

ACCOUNTING

ACC315116

Pages: 24

Questions: 10

Answer Booklets: 4

Information Sheet: 1

Preparation time for this exam: 15 minutes

Suggested working time: 3 hours

Instructions:

- There are **four (4)** sections to this exam paper:
 - **Section A** – answer **both questions**
 - **Section B** – answer **all** questions
 - **Section C** – answer **both** questions
 - **Section D** – answer **all** questions.
- Answer **all** questions in each section.
- Answer each section in the corresponding **Answer Booklet**.
- It is recommended that you use a **calculator**.
- The exam is **three (3) hours** in length. The suggested working time is provided in the instructions for each section.
- The Accounting Formula Sheet can be used throughout this exam.
- All answers must be written in **English**.
- You **must** make sure your answers address the listed criteria.

Blank Page

Guide to Exam Structure

		Questions available	Questions to answer	Suggested working time	Marks available
Section	A	2	2	35 minutes	35 marks and A+ to z rating
Section	B	3	3	40 minutes	40 marks
Section	C	2	2	65 minutes	65 marks
Section	D	3	3	40 minutes	40 marks and A+ to z rating
Totals		10	10	180 minutes (3 hours)	180 marks and A+ to z rating

Criteria

You **must** make sure your answers address:

- Criterion 1 describe accounting and financial terms, concepts and principles
- Criterion 2 apply double-entry accounting terms, concepts and processes to record and control financial information
- Criterion 3 apply accrual accounting terms, concepts and processes to select and organise data to prepare financial reports
- Criterion 4 apply financial concepts and processes to prepare and assess financial information and make business decisions
- Criterion 6 communicate financial ideas and information.

Section A

- Answer **both** questions in the supplied **Section A** answer booklet.
 - This section is worth 35 marks. The suggested working time for this section is **approximately 35 minutes**.
 - This section assesses **Criteria 1** and **6**.
-

Question 1

a) Answer **all** the following items:

- Explain the function of source documents in the accounting process and provide **two (2)** examples of source documents.
- Identify **two (2)** external users of accounting reports. Outline how **one (1)** of the users identified uses accounting information.
- Explain what GST is and give **one (1)** example of an item that is GST free.
- Using **two (2)** examples, explain why the balance in the cash at bank account in the general ledger may differ from the bank's balance as per the bank statement.

(4 x 3 = 12 marks)

b) Answer **one (1)** of the following items:

- Explain **two (2)** considerations when borrowing finance for capital expenditure.
- Provide and explain **two (2)** examples of non-financial information a business uses to assist in making decisions.

(1 x 3 = 3 marks)

c) Answer **two (2)** of the following items:

- Distinguish the cash budget from the cash flow statement.
- Explain the difference between cash and accrual accounting.
- Explain the difference between a prepaid expense and an accrued expense.
- Explain the difference between capital and revenue expenditure.

(2 x 4 = 8 marks)

Question 2

a) Answer **two (2)** of the following items:

- i. Explain the meaning of balance day adjustments using the example of revenue received in advance. Why are balance day adjustments necessary to accrual accounting?
- ii. Explain what a perpetual inventory system is and why a stocktake is necessary under this system.
- iii. Explain the meaning of Provision for Bad and Doubtful Debts. Why is such a provision made when preparing accounting reports?

(2 x 4 = 8 marks)

b) Answer **one (1)** of the following items:

- i. A business owner purchased a vehicle for a family member in January. They have recorded the purchase of the vehicle in the business's records. They feel this will be advantageous to the business as they intend to include depreciation expense in the financial reports.

Explain **two (2)** concerns with this approach in terms of accounting assumptions, principles and/or qualitative characteristics that may have been breached.

- ii. Peter Smith, the manager of a plumbing firm, has asked one of the firm's larger customers to defer payment for services performed in May until after 30 June so that the payment does not need to be included in the relevant financial reports. Peter has sought your advice on whether this is acceptable.

Identify and explain **one (1)** accounting assumption or principle and **one (1)** qualitative characteristic of accounting data that should inform your advice to Peter. Balance day is 30 June.

