



# Victorian Certificate of Education 2003

## ACCOUNTING

### Written examination 1

**Tuesday 10 June 2003**

**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<br/>questions</i> | <i>Number of questions<br/>to be answered</i> | <i>Number of<br/>marks</i> |
|--------------------------------|-----------------------------------------------|----------------------------|
| 2                              | 2                                             | 90                         |

- 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 8 pages.
- Answer book of 16 pages.

#### **Instructions**

- Write your **student number** in the space provided on the front page of the answer book.
- Answer both questions 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****Dyson's Desks**

Mary Dyson owns and operates 'Dyson's Desks', a small business selling office furniture and computer desks. The business operates mainly on a cash basis but offers 30 day credit terms to larger customers.

Dyson's Desks buys stock from several manufacturers on 30 day credit terms. The business uses the perpetual inventory system and all stock movements are recorded using the FIFO (First In First Out) method of cost assignment.

- 1.1** Mary records transactions into a manual accounting system. At 30 June 2003 she discovered three documents relating to Model 12A desks that had been recorded in the journals but had not been recorded onto the Stock Card.

Document 1

|                                                           |                        |
|-----------------------------------------------------------|------------------------|
| <b>CLASSIC OFFICE FURNISHINGS</b>                         |                        |
| ABN 95 254 369 741                                        |                        |
|                                                           | <b>Tax Invoice 372</b> |
|                                                           | <b>Date 12/6/2003</b>  |
| <b>Charge to:</b> Dyson's Desks                           |                        |
| <b>Item:</b> Model 12A Office Desks (10 units @ \$280 ea) |                        |
| <b>Amount</b>                                             | \$ 2 800               |
| <b>Total</b>                                              | \$ 2 800               |
| Terms 2/14, n/30                                          |                        |

Document 2

|                                                           |                        |
|-----------------------------------------------------------|------------------------|
| <b>CLASSIC OFFICE FURNISHINGS</b>                         |                        |
| ABN 95 254 369 741                                        |                        |
|                                                           | <b>Tax Invoice 391</b> |
|                                                           | <b>Date 28/6/2003</b>  |
| <b>Charge to:</b> Dyson's Desks                           |                        |
| <b>Item:</b> Model 12A Office Desks (10 units @ \$300 ea) |                        |
| <b>Amount</b>                                             | \$ 3 000               |
| <b>Total</b>                                              | \$ 3 000               |
| Terms 2/14, n/30                                          |                        |

Document 3

|                                                   |                         |
|---------------------------------------------------|-------------------------|
| <b>Dyson's Desks</b>                              | <b>Memo:</b> 29/06/2003 |
| Withdrew 1 Model 12A Office Desk for personal use | \$280.00                |

**Required**

- 1.1.1** Using the information contained in Documents 1, 2 and 3, **complete** the Stock Card for Model 12A Office Desks.

3 marks

- 1.1.2** Excluding theft, **state** two reasons why the number of units counted during a physical stocktake may be less than that shown by the Stock Cards.

2 marks

- 1.1.3** **State** the effect on Owner's Equity at 30 June 2003 if Document 3 was not entered in the General Journal and the Stock Card. **Explain** your answer.

1 + 2 = 3 marks

- 1.2** Upon further investigation, Mary discovered three other transactions that had not been recorded.

- 28 June – Paid Desks Unlimited \$4 575 in full settlement of a debt of \$4 600 (Cheque No. 97).
- 29 June – Mary withdrew \$2 100 for a family holiday (Cheque No. 98).
- 30 June – Paid wages \$7 500 (Cheque No.99).

**Required**

- 1.2.1** **Record** the three transactions in the Cash Payments Journal.

3 marks

- 1.2.2** **State** one benefit of using a multicolumn Cash Payments Journal.

1 mark

- 1.2.3** **Post** the Cash Payments Journal and the Purchases Journal (extract) below, to the General Ledger accounts provided.

(You are **not** required to balance the General Ledger accounts.)

