

'2019 Examination Package' - Trial Examination 10 of 11

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ACCOUNTING

Units 3 & 4 – Written examination

(TSSM's 2017 trial exam updated for the current study design)

ANSWER BOOK

Instructions

- A question book is provided with this answer book.
- Answer all questions in the spaces provided in this book.
- Refer to instructions on the front cover of the question book.

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

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Question 1 18 marks

a. Prepare the journal entries for the year ended 30 June 2019 to record the disposal and purchase of the delivery vehicles.

Note: Narrations are not required

General Journal

Date	Details	General Ledger			
2019		Debit	Credit		

12 marks

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b.	Explain why a business would account for depreciation of a non-current asset.
	3 marks
c.	The owner has heard that the reducing balance method of depreciation may be more appropriate for delivery vehicles than the straight-line method. Explain the appropriateness of using the reducing balance method rather than the straight-line method in this scenario.

3 marks

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Question 2 14 marks

a. Calculate the budgeted closing balance of the Accounts Receivable account at 31 December 2019

Accounts Receivable

Date 2019	Cross-reference	\$ Date 2019	Cross-reference	\$

4 marks

b.	Identify and explain the key accounting assumption that requires the business to record bad debts.

2 marks

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c. Prepare the Budgeted Income Statement for the month ended 31 December 2019

Scooby's Scooters Budgeted Income Statement for month ended 31 December 2019

Dovonuo	\$	\$
Revenue	Ф	•
	+	

8 marks

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Question 3 9 marks

a. Prepare the General Journal Entry to record the establishment of the double entry accounting system.

Note: A narration is not required

General Journal

Date	Details	Gene	General Ledger		
2019		Debit	Credit		

4 marks

b.	Explain your treatment of the bank overdraft.

2 marks

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			3 marks
uestion 4			8 mark
	ord the General Journal entry necessary on 30 September 2019. : A narration is not required		
Gen	eral Journal		
Date	Details	General	Ledger
2019		Debit	Credit
			2 mai
b. Reco	ord the journal entry on 1 December 2019		2 mai
	ord the journal entry on 1 December 2019		2 mar
Gen	eral Journal	Gene	
Gene Date			ral Ledge
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3 marks

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c. Explain why the journal entry on 30 September 2019 is recorded.

3 marks

Question 5

Explain the trends in the chart. Discuss the relationship between Inventory Turnover and Inventory Write-down based on the chart provided.		

6 marks

6 marks

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Question 6 9 marks

a. Record the General Journal entry necessary on 30 September 2019. Narrations are not required

Date Details Genera		Ledger	
2019		Debit	Credit

7 marks

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b.	Explain t	ne treatment of the quote	on 1 June 2019	in the accou	unts of Custon	n Couches.
	-	-				
						2 mai
ıest	ion 7				1	14 marks
a.		the value of inventory or alisable value	n hand at 30 Sep	ptember pric	or to applying	lower of cos
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3 marks

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c.	Explain your treatment of the SLR Cameras.
	4 marks
d.	Identify and explain where individual stock items are recorded and explain the method at which they are valued.
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Question 8 13 marks

- **a.** Prepare the general journal entries required to:
 - Close the revenue accounts
 - Transfer Net Profit to the Capital account Note: Net Profit was calculated at \$20 160
 - Transfer Drawings to the Capital account

Note: Narrations are not required

General Journal

Date	Date Details General Ledge		al Ledger
2019		Debit	Credit

7 marks

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D.	Discuss, referring to accounting assumption sand qualitative characteristics, why Modern Party Supplies would close its accounts at 30 June 2017.

6 marks

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Question 9 9 marks

Suburban Furniture Outfitters have prepared the following indicators. The owner is happy with the performance of the business because all he cares about is his return on investment. He isn't interested in making any changes.

	2016	2017
Net Profit Margin	15%	17%
Return on Assets	9%	8%
Return on Owners Investment	7%	7%
Gross Profit Margin	12%	10%

a.	Identify two non-financial indicators that the owner could use to evaluate the performance of the business.
	2 marks
b.	Explain how the business could improve its Gross Profit Margin.

2 marks

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c.	Discuss the owners comment that there is no need to make any changes to the business.

5 marks

END OF ANSWER BOOK

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