

VCE VET Financial Services

Written examination – November

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 34 per cent to the Study Score.

Content

The examination will be based on three units of competence from Units 3–4 of the VCE VET Financial Services program.

These units of competence are

CODE	TITLE	NOMINAL HOURS
BSBCM308A	Maintain financial records	60
FNSICACC307A	Reconcile and monitor accounts receivable	50
BSBADM408A	Prepare financial reports	40

The examination items will focus on the underpinning knowledge and skills identified in the above units of competence.

Format

The weighting of questions on the examination will reflect (approximately) the nominal training hours for each competency. The total marks allocated to the examination will be 80 marks.

The examination will consist of short answer questions. All questions are compulsory.

There will be a mixture of theory and practical questions.

The appropriate recording of the Goods and Service Tax (GST) will be involved, with students expected to calculate the amount of GST and record GST in journals and ledger accounts.

The examination will provide the options of presenting transactions in ledgers using either T-form accounts or three column ledger accounts.

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

Approved materials and equipment

- Scientific calculator

Advice

Until the next review of VET Financial Services the examination 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 underpinning knowledge and skills.

The following sample examination has been prepared in order to provide an illustration of how VET Financial Services might be examined.



Victorian Certificate of Education

2007

SUPERVISOR TO ATTACH PROCESSING LABEL HERE

STUDENT NUMBER

Figures

Words

Letter

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VCE VET FINANCIAL SERVICES

Written examination

Day Date 2007

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

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

QUESTION AND ANSWER BOOK

Structure of book

<i>Number of questions</i>	<i>Number of questions to be answered</i>	<i>Number of marks</i>
9	9	80

- 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 and answer book of 21 pages.

Instructions

- Write your **student number** in the space provided above on this page.
- All written responses must be in English.

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

Instructions

Answer **all** questions in the spaces provided.

BSBCM308A – MAINTAIN FINANCIAL RECORDS

Question 1

Sight and Sound is a business which specialises in selling home theatre and sound systems. The business maintains a perpetual stock recording system and the accounting system is based on the double-entry accrual system of recording and reporting. The business applies a 50% mark up on sales.

Record the following documents into the journals provided for the month of October 2007. **Total** the journals.

**Sight and Sound
Invoice 14**
Date: 1/10/2007
To: H Chang
For: 1 × Theatre System
GST: \$200.00 \$2 200.00

**Tada
Invoice 65**
Date: 5/10/2007
To: Sight and Sound
For: 5 × Home Cinemas
GST: \$250.00 \$2 750.00

MEMO #1
4/10/07 Business donated a Home Theatre System for local charity fund raising.
\$550.00

**Sight and Sound
RECEIPT 89**
Date: 8/10/2007
To: Sales
For: 2 × Home Cinemas
\$4 000
GST: \$400
\$4 400

Date: 9/10/2007 Chq 21
To: Sacco Ltd
For: Annual Rent
This cheque: \$1 320.00
Includes GST: \$120.00
SIGHT AND SOUND

**Sight and Sound
RECEIPT 90**
Date: 11/10/2007
To: Sales
For: 1 × Sound System
\$600.00
GST: \$60.00
TOTAL: \$660.00

**Sight and Sound
Invoice 15**
Date: 12/10/2007
To: CD Sung
For: 1 × Theatre System
1 × Home Cinema
GST \$330.00
Total \$3 630.00

MEMO #2
13/10/07
Owner took one Theatre System home for personal use.
\$600.00

Date: 14/10/2007 Chq 22
To: Tada
For: Account Payment
This cheque: \$2 695.00
Discount allowed: \$55.00
SIGHT AND SOUND

**Tada
Invoice 72**
Date: 15/10/2007
To: Sight and Sound
For: 2 × Theatre Systems
GST: \$200.00 \$2 200.00

Date: 17/10/2007 Chq 23
To: Harlow Press
For: Advertising
This cheque: \$550.00
Includes GST: \$50.00
SIGHT AND SOUND

