



2008 VCE VET Financial Services GA 2: Written examination

GENERAL COMMENTS

Students were well prepared for the 2008 VCE VET Financial Services examination. There were no student absences this year. Very few students left questions unanswered and there was no evidence of insufficient time to complete the paper.

Good use of previous years' examination papers was evident.

SPECIFIC INFORMATION

Question 1a.

Marks	0	1	2	Average
%	4	5	91	1.9

<p>Account Number 666-989 125-0986</p> <p>Account Title Maddi Kram Skateboards</p> <p>The Reserve Banking Company Melbourne Branch</p>
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Date	Details	DR	CR	Balance
2008 Oct 1	Balance Carried Forward			500 CR
5	Chq. 600	100		400 CR
8	Deposit		2200	2600 CR
11	Deposit		1500	4100 CR
14	Deposit		200	4300 CR
19	Chq. 601	200		4100 CR
21	Chq. 602	300		3800 CR
23	Dishonoured Chq.	200		3600 CR
28	Deposit		450	4050 CR
31	Dis. Chq. Fees	25		4025 CR
31	Interest Credit		10	4035 CR

Students handled this question well. Some errors occurred where students failed to show the CR after each figure.

Question 1b.

Marks	0	1	2	3	4	Average
%	1	3	11	40	45	3.3

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Cash Receipts Journal

Date	Details	Rec. No.	Debtors	Cash Sales	Parts Sales	Sundries	Bank
2008							
Oct 8	Kew Skaters	050	2200				2200
11	Cash Sales	051		1500			1500
14	Sale of parts	052			200		200
28	Kew Skaters	053	450				450
29	Cash Sales	054		750			750
31	Interest Credit	B/S				10	10
	TOTAL		2650	2250	200	10	5110

Cash Payments Journal

Date	Details	Chq. No.	Creditors	Wages	Sundries	Bank
2008						
Oct 5	Wages	600		100		100
5	Nat's Boards	601	200			200
5	Cash (Drawings)	602			300	300
5	Nat's Boards	603	600			600
31	Dishonoured Cheque	B/S			200	200
31	Dishonoured Chq Fee	B/S			25	25
	Total		800	100	525	1425

Students handled this question well. Students must remember to classify the Interest Credit and Dishonoured Cheque fee as Sundries and all columns should be totalled. The Dishonoured Cheque could be entered in either the Cash Receipts or Cash Payments Journal as either method was acceptable. However, the end date does need to be used for all adjustments.

Question 1c.

Marks	0	1	2	3	Average
%	8	2	11	79	2.7

T-FORMAT Bank Account

Date	Details	Amount	Date	Details	Amount
2008 Oct 1	Balance	500	2008 Oct 31	Cash Payments	1425
31	Cash Receipts	5110	31	Balance	4185
		5610			5610
Nov 1	Balance	4185			



**COLUMNAR FORMAT
Bank Account**

Date	Particulars	Debit	Credit	Balance
2008 Oct 1	Balance			500 DR
31	Cash Receipts	5110		5610 DR
31	Cash Payments		1425	4185 DR

Students handled this question well. Consequential errors were not penalised in this question. When using the columnar format for the Bank Account students are reminded to use a debit or credit after each figure.

Question 1d.

Marks	0	1	2	3	4	Average
%	8	6	11	34	41	3

Bank Reconciliation Statement for Maddi Kram Skateboards as at 31 October 2008

	\$	\$
Balance as per Bank Statement		4035 CR
Add Deposits not yet credited		750
		4785
Less Unpresented Chq 603		600
Balance as per Business Bank A/C		4185 DR

Students completed this question well. Some students did not list the cheque number of the unpresented cheque and were penalised if they did not include a debit or credit after the balance as per a business bank account.

Question 1e.

Marks	0	1	Average
%	7	93	1

To take into account adjustments, for example, Interest credit \$10

Students completed this question well.

Question 1f.

Marks	0	1	Average
%	9	91	0.9

It means that the Bank owes the business money or the business has a positive bank balance.

Students completed this question well.

Question 1g.

Marks	0	1	Average
%	15	85	0.9

Purchase an accounting double entry software package

Students completed this question well.

Question 1h.

Marks	0	1	Average
%	47	53	0.6

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Records will balance because it is based on the information given.

