VCE Accounting Unit 4: Nano Exam 14. Marks = 30 Time = 30 minutes.

Emily manages **Solar Vision**, a business that trades in telescopes 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.

On 1/5/33 the business invested $36000 in a five month ANZ term deposit at 7.5% per annum interest. Interest is paid at the end of the term with the principal. Memo #22.

1.1 Record any adjusting entry at 30/6/33 in the following General Journal. Memo #44.

2 marks

General Journal (GJ) extract					
2033		General Ledger		Subsidiary Ledger	
Date	Details	Dr. $	Cr. $	Dr. $	Cr. $

1.2 Explain the impact of this adjusting entry on the accounting equation.

2 marks

Assets	Liabilities	Owners Equity

1.3 Explain how the adjusting entry, memo #44, links with the definition of revenue.

3 marks

On 1/10/33 the business received a cash transfer from the ANZ bank as per the terms of the 5 month term deposit. Memo #77.

1.4 Record memo #77 in the Cash Receipts Journal.

3 marks

Cash Receipts Journal (CRJ) extract									
Date 2033	Details	Doc.	Bank	Cost of sales	Prepaid sales	Sales	Debtors	Sundry	GST

1.5 Prepare the accrued interest account from 1/7/33 to 1/10/33. **Balance/close**. Post = 1/10.

2 marks

Accrued interest					
Date	Cross-Reference	$	Date	Cross-Reference	$

1.6 Explain how memo #77 would impact on the Cash Flow Statement for the 6 months ending 31/12/33.

3 marks

Solar Vision: Trial Balance extract at 31/12/35		
Account	**Dr. $**	**Cr. $**
Sales		120000
Office furniture	24000	
Accum. Deprec Off Furn		12000
Prepaid sales (fully paid)		12000
Forklift	60000	
Accum. Deprec Forklift		44000
Prepaid rent rev. (top floor)		10000
Stock control	72000	
Investment account	20000	
Interest revenue		100
Cost of sales	36000	
Sales returns	4000	
Stock transit insurance	900	

Additional information at 31/12/35:

The business closes its accounts twice a year on 30/6 and 31/12.

- Rent revenue (top floor) for 12 months was received on 1/5/35.
- The investment account was taken out on 1/10/35 at an interest rate of 12% per annum.
- 40% of the prepaid sales have been supplied by 30/6/35. The business used a mark-up of 300% on the prepaid sales.
- Depreciation rates: office furniture 10% p.a. (straight line method) and forklift 20% p.a. (reducing balance method).
- Office furniture which had an historical cost of $6000 and accumulated deprecation of $3600 at 30/6/35 was sold for $800 cash on 31/12/35.
- Sales returns, by High Hikers, of $1650, inc. $150 GST, has not been recorded. This stock had a mark-up of 200%.
- Accrued stock transit insurance: $220 including $20 GST.
- Some of the stock with an historical cost of $3000 is damaged and the owner estimates the net realisable value is around $1400.

1.7 Record General Journal entries following the additional information provided. Narrations are not required.

15 marks

General Journal (GJ) extract					
2033		General Ledger		Subsidiary Ledger	
Date	Details	Dr. $	Cr. $	Dr. $	Cr. $