

YR 12 ACCOUNTING - WORKSHEET**Date: 24/04/2020****Week: 1****Worksheet No. : 6****Strand no: 2****Strand: Personal Finance****Sub Strand: - Statement of Affairs****Objectives: Students should be able to revise on:**

- Explain what statement of affairs is.
- Prepare the Statement of Affairs to calculate the net worth of an individual and discuss how to add value to their assets.

Notes**A. Statement of Affairs**

Statement of Affairs - is a list of assets and liabilities to calculate net worth of an individual.

Some individuals hold traditional assets which can also be represented as assets in the statement of affairs. For instance, in an iTaukei culture mats, tabua, canoe, cattles can be regarded as traditional assets. On the other hand some of the traditional assets valued in Indian culture are jewelries, musical instruments etc.

Example

Kushal does not have much knowledge of accounting and he provided you with the following information.

He has a Van worth \$16500, savings in his bank account of \$14600, Land and Building \$150000, TV and Home theatre System worth \$6000, bought a computer valued \$3200, loan from CK Furniture's \$1800, mortgage on building \$100000.

Required:

Prepare a Statement of Affairs for Kushal.

Solution

	\$	\$
	-	-
Assets		
Van	16500	
Savings in Bank Account	14600	
Land and Building	150000	
TV	6000	
Computer	3200	190300
Liabilities		
Loan	1800	
Mortgage on Building	100000	101800
Net Worth		\$88500

Activities**(9 MARKS)****Instructions**

Students are required to answer the following questions on their own, by recalling what they have already learned in term 1.

A. Multiple Choice**Circle the letter which represents the best answer.****(4 marks)**

- Q1 A Statement of Affairs is a list of
- A. Assets and Proprietorship
 - B. Assets and Liabilities
 - C. Proprietorship only
 - D. Assets only
- Q2 A statement of affairs is similar to
- A. Statement of Financial Position
 - B. Statement of Financial Performance
 - C. a bank account
 - D. an appropriation account

Question 3 and 4 relates to the following information :

Meli is planning to buy a car. He needs to borrow \$5000 from the bank. The bank manager asked him to prepare a Statement of affairs.

3. The statement of affairs is prepared to calculate Meli's
- A. net worth.
 - B. total loss.
 - C. net income.
 - D. total income.
4. The main reason for preparing a Statement of affairs is to determine Meli's:
- A. asset's current value.
 - B. ability to repay loan.
 - C. security for borrowing.
 - D. ability to save for future.

B. Calculations

(5 marks)

Mr Tabua is thinking about buying a car which will cost \$25 000. He will need to borrow \$10 000. Mrs Tabua has suggested him to prepare some information to show the loans officer at the bank. Mr Tabua writes the following list of items that he owns on 1st November, 2019.

	\$
Laptop	2 500
T.V. Set	900
Refrigerator	2 780
Savings account balance	2 000
Cheque account balance	3 000

Additional Information:

Mr Tabua owes \$200 to Courts Home Centers for his laptop.

Required:

Prepare a Statement of Affairs for Mr Tabua to take to the bank in support of his loan application.