VICTORIAN CURRICULUM AND ASSESSMENT AUTHORITY

Victorian Certificate of Education
2008

SUPERVISOR TO ATTACH PROCESSING LABEL HERE

STUDENT NUMBER

										Letter
Figures										
Words										

VCE VET FINANCIAL SERVICES

Written examination

Monday 10 November 2008

Reading time: 9.00 am to 9.15 am (15 minutes)
Writing time: 9.15 am to 10.45 am (1 hour 30 minutes)

QUESTION AND ANSWER BOOK

Structure of book

Number of questions	*Number of questions to be answered*	*Number of marks*
4	4	80

- Students are permitted to bring into the examination room: pens, pencils, highlighters, erasers, sharpeners, rulers and a scientific calculator.
- Students are NOT permitted to bring into the examination room: blank sheets of paper and/or white out liquid/tape.

Materials supplied
- Question and answer book of 22 pages.

Instructions
- Write your **student number** in the space provided above on this page.
- All written responses must be in English.

Students are NOT permitted to bring mobile phones and/or any other unauthorised electronic devices into the examination room.

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Instructions

Answer **all** questions in the spaces provided.

BSBCMN308A – MAINTAIN FINANCIAL RECORDS

Question 1

The following information relates to Maddi Kram's business, Maddi Kram Skateboards. On 31 October 2008, the following Bank Statement was received by the business.

a. **Complete** the balances missing in the Bank Statement below.

Account Number
666-989 125-0986

Account Title
Maddi Kram Skateboards

The Reserve Banking Company
Melbourne Branch

Date	Details	DR	CR	Balance
2008 Oct. 1	Balance Carried Forward			500 CR
5	Chq. 600	100		400 CR
8	Deposit		2 200	2 600 CR
11	Deposit		1 500	4 100 CR
14	Deposit		200	4 300 CR
19	Chq. 601	200		4 100 CR
21	Chq. 602	300		3 800 CR
23	Dishonoured Chq.	200		3 600 CR
28	Deposit		450	4 050 CR
31	Dishonoured Chq. Fees	25		
31	Interest Credit		10	

2 marks

Additional information

- The bank balance, according to the business records as at 30 September 2008, was $500 debit.
- The bank notified Maddi that the cheque deposited on 14 October 2008 would not be honoured.

Question 1 – continued

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b. **Compare** the Bank Statement with the Cash Receipts and Cash Payments Journals, then **complete** the Cash Receipts and Cash Payments Journals and total the columns.

The cash journals for the business for the month of October 2008 are as follows.

Cash Receipts Journal

Date	Details	Rec. No.	Debtors	Cash Sales	Parts Sales	GST	Sundries	Bank
2008 Oct. 8	Kew Skaters	050	2 200					2 200
11	Cash Sales	051		1 500				1 500
14	Sale of Parts	052			200			200
28	Kew Skaters	053	450					450
29	Cash Sales	054		750				750

Cash Payments Journal

Date	Details	Chq. No.	Creditors	Wages	Sundries	Bank
2008 Oct. 5	Wages	600		100		100
5	Nat's Boards	601	200			200
5	Cash (Drawings)	602			300	300
5	Nat's Boards	603	600			600

4 marks

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c. Using **either** the T-format **or** columnar format provided, **complete** the Bank Account in the ledger for Maddi Kram Skateboards.

T-FORMAT

Bank Account

Date	Details	Amount $	Date	Details	Amount $

OR

COLUMNAR FORMAT

Bank Account

Date	Particulars	Debit	Credit	Balance

3 marks

d. **Prepare** a Bank Reconciliation Statement as at 31 October 2008.

Bank Reconciliation Statement for Maddi Kram Skateboards as at 31 October 2008

	$	$

4 marks

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e. **Give one reason** why Maddi Kram should complete the bank reconciliation process.

Reason

1 mark

f. The opening bank balance in the Bank Statement is a CR. **What** does this mean?

1 mark

g. Maddi has stated that the bank reconciliation process takes a lot of time. **Explain** one process that might help her.

1 mark

h. **Explain** why records prepared by Maddi's accountant balanced, even though additional transactions were left out.

1 mark

i. Using all the information provided, **complete** the Sales Journal for Maddi Kram Skateboards.

- 9 November 2008 sold 10 skateboards at $110 each (incl. GST) (Invoice M125) to Kew Skaters
- 14 November 2008 sold 21 skateboards at $165 each (incl. GST) (Invoice M126) to Kew Skaters

Sales Journal

Date	Debtors	Inv. No.	Sales	GST	Total Debtors

2 marks

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j. **Complete** the Debtors Subsidiary Ledger for Kew Skaters, using either the T-format or the columnar format.

T-FORMAT

Debtors Subsidiary Ledger – Kew Skaters

Date	Details	Amount $	Date	Details	Amount $

OR

COLUMNAR FORMAT

Debtors Subsidiary Ledger – Kew Skaters

Date	Details	Debit	Credit	Balance

2 marks

k. **Give one reason** why Maddi should keep debtors subsidiary ledger accounts.

Reason

1 mark

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l. **Record** the following documents into the journals provided for the month of December 2008. Total all journals.

