



# VCE Accounting 2012

## Written examination 1 – June

### Examination specifications

#### Overall conditions

The mid-year examination will be sat at a time and date to be set annually by the Victorian Curriculum and Assessment Authority. VCAA examination rules will apply. Details of these rules are published annually in the *VCE and VCAL Administrative Handbook*.

There will be 15 minutes reading time and 90 minutes writing time.

The examination will be marked by a panel appointed by the VCAA.

The examination will contribute 33 per cent to the Study Score.

#### Content

The *VCE Accounting Study Design 2012–2016* is the document for the development of the examination. The study design includes the Characteristics of the Study (pages 12 to 16). Questions will be based on the key knowledge and key skills that underpin the outcomes in Unit 3. Students will not be required to use information and communications technology (ICT) in the examination.

#### Format

The examination will consist of a series of short and extended response questions. These may include a variety of item types including scenarios, questions with multiple parts, short answer questions and extended response questions.

All questions in the examination will be compulsory.

The total marks for the examination will be 90.

The examination will be in the form of a question book and an answer book.

#### Approved materials and equipment

- Normal stationery requirements (pens, pencils, highlighters, erasers, sharpeners and rulers)
- One scientific calculator

#### Advice

The 2012 mid-year Accounting examination will be prepared according to the examination specifications above. The examination will conform to these specifications and will test a representative sample of key knowledge and key skills from Unit 3.

The following sample examination is intended to demonstrate the new format of the Accounting examination, as well as new aspects of Unit 3 Accounting. Teachers and students should be aware of the Characteristics of the Study, including accounting principles and qualitative characteristics of accounting information, as described on pages 12 to 16 of the study design.

The VCAA does not publish answers for sample examinations.

The following documents should be referred to in relation to the 2012 Accounting examination.

- *VCE Accounting Study Design and Advice to Teachers 2012–2016*
- *VCE Accounting Assessment Handbook 2012–2016*
- *VCAA Bulletin, VCE, VCAL and VET*



# Victorian Certificate of Education 2012

## ACCOUNTING

### Written examination 1

Day Date 2012

Reading time: \*.\*.\* to \*.\*.\* (15 minutes)

Writing time: \*.\*.\* to \*.\*.\* (1 hour 30 minutes)

### QUESTION BOOK

#### Structure of book

<i>Number of questions</i>	<i>Number of questions to be answered</i>	<i>Number of marks</i>
9	9	90

- Students are permitted to bring into the examination room: pens, pencils, highlighters, erasers, sharpeners, rulers and one scientific calculator.
- Students are NOT permitted to bring into the examination room: blank sheets of paper and/or white out liquid/tape.

#### Materials supplied

- Question book of 8 pages.
- Answer book of 13 pages.

#### Instructions

- Write your **student number** in the space provided on the front page of the answer book.
- Answer all questions in the answer book.
- All written responses must be in English.

#### At the end of the examination

- You may keep this question book.

**Students are NOT permitted to bring mobile phones and/or any other unauthorised electronic devices into the examination room.**

**Question 1**

Define the term double entry accounting system.

2 marks

**Question 2**

On 15 January 2012 Sasha acquired Stationery & Such, an existing business that sells modern stationery. On the same day Sasha took out a loan to pay for the purchase of new display fittings which cost \$6 000 (+ \$600 GST).

On the advice of her accountant Sasha agreed to purchase the existing stock (value \$3 500), which she paid for on 18 January 2012 using her personal cheque account.

Sasha also took over the rental agreement of the business premises at \$2 200 (including GST) per month, which was paid two months in advance on 1 February 2012 using her personal cheque account.

Sasha contributed her personal computer, which she purchased for \$2 500 (+ \$250 GST) in December 2010; it had an agreed value on 15 January 2012 of \$1 500.

The business will commence operations on 1 February 2012.

Prepare the General Journal entry necessary to establish the double entry accounting system for Stationery & Such on 1 February 2012.

A narration is **not** required.

7 marks

**Question 3**

On 1 March 2012 a business signed and paid for an advertising contract of \$8 000 (not including GST) (chq. 89). The advertising contract provided for eight advertisements – one per month over eight months, with the first advertisement occurring in April 2012. The business reports annually on 30 June.

a. Record the payment for the advertising contract on 1 March 2012 (chq. 89) in the Cash Payments Journal.

1 mark

b. Show how the relevant ledger accounts would appear in the General Ledger at 30 June 2012 after the adjusting entry was recorded. Prepare the accounts for the next reporting period.

