



Assessment Schedule 2017

South Pacific Form Seven Certificate

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3 Luke Street, Nabua, Private Mail Bag, Suva, Fiji.
Telephone: (679) 3370733 Fax: (679) 3370021

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SPFSC ACCOUNTING ASSESSMENT SCHEDULE

Item	Skill Level	Solution	Extended Abstract	Relational	Multistructural	Unistructural
1.1a	1	-Preserve ethical values and commitment to protect the public interest - Undertake regulatory reform aligning its governance structure and practices to international best practices and developments within the local regulatory environment. -Provide a lifelong learning environment for members that keep the accountants abreast with the developments within the accounting profession.				Any one point
1.1b	2	Develops and approve International Accounting Standards			A description for 2 points	Vaguely stated
1.1c	1	-To guide accountants in the preparation of financial reports -Standardise financial reporting				Any one point
1.1d	1	The primary purpose of the Conceptual Framework was to assist the IASB in the development of accounting standards. The Conceptual Framework may also assist preparers of financial statements in developing accounting policies for transactions or events not covered by existing standards				Use of the words 'assist, guide' preparers of financial reports
1.1e	2	GAAP are a common set of accounting principles, standards and procedures that companies must follow when they compile their financial statements.			A description for 2 points	Vaguely stated or part answer
1.2a	1	a person who is the exclusive owner of a business, entitled to keep all profits but liable for all losses.				One owner
1.2b	2	To register the business as the owner is liable for all the debts of the business.			A description for 2 points	Vaguely stated
1.2c	2	Register the partnership, establish a Partnership Agreement			A description for 2 points	Vaguely stated
1.2d	1	Relevance means that the financial information should make a difference in the decision of an economic nature by the users				Difference in decision making
1.2e	1	A limited liability company (LLC) is a corporate structure whereby the members of the company cannot be held				Minimum of 7 shareholders.

		personally liable for the company's debts or liabilities. Limited liability companies are essentially hybrid entities that combine the characteristics of a corporation and a partnership or sole proprietorship.				Or publicly traded shares
1.2f	1	A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the company.				Recorded at original price
2.1a	4		8-9 entries correct	6-7 entries correct	4-5 entries correct	Less than 4 correct
2.1b	3	Residual profits will increase partners Current a/c or Capital a/c therefore a Cr entry Drawings will decrease partners Current a/c or Capital a/c therefore a Dr entry		Both correctly explained	One correctly explained	Partly explained
2.1c	3	The prospective items in the partnership agreement would be the profit and loss sharing, the duties and responsibilities of the partners, capital contributions which will minimise conflicts between partners.		At least 2 items in the Partnership agreement identified	One correctly explained	One correctly explained
3.1a	3	Working $(\$52\,000 + \$26\,000) * 80\%$ $\$78\,000 * .8$ Predetermined Overhead Cost \$62 400		Correct answer of \$62 400	Working correct- wrong answer	
3.1b	2	Depreciation-\$20 800+Telephone-\$10 000+ maintenance-\$29 000+ IL-\$2 000+IM- \$3 000= \$64 800 Predetermined Overhead=\$62 400 Therefore FOH is underapplied by \$2 400			Correct answer of \$2 400 underapplied stated	Correct amount but underapplied not stated
3.1c	2	Underapplied FOH- Dr to COGS Overapplied FOH- Cr to COGS			Both entries correct	One correct entry
3.1d	1	A cost driver is the unit of an activity that causes the change in activity's cost.				Stated correctly
3.1e	1	Electricity and other bills, labour costs- overtime				Any one variable cost
3.2a	2	Job order costing or job costing is a system for assigning manufacturing costs to an individual product or batches			Objective stated clearly	Vaguely stated

		of products. Generally, the job order costing system is used only when the products manufactured are sufficiently different from each other.				
3.2b	2	Time cards, materials requisition, job cost sheets			2 source documents identified	1 source document identified
3.2c	1	Direct material requisitions and direct labor costs carry the particular job number; factory overhead is usually applied to individual jobs based on a predetermined factory overhead application rate. The profit or loss can be determined for each job and the unit cost computed for purposes of inventory costing. Schedules are prepared to accumulate the information for the required journal entries				Process stated
3.2d	1	Direct materials, Direct Labour and Factory Overhead				Any one input element identified
4.1a	3			7 entries correct	4-6 entries correct	Less than 1-3 correct
4.1b	3			Residual profit correctly stated		
4.1c	2	To record partners entitlements and costs and distribute the residual profit or loss according to the agreed ratio.			Purpose correctly stated	Vaguely stated
4.1d	2	Prepare a profit and loss summary to calculate the net profit which is then transferred to the Profit Distribution Account to determine the residual profit or loss. The residual profit or loss is then transferred to the partners current or capital accounts in the Balance Sheet			Correctly stated from Profit & Loss Summary, Profit Distribution to Balance Sheet	Partly identified
5.1a	1	The purpose of financial statement analysis is to examine past and current financial data so that a company's performance and financial position can be evaluated and future risks and potential can be estimated				Purpose correctly stated
5.1b	1	The term liquidity is the ability of a company to meet its financial obligations as they come due. The liquidity ratio, then, is a computation that is used to measure a company's ability to pay its short-term debts.				Measure short term debt paying ability
5.1c	2	Increase in profitability ratios, however still below industry average, high inventory turnover and better than industry average, improvement in debtors turnover but			Two strengths identified	1 strength identified

		below industry average				
5.1d	2	High debt ratio, low proprietorship ratio, inability to meet its immediate debts – Quick Asset ratio, Debtors taking too long to pay			Two weaknesses identified	1 weakness identified
5.2a	4	The following points should be noted in the report: -High debt ratio- owners to inject more funds which will increase the proprietorship ratio -Quick Asset ratio- sell out the stock quickly as it seems that the firm has high inventory on hand thus when removed from the ratio calculation, the ratio falls below 1. Improve on marketing and purchasing strategies Debtors turnover- tighten the credit policies to ensure debtors pay up quickly, send reminders	At least 4 points discussed in the answer	3 valid points discussed	2 valid points discussed	1 point discussed
6.1a	1	The manager will need to make a strategic decision as the hire of staff is not a daily activity				Hiring of staff
6.1b	1	To hire a consultant to help with clients				Hiring a consultant
6.1c	1	Salary of the employee				Any financial information identified relevant to the business
6.1d	1	Experience of the employee				Any non-financial information identified relevant to the business
6.1e	1	Consulting with clients				Any routine decision relevant to the business
6.1f	1	Engaging in a marketing project				Any strategic decision relevant to the business
6.2a	2	Develop and update assumptions from last budget, review bottlenecks, forecast sales and costs, incorporate capital budgets, then submit to finance			Process identified	Partly identified process
6.2b	2	Opening cash balance, Expected Receipts and Payments, Borrowings, repayments, Closing Cash balance			All the components of the cash budget listed	Incomplete components listed