**COMMERCE PRESENTATIONS AND PUBLICATIONS**

# ACCOUNTING ASSESSMENT TASK 2019

**Unit 3 - Outcome 1A**

**Recording and analysing financial data**

**SUGGESTED ANSWERS/SOLUTIONS**

## Note to teachers and students

**All completed assessment material (including question booklets) should be collected by the teacher and returned to students upon the completion of Unit 1.**

### Question 1 – Lawrence’s Ladders (16 marks)

1. **Record each of the source documents in the General Journal. Narrations are not required.**

**General Journal**

**12 marks**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Details** | **Debit** | **Credit** |
| 01/01 | Bank | 10 000 |  |
|  | Capital |  | 10 000 |
| 01/01 | Bank | 25 000 |  |
|  | Loan – CCA Bank |  | 25 000 |
| 01/01 | Van | 15 000 |  |
|  | Capital |  | 15 000 |
| 01/01 | Inventory | 6 440 |  |
|  | GST Clearing | 644 |  |
|  | Accounts Payable |  | 7 084 |
| 01/01 | Rent Expense | 2 000 |  |
|  | GST Clearing | 200 |  |
|  | Bank |  | 2 200 |
| 02/01 | Office Equipment | 6 800 |  |
|  | GST Clearing | 680 |  |
|  | Bank |  | 7 480 |
| 03/01 | Accounts Receivable | 1 650 |  |
|  | Credit Sales |  | 1 500 |
|  | GST Clearing |  | 150 |
|  | Cost of Sales | 600 |  |
|  | Inventory |  | 600 |

**General Journal**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Details** | **Debit** | **Credit** |
| 04/01 | Drawings | 3 000 |  |
|  | Bank |  | 3 000 |
| 05/01 | Sales Returns | 500 |  |
|  | GST Clearing | 50 |  |
|  | Accounts Receivable |  | 550 |
|  | Inventory | 200 |  |
|  | Cost of Sales |  | 200 |
| 08/01 | Bank | 1 078 |  |
|  | Discount Expense | 22 |  |
|  | Accounts Receivable |  | 1 100 |

**1 mark** – per General Journal entry (Cost of Sales entries allocated also allocated 1 mark)

### Define the term ‘fair value’.

**1 mark**

Fair value is the price that would be received if the asset was sold at the time it was transferred to the business.

### Explain the effect of cheque 1 on the accounting equation.

**3 marks**

As a result of cheque 1 Assets (Bank) would decrease by $2 200, **(1 mark)** Liabilities (GST Clearing) would decrease by $200 **(1 mark)** and Owner’s Equity (Profit) would decrease by

$2 000. **(1 mark)**

### Alternative Correct Response

As a result of cheque 1 Assets would decrease by $2 000 as Bank would decrease by $2 200 and the GST refundable would increase be $200, **(1 mark)** there would be no effect on Liabilities **(1 mark)** and Owner’s Equity (Profit) would decrease by $2 000. **(1 mark)**

### Question 2 – Sampson’s Shirts (8 marks)

1. **Explain the purpose of a Trial Balance.**

**2 marks**

The purpose of a Trial Balance is to ensure the total of the debit balances from the General Ledger equal the total of the credit balances. **(1 mark)** Any recording errors can be identified and corrective action can be taken prior to reports being prepared. **(1 mark)**

### Prepare a classified Balance Sheet for Sampson’s Shirts as at 31 January 2019.

**6 marks**

**Sampson’s Shirts**

**Balance Sheet as at 31 January 2019**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **$** | **$** |  | **$** | **$** |
| **Current Assets** |  |  | **Current Liabilities** |  |  |
| Accounts Receivable | 8 800 |  | Accounts Payable | 4 180 |  |
| Inventory | 19 500 | 28 300 | Bank Overdraft | 3 060 |  |
|  |  |  | GST Clearing | 803 |  |
|  |  |  | Loan – CCA Bank | 3 000 | 11 043 |
| **Non-Current Assets** |  |  | **Non-Current Liabilities** |  |  |
| Office Equipment | 6 300 |  | Loan – CCA Bank |  | 6 000 |
| Shelving | 14 200 |  | **Owner’s Equity** |  |  |
| Van | 38 000 | 58 500 | Capital |  | 69 757 |
| **Total Assets** |  | 86 800 | **Total Equities** |  | 86 800 |

**1 mark *–*** Current Assets section of the Balance Sheet

**1 mark *–*** Non-Current Assets section of the Balance Sheet

**1 mark *–*** Accounts Payable, Bank Overdraft and GST Clearing in Current Liabilities section

**1 mark *–*** Loan – CCA Bank amount in Current Liabilities section of the Balance Sheet

**1 mark *–*** Loan – CCA Bank amount in Non-Current Liabilities section of the Balance Sheet

**1 mark *–*** Owner’s Equity section of the Balance Sheet

1. **mark deducted *–*** not having Total Assets and Total Equities label and totals

### Question 3 – Peter’s Pianos (6 marks)

1. **State the nature of transaction (1) and transaction (2) in the GST Clearing account above.**

**Transaction (1) –** GST from a Purchase Return

**Transaction (2) –** GST Settlement

### Balance the GST Clearing account in the Answer Book.

**GST Clearing**

1. **marks**

**1 mark**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** | **Cross-reference** | **Amount** | **Date** | **Cross-reference** | **Amount** |
| 06/01 | Bank | 45 | 01/01 | Balance | 710 |
| 11/01 | Accounts Payable | 3 400 | 08/01 | Bank | 1 230 |
| 14/01 | Bank | 60 | 19/01 | Accounts Payable | 950 |
| 19/01 | Bank | 380 | 28/01 | Accounts Receivable | 1 580 |
| 21/01 | Bank | 710 | **31/01** | **Balance** | **1 841** |
| 23/01 | Accounts Payable | 1 630 |  |  |  |
|  |  | **6 311** |  |  | **6 311** |
| **01/02** | **Balance** | **1 841** |  |  |  |

1. **State and explain how the balance of the GST Clearing account would be classified in the Balance Sheet of Peter’s Pianos as at 31 January 2019.**

**3 marks**

The GST Clearing account would be classified as a Current Asset as at 31 January 2019 **(1 mark)** as the amount owing is a present economic resource controlled by the entity as a result of past events **(1 mark)** where the cash is expected to be received within 12 months after the end of the reporting period. **(1 mark)**