VCE Accounting 2019–2024  
Advice for teachers

Detailed examples

Unit 3 Area of Study 2: Preparing and interpreting accounting reports

|  |
| --- |
| Detailed example 1 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Balancing assets in a general ledger**  *Business scenario*  Jack Nortilus owns and operates Jack’s Surf Shop in Torquay where he sells surfing equipment. Jack commenced operating using a single-entry accounting system but has since decided, on the recommendation of his accountant, that he should operate a double-entry system. This is due to the number of credit transactions the business has on a regular basis.  At 1 May 2023, Jack had the following assets and liabilities:  **Jack’s Surf Shop**   |  |  |  |  | | --- | --- | --- | --- | | **Assets** | $ | **Liabilities** | $ | | GST Clearing | 400 | Accounts Payable | 4,120 | | Bank | 22,000 | Mortgage – ABC Bank | 60,000 | | Accounts Receivable | 3,450 |  |  | | Inventory | 52,200 |  |  | | Vehicle | 45,000 |  |  | |  |  |  |  |   The firm’s transactions for May 2023 showed the following:   |  |  |  |  | | --- | --- | --- | --- | | May | 1 | Cash sale to G. Samsonite (cost price $600) $1,200 plus GST |  | |  | 3 | Paid for advertising $540 plus GST |  | |  | 6 | Credit sales to Bracken Community Centre $5000 plus GST (cost price $2,500) |  | |  | 7 | Purchased 7 Maxima Surf Boards on credit from Surfs Up Queensland $7,000 plus GST |  | |  | 9 | Paid wages of $600 |  | |  | 11 | Credit sales to Mount Arnaud Surf Life Saving $9,000 plus GST (cost price $4,500) |  | |  | 14 | Received cash of $2,100 from Bracken Community Centre for goods sold in April 2019 |  | |  | 17 | Paid cash of $1,400 to Surfs Up Queensland |  | |  | 19 | Made monthly payment on mortgage loan $900 (including $300 interest) |  | |  | 20 | Jack took home a surf board for his son, valued at $500 |  | |  | 23 | Paid wages of $600 |  | |  | 25 | Cash sale to S. Salty for $780 plus GST (cost price $390) |  | |  | 27 | Received cash from Mount Arnaud Surf Life Saving for $4,500 |  | |
| *Tasks*   1. Calculate the value for Capital as at 1 May 2023. 2. Record the opening balances in the General Journal of Jack’s Surf Shack and enter these opening balances in the General Ledger accounts. 3. Record the transactions for May 2023 in the General Ledger of Jack’s Surf Shack. 4. Balance the accounts (where appropriate) as at 31 May 2023. 5. Prepare the General Journal entry to close all revenue and expense accounts to the P/L Summary account and to calculate Net Profit/Loss for the month of May 2023. 6. Prepare a classified Balance Sheet for Jack as at 31 May 2023.   **Answer Sheet**  1.   |  | | --- | |  | | Capital as at 1 May 2023 |   2.  Jack’s Surf Shack  General Journal   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Date** |  | **Details** | **Debit** | **Credit** | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 3. and 4.  **Jack’s Surf Shop**  **General Ledger**  **Bank**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | | **01/5** | **Balance** |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  |   **Accounts Receivable – Bracken Community Centre**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | | **01/5** | **Balance** |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  |   **Accounts Receivable – Mount Arnaud Surf Life Saving Club**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | | **01/5** | **Balance** |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Inventory**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | | **01/5** | **Balance** |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  |   **GST Clearing**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | | **01/5** | **Balance** |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  |   **Vehicle**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | | **01/5** | **Balance** |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Accounts Payable – Surfs Up Queensland**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | |  |  |  | **01/5** | **Balance** |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  |   **Mortgage – ABC Bank**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | |  |  |  | **01/5** | **Balance** |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  |   **Capital**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | |  |  |  | **01/5** | **Balance** |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Sales**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  |   **Cost of Sales**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  |   **Wages**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | |  |  |  |  |  |  | |  |  |  |  |  |  |   **Drawings**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | |  |  |  |  |  |  | |  |  |  |  |  |  | |
| **Advertising**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | |  |  |  |  |  |  | |  |  |  |  |  |  |   **Interest**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Date**  **2023** | **Cross-reference** | **Amount** | **Date**  **2023** | **Cross-reference** | **Amount** | |  |  |  |  |  |  |   5.  **Jack’s Surf Shop**  **General Journal**   |  |  |  |  | | --- | --- | --- | --- | | **Date** | **Details** | **Debit** | **Credit** | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 6.  **Jack’s Surf Shop**  **Balance Sheet as at 31 May 2023**   |  |  |  |  | | --- | --- | --- | --- | |  | $ |  | $ | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |