



# Victorian Certificate of Education 2002

## ACCOUNTING

### Written examination 1

Tuesday 11 June 2002

Reading time: 2.45 pm to 3.00 pm (15 minutes)

Writing time: 3.00 pm to 4.30 pm (1 hour 30 minutes)

### QUESTION BOOK

#### Structure of book

<i>Number of questions</i>	<i>Number of questions to be answered</i>	<i>Number of marks</i>
3	3	60

- Students are permitted to bring into the examination room: pens, pencils, highlighters, erasers, sharpeners, rulers, an approved graphics calculator (memory cleared) and/or one 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 book of 9 pages.
- Answer book of 11 pages.

#### Instructions

- Write your **student number** in the space provided on the front page of the answer book.
- Answer all questions (in any order) in the answer book.
- All written responses must be in English.

#### At the end of the examination

- You may keep this question book.

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

**Question 1****Malson Traders**

Malson Traders imports window blinds from Indonesia and sells them to retail stores throughout Melbourne. The business uses the accrual method of recognising transactions and records stock through a perpetual recording system. Control accounts are maintained for Debtors, Creditors and Stock.

A list of assets and liabilities at 1 June 2002 is as follows:

	\$
Cash at Bank	28 400
Debtors Control	18 750
Stock Control	4 000
Prepaid Expenses	500
Delivery Truck (at cost)	23 000
Accumulated Depreciation on Delivery Truck	12 500
Creditors Control	14 250
Accrued Expenses	1 400

**Required**

1.1 Calculate the amount of owner's equity at 1 June 2002.

1 mark

1.2 During the month ending 30 June, the following two documents were to be recorded by Malson Traders.

## Document 1

Invoice No: 68	
<b><i>BAWA LIMITED</i></b>	
Date:	<i>27 June 2002</i>
Charge to:	<i>Malson Traders</i>
For:	<i>Bamboo Blinds</i>
	<i>Model 11332 EX</i>
Quantity:	<i>60 Blinds</i>
Unit Price:	<i>\$60</i>
Amount:	<i>\$3 600</i>

## Document 2

Invoice No: 233	
<b>MALSON TRADERS</b>	
Date:	<i>28 June 2002</i>
Debit to:	<i>The Blind Specialists</i>
For:	<i>Bamboo Blinds</i>
	<i>Model 11332 EX</i>
Quantity:	<i>100 Blinds</i>
Unit price:	<i>\$100</i>
Amount:	<i>\$10 000</i>

The movement of bamboo blinds is recorded through stock cards using the identified cost method. Each blind is sold for \$100.

**Required**

**1.2.1 Record** the purchase of stock on 27 June (Invoice 68) in the Stock Card.

**1.2.2 Record** the sale of stock on 28 June (Invoice 233) in the Stock Card.

(Note: 40 units were from the balance at 1 June and 60 units from the purchase on 27 June.)

1 + 1 = 2 marks

**1.3** On 30 June a physical stocktake was conducted at the premises of Malson Traders. It revealed that there were 30 bamboo blinds on hand.

**Required**

**1.3.1 Record** the stock gain or loss of bamboo blinds at 30 June in the Stock Card.

**1.3.2** Apart from theft, **state** one other possible reason for a stock loss.

1 + 1 = 2 marks

**1.4 Calculate** the Cost of Goods Sold for June.

1 mark

**1.5 Enter** the following transactions in the General Journal of Malson Traders.

(Narrations are **not** required.)

- Purchase of blinds on 27 June (Invoice 68)
- Sale of blinds on 28 June (Invoice 233)

1 + 2 = 3 marks

**1.6** On 1 July, the owner of Malson Traders took two bamboo blinds home to install in his bedroom. The accountant at Malson Traders required that this transaction be recorded in the accounts.

**Required**

**1.6.1 State** the effect on the elements of the accounting equation if this transaction was **not** recorded.

**1.6.2 State** the accounting principle which requires the accountant to recognise this transaction in the accounts of Malson Trading. **Justify** your answer.

3 + 2 = 5 marks

**1.7** During July the following transactions occurred:

- On 5 July Malson Traders purchased \$1 000 worth of blinds from Bawa Ltd. (Invoice No. 109)
- On 8 July The Blind Specialists paid Malson Traders \$10 000 to settle their account. (Receipt No. 26)
- On 14 July the owner contributed \$5 000 to Malson Traders. (Receipt No. 27)

**Required**

**1.7.1** Complete the Purchases Journal and Cash Receipts Journal.

**1.7.2** Total and **post** the Purchases Journal and Cash Receipts Journal to the General Ledger accounts provided in the answer booklet.  
(Posting references **are** required.)  
(You are **not** required to balance the Ledger Accounts.)