**Purchases Journal (extract)**

| DATE<br>2003 | CREDITOR | POST.<br>REF. | INVOICE<br>NO. | AMOUNT<br>\$ |
|--------------|----------|---------------|----------------|--------------|
| 30 June      | Total    |               |                | 33 000       |

4 marks

- 1.3** Mary is concerned about the manual accounting system that she currently uses. She is considering purchasing a computerised accounting package for business record keeping.

**Required**

**Explain** why the use of a computerised accounting package may improve the reliability of Dyson's Desks' accounting reports.

2 marks

**1.4** After all transactions for the year were recorded, a Trial Balance was prepared at 30 June 2003.

**DYSON'S DESKS  
TRIAL BALANCE AS AT 30 JUNE 2003**

| <b>ACCOUNT<br/>NUMBER</b> | <b>ACCOUNT</b>                       | <b>DR<br/>\$</b> | <b>CR<br/>\$</b> |
|---------------------------|--------------------------------------|------------------|------------------|
| 101                       | Bank                                 |                  | 16 000           |
| 102                       | Debtors                              | 28 000           |                  |
| 103                       | Stock                                | 98 000           |                  |
| 104                       | Stock of Stationery                  | 6 800            |                  |
| 151                       | Land and Buildings                   | 275 000          |                  |
| 152                       | Equipment                            | 18 000           |                  |
| 152A                      | Accumulated Depreciation – Equipment |                  | 5 500            |
| 201                       | Creditors                            |                  | 45 000           |
| 301                       | Capital                              |                  | 351 680          |
| 302                       | Drawings                             | 47 280           |                  |
| 401                       | Sales                                |                  | 519 000          |
| 402                       | Discount Revenue                     |                  | 150              |
| 501                       | Cost of Sales                        | 345 000          |                  |
| 502                       | Administration Expenses              | 7 000            |                  |
| 503                       | Advertising                          | 15 000           |                  |
| 504                       | Vehicle Expenses                     | 11 250           |                  |
| 505                       | Wages                                | 86 000           |                  |
|                           | <b>TOTALS</b>                        | 937 330          | 937 330          |

The following items require adjusting entries to be made.

- i.** Stock of Stationery on hand at 30 June 2003 was \$2 100.
- ii.** Depreciation on Equipment for the year was \$1 925.
- iii.** A stocktake on 30 June 2003 revealed the following details relating to Model 421 Desks.
 

|                           |                |
|---------------------------|----------------|
| Quantity on Stock Card    | 42 units       |
| Quantity as per stocktake | 40 units       |
| Unit cost (FIFO)          | \$500 per unit |
- iv.** A payment of \$500 for Administration Expenses has been incorrectly posted to the Advertising account.

**Required**

**1.4.1 Enter** each adjustment into the 6 column worksheet and complete the Adjusted Trial Balance.

1 + 1 + 2 + 1 + 1 = 6 marks

**1.4.2 Prepare** a classified Statement of Financial Performance for the year ended 30 June 2003.

5 marks

**1.4.3 Prepare** the Non-Current Asset section of the Statement of Financial Position as at 30 June 2003.

3 marks

**1.4.4** Select one item included in your answer to Question **1.4.3** and **explain** why it should be classified as a Non-Current Asset.

2 marks

**1.5** The accountant has prepared a summary of all Receipts and Payments for the year ended 30 June 2003. The balance in the Bank ledger account at 1 July 2002 was \$9 550 credit (Cr).

**Cash Receipts**

|                       | \$             |
|-----------------------|----------------|
| Cash Sales            | 361 000        |
| Receipts from Debtors | 142 000        |
| Capital Contribution  | 10 000         |
|                       | <u>513 000</u> |

**Cash Payments**

|                         | \$             |
|-------------------------|----------------|
| Payments to Creditors   | 341 000        |
| Purchases of Stationery | 4 200          |
| Drawings                | 47 000         |
| Administration Expenses | 7 500          |
| Advertising             | 14 500         |
| Vehicle Expenses        | 11 250         |
| Wages                   | 86 000         |
| Purchase of Equipment   | 8 000          |
|                         | <u>519 450</u> |

**Required**

**1.5.1 Prepare** a classified Statement of Cash Flows for the year ended 30 June 2003.

5 marks

**1.5.2 State** what is meant by the term 'Investing Activities' in the Statement of Cash Flows. Give one example of an Investing Activity inflow.

