**COMMERCE PRESENTATIONS AND PUBLICATIONS**



ACCOUNTING ASSESSMENT TASK 2020

Unit 3 - Outcome 2

**Preparing and interpreting accounting reports**

# Reading time: 10 minutes Writing time: 50 minutes

**QUESTION BOOK**

# Structure of book

|  |  |  |
| --- | --- | --- |
| *Number of**Questions* | *Number of questions**to be answered* | *Number of**Marks* |
| **3** | **3** | **40** |

* 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 5 pages.
* Answer book of 7 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 – Shirley’s Shirts (23 marks)**

Shirley Chan owns and operates Shirley’s Shirts.

Shirley has been provided with the following Trial Balance as at 30 June 2020.

# Shirley’s Shirts

**Trial Balance as at 30 June 2020**

|  |  |  |
| --- | --- | --- |
| **Account** | **Debit** | **Credit** |
| Accounts Payable |  | 4 070 |
| Accounts Receivable | 6 875 |  |
| Advertising | 260 |  |
| Bank |  | 1 116 |
| Capital |  | 62 914 |
| Cash Sales |  | 8 460 |
| Cost of Sales | 7 870 |  |
| Credit Sales |  | 11 940 |
| Delivery Van | 34 500 |  |
| Discount Expense | 165 |  |
| Discount Revenue |  | 132 |
| Drawings | 2 400 |  |
| Equipment | 13 600 |  |
| Freight Inwards | 320 |  |
| GST Clearing |  | 933 |
| Interest Expense | 100 |  |
| Inventory | 28 000 |  |
| Inventory Loss | 1 020 |  |
| Loan – MNC Bank |  | 12 000 |
| Rent | 2 500 |  |
| Sales Returns | 725 |  |
| Wages | 3 230 |  |
| **Totals** | **101 565** | **101 565** |

**Question 1 –** continued

# Additional information

* Reports are prepared on a monthly basis.
* On 9 June 2020 Shirley made a capital contribution of $5 000.
* Monthly loan repayments to MNC Bank of $500 include $100 interest.
1. Prepare the General Journal entry to close the expense accounts on 30 June 2020. A narration is **not** required.

3 marks

1. Explain how preparing closing entries satisfies the Period accounting assumption.

2 marks

1. Prepare the Income Statement up to, and including, Other Revenue for the month ended 30 June 2020.
2. Complete the Capital account in the General Ledger as at 30 June 2020.
3. Prepare the Equities section of the Balance Sheet as at 30 June 2020.

6 marks

5 marks

7 marks

# Question 2 – Rick’s Rugs (12 marks)

Rick Shaw owns and operates Rick’s Rugs.

Rick has provided the Bank account from the General Ledger for June 2020.

# Bank

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** | **Cross-reference** | **Amount** | **Date** | **Cross-reference** | **Amount** |
| 01/06 | Balance | 6 240 | 02/06 | Freight In / GST Clearing | 363 |
| 05/06 | Cash Sales / GST Clearing | 990 | 03/06 | Advertising / GST Clearing | 440 |
| 08/06 | Accounts Receivable | 4 312 | 06/06 | Drawings | 3 000 |
| 18/06 | Capital | 15 000 | 10/06 | Rent / GST Clearing | 1 650 |
| 20/06 | Loan – MNC Bank | 20 000 | 13/06 | Inventory / GST Clearing | 5 280 |
| 27/06 | Cash Sales / GST Clearing | 2 860 | 14/06 | Wages | 1 800 |
|  |  |  | 21/06 | GST Clearing | 774 |
|  |  |  | 22/06 | Van / GST Clearing | 35 200 |
|  |  |  | 23/06 | Accounts Payable | 2 200 |
|  |  |  | 25/06 | Loan – MNC Bank | 750 |
|  |  |  | 25/06 | Interest | 400 |
|  |  |  | 28/06 | Wages | 1 700 |

1. Prepare the Cash Flow Statement for the month ending 30 June 2020.

9 marks

1. With the use of an example, explain to Rick how the Cash Flow Statement reported a negative Net Cash Flows from Operations but the Income Statement reported a Net Profit for June 2020.

3 marks

# Question 3 – Kevin’s Keyboards (5 marks)

Kevin Nguyen owns and operates Kevin’s Keyboards. Kevin has been provided with the following information.

60%

55%

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45%

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25%

20%

15%

10%

5%

0%

2019 2020

Gross Profit Margin Net Profit Margin

1. Discuss whether Kevin’s Keyboards may report a higher or lower Gross Profit in the Income Statement for the year ended 30 June 2020.

3 marks

1. State one other benchmark Kevin could use to assess the performance of his business.

1 mark

1. State one non-financial indicator Kevin could use to assess the performance of his business.

1 mark

**END OF QUESTION BOOKLET**