4 marks

**Question 4**

Chris Laurence owns and operates Chrisso's Fitness Warehouse, a small business selling a variety of fitness equipment.

Features of the business's accounting system include the following.

- The business sells to customers on both a cash and credit basis. Credit is offered to reliable customers at credit terms of 5/14, n/30. The perpetual method of stock recording and the FIFO cost assignment method are used.
- Stock is marked up at a rate of 50%.
- The business prepares financial reports at the end of each month.

Chris has recorded all transactions into the relevant journals. A summary of these is provided.

**Cash Payments Journal (summary)**

Date 2012	Details	Chq. No.	Bank	Disc. Rev.	Creditors Control	Stock Control	Wages	Sundries	GST
30 June	Totals to date		34 200	1 300	27 000	4 000	3 000	1 000	500

**Sales Journal (summary)**

Date 2012	Debtor	Invoice Number	Cost of Sales	Sales	GST	Debtors Control
30 June	Totals to date		30 000	45 000	4 500	49 500

**Purchases Journal (summary)**

Date 2012	Creditor	Invoice Number	Stock Control	GST	Creditors Control
30 June	Totals to date		29 000	2 900	31 900

**Cash Receipts Journal (summary)**

Date 2012	Details	Rec. No.	Bank	Disc. Exp.	Debtors Control	Cost of Sales	Sales	Sundries	GST
30 June	Totals to date		39 300	700	18 000	12 000	20 000	–	2 000

At the end of the reporting period Chris realised that the following documents had not been recorded.

<b>CFW</b>		
<b>Invoice CFW234</b>	<b>Date:</b> 19 June 2012	
<b>Charge To:</b> Rob's Gym		
<b>Sale:</b> 2 ZX7 Treadmills		
<b>Amount</b>	<b>GST</b>	<b>Invoice</b>
\$4200	\$420	\$4620
<b>Terms:</b> 5/14, n/30		

<b>CFW</b>	
<b>Memo 9</b>	
<b>Date:</b> 27 June 2012	
<b>Instruction:</b> 1 ZX7 Treadmill, at a cost of \$1500, was used at a recent fitness expo and will now be used solely for advertising purposes.	

<b>CFW</b>	
<b>Receipt 105</b>	
<b>Date:</b> 28 June 2012	
<b>Details:</b> Received payment in full from Rob's Gym for invoice CFW234.	

- a. Explain what is meant by the FIFO cost assignment method. 2 marks
- b. Update and total the relevant journals with the information contained in the above documents. Narrations are **not** required. 5 marks
- c. Explain why the stock referred to in Memo 9 should be treated as an expense. 2 marks

Following a physical count of the Model ZX7 Treadmills at 30 June 2012, Chris prepares the following memo.

<b>CFW</b>	
<b>Memo 10</b>	
<b>Date:</b> 30 June 2012	
<b>Details:</b> A physical stocktake showed 1 ZX7 Treadmill on hand.	

Chris provided the following Stock Card for the ZX7 Treadmill.

Stock Item: ZX7 Treadmill					Supplier: Treadies					
Location: E4					Cost Assignment Method: FIFO					
Date 2012	Details	IN			OUT			BALANCE		
		Qty	Cost	Total	Qty	Cost	Total	Qty	Cost	Total
1 June	Balance							8	1 300	10 400
8 June	Inv. CFW230				4	1 300	5 200	4	1 300	5 200
12 June	Rec. 103				3	1 300	3 900	1	1 300	1 300
18 June	Inv. ZX42	4	1 500	6 000				1	1 300	1 300
								4	1 500	6 000

- d. Complete the Stock Card for ZX7 Treadmills with all relevant transactions up to and including 30 June 2012. 3 marks
- e. Prepare the General Journal entry to record the necessary adjusting entry for stock at 30 June 2012. A narration is required. 3 marks
- f. Calculate the Adjusted Gross Profit on the sale of ZX7 Treadmills for the month of June 2012. 4 marks

### Question 5

Courtney Hayles is the owner of Hayles Home Entertainment, a business that sells home entertainment products. At 1 June 2012 the business had the following debtors.

	\$
J Simon	880
M Avis	<u>2 200</u>
	<u>3 080</u>

Extracts of the Cash Receipts Journal and Sales Journal for June 2012 are provided below.