1 + 1 = 2 marks

**1.6** The owner is concerned that the bank overdraft has increased and is surprised that the business may report a Net Profit for the year.

**Required**

**Explain**, giving two examples from the Statement of Cash Flows, how this business can record a Net Profit, and at the same time, increase its bank overdraft.

1 + 1 + 2 = 4 marks

Total 45 marks

**TURN OVER**

## Question 2

### Sea Supplies

Bert Simpson owns and operates Sea Supplies which specialises in selling surfboards. Bert's business uses the accrual method of recognising transactions. Stock details are kept using a perpetual recording system.

Bert provides you with a list of all assets and liabilities at 30 June 2003.

|                                               | \$               |
|-----------------------------------------------|------------------|
| Accrued Wages                                 | 1 050            |
| Accumulated Depreciation – Computer Equipment | 2 000            |
| Accumulated Depreciation – Delivery Truck     | 5 000            |
| Accumulated Depreciation – Office Furniture   | 3 500            |
| Bank                                          | 2 500 Debit (Dr) |
| Computer Equipment                            | 6 000            |
| Creditors                                     | 9 400            |
| Debtors                                       | 2 200            |
| Delivery Truck                                | 25 000           |
| Land and Buildings (1998 – cost)              | 140 000          |
| Loan – ABC Bank                               | 30 000           |
| Office Furniture                              | 10 000           |
| Prepaid Insurance                             | 1 500            |
| Stock                                         | 28 000           |

- 2.1 Bert has decided to commence using an accounting software package to record all transactions from 1 July 2003.

#### Required

**Complete** the opening General Journal entry required to establish the new double entry recording system at 1 July 2003.

(A narration is **not** required.)

3 marks

- 2.2 Bert is confused over the following statements made by his accountant.

- Statement 1: Any stock Bert takes home for his son should be recorded in the accounts of Sea Supplies.
- Statement 2: The accounts that appear in the Statement of Financial Performance need to be closed off at the end of each reporting period.

#### Required

For each statement **identify** one accounting principle that supports the statement. **Justify** each answer.

2 + 2 = 4 marks

- 2.3 On 31 July 2003 Bert purchased a computer-linked cash register system (cost \$4 000). There was an additional cost of \$840 for an annual service agreement. The cash register was supplied and installed, on credit, by Ace Computers. An invoice for \$4 840 was received on the same day.

#### Required

- 2.3.1 **Prepare** the General Journal entry required to record this transaction.

(A narration is **not** required.)

3 marks

- 2.3.2 **Show** how the service agreement would be reported in the Statement of Financial Position at 30 June 2004.

1 + 1 + 1 = 3 marks

**Question 2** – continued

- 2.4** The next date for payment of wages is 4 July 2003 when \$5 000, including the accrued wages, will be paid. The payment of wages is based on information contained in time sheet records. The time sheet records for each employee are maintained by the accountant.

**Required**

- 2.4.1 Show** how the payment of wages of \$5 000 (Cheque No. 442) on 4 July 2003 would be recorded in the Cash Payments Journal.

2 marks

- 2.4.2 State** the qualitative characteristic that would be achieved through the use of time sheet records as the basis for the payment of wages.

1 mark

- 2.5** The land and buildings were purchased on 1 July 1998 for \$140 000. In June 2004, an independent expert reported that the fair value of the premises was \$320 000. It was agreed to revalue the land and buildings at 30 June 2004.

**Required**

- 2.5.1 Show** the effect on Assets and Owner's Equity at 30 June 2004 if the land and buildings are revalued.

2 marks

- 2.5.2 Explain** what is meant by the term 'fair value'.

2 marks

- 2.6** The delivery truck was originally purchased on 1 July 2002 for \$25 000. At the time of purchase it was estimated that the truck would have a working life of four years and a residual value of \$5 000. Sea Supplies uses the straight line method of depreciation.