3 + 3 = 6 marks

Total 20 marks

**Question 2****Bendigo Desks**

Andrew Smith owns and operates a business selling computer desks. The business uses a perpetual stock recording system and adopts the accrual system of accounting.

The accountant for Bendigo Desks has prepared the following Trial Balance.

**BENDIGO DESKS****Trial Balance at 30 June 2002**

Chart of Account Numbers	Account Name	Trial Balance	
		Debit \$	Credit \$
10	Bank	26 650	
15	Debtors Control	8 000	
20	Stock Control	27 800	
25	Prepaid Rent	1 000	
50	Equipment	80 000	
55	Accumulated Depreciation – Equipment		16 200
60	Delivery Van	xxxxx	
65	Accumulated Depreciation – Delivery Van		4 500
100	Creditors Control		14 600
105	Accrued Expenses		400
110	Revenue Received in Advance		2 000
150	Loan		40 000
200	Capital – Andrew Smith		90 950
205	Drawings – Andrew Smith	12 400	
300	Sales Revenue		103 600
400	Cost of Goods Sold	34 000	
405	Administration Expense	3 200	
410	Advertising Expense	1 700	
415	Freight in (on stock purchases)	2 333	
420	Depreciation of Delivery Van	4 500	
425	Depreciation of Equipment	4 000	
430	Interest on Loan	xxxxx	
435	Rent Expense	xxxxx	
440	Wages Expense	19 000	
	<b>Totals</b>	<b>272 250</b>	<b>272 250</b>

- Note:**
- i. Figures marked xxxxx are to be calculated in the questions that follow.
  - ii. All balance day adjustments have been recorded except for those listed below.
  - iii. The loan is to be repaid in five equal annual instalments of \$8 000 (plus interest) commencing 1 December 2002.

**Adjustments**

- An error in recording was discovered on 30 June. An invoice for Advertising Expense for \$100 had been incorrectly posted to Administration Expense.
- Interest on the loan is calculated at 8% per annum. The loan was taken out on 1 December 2001.

**Question 2 – continued**

**TURN OVER**

[www.theallpapers.com](http://www.theallpapers.com)

**Required**

- 2.1 Prepare** the General Journal Entries to record these adjustments.  
(Narrations are **not** required.)

1 + 2 = 3 marks

- 2.2** Rent is paid on the last day of each month, for the following month. At 30 June 2001 the Prepaid Rent account had a debit balance of \$800. On 1 December it was agreed that the Rent Expense would rise from \$800 per month to \$1 000 per month, commencing 1 January 2002.

**Required**

- 2.2.1 Calculate** the Rent Expense for the year ended 30 June 2002.
- 2.2.2 Calculate** the cash paid for rent during the year ended 30 June 2002.
- 2.2.3 State** how Prepaid Rent would be classified in the Balance Sheet at 30 June. **Justify** your answer.

1 + 1 + 2 = 4 marks

The Delivery Van was purchased on 1 October 2001. It has an estimated five-year life and an expected residual value of \$5 000. At 30 June 2002 the Accumulated Depreciation on the Delivery Van account had a credit balance of \$4 500. The business uses the straight line method of depreciation.

**Required**

- 2.3 Calculate** the purchase price of the Delivery Van on 1 October 2001.  
(Show all workings.)

2 marks

- 2.4 Prepare** a Profit and Loss Statement for the year ending 30 June 2002 showing Gross Profit and Net Profit.  
(No further classification of expenses is required beyond Gross Profit.)

4 marks

- 2.5 Prepare** the Current Liabilities section of the Balance Sheet at 30 June 2002.

2 marks

Many other businesses use functional classification when preparing Profit and Loss Statements.

**Required**

- 2.6 Explain** one benefit of using functional classification when preparing Profit and Loss Statements.

2 marks

- 2.7 The owner has asked the accountant about Bendigo Desks' profitability. The accountant produces the following information.

	<b>Bendigo Desks</b>	<b>Industry Average</b>
	<b>2002</b>	<b>2002</b>
Return on Total Assets (Net Profit/Average Total Assets)	23.7%	18.0%

**Required**

2.7.1 **Explain** why the Return on Total Assets is used as an indicator of profitability.

2.7.2 **State** and **explain** one other indicator of profitability the accountant may use.