### Cash Receipts Journal

Date 2012	Details	Rec. No.	Bank	Disc. Exp.	Debtors Control	Cost of Sales	Sales	Sundries	GST
1 June	Sales	234	1 320			800	1 200		120
3 June	J Simon	235	792	88	880				
9 June	GST Clearing	236	3 600					3 600	
14 June	Sales	237	1 650			1 000	1 500		150
16 June	S Slater	238	594	66	660				
21 June	M Avis	239	1 000		1 000				
28 June	Sales	240	1 320			800	1 200		120
	Totals to date		<b>10 276</b>	<b>154</b>	<b>2 540</b>	<b>2 600</b>	<b>3 900</b>	<b>3 600</b>	<b>390</b>

### Sales Journal

Date 2012	Debtor	Invoice Number	Cost of Sales	Sales	GST	Debtors Control
4 June	S Slater	123	400	600	60	660
10 June	J Simon	124	600	900	90	990
19 June	S Slater	125	300	450	45	495
22 June	J Simon	126	200	300	30	330
	Totals to date		<b>1 500</b>	<b>2 250</b>	<b>225</b>	<b>2 475</b>

### Additional information

- On 30 June, Courtney transferred \$10 000 from her personal bank account to the business bank account (as noted on the Bank Statement).
  - On 30 June, the business was advised that the amount outstanding for Debtor, M Avis, should be written off (Memo 5).
- a. Record the additional information in the appropriate journals. Total the journals where appropriate. Narrations are **not** required. 4 marks
- b. Complete the Debtors Control account as it would appear in the General Ledger after all journals have been posted on 30 June 2012. You **are** required to balance the account. 4 marks
- c. Show the Debtors Subsidiary Ledger for Debtor – J Simon, at 30 June 2012. You are **not** required to balance the account. 3 marks
- d. Many businesses use control accounts and subsidiary ledgers in their accounting systems. Discuss the benefits and limitations of using control accounts and subsidiary ledgers. 6 marks

**TURN OVER**

**Question 6**

The following information relating to GST has been extracted from the journals at 31 December 2012. The business prepares reports on a monthly basis.

	\$
• Cash Payments Journal	190
• Sales Journal	350
• Cash Receipts Journal	275
• Cash Receipts Journal (sundries)	125
• Purchases Journal	195

- a. Identify how the GST Clearing account would have been reported in the Balance Sheet as at 30 November 2012. Explain why this is the case. 3 marks
- b. Using the information from the journals provided above, complete the GST Clearing account in the General Ledger.  
You are **not** required to balance the account. 3 marks

**Question 7**

Gus Gillies is the owner of Gus's Greenery. The business currently has an overdraft limit of \$20 000. During November 2011 Gus expanded his business.

Gus has provided you with the following information.

Cash Flow Statement (extract) for	November 2010 (pre-expansion)	November 2011
	\$	\$
Net Cash Flows from Operating Activities	6 400	(21 500)
Net Cash Flows from Investing Activities	NIL	(42 000)
Net Cash Flows from Financing Activities	(12 000)	36 000
Net Increase/Net Decrease in Cash Position	(5 600)	(27 500)
Bank Balance as at 1 November	18 000	12 400
Bank Balance as at 30 November	12 400	(15 100)

- a. Using the information provided, analyse the impact of the expansion on the cash flow of the business. 4 marks
- Gus feels that the extracts from the Cash Flow Statement above provide him with the information he requires to make relevant decisions about the cash flow of Gus's Greenery.
- b. Do you agree? Justify your answer. 3 marks

**Question 8**

A business owner has stated ‘I am not sure I want to make a profit this year. Last year I made a loss but my bank balance increased by \$8 900 despite having no new loans or capital contributions’.

Explain, giving two examples, how this could occur.

4 marks

**Question 9**

Lisa Hamilton, the owner of Shoe Supplies, has extracted the following information from the accounting system for the year ended 30 June 2012.

	\$
• Accrued Wages at 30 June 2012	4 100
• Wages	30 000
• Buying Expenses	2 100 (plus \$210 GST)
• Cash at Bank	(15 100)
• Cash Sales	120 000 (excluding GST)
• Capital	360 000
• Credit Sales	72 000 (excluding GST)
• Creditors Control	45 000
• Cost of Sales	All stock is sold at a 50% mark up
• Debtors Control	14 800
• Discount Revenue	1 050
• Discount Expense	1 800
• Drawings	2 700 (cash 2 400, Stock 300)
• Freight Inwards	8 800 (including GST)
• GST Clearing	3 250 DR
• Loan	140 000 (repayable 2 500 per month including 900 of interest)
• Receipts from Debtors	62 500
• Advertising	1 500
• <b>Net Profit</b>	<b>17 250</b>

**Memo 43**

**Date:** 30 June 2012

**Instruction:** A physical stocktake revealed a stock loss of 9 pairs of Chloe Slingbacks (cost \$900) and a stock gain of 1 pair of Abby Sandals (cost \$50).

