

VCE Accounting Unit 4: Nano Exam 1. Marks = 28. Time = 28 minutes.

Helen owns/manages **Ace Fashions** trading in women's clothing. The business posts monthly.

Cash Receipts Journal (CRJ) June data												
Date	Details	Doc.	Bank	Cost of Sales	Sales	Debtors Control	Discount Expense	Loan	Capital	ATO	Interest revenue	GST
2030												
30/6	Totals	—	52600	9000	30000	7500	500	9000	2000	700	900	3000

Cash Payments Journal (CPJ) June data													
Date	Details	Doc.	Bank	Wages	Stock	Creditors Control	Discount Revenue	Loan	Interest	Draw.	Cartage Inwards	Prepaid Rent	GST
2030													
30/6	Totals	—	31250	4600	2600	5400	200	800	50	4100	400	12000	1500

Sales Journal (SJ) June data						
Date	Debtors	Doc.	Cost of Sales	Sales	GST	Total debtors
2030						
30/6	Totals	—	12000	40000	4000	44000

Purchases Journal (PJ) June data					
Date	Creditors	Doc.	Stock	GST	Total creditors
2030					
30/6	Totals	—	9500	950	10450

General Journal (GJ)					
2030					
Date	Details	General Ledger		Subsidiary Ledger	
		Dr. \$	Cr. \$	Dr. \$	Cr. \$
12/6	Creditors control	770			
	Creditor: Just Fine			770	
	Stock Control		700		
	GST Clearing		70		

a. Use the relevant information and complete the following ledger accounts. Balance.

12 marks

Creditors Control					
Date	Cross-Reference	\$	Date	Cross-Reference	\$
30/6/30	Bank/discount revenue	5400	1/6/30	Balance	14000
	Stock control/GST Clear	770	30/6	Stock control/GST Clear.	10450
	Balance	18280			
		18280			18280
			1/7	Balance	18280

Stock Control					
Date	Cross-Reference	\$	Date	Cross-Reference	\$
1/6/30	Balance	35000	30/6	Cost of sales	9000
30/6	Bank	2600		Cost of sales	12000
	Creditors control	9500		Creditors control	700
				Balance	25400
		47100			47100
1/7	Balance	25400			

GST Clearing					
Date	Cross-Reference	\$	Date	Cross-Reference	\$
1/6/30	Balance	700	30/6	Bank	3000
30/6	Bank	1500		Debtors control	4000
	Creditors control	950		Creditors control	70
	Balance	4620		Bank	700
		7770			7770
			1/7	Balance	4620

b. Describe the transaction that occurred on June 12th providing evidence for your answer.

2 marks

This is a purchase returns for Ace Fashions, that is, stock is being returned by Ace Fashions to their supplier/creditor Just Fine. Evidence is the debit to both Creditors Control and Just Fine since less is owed once stock is returned to the creditor. Also the credit to Stock Control is consistent with stock leaving the business.

During July the following transactions occurred:

3rd July, purchased stock from **AAA Traders**, \$5300 + GST, invoice A98, terms 10/5/30.

7th July, paid **AAA Traders** for invoice A98.

11th July, purchased stock from **AAA Traders** \$2640 including GST, invoice A134.

15th July, returned stock to **AAA Traders**, credit note 18, \$528 including GST.

25th July, purchased stock from **AAA Traders** for cash, \$2900 + GST, cheque #1998.

- c. Record the relevant transactions in the creditors subsidiary ledger provided below. Do not balance. 4 marks

AAA Traders					
Date	Cross-Reference	\$	Date	Cross-Reference	\$
7/7/30	Bank/discount revenue	5830	1/7/30	Balance	4200
15/7	Stock control/GST Clear	528	3/7	Stock control/GST Clear	5830
			11/7	Stock control/GST Clear	2640

- d. Provide two possible reasons for the transaction that occurred on July 15th.

1 mark

1. Damaged stock.
2. Stock did not match the order description.

- e. Describe how credit note #18 would be recorded in the stock card of Ace Fashions.

2 marks

Date, credit note #18 recorded in the Details column. Recorded in OUT column with a value of \$480. We do not know how many units have been returned. BALANCE column will be reduced by a value of \$480.

- f. Explain the impact of credit note #18 on **Ace Fashion's** Income Statement for July.

1 mark

No impact since a purchase return is neither a revenue or expense item. A purchase return decreases stock control and creditors control and increases GST liability. It has no impact on owners equity thus it cannot be a revenue or an expense.

- g. Explain the impact of not recording credit note #18 on the Balance Sheet of Ace Fashions at 15/7/30.

3 marks

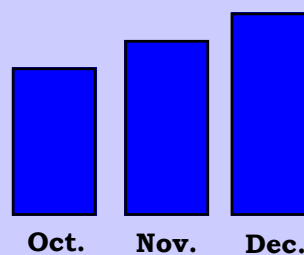
Assets: Stock Control would be overstated \$480.

Liabilities: Creditors Control overstated \$528. GST Clearing liability understated \$48 thus net impact on liabilities is to overstate \$480.

Owners equity: no impact.

- h. The following chart represents purchase returns for **Ace Fashions**. Identify the trend and advise management.

3 marks



This is an unfavourable trend since it means more stock is being returned to creditors/suppliers over this quarter. This means the stock is either being delivered damaged or the supplier is supplying the incorrect stock which then has to be returned. Advise management to identify the cause of the returns and then take appropriate action such as changing suppliers or working with existing suppliers to reduce incidence of damage/incorrect stock processing.