VCE Accounting Unit 4: Nano Exam 11. Marks = 33 Time = 33 minutes.

Anika manages **Boat World**, a business that trades in boats and boating equipment for cash and on credit. The business uses control accounts, the perpetual stock system using the FIFO method of cost assignment and the accrual accounting system.

Boat World rents out a spare room to Collingwood Fan Club who pay rent in advance. The rent per month is $660 including $60 GST. **Boat World** balances its books on 30/6 and 31/12.

Prepaid Rent (Collingwood Fan Club)					
Date	Cross-Reference	$	Date	Cross-Reference	$
			1/1/38	Balance	1200

1.1 Explain how would you classify the above ledger account?

2 marks

1.2 Explain what the $1200 balance at 1/1/38 represents.

1 mark

During the 6 months ending 30/6/38 the business received $4950 including $450 GST from the Collingwood Fan Club. Rent increased to $700 + $70 GST per month from May 1st.

1.3 Complete the above Prepaid Rent ledger for the 6 months ending 30/6/38. Balance/close.

3 marks

1.4 Record any adjusting entry and closing entry in the following General Journal at 30/6/38. Memo #22. No narrations.

4 marks

General Journal (GJ) extract					
		General Ledger		Subsidiary Ledger	
Date	Details	Dr. $	Cr. $	Dr. $	Cr. $

1.5 Describe how you would report the rent revenue in the Incpme Statement for the 6 months ending 30/6/38.

1 mark

1.6 Explain how the definition of revenue links with the adjusting entry re memo #22.

3 marks

1.7 Complete the following Cash Flow Statement extract for 1/1/38 to 30/6/38 based on the information given above.

2 marks

Boat World: Cash Flow Statement extract 1/1/38 to 30/6/38		
	$	$

Boat World. Trial Balance extract at 30/6/41		
Account	Dr. $	Cr. $
Cost of sales	20400	
Sales		68000
GST clearing		8300
Sales returns	6000	
Stock control	56000	
Creditors control		32000
Profit on disposal forklift		1300
Office expenses	17000	
Wages	28000	
Prepaid rent revenue		7400

Additional information at 30/6/41:

1. Stock take = $53000.
2. Some of the stock is obsolete. Cost price is $5000 and net realisable value $2100.
3. Rent for the spare room was $800 + $80 GST per month for 1/1 to 31/3 and then increased to $900 + $90 GST per month.
4. Accrued wages $500.
5. One sale return from a debtor, (ACE) $2310 including $210 GST has not been recorded. Mark-up on this stock was 400%. This stock was returned to the supplier/creditor (ZBoats).
6. When calculating the profit on disposal of forklift the carrying value used was $3000: it should have been $3200.

1.8 Record any adjusting entries for numbers 1 to 5 in the following General Journal. No narrations required.

10 marks

General Journal (GJ) extract					
2041		Gen. Ledger		Sub. Ledger	
Date	Details	Dr. $	Cr. $	Dr. $	Cr. $

General Journal (GJ) extract					
2041		Gen. Ledger		Sub. Ledger	
Date	Details	Dr. $	Cr. $	Dr. $	Cr. $

Working space if required

1.9 Calculate net profit or loss for the six months ending 30/6/41. Depreciation expense is $9200 for the reporting period.

6 marks

1.10 Prepare the Current Liability section of the Balance Sheet at 30/6/41.

4 marks

Boat World: Balance Sheet extract at 30/6/41		
Current liabilities	$	$