**COMMERCE PRESENTATIONS AND PUBLICATIONS**



ACCOUNTING ASSESSMENT TASK 2020

Unit 3 - Outcome 1A

**Recording and analysing financial data**

# Reading time: 10 minutes Writing time: 40 minutes

**QUESTION BOOK**

# Structure of book

|  |  |  |
| --- | --- | --- |
| *Number of**Questions* | *Number of questions**to be answered* | *Number of**Marks* |
| **2** | **2** | **30** |

* Students are permitted to bring into the assessment task: pens, pencils, highlighters, erasers, sharpeners, rulers and one scientific calculator.
* Students are NOT permitted to use blank sheets of paper and/or white out liquid/tape.

**Materials supplied**

* Question book of 3 pages.
* Answer book of 5 pages.

**Instructions**

* Write your **full name (and teacher’s name)** in the space provided on the front page of the Answer book.
* Answer all questions in the Answer book.
* All written responses must be in English.

**At the end of the assessment task**

* Return all booklets to your teacher, unless otherwise directed.

**Question 1 – Geoff’s Gardening Supplies (14 marks)**

On 1 January 2020 Geoff Peterson started Geoff’s Gardening Supplies. The following events took place on 1 January 2020.

* Geoff deposited $15 000 into the business bank account.
* Geoff’s Gardening Supplies borrowed $20 000 from MNC Bank and arranged a $10 000 overdraft limit.

Loan repayments of $400 will be made to MNC Bank on a monthly basis commencing 20 January 2020.

* Geoff will use his own Van for business use. The Van was purchased in 2018 for

$42 000. It was decided that the Van be reported at a fair value of $19 000.

* Inventory costing $25 000 plus GST was purchased on credit from Lombok Industries and imported from Indonesia.
* Cheque 1 was used to purchase Equipment for $13 200 including GST.
1. Prepare a classified Balance Sheet for Geoff’s Gardening Supplies as at 1 January 2020.

7 marks

1. Explain one ethical issue Geoff should consider before choosing to purchase Inventory from Lombok Industries.

2 marks

1. With reference to the qualitative characteristic of faithful representation, explain why fair values should be used when non-cash assets are contributed to the business by an owner.

2 marks

1. Referring to the definition of a liability, explain how the loan balance owing to MNC Bank was classified on the Balance Sheet of Geoff’s Gardening Supplies as at 1 January 2020.

3 marks

**MNC Bank**

**CHQ. No.** 077

**Date** 9 February 2020

**To** Cooper Sterling Agency

**For** Advertising

**Amount** $770 (inc.$70 GST)

**Clare’s Carpets**

# Question 2 – Clare’s Carpets (16 marks)

Clare’s Carpets applies a fixed mark-up of 150%.

Clare recently found the following documents in her car.

**MNC Bank**

**CHQ. No.** 076

**Date** 7 February 2020

**To** Aust. Taxation Office

**For** January’s GST Balance

**Amount** $927

**Clare’s Carpets**

|  |
| --- |
| **CLARE’S CARPETS****Date** 06/02/2020 **Tax Invoice:** 147 |
| **Charge to** TQ | Hotels |
| **Item** | **Qty** | **Unit Cost** | **$** |
| ‘Fergus’ Carpet | 60 | 250 | 15 000 |
|  |  | GST(10%)  | 1 500 |
| Terms 5/14, n/30 |  | Total Owing | 16 500 |

1. Record each of the source documents in the General Journal. A narration **is** required for Invoice 147 **only**.

**Clare’s Carpets Receipt #** 218

**Date** 16 February 2020

**To** TQ Hotels

**For** Outstanding Account **Amount** $13 585 *Clare Caldwell*

|  |
| --- |
| **CLARE’S CARPETS****Date** 10/02/2020 **Credit Note:** 009 |
| **Credit to** TQ Hotels |
| **Item** | **Qty** | **Unit Cost** | **$** |
| ‘Fergus’ Carpet 8 250 2 000GST(10%) 200Total Credit 2 200 |

14 marks

1. With reference to the qualitative characteristic of verifiability, explain the importance of source documents in the accounting process.

2 marks

# END OF QUESTION BOOKLET