy a car which costs \$11000. He wishes to find out whether he is really able to meet the monthly payment of \$150. His bank account balance of \$5000 is sufficient to meet the deposit requirement. Kitione works as an accounts clerk and his pay is \$160 a week. His expenses are as follows:

Groceries and marketing	\$50/ month
Traveling	\$18/ week
Medical	\$10/month
Electricity	\$50/month
Entertainment	\$20/month
Rent	\$250/ month
Insurance	\$120/year

Additional Information

- Kitione's salary increased by 5% per week.
- Travelling expense decreased to \$15 a week
- Medical Expenses increased by \$10 per month
- Kitione has done some home based gardening so his groceries and marketing expense has reduced by 4%.

Required: Considering the above adjustments:

- Calculate Kitione's total income for the month.
- State any **two** examples of fixed expenses in a Personal Budget.
- Calculate Kitione's variable and fixed expense for the month.
- Work out the savings or deficit for the month.
- State **two** challenges faced by an individual who plans to save.
- Will Kitione's be able to meet his monthly hire purchase payment? Give a reason.
- How long will it take him to complete payment for the car if he continues to meet his monthly payment?

Question 2

1. Explain the importance of the concept **Money Measurement** in the preparation of financial reports.
2. Explain why **Timeliness** and **Reliability** are very important to any business when preparing the accounting report.
3. Define Historical Cost Concept.

4. Explain the reasons why the following users would be interested in the Accounting Reports.

- a. Regulators
- b. Owners
- c. Public
- d. Workers
- e. Government

5.

Listed below are some of the accounting concepts and conventions. Select the most likely answer for each of the four accounting information numbered (a) to (d)

Going Concern	Consistency	Historical Cost
Conservatism	Accounting Entity	Disclosure

Additional Information

- a) The owner made payment for his son's wedding from business account.
- b) The business assumes to remain in existence into the foreseeable future.
- c) The business continued to use straight line method of depreciation for the past two years.
- d) Do not count the chickens before they are hatched. Always understate profits.

Match the characteristics in Column A with the best description in Column B

Column A	Column B
1. Matching Principle	a. They interested in the financial statements of the business to see how effective their policies have been.
2. Materiality	b. Shows the financial performance of the business.
3. Auditor	c. Provides financial information to the external decision makers.
4. Neutrality	d. Income and expenses of a given period to be match with one another.
5. Quantifiability	e. Treatment of an item depends on its importance and relevance to the business.
6. Financial Accounting	f. Accounting data should not only be expressed in words but in numbers also.
7. Managers	g. Accounting data is free from bias to suit the need of the user group.
8. Fiji Institute of Accountants	h. Checks the accuracy of the accounting records.
9. Revenue Statement	i. The financial affairs of the owner is separate and distinct from the business.
10. Accounting Entity	j. Premier body that regulates the Accounting profession.

Question 3

A. Short Answers

- a. Define Personal Income Tax.
- b. Define Tax identification Number.
- c. What is meant by redundancy payment?
- d. List two situation where redundancy is not applicable.
- e. State the employer's role in relation to the payment of SRT to the tax department.

B. Tax Calculations

1. Mr. A Prasad is entitled to a salary and other cash benefits that amount to \$454,000 for tax year 2018. He is a Fiji resident and is paid monthly.

- a. Calculate SRT payable by Mr. A. Prasad for tax year 2018.

2. Mr. Wing Lee is entitled to a salary and other cash benefits that amount to \$515,000 for 2017. He is a non -resident for tax purposes in Fiji and is paid monthly.

- a. Calculate SRT payable by Mr. W. Lee for tax year 2017.

3. Mr. Tiko Duadua is entitled to a salary and other cash benefits that amount to \$285,000 for 2015. He is a non -resident for tax purposes in Fiji and is paid monthly.

- a. Calculate PAYE and SRT payable by Mr Tiko. Duadua for tax year 2015 and also for January, 2015.