



**2003 VCE VET: Financial Services GA 2: Written examination**

**GENERAL COMMENTS**

This paper utilised a combination of practical and short-answer questions. The degree of difficulty varied to enable the more accomplished students to excel, but also to ensure that less accomplished students were able to handle the paper, providing that they had adequately prepared for the examination.

Teachers and students should look carefully at time management skills for this examination. Students should read questions carefully to ensure the full marks are achieved.

Students did particularly well in the following units of competence:

- BSAFIN201A Prepare and process financial documentation for cash flow and accounting purposes
- BSAFIN304A Process payroll
- BSAFIN302A Monitor cash control for accounting purposes

Some improvement is required to handle the following units of competence:

- BSAFIN305A Maintain financial records for reporting purposes
- BSAFIN301A Maintain daily financial records for accounting purposes
- FNBFIN68A Prepare reports for management

These three particular units required students to gain further practice in the manual recording of financial transactions. Further practice is required with the everyday use of bank reconciliation statements, petty cash books, statements of performance and statements of position.

**SPECIFIC INFORMATION**

**BSAFIN201A – Prepare and process financial documentation for cash flow and accounting purposes**

**Question 1**

Marks	0	1	2	3	4	5	Average
%	2	14	23	15	12	34	<b>3.20</b>

**Remittance advice**

A document prepared and forwarded with a cheque setting out details of the payment.

**Purchase invoice**

A document sent by a supplier of goods showing the amount owing for goods or services supplied on credit.

**Statement of account**

A document that is issued monthly and used by a business to inform its customers of all transactions over the previous month.

**Cheque butt**

A record showing that a payment by cheque has been made by the business.

**Credit note**

A document issued by a business to verify that goods have been returned due to being faulty, damaged or the wrong specification.

**Question 2**

Marks	0	1	2	3	4	5	Average
%	0	0	0	0	14	86	<b>4.85</b>

Very well answered overall.

TAX INVOICE Invoice no: 282  Sold to: H M Music Distributors 131 Smith St Heidelberg 3084	MCD MUSIC WHOLESALERS ABN 51 864 289 723 102 Rundle Road Kings Park 4368 Phone: 999 0000  Date: November 1 2003			
Particulars	Quantity	Rate	\$	¢
Single CDs	5000	5	25000	00

DVDs	1000	20	2000	00
Cassettes	200	15	3000	00
Sub Total			48000	00
GST			4800	00
Total Amount			52800	00
<i>Visit www.mcdmusicwholesalers.com.au Terms 3/10, net 30</i>				

### Question 3

Marks	0	1	2	3	4	5	6	7	Average
%	2	0	0	0	0	6	74	18	5.97

The location of the Bankcard entries caused most problems.

EZI BANK MELBOURNE			DEPOSIT ADVICE	
Account name:	HM Music Distributors	Account No:	45789	
		DATE:	November 1 2003	
<i>Cheques deposited (Proceeds are not available until cleared)</i>				
Drawer	Bank	Branch/BSB	Amount \$	
R & B Music	Easier Bank	Colac 57961579	412	95
Beatmusic	Post Bank	Warranwood 48726985	2485	00
Rhythmrules	Easier Bank	Ringwood 58219435	1584	75
C-Mart	Advantage Community Bank	Melbourne 48715473	5789	00
Bankcard			1869	50
Total Cheque			12141	20
Cash Tendered				
\$100			2500	00
\$ 50			1550	00
\$ 20			460	00
\$ 10			140	00
\$ 5			35	00
Coin			9	75
Total Cash			4694	75
Paid in by:		Total Deposit	16835	95

### Question 4

Marks	0	1	2	3	4	5	Average
%	24	6	7	23	7	33	2.80

- 1 \$12.10
- 2 \$44.00
- 3 \$50.00
- 4 \$6.00
- 5 \$44.00

The petty cash book is an everyday accounting operation. Students should be trained in every element of the unit of competence.

**BSAFIN304A – Process payroll**

**Question 5**

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>Average</b>
<b>%</b>	5	0	0	0	0	0	5	1	2	6	7	15	19	19	21	<b>11.10</b>

Whilst students had little difficulty with the income aspects of the payroll calculations, the calculation of both PAYG and superannuation caused some difficulty.