It appeared that students did not understand this question.

Question 1i.

Marks	0	1	2	Average
%	8	10	82	1.8

Sales Journal

Date	Debtors	Inv No.	Sales	GST	Total
2008 Nov 9	Kew Skaters	M125	1000	100	1100
14	Kew Skaters	M126	3150	315	3465

Students completed this question well. The only error that occurred was that some students gave a running balance in the total column, which is not correct in a Sales Journal.

Question 1j.

Marks	0	1	2	Average
%	21	28	51	1.3

T-FORMAT

Debtors Subsidiary Ledger - Kew Skaters

Date	Details	Amount	Date	Details	Amount
2008 Nov 9	Sales/GST	1100			
14	Sales/GST	3465			

COLUMNAR FORMAT

Debtors Subsidiary Ledger - Kew Skaters

Date	Details	Debit	Credit	Balance
2008 Nov 9	Sales/GST	1100		1100 DR
14	Sales/GST	3465		4565 DR

Students completed this question well. Students are reminded that the date of the transaction is important in a subsidiary ledger account.

Question 1k.

Marks	0	1	Average
%	7	93	1

Gives her the data for each individual debtor balance

Students completed this question well.

Question 1l.

Marks	0	1	2	3	4	5	6	7	8	9	10	Average
%	0	0	1	2	1	1	3	12	28	37	15	8.4

2008 Assessment Report



Cash Receipts Journal

Date	Details	Rec. No.	Debtors	Cash Sales	Parts Sales	GST	Sundries	Bank
2008 Dec 1	Cash Sales	120		500		50		550
10	Kew Skaters	121	1000					1000
	Total		1000	500		50		1550

Cash Payments Journal

Date	Details	Chq. No.	Creditors	Wages	Sundries	Bank
2008 Dec 5	Nat boards	650	200			200
16	Wages	651		50		50
	Total		200	50		250

Sales Journal

Date	Debtors	Inv No.	Sales	GST	Total
2008 Dec 17	Kew Skaters	M130	500	50	550
21	Kew Skaters	M131	1000	100	1100
	Total		1500	150	1650

Purchases Journal

Date	Creditors	Inv No.	Stock Control	GST	Total
2008 Dec 13	Nat Boards	10	1000	100	1100
20	Nat Boards	21	500	50	550
	Total		1500	150	1650

General Journal

Date	Account	Debit	Credit
2008 Dec 8	Drawings	90	
	Stock Control		90
	Memo #2		
Dec 18	Donation	100	
	Stock Control		100
	Memo #3		

Students completed this question well. Students are reminded that where a column exists for an item it should be used, rather than put it into the Sundries column. Errors in the General Journal related to formatting of the General Journal, for example the account to be debited should be listed before the account to be credited.

Question 1m.

Marks	0	1	Average
%	7	93	1

Goods and Services Tax

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Students completed this question well.

Question 1a.

Marks	0	1	2	Average
%	12	38	49	1.4

Reason 1: Requirement of the law

Reason 2: Aids with decision making

Students completed this question well. Students are reminded that where a question asks for reasons that one word answers are not sufficient to gain full marks.

Question 2a.

Marks	0	1	2	3	4	Average
%	18	9	15	32	26	2.4

Cash Book					
Cash Receipts			Cash Payments		
2008		\$	2008		\$
30 June	Receipts from debtors	20 500	30 June	Payments to creditors	42 000
	Cash Sales	35 000		Wages	15 000
	Capital	10 000		Advertising	40 000
	Interest received	3 000		Mortgage repayment	50 000
	GST received	3 500		Drawings	15 000
	Total	72 000		GST paid	4 000
				Total	177 000

Cash Flow Statement For Year Ended 30 June 2008	
<i>Operating Activities</i>	\$
Cash received from customers	55 500
Cash paid to suppliers and employees	(97 000)
Interest received	3 000
GST received	3 500
GST paid	(4 000)
<i>Net Cash Flows from Operating Activities</i>	(39 000)

Students completed this question well. Errors occurred when outflows of cash from operating activities were not put in brackets to indicate that it was negative. A number of alien items were included.

Question 2b.