2 + 2 = 4 marks

- 2.8 On 1 July 2002, a customer ordered a desk (selling price \$500, cost price \$350) paying a cash deposit of \$200. The accounts for Bendigo Desks were closed and reports prepared on 31 July 2002. The desk was delivered on 4 August. An invoice was sent the same day.

**Required**

2.8.1 **Show** how the relevant ledger accounts would appear after the receipt of cash was recorded on 1 July.

2.8.2 **Complete** the General Journal Entry required on 4 August.  
(Narration is **not** required.)

1 + 3 = 4 marks

Total 25 marks

**TURN OVER**

**Question 3****Cash Controllers**

Cash Controllers buy and sell second-hand furniture. The business operates on cash terms and has no facilities for credit transactions. A Bank Statement is received at the end of each month and a Bank Reconciliation Statement is prepared monthly.

A summary of the cash transactions for June 2002 is given below:

**Cash Receipts**

2002	Particulars	Receipt No.	Amount
			\$
8 June	Cash Sale	415	400
14 June	Cash Sale	416	650
16 June	Interest	417	200
22 June	Cash Sale	418	500
28 June	Cash Sale	419	<u>800</u>
			<u>2 550</u>

**Cash Payments**

2002	Particulars	Cheque No.	Amount
			\$
8 June	Wages	7622	200
12 June	Stock	7623	1 500
24 June	Insurance	7624	900
	Cancelled	7625	–
27 June	Stock	7626	<u>4 000</u>
			<u>6 600</u>

The Bank Statement for Cash Controllers for June is given below.  
(Note: Assume that the Bank Statement figures are correct.)

**EASTPAC BANK****BANK STATEMENT: CASH CONTROLLERS – 30 JUNE 2002**

Date	Details	Debit	Credit	Balance
		\$	\$	\$
June 1	B/F			12 600 Cr
8	c/c		400	13 000 Cr
12	chq 7622	200		12 800 Cr
14	c/c		650	13 450 Cr
16	chq 7623	1 500		11 950 Cr
16	c/c		200	12 150 Cr
22	c/c		600	12 750 Cr
25	chq 7619	800		11 950 Cr
30	chq 7626	4 000		7 950 Cr
30	Interest		40	7 990 Cr
30	Bank charges	15		7 975 Cr

Note: c/c = deposit by cash or cheque



**3.1** The balance of the Cash at Bank Ledger Account of the business at 1 June was \$11 400 Dr. The Bank Reconciliation Statement prepared on 31 May showed two unpresented cheques. Their details are as follows:

- Cheque No. 7619                      \$800
- Cheque No. 7621                      \$400

There were no unrecorded deposits at 31 May.

### Required

**3.1.1** Calculate the balance of the Cash at Bank Ledger Account at 30 June from the business's records.

**3.1.2** Prepare the Bank Reconciliation Statement as at 30 June.

**3.1.3** State one purpose of preparing a Bank Reconciliation Statement.

2 + 3 + 1 = 6 marks

**3.2** Consider the following cash transactions.

- Interest on Overdraft
- Additional Capital
- Repayment of Loan by Cash Controllers

### Required

**3.2.1** Show how each transaction would be classified in the Cashflow Statement and whether each transaction is an inflow or outflow item.

**3.2.2** Cashflow Statements include the classification: 'Investing items'. Explain what is meant by Investing items.

3 + 2 = 5 marks

In the previous three years, Cash Controllers has recorded a significant **decrease** in net cash inflow. However, in the same period there has been a significant **increase** in Net Profit.

### Required

**3.3** State two transactions that could help to explain these results.

2 marks

**3.4** State two benefits of preparing a Cashflow Statement.

2 marks

Total 15 marks



# Victorian Certificate of Education 2002

SUPERVISOR TO ATTACH PROCESSING LABEL HERE

**STUDENT NUMBER**

Figures


Words

Letter

# ACCOUNTING

## Written examination 1

Tuesday 11 June 2002

Reading time: 2.45 pm to 3.00 pm (15 minutes)

Writing time: 3.00 pm to 4.30 pm (1 hour 30 minutes)

## ANSWER BOOK

### Instructions

- A question book is provided with this answer book.
- Answer all questions in the spaces provided in this book.
- Write your **student number** in the space provided above on this page.
- Refer to **Instructions** on the front cover of the question book.