**Tan Entertainment
Invoice 32**
Date: 22/10/2007
To: Sight and Sound
For: 2 × Sound Systems
GST: \$80.00 \$880.00

**Sight and Sound
RECEIPT 91**
Date: 24/10/2007
To: Debtor: H Chang
For: Account
Amount: \$2 200.00
Discount allowed: \$44.00

Bank Statement (Extract) for October 2007

Date	Details	DR	CR
30/10	Interest	\$50	
30/10	Debtor–JD HI		\$500

Cash Receipts Journal

CRJ4

Date	Details	Rec No.	Discount			Debtor	GST supplies		Non GST	Bank
			Allowed	GST payable	Debtor		Sales	GST payable		

Cash Payments Journal

CPJ3

Date	Details	Chq No.	Discount			Creditor	GST acquisitions			Non GST	Bank
			Revenue	GST received	Creditor		Purchases	Sundry	GST received		

Sales Journal

SJ4

Date	Debtor	Invoice No.	Sales	GST payable	Debtors

Purchases Journal**PJ2**

Date	Creditor	Invoice No.	Purchases	GST receivable	Creditors

General Journal

Date	Account	Post Ref.	General Ledger	
			Debit	Credit

10 marks

Question 2

On 30 November 2007 the business received a bank statement from the PSA bank showing a debit balance of \$623.90.

- The bank statement included a payment by authority for insurance of \$510.00 and an interest charge of \$125.00.
- CD Sung, a debtor, had deposited \$400 directly into the business bank account at the PSNA bank.
- The cash books for November included three cheques that had not been cleared: Chq 35 for \$72.00, Chq 45 for \$80.00, Chq 47 for \$40.00 and an amount of \$1 260.00 received by Sight and Sound which had not yet been banked.
- The receipts entered into the cashbook for November totalled \$12 549.50 and the payments entered totalled \$10 785.70. The balance according to the records of Sight and Sound showed the account overdrawn by \$1 084.70 on 1 November 2007.

a. **Complete** the Bank Ledger Account at 30 November 2007 for Sight and Sound.

T-FORMAT

Bank Ledger Account

Date	Details	\$	Date	Details	\$

OR

COLUMNAR FORMAT

Bank Ledger Account

Date	Details	Post Ref.	Debit \$	Credit \$	Balance \$

3 marks

b. Prepare a Bank Reconciliation Statement at the 30 November 2007.

Bank Reconciliation Statement as at 30 November 2007		

3 marks

c. State two other methods of controlling cash other than performing a Bank Reconciliation Statement.

Method 1
Method 2

2 marks

d. Explain two ways a business can ensure the accuracy of its Cash Journals.

Method 1
Method 2

2 marks

Question 3

The following Statements of Accounts were issued to Matthew's Mega Music on 30 September 2007.