**Required**

- 2.6.1 Calculate** the rate (%) of depreciation being charged on the delivery truck each year.

1 mark

- 2.6.2** If Bert had used the reducing balance method of depreciation (at a rate of 30% per year) rather than the straight line method, **calculate** the depreciation expense on the delivery truck for the years ended

- 30 June 2003
- 30 June 2004.

1 + 2 = 3 marks

- 2.6.3 Show** the effect on the Statement of Financial Performance for the year ended 30 June 2004, if Bert had used the reducing balance method rather than the straight line method of depreciation.

2 marks

**2.7** The Statement of Financial Position prepared on 30 June 2004 showed the following assets.

|                                             | \$     |
|---------------------------------------------|--------|
| Office Furniture                            | 10 000 |
| Accumulated Depreciation – Office Furniture | 4 500  |

On 1 July 2004, Bert traded in the office furniture for new furniture. The new office furniture was purchased on credit from Delta Office Solutions for \$14 700. Delta Office Solutions gave Bert a trade-in allowance of \$3 500 towards the new furniture.

**Required**

**2.7.1 Prepare** the General Journal entries required to record

- the disposal of the office furniture
- the trade-in allowance
- the purchase of the new office furniture.

(Narrations are **not** required.)

4 + 2 + 2 = 8 marks

**2.7.2 Show** how the disposal of the office furniture would be reported in the Statement of Financial Performance for the year ended 30 June 2005.

2 marks

**2.8** Prepaid insurance at 1 July 2003 was \$1 500. This insurance policy expires on 30 September 2003. A new 12 month policy commencing 1 October 2003 costing \$8 400 was paid on 20 September 2003. The necessary adjusting and closing entries were made on 30 June 2004.

**Required**

**Show** how the Prepaid Insurance and Insurance Expense accounts would appear in the General Ledger of Sea Supplies at 30 June 2004 after all entries have been posted.

(Balance the ledger accounts as appropriate.)

5 marks

**2.9** The following information relates to an order placed by the local life-saving club.

- 25 June 2004 – Bert receives an order to supply the local life-saving club with \$2 000 worth of surfboards.
- 28 June 2004 – Bert receives a deposit of \$200.
- 9 July 2004 – Bert delivers the surfboards to the life-saving club. He includes an invoice for the balance of \$1 800.
- 28 July 2004 – Bert receives \$1 800 from the life-saving club.

**Required**

**2.9.1** For each revenue realisation method listed below, **show** the amount of revenue that would be recognised at each date.

- point of sale
- point of cash transfer

2 marks

**2.9.2 State** which revenue recognition method is most appropriate for Sea Supplies. **Justify** your answer.

1 + 1 = 2 marks

Total 45 marks

**END OF QUESTION BOOK**



# Victorian Certificate of Education 2003

SUPERVISOR TO ATTACH PROCESSING LABEL HERE

## STUDENT NUMBER

Figures

Words

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
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Letter

|  |
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## ACCOUNTING

### Written examination 1

**Tuesday 10 June 2003**

**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.**

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**Question 1 – Dyson's Desks****1.1.1****Stock Card****Model 12A Office Desks**

| Date<br>2003 | Details        | IN  |                 |                  | OUT |                 |                  | BALANCE |                 |                  |
|--------------|----------------|-----|-----------------|------------------|-----|-----------------|------------------|---------|-----------------|------------------|
|              |                | Qty | Unit Cost<br>\$ | Total Cost<br>\$ | Qty | Unit Cost<br>\$ | Total Cost<br>\$ | Qty     | Unit Cost<br>\$ | Total Cost<br>\$ |
| 30 June      | <b>Balance</b> |     |                 |                  |     |                 |                  | 5       | 280             | 1 400            |
|              |                |     |                 |                  |     |                 |                  |         |                 |                  |
|              |                |     |                 |                  |     |                 |                  |         |                 |                  |
|              |                |     |                 |                  |     |                 |                  |         |                 |                  |
|              |                |     |                 |                  |     |                 |                  |         |                 |                  |
|              |                |     |                 |                  |     |                 |                  |         |                 |                  |