**Memo 44**

**Date:** 30 June 2012

**Instruction:** A payment of \$1 100 (including GST) for advertising was incorrectly debited to the Debtors Control account.

**Memo 45**

**Date:** 30 June 2012

**Instruction:** The owner contributed a vehicle which was purchased on 1 January 2009 for \$35 000 + \$3 500 GST and which the accountant has since valued at \$20 000.



- a. Prepare an Income Statement (extract) for the year ended 30 June 2012, up to and including other revenues.  
7 marks
- b. With reference to one qualitative characteristic, explain your reporting of Memo 43 in the Income Statement.  
3 marks
- c. Explain the impact of Memo 44 on the accounting reports for the year ended 30 June 2012.  
4 marks
- d. Justify the value of the vehicle that would be shown in the Balance Sheet at 30 June 2012.  
3 marks
- e. Prepare the Liabilities and Owner's Equity section of the classified Balance Sheet as at 30 June 2012.  
6 marks



**Victorian Certificate of Education  
2012**

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**STUDENT NUMBER**

Figures

Words


Letter

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**ACCOUNTING**  
**Written examination 1**

**Day Date 2012**

**Reading time: \*.\*\* to \*.\*\* (15 minutes)**

**Writing time: \*.\*\* to \*.\*\* (1 hour 30 minutes)**

**ANSWER BOOK**

**Instructions**

- A question book is provided with this answer book.
- Answer all questions in the spaces provided in this book.
- Write your **student number** in the space provided above on this page.
- Refer to **Instructions** on the front cover of the question book.

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**Question 1**

<b>Definition</b>

2 marks

**Question 2****General Journal**

Date 2012	Details	General Ledger		Subsidiary Ledger	
		Debit	Credit	Debit	Credit
1 Feb.					

7 marks

**TURN OVER**

**Question 3**

**Cash Payments Journal**

a.

Date 2012	Details	Chq. No.	Bank	Disc. Rev.	Creditors Control	Stock Control	Sundries	GST

1 mark

**Advertising Expense**

b.

Date 2012	Cross-reference	Amount	Date 2012	Cross-reference	Amount

**Prepaid Advertising Expense**

Date 2012	Cross-reference	Amount	Date 2012	Cross-reference	Amount

4 marks

**Question 4**

a.

Explanation

2 marks

**Cash Payments Journal (summary)**

b.

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**General Journal**

Date 2012	Details	General Ledger		Subsidiary Ledger	
		Debit	Credit	Debit	Credit

5 marks

**Question 4 – continued**  
**TURN OVER**

c.

Explanation

2 marks

d.

Date 2012	Details	IN			OUT			BALANCE		
		Qty	Cost	Total	Qty	Cost	Total	Qty	Cost	Total
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8 June	Inv. CFW230				4	1 300	5 200	4	1 300	5 200
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18 June	Inv. ZX42	4	1 500	6 000				1 4	1 300 1 500	1 300 6 000

3 marks

**General Journal**

e.

Date 2012	Details	General Ledger		Subsidiary Ledger	
		Debit	Credit	Debit	Credit

3 marks

f.

<b>Calculation</b>	
<b>Adjusted Gross Profit</b>	<b>\$</b>

4 marks

**Question 5****Cash Receipts Journal**

a.

<b>Date 2012</b>	<b>Details</b>	<b>Rec. No.</b>	<b>Bank</b>	<b>Disc. Exp.</b>	<b>Debtors Control</b>	<b>Cost of Sales</b>	<b>Sales</b>	<b>Sundries</b>	<b>GST</b>
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**Sales Journal**

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**General Journal**

Date 2012	Details	General Ledger		Subsidiary Ledger	
		Debit	Credit	Debit	Credit

4 marks

**Debtors Control**

b.

Date 2012	Cross-reference	Amount	Date 2012	Cross-reference	Amount

4 marks

**Debtor – J Simon**

c.

Date 2012	Cross-reference	Amount	Date 2012	Cross-reference	Amount

3 marks



**Question 7****a.**

<b>Analysis</b>

4 marks

**b.**

<b>Agree/Disagree</b>
<b>Justification</b>

3 marks

**Question 8**

<b>Explanation</b>

4 marks



c.

<b>Explanation</b>

4 marks

d.

<b>Justification</b>

3 marks