<div style="border: 1px solid black; padding: 5px; text-align: center;"> <p>HB Imports 1250 Nepean Hwy Phone: (03) 9886 9709 Fax: (03) 9886 9000 ABN: 123 123 909</p> </div> <p style="text-align: right;">Date: 30.09.2007</p> <p>Customer: Matthew's Mega Music 175 Commercial Road Morwell 3850</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 20%;">Date</th> <th style="width: 10%;">DR</th> <th style="width: 10%;">CR</th> <th style="width: 10%;">Balance</th> </tr> </thead> <tbody> <tr> <td>Sept 1</td> <td>Balance</td> <td></td> <td></td> <td style="text-align: right;">\$5 200</td> </tr> <tr> <td>3</td> <td>Inv – 345 AS</td> <td style="text-align: right;">2 400</td> <td></td> <td style="text-align: right;">7 600</td> </tr> <tr> <td>9</td> <td>Payment</td> <td></td> <td style="text-align: right;">2 400</td> <td style="text-align: right;">6 100</td> </tr> <tr> <td>15</td> <td>Inv – 446AS</td> <td style="text-align: right;">1 800</td> <td></td> <td style="text-align: right;">7 900</td> </tr> <tr> <td>20</td> <td>Payment</td> <td></td> <td style="text-align: right;">2 200</td> <td style="text-align: right;">5 700</td> </tr> <tr> <td></td> <td>Discount</td> <td></td> <td style="text-align: right;">120</td> <td style="text-align: right;">5 580</td> </tr> <tr> <td>28</td> <td>Cr. Note 220</td> <td></td> <td style="text-align: right;">600</td> <td style="text-align: right;">4 980</td> </tr> <tr> <td colspan="4" style="text-align: right;">Balance Outstanding</td> <td style="text-align: right;">\$4 980</td> </tr> </tbody> </table>	Date	Date	DR	CR	Balance	Sept 1	Balance			\$5 200	3	Inv – 345 AS	2 400		7 600	9	Payment		2 400	6 100	15	Inv – 446AS	1 800		7 900	20	Payment		2 200	5 700		Discount		120	5 580	28	Cr. Note 220		600	4 980	Balance Outstanding				\$4 980	<p style="text-align: center;">Jay's Jives PO Box 299 Sale VIC 3870 Ph: 5133 4567 Fax: 5133 5690 ABN: 444 555 666</p> <p>Customer: Matthew's Mega Music 175 Commercial Road Morwell 3850</p> <p style="text-align: center;">Account for September 2007</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 20%;">Date</th> <th style="width: 10%;">Debits</th> <th style="width: 10%;">Credit</th> <th style="width: 10%;">Balance</th> </tr> </thead> <tbody> <tr> <td>Sept 1</td> <td>Balance</td> <td></td> <td></td> <td style="text-align: right;">\$2 870</td> </tr> <tr> <td>10</td> <td>Payment</td> <td></td> <td style="text-align: right;">800</td> <td style="text-align: right;">2 070</td> </tr> <tr> <td>12</td> <td>Inv – 1122V</td> <td style="text-align: right;">2 400</td> <td></td> <td style="text-align: right;">4 470</td> </tr> <tr> <td>25</td> <td>Payment</td> <td></td> <td style="text-align: right;">1 200</td> <td style="text-align: right;">3 270</td> </tr> <tr> <td>29</td> <td>Cr. Note</td> <td></td> <td style="text-align: right;">990</td> <td style="text-align: right;">2 280</td> </tr> <tr> <td colspan="4" style="text-align: right;">Account Balance</td> <td style="text-align: right;">\$2 280</td> </tr> </tbody> </table>	Date	Date	Debits	Credit	Balance	Sept 1	Balance			\$2 870	10	Payment		800	2 070	12	Inv – 1122V	2 400		4 470	25	Payment		1 200	3 270	29	Cr. Note		990	2 280	Account Balance				\$2 280
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Additional information

Jay's Jives owes Matthew's Mega Music \$500 for goods received during the month. The businesses have agreed to offset this amount at 30 September 2007.

Use the Statements of Accounts and the additional information provided.

- a. **Complete** the Creditors Subsidiary Ledger for Jay’s Jive.

T-FORMAT

**Creditors Subsidiary Ledger
Creditor: Jay’s Jive**

Date	Details	\$	Date	Details	\$

OR

COLUMNAR FORMAT

**Creditors Subsidiary Ledger
Creditor: Jay’s Jive**

Date	Details	Post Ref.	Debit \$	Credit \$	Balance \$

4 marks

b. **Complete** the Creditors Control Account in the General Ledger for Matthew’s Mega Music.

T-FORMAT

**General Ledger
Creditors Control Account**

Date	Details	\$	Date	Details	\$

OR

COLUMNAR FORMAT

**General Ledger
Creditors Control Account**

Date	Details	Post Ref.	Debit \$	Credit \$	Balance \$

6 marks

c. **Explain** two reasons for preparing Subsidiary Ledgers for creditors.

Reason 1
Reason 2

2 marks

TURN OVER

FNSICACC307A – RECONCILE AND MONITOR ACCOUNTS RECEIVABLE**Question 4**

Issy Ipod runs a small business which sells MP3 Players, Ipods and various other mini players. All items are sold on credit and they maintain a Debtors Subsidiary Ledger.

Debtor's balances as at 30 May 2007

Hi Fi R Us	\$ 8 000
Party Rock Shop	\$ 3 500
Noll Music	\$ 1 600

a. **Complete** the source documents using the transactions below.

