



**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**

Monday 12 November 2007

Reading time: 9.00 am to 9.15 am (15 minutes)

Writing time: 9.15 am to 10.45 am (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>
3	3	80

- Students are permitted to bring into the examination room: pens, pencils, highlighters, erasers, sharpeners, rulers and a 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 20 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

The following information relates to the business of Peter Piper Plumbers.

Peter Piper Plumbers is a business which specialises in all types of plumbing services.

- a. **Record** the following documents into the journals provided for the month of September 2007. **Total** all journals.

Peter Piper Plumbers
Invoice 10
Date: 2/9/2007
To: A Brown
For: Plumbing Services
GST \$20.00 \$220.00

Plumbers Inc
Invoice 101
Date: 5/9/2007
To: Peter Piper Plumbers
For: Plumbing Supplies
GST \$10.00 \$110.00

MEMO #6
Date: 8/9/2007
Business donated plumbing parts to local charity for fundraising.
\$150.00

Date: 12/9/2007	Chq 496
To: AMPOL Service Station	
For: Vehicle repairs	
This cheque:	\$275.00
Includes GST	\$25.00

Peter Piper Plumbers	
Receipt 048	
Date: 13/9/2007	
To: Cash Fees	
For: Plumbing Parts	
\$500.00	
GST	\$50.00
TOTAL:	\$550.00

Peter Piper Plumbers
Invoice 11
Date: 15/9/2007
To: B Green
For: Plumbing Services
GST \$30.00 \$330.00

MEMO #7
Date: 16/9/2007
Owner took parts for personal use.
\$100.00

Date: 12/9/2007	Chq 497
To: Plumbers Inc	
For: Account Payment	
This cheque:	\$275.00

Plumbers Inc
Invoice 110
Date: 18/9/2007
To: Peter Piper Plumbers
For: Plumbing Parts
GST \$50.00 \$550.00

Peter Piper Plumbers
Receipt 049
Date: 19/9/2007
To: A Brown
For: Account
\$220.00

Cash Receipts Journal

Date	Details	Rec. No.	Debtors	Plumbing Services	Sales Plumbing Parts	GST	Sundries	Bank

Cash Payments Journal

Date	Details	Chq. No.	Creditors	Plumbing Parts	GST	Sundries	Bank

Plumbing Services Journal

Date	Debtors	Inv. No.	Service	GST	Total

Purchases Journal

Date	Creditors	Inv. No.	Plumbing Parts	GST	Total

General Journal

Date	Account	Debit	Credit

10 marks

On 31 October 2007, the following Bank Statement was received by the business.

b. Enter the missing balances in the Bank Statement below.

Account Number 111-888 195-0123 Account Title Peter Piper Plumbers The Financial Banking Company Melbourne Branch				
Date	Details	DR	CR	Balance
2007 Oct 1	Balance Carried Forward			300 CR
2	Chq. 500	600		300 DR
5	Deposit		1201	901 CR
10	Deposit		1050	1951 CR
15	Deposit		200	2151 CR
16	Chq. 501	700		1451 CR
20	Chq. 502	600		851 CR
22	Dis. Chq.	200		651 CR
29	Deposit		450	1101 CR
31	Dis. Chq. Fees	35		
31	Interest Credit		5	

2 marks

Additional information

- The bank balance, according to the business records as at 30 September 2007, was \$300 debit.
- The bank notified Peter that the cheque deposited on 15 October 2007 would not be honoured.

- c. Compare the Bank Statement on page 4 with the Cash Receipts and Cash Payments Journals, then complete the Cash Receipts and Cash Payments Journals and total the columns.

The cash journals for the business for the month of October 2007 are as follows.

Cash Receipts Journal

Date	Details	Rec. No.	Debtors	Plumbing Services	Sales Plumbing Parts	Sundries	Bank
2007							
Oct 5	Plumbing	050	1201				1201
10	Cash Fees	051		1050			1050
15	Sale of Parts	052			200		200
29	Plumbing	053	450				450
30	Cash Fees	054		770			770

Cash Payments Journal

Date	Details	Chq. No.	Creditors	Stock Plumbing Parts	Sundries	Bank
2007						
Oct 2	Point Cook Petrol Pump	500		600		600
5	Plumbing Plus	501	700			700
5	Cash (Drawings)	502			600	600
5	Plumbing Pipes	503	200			200

4 marks

- d. Using **either** the T-format **or** columnar format provided, complete the Bank Account in the ledger for Peter Piper Plumbers.

T-FORMAT

Bank Account

Date	Details	Amount	Date	Details	Amount

OR

COLUMNAR FORMAT

Bank Account

Date	Particulars	Debit	Credit	Balance

3 marks

- e. Prepare a Bank Reconciliation Statement as at 31 October 2007.