(1 x 4 = 4 marks)

Section B

- Answer **all** questions in the supplied **Section B** answer booklet.
 - This section is worth 40 marks. The suggested working time for this section is **approximately 40 minutes**.
 - This section assesses **Criterion 2**.
-

Question 3

Neisha's is a business that sells Tasmanian-made tourism products. The following events and transactions occurred in the quarter ending 30 June 2024.

Date	Transaction
1 April	The owner introduced the following assets and liabilities to the business: Cash \$45 000, Equipment \$20 000, \$45 000 borrowed from <i>Remote Bank Australia</i> , Accounts Payable \$12 000 – Tasmaid. (Record as one(1) entry).
2 April	Credit purchase of inventories from Timberchiefs for \$22 000 (GST included). Inv 6031
9 April	Cash sales of ceramic bowls totalled \$550 (GST inc). The bowls had a cost price of \$250. Rec 01
15 April	Paid Tasmaid in full.
16 April	The Viewbank Hotel purchased \$1 430 (GST inc) worth of inventories with a cost price of \$900. Invoice 6032
30 April	Paid three months of the business's rent \$19 800. Chq number 4
14 May	The Viewbank Hotel returned inventories \$440 (GST inc), with a cost price of \$210. Credit note 03
28 May	12 months interest was paid on the bank loan amounting to \$4 800.
29 May	The owner withdrew goods from inventory for personal use, cost price of \$500. GST had previously been calculated on these goods. Memo 4
30 June	On balance day, Neisha's had prepaid interest by 10 months; an adjusting entry is required.

You are required to provide General Journal entries for the transactions shown above.

Make sure that you:

- Record GST in all applicable entries.
- Enter dates and narrations for each entry.

(20 marks)

Exam continues over the page

Blank Page

Question 4

The following extract of accounts shows recording of selected transactions.

Equipment

Date	Particulars	\$	Date	Particulars	\$
1 Oct 2023	L D Traders (A)	15 000			
1 Oct 2023	Cash (installation) (B)	1 500			

Cash at bank

Date	Particulars	\$	Date	Particulars	\$
1 July 2023	Balance b/d	23 675	1 Oct 2023	Equipment & GST (B)	1 650

Depreciation

Date	Particulars	\$	Date	Particulars	\$
30 June 2024	Accumulated Depreciation (C)	2 700	30 June 2024		

Accumulated Depreciation

Date	Particulars	\$	Date	Particulars	\$
			30 June 2024	Depreciation Exp (C)	2 700

L D Traders

Date	Particulars	\$	Date	Particulars	\$
			1 Oct 2023	Equipment & GST (A)	16 500

GST

Date	Particulars	\$	Date	Particulars	\$
1 Oct 2023	L D Traders (A)	1 500			
1 Oct 2023	Cash at Bank (B)	150			

Question 4 continues

Question 4 continued

Alternative account structure

Equipment

Date	Particulars	Debit \$	Credit \$	Balance \$
1 Oct 2023	L D Traders (A)	15 000		15 000 DR
1 Oct 2023	Cash (installation) (B)	1 500		16 500 DR

Cash at Bank

Date	Particulars	Debit \$	Credit \$	Balance \$
1 July 2023	Balance b/d	23 675		23 765 DR
1 Oct 2024	Equipment & GST (B)		1 650	22 115 DR

Depreciation

Date	Particulars	Debit \$	Credit \$	Balance \$
30 June 2024	Accumulated Depreciation (C)	2 700		

Accumulated Depreciation

Date	Particulars	Debit \$	Credit \$	Balance \$
30 June 2024	Depreciation (C)		2 700	2 700 CR

L D Traders

Date	Particulars	Debit \$	Credit \$	Balance \$
1 Oct 2023	Equipment & GST (A)		16 500	16 500 CR

GST

Date	Particulars	Debit \$	Credit \$	Balance \$
1 Oct 2023	L D Traders (A)	1 500		1 500 DR
1 Oct 2023	Cash at Bank (B)	150		1 650 DR

You are required to:

- Explain the entries marked (A).
- Explain the entries marked (B).
- Explain the entries marked (C).