3 marks

**1.1.2**

|                 |
|-----------------|
| <b>Reason 1</b> |
|                 |
| <b>Reason 2</b> |
|                 |

2 marks

**1.1.3**

|                    |
|--------------------|
| <b>Effect</b>      |
|                    |
| <b>Explanation</b> |
|                    |
|                    |

1 + 2 = 3 marks

**1.2.1 Cash Payments Journal**

| <b>Date<br/>2003</b> | <b>Details</b>     | <b>Post.<br/>Ref.</b> | <b>Chq<br/>No.</b> | <b>Bank</b> | <b>Disc.<br/>Rev.</b> | <b>Creditors</b> | <b>Stock</b> | <b>Wages</b> | <b>Drawings</b> | <b>Sundries</b> |
|----------------------|--------------------|-----------------------|--------------------|-------------|-----------------------|------------------|--------------|--------------|-----------------|-----------------|
| June 4               | Drawings           |                       | 91                 | 800         |                       |                  |              |              | 800             |                 |
| 5                    | Advertising        |                       | 92                 | 1 000       |                       |                  |              |              |                 | 1 000           |
| 11                   | Custom<br>Design   |                       | 93                 | 1 500       |                       | 1 500            |              |              |                 |                 |
| 16                   | Wages              |                       | 94                 | 7 750       |                       |                  |              | 7 750        |                 |                 |
|                      | Ace<br>Cabinets    |                       | 95                 | 2 600       |                       | 2 600            |              |              |                 |                 |
| 27                   | Admin.<br>Expenses |                       | 96                 | 200         |                       |                  |              |              |                 | 200             |
|                      |                    |                       |                    |             |                       |                  |              |              |                 |                 |
|                      |                    |                       |                    |             |                       |                  |              |              |                 |                 |
|                      |                    |                       |                    |             |                       |                  |              |              |                 |                 |
|                      |                    |                       |                    |             |                       |                  |              |              |                 |                 |
|                      | <b>TOTAL</b>       |                       |                    |             |                       |                  |              |              |                 |                 |

3 marks

**1.2.2**

|                |
|----------------|
| <b>Benefit</b> |
|                |

1 mark

**1.2.3 General Ledger (extract)****201****CREDITORS**

| <b>Date<br/>2003</b> | <b>Particulars</b> | <b>Post.<br/>Ref.</b> | <b>\$</b> | <b>Date<br/>2003</b> | <b>Particulars</b> | <b>Post.<br/>Ref.</b> | <b>\$</b> |
|----------------------|--------------------|-----------------------|-----------|----------------------|--------------------|-----------------------|-----------|
|                      |                    |                       |           | 1 June               | Balance            |                       | 20 700    |
|                      |                    |                       |           |                      |                    |                       |           |
|                      |                    |                       |           |                      |                    |                       |           |

**503****ADVERTISING**

| <b>Date<br/>2003</b> | <b>Particulars</b> | <b>Post.<br/>Ref.</b> | <b>\$</b> | <b>Date<br/>2003</b> | <b>Particulars</b> | <b>Post.<br/>Ref.</b> | <b>\$</b> |
|----------------------|--------------------|-----------------------|-----------|----------------------|--------------------|-----------------------|-----------|
|                      |                    |                       |           |                      |                    |                       |           |
|                      |                    |                       |           |                      |                    |                       |           |

**505****WAGES**

| <b>Date<br/>2003</b> | <b>Particulars</b> | <b>Post.<br/>Ref.</b> | <b>\$</b> | <b>Date<br/>2003</b> | <b>Particulars</b> | <b>Post.<br/>Ref.</b> | <b>\$</b> |
|----------------------|--------------------|-----------------------|-----------|----------------------|--------------------|-----------------------|-----------|
|                      |                    |                       |           |                      |                    |                       |           |
|                      |                    |                       |           |                      |                    |                       |           |

4 marks

**1.3**

|                    |
|--------------------|
| <b>Explanation</b> |
|                    |
|                    |

2 marks

## 1.4.1

**DYSON'S DESKS**  
**6 COLUMN WORKSHEET AS AT 30 JUNE 2003**

| Account Number | Account                              | Trial Balance |           | Adjustments |           | Adjusted Trial Balance |           |
|----------------|--------------------------------------|---------------|-----------|-------------|-----------|------------------------|-----------|
|                |                                      | Debit \$      | Credit \$ | Debit \$    | Credit \$ | Debit \$               | Credit \$ |
| 101            | Bank                                 |               | 16 000    |             |           |                        | 16 000    |
| 102            | Debtors                              | 28 000        |           |             |           | 28 000                 |           |
| 103            | Stock                                | 98 000        |           |             |           |                        |           |
| 104            | Stock of Stationery                  | 6 800         |           |             |           |                        |           |
| 151            | Land and Buildings                   | 275 000       |           |             |           | 275 000                |           |
| 152            | Equipment                            | 18 000        |           |             |           | 18 000                 |           |
| 152A           | Accumulated Depreciation – Equipment |               | 5 500     |             |           |                        |           |
| 201            | Creditors                            |               | 45 000    |             |           |                        | 45 000    |
| 301            | Capital                              |               | 351 680   |             |           |                        | 351 680   |
| 302            | Drawings                             | 47 280        |           |             |           | 47 280                 |           |
| 401            | Sales                                |               | 519 000   |             |           |                        | 519 000   |
| 402            | Discount Revenue                     |               | 150       |             |           |                        | 150       |
| 501            | Cost of Sales                        | 345 000       |           |             |           | 345 000                |           |
| 502            | Administration Expenses              | 7 000         |           |             |           |                        |           |
| 503            | Advertising                          | 15 000        |           |             |           |                        |           |
| 504            | Vehicle Expenses                     | 11 250        |           |             |           | 11 250                 |           |
| 505            | Wages                                | 86 000        |           |             |           | 86 000                 |           |
|                |                                      |               |           |             |           |                        |           |
|                |                                      |               |           |             |           |                        |           |
|                |                                      |               |           |             |           |                        |           |
|                |                                      |               |           |             |           |                        |           |
|                | <b>TOTALS</b>                        | 937 330       | 937 330   |             |           |                        |           |

1 + 1 + 2 + 1 + 1 = 6 marks

1.4.2

**DYSON'S DESKS****STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2003**

|                              | \$ | \$ |
|------------------------------|----|----|
| <b>Revenue</b>               |    |    |
|                              |    |    |
|                              |    |    |
|                              |    |    |
| <b>Gross Profit</b>          |    |    |
|                              |    |    |
| <b>Adjusted Gross Profit</b> |    |    |
|                              |    |    |
|                              |    |    |
|                              |    |    |
|                              |    |    |
|                              |    |    |
|                              |    |    |
|                              |    |    |
|                              |    |    |
|                              |    |    |
|                              |    |    |
|                              |    |    |
| <b>Net Profit</b>            |    |    |

5 marks

**1.4.3**

**DYSON'S DESKS**  
**STATEMENT OF FINANCIAL POSITION (EXTRACT ONLY)**  
**AS AT 30 JUNE 2003**

|                           | \$ | \$ |
|---------------------------|----|----|
| <b>Non-Current Assets</b> |    |    |
|                           |    |    |
|                           |    |    |
|                           |    |    |
|                           |    |    |

3 marks

**1.4.4**

|                    |
|--------------------|
| <b>Item</b>        |
| <b>Explanation</b> |
|                    |
|                    |

2 marks

## 1.5.1

**DYSON'S DESKS**  
**STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2003**

|                                            | \$ | \$ |
|--------------------------------------------|----|----|
| <b>Cash Flow from Operating Activities</b> |    |    |
|                                            |    |    |
|                                            |    |    |
|                                            |    |    |
|                                            |    |    |
|                                            |    |    |
|                                            |    |    |
|                                            |    |    |
|                                            |    |    |
|                                            |    |    |
|                                            |    |    |
| <b>Cash Flow from Investing Activities</b> |    |    |
|                                            |    |    |
|                                            |    |    |
| <b>Cash Flow from Financing Activities</b> |    |    |
|                                            |    |    |
|                                            |    |    |
|                                            |    |    |
| <b>Net Cash Increase/Decrease</b>          |    |    |
| <b>Cash at Bank (1 July 2002)</b>          |    |    |
| <b>Cash at Bank (30 June 2003)</b>         |    |    |