4 June 2007 Received cheque 56 for \$2 300 from Hi Fi R Us after giving a discount of \$20.

15 June 2007 Received \$600 from a Cash Sale.

23 June 2007 Party Rock Shop paid their account in full and received a 2% discount – cheque 213.

Issy Ipod Receipt 12
Date: 01/06/07 From: Hi Fi R Us For: On Account Amount: \$ 4 000 Four Thousand Dollars and zero cents

Issy Ipod Receipt 13
Date: From: For: Amount: \$

Issy Ipod Receipt 14
Date: 9/06/07 From: Party Rock Shop For: On Account Amount: \$ 500 Five Hundred Dollars and zero cents

Issy Ipod Receipt 15
Date: From: For: Amount: \$

Issy Ipod Receipt 16
Date: 15/06/07 From: Cash Sale For: Sale of 2 Ipods Amount: \$600 Six hundred dollars and zero cents

Issy Ipod Receipt 17
Date: From: For: Amount: \$

4 marks

At the end of the month statements were sent out to all debtors. Noll Music received a statement showing \$1 600 still outstanding. They claim to have paid \$600 on 15 June 2007. On closer inspection it was found that the money received on this date was not for a Cash Sale but was from Noll Music.

b. Record the correcting entry in the General Journal. (A suitable **narration is required.**)

General Journal

Date	Account	Post Ref.	General Ledger		Subsidiary Ledger	
			Debit	Credit	Debit	Credit

3 marks

c. Complete the Debtors Subsidiary Ledgers for June 2007.

T-FORMAT

Debtor: Hi Fi R Us

Date	Details	\$	Date	Details	\$

Debtor: Party Rock Shop

Date	Details	\$	Date	Details	\$

Debtor: Noll Music

Date	Details	\$	Date	Details	\$

OR

COLUMNAR FORMAT

Debtor: Hi Fi R Us

Date	Details	Post Ref.	Debit \$	Credit \$	Balance \$

Debtor: Party Rock Shop

Date	Details	Post Ref.	Debit \$	Credit \$	Balance \$

Debtor: Noll Music

Date	Details	Post Ref.	Debit \$	Credit \$	Balance \$

6 marks

- d. **Prepare** the Debtors Schedule at 30 June 2007.

Debtors Schedule

Debtor Name	\$
Total	

2 marks

- e. **Explain** the purpose for preparing the Debtors Schedule.

1 mark

Question 5

Elite Electrical prepares the following Aged Analysis of debtors. Their credit terms are net 30 days for all debtors with a credit limit set at \$4 500. When all avenues of debt collection have been attempted they write off the debt at the end of the financial period. The business also has a policy of providing for Doubtful Debts at the end of the financial period at 1% of total debtors.

Aged Analysis for Debtors as at 30 June 2007

Debtor	Total due	0–30	31–60	61–90	90+
S Sparky	5 000	3 000	1 500	500	
B Beauty	2 500	2 500			
F Fridge	3 200		3 200		
H House	600				600

- a. H House is unable to pay his debt of \$600. According to company policy this debt must be written off. **Complete** the General Journal Entry. (A narration is **not** required.)

General Journal

Date	Account	Post Ref.	General Ledger		Subsidiary Ledger	
			Debit	Credit	Debit	Credit

3 marks

- b. List **three** procedures that could have been implemented which may have prevented this debt from being written off.

Procedure 1
Procedure 2
Procedure 3

3 marks

Question 6

T Truck is a new debtor and Elite Electrical is considering giving him a credit limit of \$5 000 with trading terms of 30 days.

The accounts person has contacted three people to obtain references for T Truck.

The information collected is as follows.

Reference 1. Purchases \$2 000 per month and pays promptly 30 days.

Reference 2. Purchases \$3 000 per month and pays 45–60 days.

Reference 3. Purchases \$2 600 per month and pays 30 days.

- a. **Explain** two reasons why the trading terms might not be suitable for T Truck.

Reason 1
Reason 2

2 marks

- b. T Truck wants to purchase goods worth \$5 000. What credit terms could you offer him according to company policy?