Linda Chan Payroll Advice Slip Cheque no 707			
Cheque date: 1/11/02			
Category	Hours	Calculation rate	Amount \$
Normal	38	20	760.00
Overtime	4	30	120.00
Commission			100.00
Productivity bonus			10.00
Subtotal			990.00
Less deductions			
Medical insurance			10.00
Employee loan			20.00
Union			5.00
SGC superannuation			99.00
PAYG Tax			225.00
Total deductions			359.00
Net Pay			631.00

**BSAFIN302A – Monitor cash control for accounting purposes**

**Question 6**

**a**

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>Average</b>
<b>%</b>	35	46	19	<b>0.84</b>

What is the correct amount to be paid if this invoice was paid by City Surf on 8 October 2003? \$5225.00

**b**

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>Average</b>
<b>%</b>	57	32	11	<b>0.54</b>

Name two documents that should be checked during the preparation of a client's monthly statement.

The documents could have been:

- invoices
- credit note/adjustment note
- receipts from customers
- customer's address
- previous balance.

Students should ensure that they are aware of the basic documents used daily in financial transactions.

**c**

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>Average</b>
<b>%</b>	12	88	<b>0.88</b>

Explain one possible difficulty when accepting personal cheques for payment of goods supplied or services rendered.

Is it their cheque book?

Does the cheque account have sufficient funds to cover the amount?

Is it their signature?

Is it post-dated?

Is it a stale cheque?

**BSAFIN305A – Maintain financial records for reporting purposes**

**Question 7**

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>Average</b>
<b>%</b>	42	37	21	<b>0.78</b>

Explain two reasons why a trial balance can be equal but not correct.

Possible answers could have been:

- whole transaction left out
- debits and credits back to front
- duplicate transactions

- transposition of figures
- entered incorrectly from the ledgers
- same mistake made on both sides.

A number of students had difficulty providing two distinct reasons.

**Question 8**

**a**

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>Average</b>
<b>%</b>	75	12	8	5	<b>0.43</b>

On closer inspection, the cash receipts received on 8 October were found to be from Nancy Jones. Use the General Journal to record the correction. Include an appropriate narration.

The overall use of journals needs more practise.

General Journal GJ 001

Date	Details	Post Ref	Debit	Credit
Oct 8	Debtor – F Jones		45	
	Debtor – N Jones			45
	Correction of error – Receipt 8/10 should have been N Jones NOT F Jones			

**b**

**bi**

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>Average</b>
<b>%</b>	28	8	10	15	16	8	7	2	6	<b>2.84</b>

**bii**

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>Average</b>
<b>%</b>	34	33	29	2	2	<b>1.07</b>

**biii**

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>Average</b>
<b>%</b>	32	10	58	<b>1.25</b>

Use the above journal entries, including the General Journal entries, to:

- record information into the selected general ledger accounts
- record information into the debtor’s subsidiary ledger accounts.
- complete the schedule of debtors at 31 October 2003.

Use either the T-format or columnar format provided. Do not complete both.

T-FORMAT

**bi**

General Ledgers

Bank Account

C/A 001

Date	Details	Post Ref	Amount \$	Date	Details	Post Ref	Amount \$
Oct 1	Balance		10000.00	Oct 31	Cash Payments	CPJ	1386.00
Oct 31	Cash Receipts	CRJ	3958.00	Oct 31	Balance		12572.00
			13958.00				13958.00
Nov 1	Balance		12572.00				

## Debtors Control Account C/A 004

Date	Details	Post Ref	Amount \$	Date	Details	Post Ref	Amount \$
Oct 1	Balance		80.00	Oct 31	Bank	CRJ	45.00
Oct 31	Credit Sales/GST	CSJ	253.00	Oct 31	Balance		288.00
			333.00				333.00
Nov 1	Balance		288.00				

**bii**

## Subsidiary Debtor's Ledgers

## Nancy Jones Account

DS/A 001

Date	Details	Post Ref	Amount \$	Date	Details	Post Ref	Amount \$
Oct 1	Balance		45.00	Oct 8	Debtor – F Jones	GJ	45.00
Oct 1	Inv 124	CSJ	33.00				
Oct 7	Inv 126	CSJ	33.00				
Oct 18	Inv 127	CSJ	33.00				
Oct 27	Inv 129	CSJ	33.00	Oct 31	Balance		132.00
			177.00				177.00
Nov 1	Balance		132.00				