Maddi Kram Skateboards
Receipt 120

Date: 1/12/2008
To: Cash Sales
For: Skateboards

	$500.00
GST	50.00
TOTAL	$550.00

Date: 5/12/2008 Chq. 650

To: Nat's Boards
For: Account Payment
This cheque: $200.00

MEMO #2

Dated: 8/12/2008

Owner took skateboard to give to son as a birthday present.

$90.00

Maddi Kram Skateboards
Receipt 121

Date: 10/12/2008
To: Kew Skaters
For: Account

	$1 000.00
GST	0.00
TOTAL	$1 000.00

Nat's Boards
Tax Invoice 10

Dated: 13/12/2008
To: Maddi Kram Skateboards
For: Skateboard Parts

GST	100.00
TOTAL	$1 100.00

Date: 16/12/2008 Chq. 651

To: Sammy
For: Wages
This cheque: $50.00

Maddi Kram Skateboards
Tax Invoice M130

Dated: 17/12/2008
To: Kew Skaters
For: Skateboards

GST	50.00
TOTAL	$550.00

MEMO #3

Dated: 18/12/2008

Donation to AusAid

$100.00 cash

Nat's Boards
Tax Invoice 21

Dated: 20/12/2008
To: Maddi Kram Skateboards
For: Skateboards

GST	50.00
TOTAL	$550.00

Maddi Kram Skateboards
Tax Invoice M131

Dated: 21/12/2008
To: Kew Skaters
For: Skateboards

GST	100.00
TOTAL	$1 100.00

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Cash Receipts Journal

Date	Details	Rec. No.	Debtors	Cash Sales	GST	Sundries	Bank

Cash Payments Journal

Date	Details	Chq. No.	Creditors	Wages	Sundries	Bank

Sales Journal

Date	Debtors	Inv. No.	Sales	GST	Total Debtors

Purchases Journal

Date	Creditors	Inv. No.	Stock Control	GST	Total Creditors

Question 1 – continued
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General Journal

Date	Account	Debit	Credit

10 marks

m. **What** does the term GST stand for?

1 mark

n. **Give two** reasons why it is important to maintain all financial records.

Reason 1
Reason 2

2 marks

Total 35 marks

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BSBADM408A – PREPARE FINANCIAL REPORTS

Question 2

Plasma Productions provides you with the following Cashbook for the year ended 30 June 2008.

Cashbook					
Cash Receipts			**Cash Payments**		
2008		$	2008		$
30 June	Receipts from Debtors	20 500	30 June	Payments to Creditors	42 000
	Cash Sales	35 000		Wages	15 000
	Capital	10 000		Prepaid Advertising Expense	40 000
	Interest received	3 000		Mortgage repayment	50 000
	GST received	3 500		Drawings	15 000
				GST paid	4 000
	Total	**72 000**		Total	**166 000**

a. From the Cashbook you are required to **prepare** the Operating Activities section of the Cash Flow Statement for the year ended 30 June 2008.

Cash Flow Statement for year ended 30 June 2008	
Operating Activities	

4 marks

b. **Give two** reasons why the net profit of Plasma Productions will not be equal to the Total Cash Flows.

Reason 1
Reason 2

2 marks

Question 2 – continued

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The Trial Balance (before end-of-year adjustments) of Plasma Productions for the year ended 30 June 2008 was as follows.

Account	Debit $	Credit $
Accumulated Depreciation – Sales Motor Vehicles		60 000
Bank	39 000	
Capital		75 000
Cost of Sales	60 000	
Creditors Control		15 000
Debtors Control	28 000	
Drawings	15 000	
GST Clearing		6 000
Interest Revenue		3 000
Land and Buildings	206 000	
Mortgage		155 000
Motor Vehicles (Sales Department)	150 000	
Prepaid Advertising Expense	15 000	
Sales		150 000
Stock Control	15 000	
Sundry Creditors – B Lowe		86 000
Term Deposit due 2010	4 000	
Wages	15 000	
Stock Loss	3 000	
	550 000	**550 000**

Additional information

- Sales vehicles are being depreciated over 5 years using the straight line method of depreciation. A new vehicle with a cost price of $50 000 (excluding GST) and an estimated residual value of $5 000 was purchased on credit on 1 May 2008.
- Advertising was paid in advance on 30 April 2008 for the period covering 1 May 2008 to 31 October 2008.
- A debtor (G Hill) who owes $1 100 (including GST) is to be written-off as a bad debt.

c. **Calculate** the depreciation amount for the year ending 30 June 2008 on **all** the sales vehicles. Show all workings.

Total depreciation	$

2 marks

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d. **Prepare** the General Journal entries to record the balance day adjustments at 30 June 2008 for advertising and bad debts. (Narrations are **not** required.)

General Journal

Date	Account	Debit $	Credit $

4 marks

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e. **Record** the adjustment for Advertising in the following ledger accounts. Use **either** the T-format or columnar format.

