

RISHIKUL SANATAN COLLEGE
REMEDIAL WORKSHEET – TERM ONE END EXAMINATION
ACCOUNTING YEAR 13 – 2021

Week 1

Strand: Nature of Accounting

Sub-strand: Conceptual Framework and Accounting Bodies.

Question 1

Accountants use Conceptual Framework to prepare Financial Reports and present these reports to users of financial information. With reference to these statements discuss:

- 1.1. What are the **definition, objective and purpose** of Accounting Conceptual Framework?
- 1.2. One of the concepts applied by Accountant's is Revenue Recognition Concept. With reference to this concept discuss when revenue/income is recorded in the books of business entity?
- 1.3. Accountant's when preparing Financial Reports adhere to prescribed accounting concepts. Discuss the importance of the following concepts when making final accounts. (that is why are they used)
 - Accounting Period Concept
 - Matching concept
 - Disclosure concept
 - Accounting Entity Concept
 - Historical Cost Concept

Question 2

Discuss how the Accrual Concept violates the **understandability** feature of Accounting?

Question 3

Differentiate between accounting standard setters and accounting regulatory bodies.

Question 4

Explain in your own words what do you understand by the term Harmonizing Accounting Standards and discuss its importance.

Question 5

Study the statements given below and state which concept was violated.

- i. The firm increased profits because a new branch was opened. This, however, was not mentioned anywhere in the final accounts or notes to accounts.
- ii. Liability is recorded in the financial statement as a percentage to assets.
- iii. A block of land owned by the business owner is included in the assets of the business.
- iv. The company changes its depreciation method each year.

Question 6

Name the accounting standard adopted by Fiji and discuss its advantage.

Week 2

Strand: Nature of Accounting

Sub-strand: Conceptual Framework and Accounting Bodies.

Question 7

“The usefulness of income statement and balance sheets is limited by the application of the historical cost convention.” Discuss this statement.

Question 8

The accounting entity and the legal entity conventions provide important guidance to the accountants when reporting results.

Describe the meaning of the two conventions mentioned above. What are some of problems associated with the implementation of the accounting entity convention?

Question 9 (research)

“The balance sheet is merely a statement of the balances of accounts kept on the double entry rules after taking out profit and loss statement.”(Goldberg)

Do you agree or disagree with Goldberg? Explain your reasons.

Question 10(research)

“All assets become expenses. It is also true that all liabilities become revenues.” (Chambers)

Do you agree or disagree with Chambers?

Explain your answers.

Sub – strand: Ethics and fraud

Question 1

Differentiate the following pairs of terms.

- Embezzlement and Asset Misappropriation
- Skimming and Cash Larceny

Question 2

Two former Post Fiji employees charged with fraud

Kathrin Krishna Multimedia Journalist kathrin.krishna@fbc.com.fj | [@KathrinFBCNews](https://www.facebook.com/KathrinFBCNews)

Two former post-mistresses who allegedly engineered the loss of \$98,000 from Post Fiji Limited last year will take their plea next year. Sereseini Seru faces one count each of conspiracy to defraud causing a loss and general dishonesty causing a loss and eleven counts of falsification of accounts.

Second accused, Ane Mauleko is charged with one count each of conspiracy to defraud causing a loss and general dishonesty causing a loss and eight counts of falsification of accounts. It is alleged that between April and June last year, the two women allegedly falsified details on forms which allowed system payments of \$98,000. Mauleko is further alleged to have falsified a remittance between post offices form amounting to

\$21,000 while Seru falsified four office summary reports.

The two will take plea on 20th January next year.

Bail has been extended.

Discuss the type(s) fraud committed by these two employees.

Week: 3

Strand: Partnership Accounting

Question 1

Wati and Wong are partners in W.W. Architects and Associates

1. Their partnership agreement provides for
 - Salaries (non-working): Wati \$40 000
 - Salaries (non-working): Wong \$50 000
 - Interest on fixed capital 10%
 - Interest on current account of 5% (to be charged or allowed) on opening balance
 - Profit of loss to be shared equally
2. The partners' capital position at 1st January 2019 was:

Wati	-Capital	\$30 000
	-Current Account	\$27 000
Wong	-Capital	\$50 000
	-Current Account	(\$5000)
3. Net profit for the year ended 31 December was \$120 000.
4. The partners' drawings for 2019 were:

Wati	\$43 000
Wong	\$48 000

Required:

- a. Prepare a Profit and loss Appropriation Statement for the Year ended 31/12/2019
- b. Prepare Current Account for Wati and Wong.

Question 2

Tom and Jerry decided to amalgamate their businesses and form a partnership business in the name of T&J Traders. At the date of amalgamation, their Financial Position were as follows:

Balance Sheet of Tom as at 31st March 2020

Assets			Liabilities	
Cash at Bank	\$8000	(\$8000)	Creditors	\$30000
Debtors	\$40000	(\$39000)		
Stock	\$44000	(\$44000)	Capital	\$112000
Goodwill		(10000)		

Balance Sheet of Jerry as at 31st March 2020

Assets	\$	\$	Liabilities	\$	\$
Debtors	43000	(42000)	Bank Overdraft	16000	
Stock	31000	(30500)	Creditors	14000	
Fixed Assets	56000	(60000)	Loan	10000	
Goodwill		(8000)			
			Capital	90000	

- (a). Prepare GJ entries to record the formation J&T Traders.
 (b). Prepare a fully classified Balance sheet Of J & T Traders after amalgamation of the partnership.

Week 4

Strand: Accounting for Partnership

Question 1

Given below is the Trial Balance of Vijayta and Siteri who are practising chartered accountants.

Vijayta – Siteri's Partnership Trial Balance as at 31 March, 2008

Ledger Accounts	Dr \$	Cr \$
Office Equipment	50 000	
Furniture and Fittings	30 000	
Freehold Land	25 000	
Building	75 000	
Goodwill	20 000	
Wages	85 200	
Rent (Sub-urban Office)	5 200	
Sundry Overheads	22 114	
Accounts Receivable	27 984	
Drawings: Vijayta	15 600	
Drawings: Siteri	15 600	
Professional Fees Received		222 416
Capital: Vijayta		50 000
Capital: Siteri		20 000
Current Account: Vijayta		18 000
Current Account: Siteri		4 000
Bank Overdraft		19 468
Accounts Payable		14 814
Provision for Depreciation – Office Equipment		20 000
Provision for Depreciation – Furniture & Fittings		3 000
Totals	\$371 698	\$371 698

Additional Information :

- Salaries are to be allowed as follows: Vijayta \$40 000 and Siteri \$20 000.
- Provision for Depreciation is to be made on cost:
 - Office Equipment : 20%
 - Furniture & Fittings : 10%
 - Building : 2%
- Interest on Current Accounts is to be allowed for 15% per annum.

4. Interest charged on Drawings is 10% per annum.
5. Charged 10% interest on partners' fixed Capital Accounts.
6. Partners share profits and losses in equal ratio of 1 : 1.

Required :

Using the information given above, prepare:

- (a) Revenue Statement of Vijayta – Siteri Partnership for the year ended 31 March, 2008.
- (b) Profit and Loss Appropriation Statement of Vijayta – Siteri Partnership for the year ended 31 March, 2008.

Week 4

Strand: Accounting for Partnership

Question 2

On 10 March 2018, Rishinth Farlow and Shania Hanlon agreed to form a partnership. Farlow and Hanlon was to contribute an existing business with assets, liabilities and owners' equity as follows:

	\$		
Assets		Liabilities	
Cash in bank	5800	Accounts payable	980
Debtors	2600	Mortgage on Land	5000
Stock	4900		
Building	40000	Owner's Equity	
Less Acc. Depreciation	<u>5000</u>	Capital – Farlow	60320
Land	18000		
	66300		66300

	\$		
Assets		Liabilities	
Cash at bank	3800	Accounts payable	1800
Debtors	2450		
Less provision for doubtful debts	<u>50</u>		
Inventories	8000	Owner's Equity	
Furniture and Fittings	5000	Capital - Hanlon	34800
Less Acc. Depreciation	<u>1000</u>		
Land	<u>22000</u>		
	40200		40200

The partnership agreed to take over all the assets and liabilities at the following values:

Farlow's assets and liabilities are to be taken over at book values except that accounts receivable are to be subject to provision for doubtful of 3%. The agreed value of the business is \$65000.

Hanlon's assets and liabilities are to be taken over at book values except that Land was to be revalued at \$25000, Inventories at \$7500, Accounts receivable at \$2300 and Furniture and Fittings at \$3000. Hanlon's contribution to the business is to be valued at \$45000.

Required:

Record the information in the General Journal.

Week 5

Strand: Accounting for Partnership

Question 1

Final Accounts of a Partnership

Shivangani and Jashnit are in partnership sharing profits and losses in a 2: 1 ratio. The following were the relevant balances in ledger at 31 March 2017.

Capital Account – Shivangani	\$44000
Current Account – Shivangani	\$7850
Drawings – Shivangani	\$7000
Capital Account – Jashnit	\$22000
Current Account – Jashnit	(\$3290)
Drawings – Jashnit	\$8000

Additional Information:

- Interest on drawings is to be charged and interest on capital to be allowed
- Shivangani and Jashnit are non-working partners and each receives \$5000 as a salary per partnership agreement.
- Interest on drawings is to be charged at 5 %
- Interest on capital to be allowed at 10%
- Interest on current account to be charged or allowed at 2% per annum on opening balance
- Net profit for the year was \$32, 000

Required:

- Prepare the Profit and Loss Appropriation Statement of Shivangani & Jashnit Traders for the year ended 31st March, 2018.
- Prepare Current Account of Shivangani and Jashnit for the year ended 31st March, 2018.

Losena and Torika are in partnership sharing profits and losses in a 2:1 ratio. The following were the relevant balances in their ledger at 31st March, 2020.

	\$
Capital Account - Losena	60, 000
Current Account (Cr.)– Losena	7, 000
Drawings - Losena	8, 000
Capital Account - Torika	34, 000
Current Account (Dr.)– Torika	2, 000
Drawings - Torika	5, 000

The following clauses were shown in the partnership agreement:

- Interest on drawings is to be charged at the rate of 5% per annum.
- Losena and Torika are non-working partners and each receive \$4000 salary as 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 \$30, 000.

Required:

Use the information to prepare the following closing General Journal entries (Narrations are not required).