## Freda Jones Account

DS/A 002

Date	Details	Post Ref	Amount \$	Date	Details	Post Ref	Amount \$
Oct 1	Balance		35.00	Oct 8	Bank	CRJ	45.00
Oct 5	Inv 125	CSJ	66.00				
Oct 8	Debtor – N Jones	GJ	45.00				
Oct 25	Inv 128	CSJ	55.00	Oct 31	balance		156.00
			201.00				201.00
Nov 1	Balance		156.00				

**biii**

## Schedule of debtors at 31 October 2003

	\$
Nancy Jones	132.00
Freda Jones	156.00

**OR**

## COLUMNAR FORMAT

**bi**

## General Ledgers

## Bank Account

C/A 001

Date	Details	Post Ref.	Debit	Credit	Balance
Oct 1	Balance				10000.00 DR
Oct 31	Cash receipts	CRJ	3958.00		13958.00 DR
Oct 31	Cash Payments	CPJ		1386.00	12572.00 DR

## Debtors Control Account C/A 004

Date	Details	Post Ref.	Debit	Credit	Balance
Oct 1	Balance				80.00 DR
Oct 31	Credit sales/GST	CSJ	253.00		333.00 DR
Oct 31	Bank	CRJ		45.00	288.00 DR

**bii**

## Subsidiary Debtor's Ledgers

## Nancy Jones Account

DS/A 001

Date	Details	Post Ref.	Debit	Credit	Balance
Oct 1	Balance				45.00 DR
Oct 1	Inv 124	CSJ	33.00		78.00 DR
Oct 7	Inv 126	CSJ	33.00		111.00 DR
Oct 8	Debtor – F Jones	GJ		45.00	66.00 DR
Oct 18	Inv 127	CSJ	33.00		99.00 DR
Oct 27	Inv 129	CSJ	33.00		132.00 DR

## Freda Jones Account

DS/A 002

Date	Details	Post Ref.	Debit	Credit	Balance
Oct 1	Balance				35.00 DR
Oct 5	Inv 125	CSJ	66.00		101.00 DR
Oct 8	Bank	CRJ		45.00	56.00 DR
Oct 8	Debtor – N Jones	GJ	45.00		101.00 DR
Oct 25	Inv 128	CSJ	55.00		156.00 DR

**biii**

Schedule of debtors at 31 October 2003

Nancy Jones	132.00
Freda Jones	156.00

**BSAFIN301A – Maintain daily financial records for accounting purposes****Question 9****a**

Marks	0	1	2	3	4	5	6	Average
%	23	12	19	13	15	7	11	<b>2.49</b>

Very few students were able to reconstruct the bank account.

T FORM

Bank Account

Date	Details	Amount	Date	Details	Amount
Oct 1	Balance	20192.60	Oct 31	Cash payments	29155.15
Oct 31	Cash receipts	33620.20	Oct 31	Bank charges	25.00
Oct 31	Interest revenue	360.00	Oct 31	Rent D/D	1250.00
			Oct 31	Dishonour Chq	2621.55
			Oct 31	Balance	21121.10
		54172.80			54172.80
Nov 1	Balance	21121.10			

**OR**

COLUMNAR FORMAT

Bank Account

Date	Details	Post Ref.	Debit	Credit	Balance
Oct 1	Balance				20192.60
Oct 31	Cash receipts		33620.20		53812.80
Oct 31	Cash payments			29155.15	24657.65
Oct 31	Interest revenue		360.00		25017.65
Oct 31	Bank charges			25.00	24992.65
Oct 31	Rent D/D			1250.00	23742.65
Oct 31	Dishonoured Cheque			2621.55	21121.10

**b**

Marks	0	1	2	3	4	5	6	Average
%	37	11	4	10	12	24	2	<b>2.30</b>

Prepare a Bank Reconciliation Statement for Morris and Minor, at 31 October 2003.

