

VCE Accounting Unit 4: Nano Exam 12. Marks = 28 Time = 28 minutes.

Nhu manages **Dish Wish**, a business that trades in satellite dishes 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.

Dish Wish is about to release a new HiTech satellite dish which will allow Australians to access American TV for free. The new dish, FreeTV, will sell for \$2200 including \$200 GST. Some customers have already prepaid for the new dish as follows:

3/6/38, received \$2200 inc. GST, from K. Vo, receipt #133 (1 unit FreeTV)

4/6/38, received \$4400 inc. GST, from J. Tran, receipt #145 (2 units FreeTV)

5/6/38, received \$2200 inc. GST, from S. Ranzil, receipt #156 (1 unit FreeTV)

1.1 Record the above transactions in the following Cash Receipts Journal (extract):

2 marks

Cash Receipts Journal (CRJ) extract								
Date 2038	Details	Doc.	Bank	Cost of sales		Sales	Sundry	GST
3/6	Prepaid sales (K.Vo)	133	2200				2000	200
4/6	Prepaid sales (J.Tran)	145	4400				4000	400
5/6	Prepaid sales (S.Ranzil)	156	2200				2000	200
22/6	Sales	212	4400	2230		4000		400

1.2 Explain how receipt #133 impacts on the accounting equation:

3 marks

Assets	Liabilities	Owners Equity
Increase cash \$2200.	Increase prepaid sales \$2000 Increase GST \$200	No impact

On 15/6/38, **Dish Wish** received a shipment of 20 FreeTV Dishes, invoice #889, from International Systems, \$24200 including GST. On 16/6 received invoice #T33 from Ace Insurances for transit insurance of the 20 dishes, \$330 including GST.

1.3 Record this information in the stock card and journals.

4 marks

STOCK CARD: FreeTV satellite dish. FIFO										
2038		IN			OUT			BALANCE		
Date	Details	QTY.	COST	VALUE	QTY.	COST	VALUE	QTY.	COST	VALUE
15/6	Inv. 889	20	1100	22000				20	1100	22000
16/6	Inv. T33	20	15	300				20	1115	22300
20/6	Memo 22				4	1115	4460	16	1115	17840
22/6	Rec. 212				2	1115	2230	14	1115	15610

Purchases Journal (PJ) extract						
Date 2038	Details	Doc.	Stock	GST	Total	
15/6	International Systems	889	22000	2200	24200	
16/6	Ace Insurances	T33	300	30	330	

On 20/6/38 supplied the FreeTV dishes to the customers who had prepaid. Memo #22.
On 22/6/38 sold 2 FreeTV dishes for cash, receipt #212.

1.4 Record these transactions in the relevant records. No narrations.

4 marks

General Journal (GJ) extract					
Date	Details	General Ledger		Subsidiary Ledger	
		Dr. \$	Cr. \$	Dr. \$	Cr. \$
20/6	Prepaid sales	8000			
	Sales		8000		
	Cost of sales	4460			
	Stock control		4460		

1.5 Complete the following ledger accounts for June 2038. Do not balance/close.

4 marks

Prepaid Sales					
Date	Cross-Reference	\$	Date	Cross-Reference	\$
30/6/38	Sales	8000	30/6/38	Bank	8000

Stock Control					
Date	Cross-Reference	\$	Date	Cross-Reference	\$
1/6/38	Balance	70000	30/6/38	Cost of sales	2230
30/6	Creditors control	22300		Cost of sales	4460

1.6 Consider memo #22. **Explain** the impact of this transaction on profit determination.

3 marks

Supplying the 4 units that were prepaid leads to a decrease in prepaid sales and an increase in sales, \$8000. The cost of these sales = \$4460. (See General Journal). Thus the net impact on profit is \$3540.

STOCK CARD: Foxtel Dishes FIFO										
2038		IN			OUT			BALANCE		
Date	Details	QTY.	COST	VALUE	QTY.	COST	VALUE	QTY.	COST	VALUE
1/11	Balance							3	1000	3000
								6	1200	7200
21/11	Inv. 334				3	1000	3000			
					1	1200	1200	5	1200	6000
26/11	C.N. #66	1	1000	1000				1	1000	1000
		1	1200	1200				6	1200	7200
30/11	Memo 91				1	150	150			
					6	350	2100	7	850	5950

The following transactions have not been recorded:

- 26/11/38, a customer, **Dandy Dishes**, returned 2 faulty Foxtel Dishes, credit note #66, \$6600 including GST.
- 30/11/38, decide to clear out the Foxtel Dishes. Plan: sell them for \$990 each including GST and hire a spruiker to assist the marketing, \$350. Memo #91.

1.7 Record the above transactions in the stock card and the General Journal.

4 marks

General Journal (GJ) extract					
		General Ledger		Subsidiary Ledger	
Date	Details	Dr. \$	Cr. \$	Dr. \$	Cr. \$
26/11	Sales returns	6000			
	GST clearing	600			
	Stock control	2200			
	Debtors control		6600		
	Dandy Dishes				6600
	Cost of sales		2200		
	Credit note #66.				
30/11	Stock write down	2250			
	Stock control		2250		
	Memo #91.				

1.8 Prepare an Income Statement for the Foxtel Dishes only for November 2038 to gross or adjusted gross profit. The selling price remained constant during November.

4 marks

Income Statement: Foxtel Dishes only: Nov. 2038		
	\$	\$
Revenue		
Sales (4 X \$3000)	12000	
Less sales returns (2 units)	6000	6000
Less cost of goods sold		
Cost of sales (\$4200 — SR \$2200)		2000
Gross profit		4000
Less stock write down		2250
Adjusted gross profit		1750