



Accounting 2007–2010

Written examination 1 – June

Examination specifications

Overall conditions

The examination will be sat at a time and date to be set annually by the Victorian Curriculum and Assessment Authority.

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

VCAA examination rules will apply. Details of these rules are published annually in the *VCE and VCAL Administrative Handbook*.

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

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

Content

All outcomes in Unit 3 of the *Accounting VCE Study Design* will be examined. All of the key knowledge and skills that underpin the outcomes are examinable. The examination will assess a representative sample of the key knowledge and skills in Unit 3.

Format

The examination will consist of two scenarios from which a series of questions will be derived. All questions are compulsory.

The marks allocated to each outcome will be approximately equal. The examination will have a total mark availability of 90.

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

Approved materials and equipment

- Pencil (should be used where calculations are performed)
- Scientific calculator

Advice

During the 2007–2010 accreditation period for VCE Accounting, examinations will be prepared according to the Examination specifications above. Each examination will be an interpretation of these specifications and will test a representative sample of the key knowledge and skills.

The following Unit 3 sample questions have been prepared in order to provide an illustration of how this study might be examined.

Sample questions

Fi's Sports

Fiona McInerney has decided to open a small sports shop that will trade under the name of Fi's Sports. Her accounting system is to be based on the double entry accrual system of recording and reporting. She will maintain a perpetual stock recording system using the FIFO (First In First Out) cost assignment method. Fiona will maintain control accounts for Debtors, Creditors and Stock.

- 1.1 The business commenced trading on 1 January 2007. On this day, the business's accountant presented Fiona with the following journals.

General Journal

Date 2007	Particulars	General Ledger		Subsidiary Ledger	
		Debit \$	Credit \$	Debit \$	Credit \$
1 Jan	Computer	3 000			
	Land & Buildings	220 000			
	Stock Control	20 000			
	Capital		243 000		
	Memo 1: Assets contributed by owner				

Cash Receipts Journal

Date 2007	Details	Rec. No.	Bank	Disc. Exp.	Debtors	Cost of Sales	Sales Price	GST	Sundries
1 Jan	Capital		15 000						15 000

On 6 January 2007, Fiona purchased the following stock from Acme Distributors:

ACME DISTRIBUTORS 13 Alvin Street, Kew ABN. 325 874 290 096					
Date: 6/1/07			Tax Invoice: 76		
Sold to: Fi's Sports			Terms: 2/7; n30days		
ITEM	QUANTITY	UNIT COST \$	TOTAL COST \$	GST \$	INVOICE TOTAL \$
100	Tennis Racquets	60	6 000	600	6 600
50	Cricket Bats	80	4 000	400	4 400
40	Baseball Bats	50	2 000	200	2 200
190			12 000	1 200	13 200

A sale was made on 8 January 2007 to City Secondary College.

The details were:

15 baseball bats – \$1 050 plus \$105 GST

10 tennis racquets – \$1 100 plus \$110 GST

(Invoice No. 1)

Required

1.1.1 Record these transactions into the appropriate journals. 2 + 1 = 3 marks

1.1.2 Show how the Stock Control account and GST Clearing account would appear in the General Ledger after the journals have been posted for the month. 4 marks

1.1.3 Complete the Stock Card for baseball bats for January 2007.
(**Note:** There were no baseball bats on hand at 1 January 2007.) 2 marks

1.1.4 Explain how the use of a Stock Control account and Stock Cards assist in the managing of stock. 2 marks

1.2 While recording transactions during January, Fiona noticed that Interest Revenue and Commission Revenue were recorded in two separate General Ledger accounts. In the future Fiona has decided to combine these two accounts and record both in an account called 'Other revenue'.

Identify and explain the accounting principle breached by recording the two revenue items in one account. 1 + 2 = 3 marks

1.3 On 1 February 2007, Fiona paid \$9 000 (plus \$900 GST) for a six-month advertising campaign in a national fashion magazine. The advertisements are to run monthly for six months. The first advertisement will run in June's edition.

Required

1.3.1 Show how the Prepaid Advertising account would appear in the General Ledger after necessary adjusting entries have been completed at 30 June 2007.
(You are required to balance the account.) 3 marks

1.3.2 Complete the table showing the effect of the above transaction on the Cash Flow Statement and Profit and Loss Statement at 30 June 2007. 3 marks

- 1.4** At 30 June 2007 Fiona discovered that the following transactions and documents had not been recorded.
 20 June 2007 – Paid A1 Sports Supplier \$1 463 in full settlement of a debt of \$1 540 (Cheque 7)
 25 June 2007 – Purchased Office Stationery \$1 000 + \$100 GST (Cheque 8)

FI'S SPORTS	30/6/2007
Memo 17	
Stocktake of Office Stationery	
Stock on hand	\$250
Fiona	

FI'S SPORTS	30/6/2007
Memo 18	
Notification was received that J Hart, a Debtor, has been declared bankrupt and his debt of \$300 is to be written off as a bad debt.	
Fiona	

Required

- 1.4.1** Record the above transactions and balance day adjustments into the appropriate journals.
 (Narrations **are** required in the General Journal.)

2 + 5 = 7 marks

- 1.4.2 Explain**, using a Qualitative Characteristic to support your answer, why it is necessary to make balance day adjustments.

2 + 1 = 3 marks

Answer Book**1.1.1****SALES JOURNAL**

Date 2007	Debtor	Inv. No.	Cost of Sales	Sales	GST	Total Debtors

PURCHASES JOURNAL

Date 2007	Creditor	Inv. No.	Stock	GST	Total Creditors

2 + 1 = 3 marks

1.1.2**STOCK CONTROL ACCOUNT**

Date 2007	Cross Reference	\$	Date 2007	Cross Reference	\$

GST CLEARING ACCOUNT

Date 2007	Cross Reference	\$	Date 2007	Cross Reference	\$

2 + 2 = 4 marks

1.1.3

Stock Item: A1 Baseball Bats

Date Jan 2007	Detail	IN			OUT			BALANCE		
		Qty	Cost	Total	Qty	Cost	Total	Qty	Cost	Total

2 marks

1.1.4

Explanation

2 marks

1.2

Accounting Principle
Explanation

1 + 2 = 3 marks

1.3.1

PREPAID ADVERTISING ACCOUNT

Date 2007	Cross Reference	\$	Date 2007	Cross Reference	\$

3 marks

1.3.2

CASH FLOW STATEMENT

Item	Operating/ Investing/ Financing	Inflow/ Outflow	Amount \$

PROFIT AND LOSS STATEMENT

Item	Revenue/ Expense	Amount \$

3 marks

1.4.1

CASH PAYMENTS JOURNAL

Date 2007	Details	Chq. No.	Bank	Discount Revenue	Creditors	Stock	GST	Sundries

2 marks

GENERAL JOURNAL

Date 2007	Particulars	General ledger		Subsidiary ledger	
		Debit	Credit	Debit	Credit

5 marks

1.4.2

Qualitative Characteristic
Explanation

1 + 2 = 3 marks