5 marks

1.5.2

|                |
|----------------|
| <b>State</b>   |
|                |
| <b>Example</b> |

1 + 1 = 2 marks

1.6

|                       |
|-----------------------|
| <b>First example</b>  |
| <b>Second example</b> |
| <b>Explanation</b>    |
|                       |
|                       |
|                       |

1 + 1 + 2 = 4 marks

Total 45 marks

**Question 2 – Sea Supplies****2.1****GENERAL JOURNAL**

| <b>Date<br/>2003</b> | <b>Particulars</b>                            | <b>Post.<br/>Ref.</b> | <b>Debit<br/>\$</b> | <b>Credit<br/>\$</b> |
|----------------------|-----------------------------------------------|-----------------------|---------------------|----------------------|
| 1 July               | Accrued Wages                                 |                       |                     |                      |
|                      | Accumulated Depreciation – Computer Equipment |                       |                     |                      |
|                      | Accumulated Depreciation – Delivery Truck     |                       |                     |                      |
|                      | Accumulated Depreciation – Office Furniture   |                       |                     |                      |
|                      | Bank                                          |                       |                     |                      |
|                      | Computer Equipment                            |                       |                     |                      |
|                      | Creditors                                     |                       |                     |                      |
|                      | Debtors                                       |                       |                     |                      |
|                      | Delivery Truck                                |                       |                     |                      |
|                      | Land and Buildings                            |                       |                     |                      |
|                      | Loan – ABC Bank                               |                       |                     |                      |
|                      | Office Furniture                              |                       |                     |                      |
|                      | Prepaid Insurance                             |                       |                     |                      |
|                      | Stock                                         |                       |                     |                      |
|                      |                                               |                       |                     |                      |
|                      |                                               |                       |                     |                      |

3 marks

**2.2 Statement 1**

|                      |
|----------------------|
| <b>Principle</b>     |
| <b>Justification</b> |
|                      |
|                      |

**Statement 2**

|                      |
|----------------------|
| <b>Principle</b>     |
| <b>Justification</b> |
|                      |
|                      |

2 + 2 = 4 marks

**2.3.1****GENERAL JOURNAL**

| <b>Date<br/>2003</b> | <b>Particulars</b> | <b>Post.<br/>Ref.</b> | <b>Debit<br/>\$</b> | <b>Credit<br/>\$</b> |
|----------------------|--------------------|-----------------------|---------------------|----------------------|
|                      |                    |                       |                     |                      |
|                      |                    |                       |                     |                      |
|                      |                    |                       |                     |                      |
|                      |                    |                       |                     |                      |

3 marks

**2.3.2**

|                       |
|-----------------------|
| <b>Item</b>           |
| <b>Classification</b> |
| <b>Amount</b>         |

1 + 1 + 1 = 3 marks

**2.4.1 Cash Payments Journal (extract)**

| <b>Date<br/>2003</b> | <b>Details</b> | <b>Post.<br/>Ref.</b> | <b>Chq<br/>No.</b> | <b>Bank</b> | <b>Disc.<br/>Rev.</b> | <b>Creditors</b> | <b>Stock</b> | <b>Wages</b> | <b>Sundries</b> |
|----------------------|----------------|-----------------------|--------------------|-------------|-----------------------|------------------|--------------|--------------|-----------------|
|                      |                |                       |                    |             |                       |                  |              |              |                 |
|                      |                |                       |                    |             |                       |                  |              |              |                 |

2 marks

**2.4.2**

|                                   |
|-----------------------------------|
| <b>Qualitative characteristic</b> |
|-----------------------------------|

1 mark

**2.5.1 Effect**

| <b>Item</b>    | <b>Increase/Decrease</b> | <b>Amount<br/>\$</b> |
|----------------|--------------------------|----------------------|
| Assets         |                          |                      |
| Owner's Equity |                          |                      |