2 marks

BSBADM408A – PREPARE FINANCIAL REPORTS**Question 7**

The business maintains the following Asset Registers for Office Equipment and Motor Vehicles. Office Equipment uses the **straight-line** method of depreciation and Motor Vehicles uses the **reducing balance** method of depreciation.

Office Equipment						
Depreciation method: Straight-line						
	Purchase Date	Cost	Depreciation Rate	WDV 30/06/06	Depreciation For Y/E 30/06/07	WDV 30/06/07
Desks	01/07/04	3 000	20%	1 800		
Filing Cabinets	01/07/05	2 500	20%	1 500		
Computer System	01/07/04	9 000	20%	3 000	3 000	0

Motor Vehicles						
Depreciation method: Reducing-balance						
	Purchase Date			WDV 30/06/06	Depreciation For Y/E 30/06/07	WDV 30/06/07
Honda Civic	01/07/03	24 000	22.5%	11 172	2 514	8 658
Toyota Corolla	01/10/05	26 000	22.5%	21 612		

- a. **Calculate** the depreciation for the Filing Cabinets for the year ended 30 June 2007. Show all workings.

Workings	
Depreciation expense for year ended 30 June 2007	\$

1 mark

- b. Calculate** the depreciation for the Toyota Corolla for the year ended 30 June 2007 and show the written down value as at 30 June 2007. Show all workings.

Workings	
Depreciation expense for year ended 30 June 2007	\$
Written down value as at 30 June 2007	\$

1 mark

- c. Explain** the main factors that should be considered when selecting an appropriate depreciation method for the Office Equipment and the Motor Vehicles.

2 marks

On 30 June 2007, the Filing Cabinets were sold for \$1 200 cash.

- d. Complete** the General Journal entries required to record the sale of the Filing Cabinet. (A narration is **not** required.)

Date	Account	Debit	Credit

6 marks

Question 8

The following information is provided on 30 June 2007.

- A three-month advertising contract costing \$1 200 was paid in advance on 30 April. The contract commenced on 1 June 2007.
 - \$5 000 sales commission was paid to staff. At 30 June 2007 a further \$700 is still owing to staff.
- a. Record the adjustments required at 30 June 2007 in the ledger accounts provided.
- b. **Complete** the ledger accounts in preparation for the next reporting period.

T-FORMAT

Prepaid Advertising

Date	Details	\$	Date	Details	\$
April 30	Bank	1 200			

Sales Commission

Date	Details	\$	Date	Details	\$
June 30	Bank	5 000			

OR**COLUMNAR FORMAT****Prepaid Advertising**

Date	Details	Post Ref.	Debit \$	Credit \$	Balance \$
April 30	Bank		1 200		1 200 DR

Sales Commission

Date	Details	Post Ref.	Debit \$	Credit \$	Balance \$
June 30	Bank		5 000		5 000 DR

2 + 2 = 4 marks

TURN OVER

Question 9

The following Trial Balance relates to the business of Sight and Sound and was prepared at 31 July 2007 after all adjusting and correcting entries for the month had been made.

Trial Balance as at 31 July 2007

	Debit	Credit
Cash at Bank		16 050
Cash on Hand	400	
Debtors	6 490	
Stock	29 990	
Prepaid Advertising	5 200	
Store Equipment	48 900	
Office Equipment	12 430	
Security System	10 200	
Vehicle	45 000	
Creditors		18 160
Loan		35 000
Capital		93 460
Drawings	16 900	
Sales		119 400
Cost of Sales	59 700	
Stock Gain		600
Freight In	5 600	
Rent Expense	5 400	
Advertising Expense	2 600	
Wages Expense	21 250	
Packaging Expense	8 600	
Discount Expense	3 460	
Interest Expense	400	
Bad Debts Expense	800	
Discount Revenue		3 050
Accrued Wages		1 800
GST Clearing Account	4 300	
Totals	\$287 520	\$287 520

a. Prepare a fully classified Profit and Loss Statement for the month ended 31 July 2007.

Profit and Loss Statement for month ended 31 July 2007

5 marks

b. Prepare the Liabilities section only of the Balance Sheet as at 31 July 2007.

Balance Sheet (extract) Liabilities as at 31 July 2007

3 marks