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

**This page is blank**

**Question 1 – Malson Traders****1.1**

<b>Calculation</b>	
Owner's Equity	\$

1 mark

**Stock card for 1.2.1, 1.2.2 and 1.3.1****Bamboo Blinds – model 11332 EX**

Date 2002	Details	IN			OUT			BALANCE		
		Quantity	Unit Cost \$	Total Cost \$	Quantity	Unit Cost \$	Total Cost \$	Quantity	Unit Cost \$	Total Cost \$
June 1	Balance							80	50	4 000
27										
28										
30										

1 + 1 + 1 = 3 marks

**1.3.2**

<b>Reason</b>	

1 mark

**Question 1 – continued**  
**TURN OVER**

**1.4**

<b>Calculation</b>	
Cost of Goods Sold	\$

1 mark

**1.5**

**GENERAL JOURNAL**

Date 2002	Accounts	Post. Ref.	Debit \$	Credit \$

1 + 2 = 3 marks

**1.6.1**

	<b>Effect (Overstated/Understated/No Change)</b>
<b>Assets</b>	
<b>Liabilities</b>	
<b>Owner's Equity</b>	

3 marks

**1.6.2**

<b>Accounting Principle</b>
<b>Justification</b>

2 marks

1.7.1

**PURCHASES JOURNAL****PJ 1**

<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Invoice No.</b>	<b>Amount \$</b>

**CASH RECEIPTS JOURNAL (extract)****CRJ 1**

<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Rec. No.</b>	<b>Bank</b>	<b>Cash Sales \$</b>	<b>Debtors \$</b>	<b>Sundries \$</b>	<b>Cost of Goods Sold \$</b>

3 marks

1.7.2

**STOCK CONTROL****CA 1**

<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>	<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>
July				July			

**CREDITOR CONTROL****CL 1**

<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>	<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>
July				July			

**BANK****CA 2**

<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>	<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>
July				July			

Question 1 – continued  
**TURN OVER**

**DEBTORS CONTROL****CA 3**

<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>	<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>
July				July			

**CAPITAL****P 1**

<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>	<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>
July				July			

3 marks  
Total 20 marks

**Question 2 – Bendigo Desks**

2.1

**GENERAL JOURNAL**

<b>Date 2002</b>	<b>Accounts</b>	<b>Post. Ref.</b>	<b>Debit \$</b>	<b>Credit \$</b>
Jun 30				

1 + 2 = 3 marks

2.2.1

**Calculation**

Rent Expense	\$	

1 mark

2.2.2

**Calculation**

Rent Payment	\$	

1 mark

2.2.3

**Classification****Justification**


2 marks

2.3

**Calculation**

Purchase Price	\$	

2 marks

**Question 2 – continued**  
**TURN OVER**



2.4

**BENDIGO DESKS**

**PROFIT AND LOSS STATEMENT FOR YEAR ENDING 30 JUNE 2002**

<b>Gross Profit</b>		
<b>Net Profit</b>		

4 marks

2.5

**BENDIGO DESKS**

**BALANCE SHEET(extract only) AS AT 30 JUNE 2002**

<b>Current Liabilities</b>		

2 marks

2.6

<b>Explanation</b>

2 marks

## 2.7.1

<b>Explanation</b>

2 marks

## 2.7.2

<b>Indicator</b>
<b>Explanation</b>

2 marks

## 2.8.1

**GENERAL LEDGER (extract only) of BENDIGO DESKS****BANK**

<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>	<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>
1 July	Balance		26 650				

**REVENUE RECEIVED IN ADVANCE**

<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>	<b>Date 2002</b>	<b>Particulars</b>	<b>Post. Ref.</b>	<b>Amount \$</b>
				1 July	Balance		2 000

1 mark

## 2.8.2

**GENERAL JOURNAL**

<b>Date 2002</b>	<b>Accounts</b>	<b>Post. Ref.</b>	<b>Debit \$</b>	<b>Credit \$</b>

3 marks

Total 25 marks

**TURN OVER**

**Question 3 – Cash Controllers**

**3.1.1**

<b>Calculation</b>	
Cash at Bank	\$

2 marks

**3.1.2**

**CASH CONTROLLERS  
BANK RECONCILIATION STATEMENT AS AT 30 JUNE 2002**


3 marks

**3.1.3**

<b>Purpose</b>	

1 mark

**3.2.1**

	Operating/Investing/Financing	Inflow/Outflow
<b>Interest on Overdraft</b>		
<b>Additional Capital</b>		
<b>Repayment of Loan by Cash Controllers</b>		

3 marks

**3.2.2**

<b>Explanation</b>

2 marks

**3.3**

<b>Transaction 1</b>
<b>Transaction 2</b>

2 marks

**3.4**

<b>Benefit 1</b>
<b>Benefit 2</b>

2 marks

Total 15 marks