2 marks

**2.5.2**

|                    |
|--------------------|
| <b>Explanation</b> |
|                    |
|                    |

2 marks

**2.6.1**

|                              |  |
|------------------------------|--|
| <b>Calculation</b>           |  |
| <b>Depreciation rate (%)</b> |  |

1 mark

**2.6.2**

|                                                                                 |           |
|---------------------------------------------------------------------------------|-----------|
| <b>Calculation of Reducing Balance Depreciation for Year Ended 30 June 2003</b> |           |
| <b>Depreciation amount</b>                                                      | <b>\$</b> |

|                                                                                 |           |
|---------------------------------------------------------------------------------|-----------|
| <b>Calculation of Reducing Balance Depreciation for Year Ended 30 June 2004</b> |           |
| <b>Depreciation amount</b>                                                      | <b>\$</b> |

1 + 2 = 3 marks

**2.6.3 Effect on Financial Performance**

|        | Higher/<br>Lower | Amount<br>\$ |
|--------|------------------|--------------|
| Profit |                  |              |

2 marks

## 2.7.1

**GENERAL JOURNAL**

| <b>Date<br/>2004</b> | <b>Particulars</b> | <b>Post.<br/>Ref.</b> | <b>Debit<br/>\$</b> | <b>Credit<br/>\$</b> |
|----------------------|--------------------|-----------------------|---------------------|----------------------|
|                      |                    |                       |                     |                      |
|                      |                    |                       |                     |                      |
|                      |                    |                       |                     |                      |
|                      |                    |                       |                     |                      |
|                      |                    |                       |                     |                      |
|                      |                    |                       |                     |                      |
|                      |                    |                       |                     |                      |
|                      |                    |                       |                     |                      |
|                      |                    |                       |                     |                      |

4 + 2 + 2 = 8 marks

## 2.7.2

\$

|                                   |  |
|-----------------------------------|--|
| <b>Items included as Revenue</b>  |  |
|                                   |  |
|                                   |  |
| <b>Items included as Expenses</b> |  |
|                                   |  |
|                                   |  |

2 marks

**2.8****GENERAL LEDGER (extract only) of Sea Supplies****PREPAID INSURANCE**

| <b>Date</b> | <b>Particulars</b> | <b>Post.<br/>Ref.</b> | <b>\$</b> | <b>Date</b> | <b>Particulars</b> | <b>Post.<br/>Ref.</b> | <b>\$</b> |
|-------------|--------------------|-----------------------|-----------|-------------|--------------------|-----------------------|-----------|
|             |                    |                       |           |             |                    |                       |           |
|             |                    |                       |           |             |                    |                       |           |
|             |                    |                       |           |             |                    |                       |           |

**INSURANCE EXPENSE**

| <b>Date</b> | <b>Particulars</b> | <b>Post.<br/>Ref.</b> | <b>\$</b> | <b>Date</b> | <b>Particulars</b> | <b>Post.<br/>Ref.</b> | <b>\$</b> |
|-------------|--------------------|-----------------------|-----------|-------------|--------------------|-----------------------|-----------|
|             |                    |                       |           |             |                    |                       |           |
|             |                    |                       |           |             |                    |                       |           |
|             |                    |                       |           |             |                    |                       |           |

5 marks

**2.9.1 Amount of revenue recognised at each date**

|                               | <b>25 June 2004<br/>\$</b> | <b>28 June 2004<br/>\$</b> | <b>9 July 2004<br/>\$</b> | <b>28 July 2004<br/>\$</b> |
|-------------------------------|----------------------------|----------------------------|---------------------------|----------------------------|
| <b>Point of sale</b>          |                            |                            |                           |                            |
| <b>Point of cash transfer</b> |                            |                            |                           |                            |

2 marks

**2.9.2**

|                      |
|----------------------|
| <b>Method</b>        |
| <b>Justification</b> |
|                      |
|                      |

1 + 1 = 2 marks

Total 45 marks

**END OF ANSWER BOOK**