Marks	0	1	2	Average
%	57	27	17	0.6

Any two of:

- drawings
- purchase of an asset for cash
- sale of an asset for cash
- borrowings repaid
- credit sales
- credit Purchases
- non cash transactions.

This question was poorly answered. Students did not relate their reasons back to the data provided.

2008 Assessment Report



Account	Debit \$	Credit \$
Accumulated Depreciation – Sales Motor Vehicles		60 000
Advertising Expense	25 000	
Bank	14 000	
Capital		75 000
Cost of Sales	60 000	
Creditors control		15 000
Debtors control	28 000	
Drawings	15 000	
GST Clearing		6 000
Interest Revenue		3 000
Land and Buildings	206 000	
Term Deposit	4 000	
Mortgage		155 000
Motor Vehicles (Sales Department)	150 000	
Prepaid Advertising	15 000	
Sales		150 000
Stock control	18 000	
Sundry Creditors: B.Lowe		86 000
Wages	15 000	
	550 000	550 000

Question 2c.

Marks	0	1	2	Average
%	54	23	23	0.7

Depreciation on existing vehicles:

$$(\$150\,000 - \$50\,000) = \$100\,000 \times 1/5 \text{ years} = \$20\,000$$

Depreciation on new vehicle:

$$(\$50\,000 - \$5\,000) = \$45\,000 \times 2/12 \text{ months} = \$1500$$

$$\text{Total Depreciation} = \$20\,000 + \$1500 = \$21\,550$$

This question was poorly answered. Students needed to realise that there were two vehicles to depreciate and did not show all workings out.

Question 2d.

Marks	0	1	2	3	4	Average
%	49	42	8	1	0	0.7

General Journal

Date 2008	Account	Debit \$	Credit \$
30 June	Depreciation of Motor vehicles	21 500	
	Accumulated depreciation of Motor Vehicles		21 500
	Advertising	5 000	
	Prepaid Advertising		5 000
30 June	Stock Loss	3 000	
	Stock control		3 000
30 June	Bad Debts	1 000	
	GST Received	100	
	Debtors		1 100

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This question was poorly answered. Many students did not appear to know the debit and credit entries for Balance Day Adjustments.

Question 2e.

Marks	0	1	2	Average
%	33	22	45	1.2

Advertising Expense

Date	Details	\$	Date	Details	\$
30 June 2008	Prepaid Advertising	5 000			

Prepaid Advertising Expense

Date	Details	\$	Date	Details	\$
30 Apr 2008	Bank	15 000	30 Jun 2008	Advertising	5 000

OR

Advertising Expense

Date	Details	Debit \$	Credit \$	Balance \$
	Prepaid Advertising	5 000		5 000 DR

Prepaid Advertising

Date	Details	Debit \$	Credit \$	Balance \$
1 Apr 2008	Bank			15 000 DR
	Advertising		5 000	10 000 DR

Students completed this question well. Examiners made allowances for consequential errors.

Question 2f.

Marks	0	1	2	Average
%	79	18	3	0.3

Trading Account

Date	Details	\$	Date	Details	\$
30 June 2008	Cost of sales	60 000	30 June 2008	Sales	150 000
	Stock loss	3 000			

OR

Trading Account

Date	Details	Debit \$	Credit \$	Balance \$
30 June 2008	Sales			150 000 CR
	Cost of sales	60 000		90 000 CR
	Stock loss	3 000		87 000 CR

This question was poorly answered. It appeared that many students did not know what a Trading Account was.

Question 2g.

Marks	0	1	2	3	4	5	Average
%	54	8	12	13	8	5	1.3

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	\$	\$
Sales		150 000
Less Cost of Sales	60 000	
Stock Loss	3 000	63 000
Gross Profit		87 000
Add Interest Revenue		3 000
		90 000
Less		
Selling Expenses		
Depreciation – Motor Vehicles	21 500	
Advertising	30 000	
	51 500	
Administration Expenses		
Wages	15 000	
Finance Expenses		
Bad Debts	1 000	67 500
Net Loss		22 500

This question was poorly answered. Many students did not know how to complete the Gross Profit section of an Income Statement.

Question 2h.

Marks	0	1	2	3	4	Average
%	31	23	25	14	7	1.5

Current Assets		
	\$	\$
Bank	14 000	
Debtors	26 900	
Stock On Hand	15 000	
Prepaid Advertising	10 000	
		65 900

This question was poorly answered. It was apparent that students did not read the question as only current assets was required in their responses.