	\$	\$
Balance as per bank statement		18715.40
Plus deposits not yet credited		8249.15
		26964.55
Less unpresented cheques – 224		5843.45
Balance as per bank ledger		21121.10

The bank reconciliation is one of the most useful business control activities.

**c**

Marks	0	1	2	Average
%	29	39	32	<b>1.03</b>

Provide two benefits of preparing a bank reconciliation statement for Morris and Minor.

Possible benefits could have been:

- checks on your recording
- checks on the bank's recording
- cash control

- updates your records with direct debits/credits, and dishonoured cheques
- to know the exact amount of uncommitted funds available
- for small businesses – peace of mind.

**FNBFIN68A – Prepare reports for management**

**Question 10**

Marks	0	1	2	3	4	5	Average
%	4	7	8	22	37	22	<b>3.46</b>

	Actual \$	Budget \$	Variance \$
Revenue			
Sales	45 000	50 000	(5000)
Cost of Goods Sold	18 000	20 000	2000
Gross Profit	27 000	30 000	(3000)
Operating Expenses			
Salaries	12 958	13 500	542
Advertising	4,500	5 200	700
Administrative Expenses	5500	6 300	800
<b>Total Operating Expenses</b>	<b>22 958</b>	<b>25.000</b>	<b>2,042</b>
Net Profit/(Loss)	4 042	5 000	958

**Question 11**

Marks	0	1	Average
%	84	16	<b>0.16</b>

Explain to management how you would determine the average time it takes for debtors to pay the business, in 2003.

Average debtors = (debtors 2002 + debtors 2003)/2 = (26000 + 34000)/2 = 30000

Average sales = (sales 2002 + sales 2003)/2 = (16000 + 188000)/2 = 174000

Average sales/average debtors = 174000/30000 = 5.8 times

365/5.8 = 62.93 days on average

**Question 12**

**a**

Marks	0	1	2	Average
%	42	54	4	<b>0.61</b>

Simms Ltd statement of financial position as at 30 June 2003			
Delivery vehicles at cost	\$21000		
Less accumulated depreciation of D.V.		\$16250	
			\$4750

Workings:

18000 + 2400 = 21000 – April 1 2000

depreciation 1 April – June 30, 2000 = (21000 + 6000)/3 = \$5000 p.a./4 = 1250

depreciation July 1 2000 – June 30 2001 = 5000

depreciation July 1 2001 – June 30 2002 = 5000

depreciation July 1 2002 – June 30 2003 = 5000

16250

**b**

Marks	0	1	2	Average
%	37	46	17	<b>0.79</b>

Provide two reasons why it is important for a business to maintain adequate stock levels.

Possible reasons could have been:

Too many:

- storage difficulties
- higher insurance premiums
- possibility of theft increases

- possibility of obsolescence
- possibility of stock loss.

Too little:

- loss of sales.

### Question 13

a

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>Average</b>
<b>%</b>	87	1	0	0	1	1	4	2	4	0	<b>0.79</b>

b

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>Average</b>
<b>%</b>	88	2	5	0	5	<b>0.31</b>

c

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>Average</b>
<b>%</b>	91	5	4	<b>0.12</b>

d

<b>Marks</b>	<b>0</b>	<b>1</b>	<b>Average</b>
<b>%</b>	86	14	<b>0.14</b>

When preparing reports, students are encouraged to 'finish the question'.

A cash flow statement for Apollo Computers – year ended 31 December 2003.

	\$	\$	\$
Cash flows from operating			
Sales	65200		
Receipts from debtors	53950		
Interest on government bonds	3200	122350	
Insurance	1350		
Shop wages	18200		
Advertising	2100		
Purchase of stock	8500		
Office salaries	15600		
Interest expense	2360		
Payments to creditors	62330		
Cartage outwards	1150	111590	
Net cash flows from operations			10760
Cash flows from financing			
CBA finance loan	22600		
Capital	12000	34600	
Repayments to CBA	4650		
Drawings	23400	28050	
Net cash flows from financing			6550
Cash flows from investing			
Sale of cash register		3500	
Purchase of new cash register		12600	
Net cash flows from investing			(9100)
Cash surplus			8210
Bank balance at January 1, 2003			4860
Bank balance at December 31, 2003			13070

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