



ACCOUNTING ASSESSMENT TASK

2021

Unit 4 Outcome 1

Extension of recording and reporting

Reading time: 10 minutes

Writing time: 60 minutes

QUESTION BOOK

Structure of book

<i>Number of questions</i>	<i>Number of questions to be answered</i>	<i>Number of marks</i>
7	7	50

Directions to students

Students are permitted to bring into the test room: pens, pencils, highlighters, erasers, sharpeners, rulers and one scientific calculator.

Students are NOT permitted to bring into the test room: blank sheets of paper and/or white out liquid/tape.

Materials supplied

- Question book of 6 pages.
- Answer book of 9 pages.

Instructions

- Answer all questions in the Answer book.
- All written responses must be in English.

At the end of the test

- Please submit both this Question book and the Answer book at the end of the test.

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

Question 1 – Helen’s Hats (4 marks)

Helen’s Hats applies a mark-up of 50% and prepares reports on a monthly basis.

On 28 May 2021 Helen’s Hats received an order for 200 ‘Melbourne’ hats from Sandy Sports. Sandy Sports paid a \$500 deposit and were issued receipt 1116. The total price quoted to Sandy Sports was \$6 600 including GST.

On 19 June 2021 Helen’s Hats delivered 150 ‘Melbourne’ hats to Sandy Sports and issued invoice 774.

Record invoice 774 in the General Journal of Helen’s Hats.

A narration is **not** required.

Question 2 – Ellen’s Electronics (3 marks)

Ellen’s Electronics prepares reports on a quarterly basis ending 31 March, 30 June, 30 September and 31 December.

On 1 November 2020 Ellen’s Electronics invested \$30 000 in a 12-month Term Deposit with MNC Bank earning 6% interest per annum.

Interest is paid by MNC Bank on a half yearly basis on 30 April and 31 October each year.

Complete the Interest Revenue account in the General Ledger as at 30 June 2021.

Question 3 – Joel’s Jackets (7 marks)

Joel Fitzgibbons owns and operates Joel’s Jackets, a small business that prepares reports on a half-yearly basis on 30 June and 31 December.

Joel has provided the following Pre-Adjustment Trial Balance extract as at 30 June 2021.

Joel’s Jackets**Pre-Adjustment Trial Balance (extract) as at 30 June 2021**

Account	Debit	Credit
Accounts Receivable	36 900	
Allowance for Doubtful Debts		5 500
Cash Sales		145 750
Credit Sales		196 500
Prepaid Rent Expense	33 000	
Sales Returns	4 500	
Wages	28 290	

Additional information as at 30 June 2021

- Hunter Homes’ outstanding debt of \$3 850 needs to be written off. This is the only debt to be written off for the period.
- Joel has decided to increase the Allowance for Doubtful Debts to 5% of Net Credit Sales.
- Rent for the year ended 31 October 2021 was paid on 1 September 2020.
- Wages owing were \$2 500. The balance of Accrued Wages as at 31 December 2020 was \$4 000.

- a. Complete the Allowance for Doubtful Debts account in the General Ledger as at 30 June 2021.

4 marks

- b. Prepare the General Journal entry to record the balance day adjustment for Rent as at 30 June 2021.

A narration is **not** required.

2 marks

- c. Calculate the wages paid to employees for the period ended 30 June 2021.

1 mark

Question 4 – Daniel’s Desks (8 marks)

Daniel Hastings owns and operates Daniel’s Desks.

On 1 January 2021 Daniel’s Desks borrowed \$30 000 from MNC Bank to purchase of the following Van.

Marshall Motors	
Date: 01/01/2021	Tax Invoice: 927
Charge to: Daniel’s Desks	
Item	\$
‘Tavistock’ Van	23 900
Signwriting	1 700
Annual Road Registration	<u>1 800</u>
	27 400
	<u>GST (10%) 2 740</u>
Sub Total	30 140
Less: EFT Payment	(30 140)
Balance Owing	NIL

- a. Record the receipt of the loan from MNC Bank in the General Journal on 1 January 2021.

A narration is **not** required.

1 mark

- b. Calculate the cost price of the Van to be reported on the Balance Sheet of Daniel’s Desks as at 1 January 2021.

1 mark

- c. Referring to your answer in part b., explain your treatment of the Annual Road Registration in determining the cost price of the Van.

2 marks

- d. Explain how Daniel should determine the appropriate method of depreciation for the Van.

Refer to alternative methods of depreciation in your answer.

4 marks

Question 5 – Siobhan’s Shoes (11 marks)

Siobhan Sheehan owns Siobhan’s Shoes, a small business that prepares reports on a quarterly basis ending 31 March, 30 June, 30 September and 31 December.

The Pre-adjustment Trial Balance extract as at 30 June 2021 appears as follows:

Siobhan’s Shoes**Pre-adjustment Trial Balance as at 30 June 2021**

Account	Debit	Credit
Accumulated Depreciation - Shelving		2 340
Shelving	20 000	

Additional information

- New Shelving had been purchased on 1 May 2021 for \$12 000 plus GST.
- Shelving is depreciated at a rate of 9% per annum using the straight-line method.

- a. Calculate the depreciation expense for the quarter ended 30 June 2021.

3 marks

- b. Explain how depreciation expense satisfies the definition of the expense accounting element.

2 marks

- c. Referring to two qualitative characteristics, discuss the inclusion of depreciation expense in the Income Statement of Siobhan’s Shoes for the quarter ended 30 June 2021.

4 marks

- d. Assuming no further Shelving was purchased or disposed, show how the Shelving would be reported on the Balance Sheet of Siobhan’s Shoes as at 30 June 2022.

2 marks

Question 6 – Kevin’s Kettles (13 marks)

Kevin’s Kettles prepares their reports on an annual basis.

On 1 January 2019 Kevin’s Kettles purchased a Van for \$40 000 plus GST.

Kevin’s Kettles depreciated the Van at a rate of 40% per annum.

On 30 June 2021 Kevin’s Kettles traded-in the Van to Vic’s Vans.

Vic’s Vans agreed to a trade-in allowance of \$11 000 on the cash purchase of a new Van with a selling price of \$39 600 including GST.

- a. Prepare all the necessary General Journal entries required on 30 June 2021 in relation to the Vans.

Closing entries and narrations are **not** required.

11 marks

- b. Referring to your answer in part a., explain why a profit or loss on the trade-in of the Van occurred.

2 marks

Question 7 – Marcia’s Merchandise (4 marks)

The owner of Marcia’s Merchandise has been provided with the following information.

Indicator	2020	2021
Asset Turnover	1.5 times	2 times
Return on Assets	13.5 %	12 %

Analyse Marcia’s Merchandise’s management of their assets in 2021 compared to 2020 and explain possible reasons for the trends.

END OF QUESTION BOOKLET