VCE Accounting Unit 4: Nano Exam 6. Marks = 30. Time = 30 minutes.

Rose manages **AllFlags**, a business that trades in world flags 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 31/7/24, **AllFlags** provides the following Balance Sheet extract:

AllFlags: Balance Sheet extract at 31/7/24		
Non Current Assets	**$**	**$**
Delivery Van	40000	
Less accum. deprec. Del. Van	(18000)	22000

Depreciation rates (per year): Delivery Van 15% using reducing balance method.

During August, the following transactions occured:
31/8/24, sold old delivery van for $20000 cash, receipt #887 and purchased a new delivery van on credit from **Just Vans**, $55000 including $5000 GST, invoice #124.
On the same date, arranged delivery of the delivery van to the business premises, $440, including $40 GST, from **FastCouriers**, invoice #F556. Finally on 31/8, paid $2200 cash, including $200 GST, for a shelving unit to be installed inside the new delivery van, cheque #654.

1.1 Calculate any profit or loss on the disposal of the delivery van. **Show** workings.
2 marks

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1.2 Record any necessary transactions for the disposal and purchase of the non current assets in the following journals for August. Narrations are not required.
8 marks

General Journal (GJ) extract					
2024		General Ledger		Subsidiary Ledger	
Date	Details	Dr. $	Cr. $	Dr. $	Cr. $

Cash Receipts Journal (CRJ) extract							
Date 2024	Details	Doc.	Bank	Cost of sales	Sales	Sundry	GST

Cash Payments Journal (CPJ) extract									
Date 2024	Details	Doc.	Bank	Creditors	Interest	Stock	Office Exps.	Sundry	GST

1.3 Show how the Delivery Van ledger account would appear for the month ending 31/8/24. **Balance**.
4 marks

Delivery Van					
Date	Cross-Reference	$	Date	Cross-Reference	$

0n 30/6/26, the following ledger accounts are provided by **AllFlags**.

Computer Systen					
Date	Cross-Reference	$	Date	Cross-Reference	$
1/6/26	Balance	4600			

Accumulated Depreciation Computer System					
Date	Cross-Reference	$	Date	Cross-Reference	$
			1/6/26	Balance	3800

Disposal of Computer System					
Date	Cross-Reference	$	Date	Cross-Reference	$

Sundry Creditor: OrangeWorks					
Date	Cross-Reference	$	Date	Cross-Reference	$

Profit or loss on disposal of Computer System					
Date	Cross-Reference	$	Date	Cross-Reference	$

The computer system is depreciated at 30% per year using the reducing balance method. On 30/6/26 sold the old computer system for $1000 cash, receipt #2876. Bought a new computer system from OrangeWorks, $2970 including $270 GST, invoice #76 and installation was done by Home Office Suppliers for cash, $330 for including $30 GST, cheque #7761.

1.4 Using the information provided, **complete** the ledger accounts provided above. **Close/balance** at 30/6/26.

8 marks

1.5 On 3/7/26 the business paid OrangeWorks $2000, cheque #7765. **Show** how this would be reported in the Cash Flow Statement for July 2026.

2 marks

AllFlags: Cash Flow Statement extract for July 2026		
	$	**$**

1.6 **Show** how Computer System would be reported in the Balance Sheet at 30/6/28.

3 marks

AllFlags: Balance Sheet extract at 30/6/28		
Non Current Assets	**$**	**$**
Computer system		

1.7 In a past reporting period a loss on disposal of office furniture was reported. **Explain** how a loss on disposal occurs.

3 marks