Question 3a.

Marks	0	1	2	2	2	Average
%	6	16	24	28	21	2.7

Credit Sales Journal

Date	Details	Inv. No.	Sales	GST Collected	Debtors Control
June 2	B. Williams	2345a	1 200	120	1 320
5	P. Miller	2346a	750	75	825
7	S. Thomson	2347a	460	46	506
9	E. Wilson	2348a	360	36	396
13	B. Williams	2349a	320	32	352
	Total		3 090	309	3 399

2008 Assessment Report



Cash Receipts Journal

Date	Details	Rec. No	Disc Exp	Debtors	Cash Sales	Sundries	Bank
June 4	B. Williams	4532		350			350
6	Cash Sales	4533			2 500		2 500
10	S. Thomson	4534		200			200
12	P. Miller	4535	30	370			340
	Total		30	920	2 500		3 390

General Journal

Date	Details	Debit	Credit
Jun 16	Bad Debts Expense	1 722	
	Debtors Control – B. Williams		1 722

Students completed this question reasonably well. Many students failed to total the journals as part of the completion of journal process. Some students ignored the Discount Expense.

Question 3b.

Marks	0	1	2	3	4	Average
%	33	11	13	30	13	1.9

Debtors Control

1/06/08	Balance	\$5 680	16/6/08	Bank/Disc Exp	920
16/6/08	Sales/GST Clearing	3 399		Bad Debts Expense	1 722
				Balance	6 437
		9 079			9 079

OR COLUMNAR FORMAT

Debtors Control

Date	Details	Debit	Credit	Balance
1/06/08	Balance			\$5 680 DR
16/6/08	Sales/ GST Clearing	3 399		9 079 DR
16/6/08	Bank/ Disc Exp		920	8 159 DR
16/6/08	Bad Debts Expense		1 722	6 347 DR

This question was poorly answered. Titles were incorrect and in the columnar format the DR was missing.

Question 3c.

Marks	0	1	2	3	4	Average
%	16	6	15	24	39	2.7

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T-FORMAT

Debtors Subsidiary Ledger - B. Williams

1/06/08	Balance	\$400	4/6/08	Bank	350
2/6/08	Sales/GST Clearing	1 320	16/6/08	Bad Debts Expense	1 722
13/6/08	Sales/GST Clearing	352			
		2 072			2 072

OR

COLUMNAR FORMAT

Debtors Subsidiary Ledger - B. Williams

Date	Details	Debit	Credit	Balance
1/06/08	Balance			\$400
2/6/08	Sales/GST Clearing	1 320		1 720 DR
4/6/08	Bank		350	1 370 DR
13/6/08	Sales/GST Clearing	352		1 722 DR
16/6/08	Bad Debts Expense		1 722	-----

Students completed this question reasonably well. The only errors occurred when students failed to use specific dates.

Question 3d.

Marks	0	1	Average
%	22	78	0.8

Reason 1: Prompt Invoicing, regular reminders, credit checks before offering credit

Students completed this question well.

Question 4a.

Marks	0	1	2	3	4	Average
%	3	23	38	27	9	2.2

Steve's Mega Sports

744 Beach Street
Phone: (03) 8398 5430
Fax: (03) 8398 5431
ABN: 56 143 243 134

Date: 31.07.2008

Customer: Smith Street Primary School
Smith Street
Collingwood 3024

Date	Details	DR	CR	Balance
July 1	Balance			\$3 100 DR
5	Inv 3-245s	5 450		8 550 DR
8	Chq 4356		3 100	5 450 DR
9	Inv 3-297s	2 560		8 010 DR
12	Chq 9845		5 177.5	2 832.50 DR
	Discount		272.50	2 560 DR
	Balance			\$ 2 560 DR

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Students completed this question reasonably well. Some students ignored the discount.

Question 4b.

Marks	0	1	Average
%	7	93	1

One of:

- reminder notice
- summary of transactions
- check the details of each transaction.

Students completed this question well.

Question 4c.

Marks	0	1	Average
%	26	74	0.8

Electronic – through the use of email, automatically at the end of the month.

Students completed this question well.