T-FORMAT

Advertising Expense

Date	Details	Amount $	Date	Details	Amount $

Prepaid Advertising Expense

Date	Details	Amount $	Date	Details	Amount $
2008 Apr. 30	Bank	15 000			

OR

COLUMNAR FORMAT

Advertising Expense

Date	Details	Debit	Credit	Balance

Prepaid Advertising Expense

Date	Details	Debit	Credit	Balance
2008 Apr. 30	Bank			15 000 DR

2 marks

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f. **Complete** the Trading Account to show the Gross Profit (after adjustments) for the year ended 30 June 2008. Use either the T-format or columnar format.

T-FORMAT

Trading Account

Date	Details	Amount $	Date	Details	Amount $

OR

COLUMNAR FORMAT

Trading Account

Date	Details	Debit	Credit	Balance

2 marks

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g. **Complete** a Classified Income Statement for the year ended 30 June 2008.

	$	$

5 marks

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h. **Prepare** the Current Assets section of the Balance Sheet as at 30 June 2008.

Current Assets		
	$	**$**

4 marks

Total 25 marks

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FNSIACC307A – RECONCILE AND MONITOR ACCOUNTS RECEIVABLE

Question 3

Pet Products is a pet shop specialising in a wide range of pet care products and pet fashion. Below is information relating to debtors.

Debtors	**$**
P Miller	1 700
S Thomson	2 320
B Williams	400
E Wilson	1 260
	$5 680

Pet Products
PO Box 2340
Melbourne 3001
Ph: 8339 0456
Date: 13/6/08
Tax Invoice No. 2349a
Sold To: B Willams

	Qty	Unit Price	Amount
Dog Kennel	1	132.00	$132.00
Dog Food	4	55.00	$220.00
Total (incl. GST)			$352.00

Credit Terms 5/10, n/30

Receipt No. 4535
Pet Products
PO Box 2340
Melbourne 3001
Ph: 8339 0456
Date: 12/6/08

Received from: P Miller

The sum of: $340

For: part payment of account (discount $30)

Received with thanks
Monica

Memo No. 345
Pet Products

Date: *16/6/08*

Memo: Solicitor's letter received stating that B Williams will no longer be able to pay his account. This debt must now be written off.

Monica

a. **Complete** the journals below with the appropriate information from the source documents provided above.

Credit Sales Journal

Date	**Details**	**Inv. No.**	**Sales**	**GST**	**Debtors Control**
2008 June 2	B Williams	2345a	1 200	120	1 320
5	P Miller	2346a	750	75	825
7	S Thomson	2347a	460	46	506
9	E Wilson	2348a	360	36	396

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Cash Receipts Journal

Date	Details	Rec. No.	Disc. Exp.	Debtors	Cash Sales	Sundries	Bank
2008 June 4	B Williams	4532		350			350
6	Cash Sales	4533			2 500		2 500
10	S Thomson	4534		200			200

General Journal

Date	Details	Debit	Credit

5 marks

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b. **Record** the relevant entries from the journals and source documents provided on pages 17 and 18 in the Debtors Control Account, using either the T-format or the columnar format. **Complete** the account.

T-FORMAT

Debtors Control

Date	Details	Amount $	Date	Details	Amount $
2008 June 1	Balance	5 680			

OR

COLUMNAR FORMAT

Debtors Control

Date	Details	Debit	Credit	Balance
2008 June 1	Balance			5 680 DR

4 marks

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c. **Complete** the Debtors Subsidiary Ledger for B Williams.

T-FORMAT

Debtors Subsidiary Ledger – B Williams

Date	Details	Amount $	Date	Details	Amount $
2008 June 1	Balance	400			

OR

COLUMNAR FORMAT

Debtors Subsidiary Ledger – B Williams

Date	Details	Debit	Credit	Balance
2008 June 1	Balance			400 DR

4 marks

d. Provide **one** strategy to reduce the risk of bad debts, other than offering discounts.

1 mark

Total 14 marks

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Question 4

Steve's Mega Sports provides credit to a number of regular customers and provides the following terms: 5/10, n/30.

Extract of transactions for July 2008

- 9 July Smith Street Primary School purchased $2 560 of new athletics equipment on credit (Inv. 3-297s).
- 12 July Received a payment from Smith Street Primary School for full settlement of Inv. 3-245s (Chq. 9845).
- 14 July Brook Street Primary School purchased $3 000 of basketball equipment on credit (Inv. 3-298).

a. **Complete** the Statement of Account provided below with the information above.

Steve's Mega Sports
744 Beach Street
Phone: (03) 8398 5430
Fax: (03) 8398 5431
ABN: 56 143 243 134

Date: 31.07.2008

Customer: Smith Street Primary School
Smith Street
Collingwood 3024

Date	Details	DR	CR	Balance
July 1	Balance			$3 100 DR
5	Inv. 3-245s	5 450		8 550 DR
8	Chq. 4356		3 100	5 450 DR
			Balance	**$**

4 marks

Steve wants to reduce some of his administrative expenses and is considering **not** sending out Statements of Accounts to credit customers.

b. **Provide one** reason Steve should continue to provide customers with a Statement of Account.

1 mark

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c. **Provide** Steve with one different method of sending his Statements of Accounts out on time.

_____

_____

_____

_____

1 mark

Total 6 marks

END OF QUESTION AND ANSWER BOOK

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