Bank Reconciliation Statement for Peter Piper Plumbers as at 31 October 2007

	\$	\$

4 marks

- f. Describe **one** benefit to Peter Piper in preparing a Bank Reconciliation Statement. Use an example in your answer.

Benefit

2 marks

- g. Peter has stated that the bank reconciliation process is too complicated. Explain one process to help him.

1 mark

- h. Peter wants to know why the Trial Balance prepared by his Accountant balanced even though additional transactions in the Bank Statement were not yet included. Explain.

1 mark

- i. Using all the information provided, complete the Purchases Journal for Peter Piper Plumbers.
- 10 October purchased 10 lengths of plumbing pipes @ \$11 each (incl. GST) (Invoice P111) from Plumbing Supplies
 - 15 October purchased 10 plumbing joins at \$2.50 each (incl. GST) (Invoice P121) from Plumbing Supplies

Purchases Journal

Date	Creditors	Inv. No.	Plumbing Parts	GST	Total

2 marks

- j. Complete the Creditors Subsidiary Ledger for Plumbing Supplies using **either** the T-format **or** the columnar format.

T-FORMAT

Creditors Subsidiary Ledger – Plumbing Supplies

Date	Details	Amount	Date	Details	Amount

OR

COLUMNAR FORMAT

Creditors Subsidiary Ledger – Plumbing Supplies

Date	Details	Debit	Credit	Balance

2 marks

- k. State how a Creditors Control Account is reconciled to subsidiary ledgers.

1 mark

Total 32 marks

BSBADM408A – PREPARE FINANCIAL REPORTS**Question 2**

The following totals were extracted from the cash journals of Plumbers Plus at 30 November 2007.

Cash Payments Journal

Date 2007	Details	Chq. No.	Creditors	Stock Plumbing Parts	Wages	GST	Sundries	Bank
30 Nov	Totals	–	2 800	780	2 500	386	3 645*	10 111

* Sundries includes payments for vehicle expenses – \$505, cartage in \$75, interest on loan \$45, bank charges – \$70, purchase of new tools and equipment – \$2 500, drawings of \$450.

Cash Receipts Journal

Date	Details	Rec. No.	Debtors	Plumbing Services	Cost of Sales	Sales Plumbing Parts	GST	Sundries	Bank
30 Nov	Totals		3 765	2 500	425	1 625	412	8 000*	16 302

* Sundries includes additional capital contributed by the owner – \$2 000 and a loan received from the ZNA Bank for \$6 000.

a. Prepare a Cash Flow Statement to show Operating Activities for the month of November.

PLUMBERS PLUS

CASH FLOW STATEMENT FOR MONTH ENDED 30 NOVEMBER 2007

Cash Flow from Operating Activities	\$	\$

4 marks

At the end of the month, 30 November 2007, the bookkeeper compiled a Trial Balance from the general ledger of Plumbers Plus.

Trial Balance as at 30 November 2007

Account	Dr	Cr
	\$	\$
Accumulated Depreciation – Tools and Equipment		5 000
Accumulated Depreciation – Vehicle		6 300
Bank		3 690
Buying expenses	50	
Capital		33 424
Cartage inwards	150	
Cost of Sales	620	
Creditors		12 010
Debtors	9 870	
Drawings	5 500	
GST Clearing Account		2 440
Interest expense	260	
Loan – ZNA		6 000
Mortgage on Premises		50 000
Plumbing Services		17 900
Premises	70 000	
Prepaid Rent	264	
Sales		2 450
Stock Plumbing Parts	2 100	
Tools and Equipment	10 000	
Vehicle	30 000	
Vehicle expenses	1 500	
Wages	8 900	
Totals	139 214	139 214

Additional information

- The annual rent was paid on 1 January 2007 – \$1 440 (plus \$144 GST).
 - Wages owing for November was \$500.
 - The vehicle is depreciated at 20% per annum using the reducing balance method of depreciation.
 - The tools and equipment are depreciated at 15% per annum using the straight line method of depreciation.
 - The loan – ZNA is repaid annually – \$3 000.
- b. **Prepare** the General Journal entries required to record the balance day adjustments for the rent and wages for the month of November 2007 (narrations are not required).

General Journal

Date 2007	Accounts	Debit \$	Credit \$

4 marks

Question 2 – continued
TURN OVER

- c. Record the adjustments in the ledger account below and complete the ledger account in preparation for the next reporting period. Use **either** the T-format **or** columnar format.

T-FORMAT

Prepaid Rent

Date	Details	\$	Date	Details	\$

Accrued Wages

Date	Details	\$	Date	Details	\$

OR

COLUMNAR FORMAT

Prepaid Rent

Date	Details	Debit	Credit	Balance

Accrued Wages

Date	Details	Debit	Credit	Balance

3 marks

- d. **Calculate** the depreciation to be allocated for the month of November for the vehicle.

Calculation for Depreciation on vehicle using Reducing Balance Depreciation

3 marks

- e. **Explain** why a business would choose to use two different methods for depreciating their assets. Include in your answer a reference to the depreciable assets of Plumbers Plus.

2 marks

- f. **Complete** the Profit and Loss Account at 30 November 2007 using **either** the T-format **or** the columnar format.

T-FORMAT

Profit and Loss Account

Date	Details	Amount	Date	Details	Amount

OR

COLUMNAR FORMAT

Profit and Loss Account

Date	Particulars	Debit	Credit	Balance

3 marks

- i. Prepare an extract from the Balance Sheet as at 30 November 2007 showing Current Liabilities.

Current Liabilities		

3 marks

Total 28 marks

TURN OVER

FNSICACC307A – RECONCILE AND MONITOR ACCOUNTS RECEIVABLE

Question 3

<p><i>Kelly's Imports</i> 1250 Nepean Hwy Phone: (03) 9886 9709 Fax: (03) 9886 9000 ABN: 123 123 909</p>				
				Date: 30.09.2006
Customer: Niva's Mega Music				
175 Commercial Road				
Morwell 3850				
Date	Details	DR	CR	Balance
Sept 1	Balance			\$5 200
3	Inv. – 345 AS	2 400		7 600
5	Payment		1 500	6 100
8	Inv. – 446 AS	1 800		7 900
12	Payment		2 280	5 620
	Discount		120	5 500
28	Cr. Note 220		600	4 900
Balance				\$4 900

a. Explain each of the identified lines in the statement above.

A	
B	

2 marks

b. Provide **one** reason for preparing a Statement of Account.

1 mark

- c. Explain one advantage for the customer and one advantage for the supplier of the statement 5/10, n/30.

Advantage for the customer
Advantage for the supplier

2 marks

Max Marshall owns a music store, Music to the Max, in Melbourne's inner city. He sells a wide range of products and offers credit to regular customers. Max offers the following credit terms: 4/10, n/30.

- d. **Complete** the Credit Sales Journal and Cash Receipts Journal using the appropriate information below for two of the business's debtors.

- 7 October P Smith purchased 6 CDs @ \$22.00 each (incl. GST) (Invoice S204)
- 16 October M Johnson purchased 8 CDs @ \$24.00 each (incl. GST) (Invoice S205)
- 23 October M Johnson settled account for purchases made earlier that month (Receipt 3453)

Receipt No: 3454

Music to the Max
 PO Box 3004
 Melbourne 3000
 Ph:83401234
 Date: 24/10/07




Received From: *P Smith*

The sum of: \$132.00

For: *payment of account*

Received With Thanks *Max*

Music to the Max Date: 29/10/07
 PO Box 3004
 Melbourne 3000
 Ph:83401234



Invoice No: S206

Sold To: *P Smith*

	Qty	Unit Price	Amount
<i>CDs</i>	2	22.00	\$44.00
<i>DVDs</i>	3	35.00	\$105.00
Total (incl. GST)			\$149.00

Credit Terms 4/10, n/30

Credit Sales Journal

Date	Debtors	Inv. No.	Sales	GST	Total

Cash Receipts Journal

Date	Details	Rec. No.	Disc. Exp.	Debtors	Cash Sales	GST	Sundries	Bank

4 marks

- e. **Complete** the Debtors Subsidiary Ledger for M Johnson using **either** the T-format **or** the columnar format.

T-FORMAT

Debtors Subsidiary Ledger

M Johnson

Date	Details	\$	Date	Details	\$

OR

COLUMNAR FORMAT

Debtors Subsidiary Ledger

M Johnson

Date	Details	Debit	Credit	Balance

2 marks

- f. **Record** the relevant entries in the Debtors Control Account, using **either** the T-format **or** the columnar format.

T-FORMAT

Debtors Control Account

Date	Details	\$	Date	Details	\$
1/10/07	Balance	240.00			

OR

COLUMNAR FORMAT

Debtors Control Account

Date	Details	Debit	Credit	Balance
1/10/07	Balance			\$240.00 DR

2 marks

g. Explain one reason for preparing a schedule of debtors.

Reason

1 mark

Max received a solicitor’s letter stating that P Smith will not be able to repay her outstanding debt. (Memo 102)

h. Record this transaction in the General Journal provided.

Date	Details	Debit	Credit

2 marks

i. Identify and explain two strategies that Max can use to minimise the likelihood of bad debts in the future.

Strategy one
Strategy two

2 + 2 = 4 marks

Total 20 marks