(2 + 2 + 1 = 5 marks)

Question 5

The following details relate to cash transactions for Paul and Mary’s Newsagency during October 2024, and the bank reconciliation statement for September.

Any errors are in the bank’s records.

Paul and Mary’s Newsagency

Bank Reconciliation Statement as at 30 September, 2024

		\$	\$	\$
Credit balance as per bank statement				500
Add	Deposits not credited		87	87
				587
Less	Unpresented cheques			
	886	1 321		
	898	45		1 366
Credit balance as per Cash at Bank account			\$	779

Cash Receipts Journal (extract)		
Date	Particulars	\$
Oct 12	Sales	6 800
15	J Kemp	475
19	Sales	7 300
21	Commission	215
26	Sales	9 800

Cash Payments Journal (extract)			
Date	Details	Chq No.	\$
Oct 4	Central News	913	2 800
4	Card Co	914	617
9	Wages		450
12	AB Electrical		815
18	Rent	915	3 200
18	Food Servery	916	600
23	Wages		475

Question 5 continues

Question 5 continued

Paul and Mary's Newsagency				
Bank Statement for October 2024				
Date	Particulars	Debit	Credit	Balance
Oct 1	Balance b/d		500	500 CR
5	913	2 800		2 300 DR
6	914	677		2 977 DR
9	Transfer - wages	450		3 427 DR
9	Cash/chq		87	3 340 DR
12	Cash/chq		6 800	3 460 CR
12	886	1 321		2 139 CR
	Transfer - electricity	815		1 324 CR
16	Kemp		475	1 799 CR
19	Cash/chq		7 300	9 099 CR
20	915	3 200		5 899 CR
21	Commission		215	6 114 CR
23	Transfer - wages	475		5 639 CR
26	Cash/chq		9 800	15 439 CR
29	Commission		360	15 799 CR
	Account fee	25		15 774 CR
	Interest	100		15 674 CR

Answer **all** the following questions:

- a) Enter additional entries and total the Cash Receipts Journal for the month ended 31 October, 2024.
- b) Enter additional entries and total the Cash Payments Journal for the month ended 31 October, 2024.
- c) Prepare and balance the Cash at Bank ledger account for October 2024. The T-account Format or Columnar Format may be used.
- d) Prepare the Bank Reconciliation Statement for Paul and Mary's Newsagency as at 31 October 2024.

(3 + 4 + 3 + 5 = 15 marks)

Section C

- Answer **all** questions in the supplied **Section C** answer booklet.
 - This section is worth 65 marks. The suggested working time for this section is **approximately 65 minutes**.
 - This section assesses **Criterion 3**.
-

Question 6

The trial balance on page 13 was extracted from the General Ledger of Smith's Rackets and Repairs as at 30 June, 2024.

Additional Information:

The following balance day adjustments are yet to be made:

- Delivery Van is to be depreciated at 15% (diminishing balance method) and the Tools and Equipment at 20% (straight line method).
- A stocktake revealed that the value of inventory on hand is \$69 000.
- Interest owing on the term deposit on balance day is \$400.
- Insurance premium owing on balance day is \$4 500.
- Doubtful debts is to be increased to 5% of Accounts Receivable.

Prepare **both** of the following:

- a) A properly classified Income Statement in narrative form for Smith's Rackets and Repairs for the year ended 30 June, 2024.

(25 marks)

- b) A properly classified Balance Sheet in narrative form for Smith's Rackets and Repairs as at 30 June, 2024.

(20 marks)

(25 + 20 = 45 marks)

Question 6 continues

Question 6 continued

Smith's Rackets and Repairs
Trial Balance as at 30 June, 2024

	Debit \$	Credit \$
Accounts Payable		32 000
Accounts Receivable	14 000	
Accumulated Depreciation - tools and equipment		7 200
Accumulated Depreciation - delivery van		15 000
Advertising	980	
Bank overdraft		10 000
Capital - Owner		117 600
Commission		8 900
Cost of Goods Sold	64 025	
Delivery Van	47 000	
Discount Received		6 400
Doubtful Debts	610	
Electricity	985	
GST Clearing		9 400
Interest Revenue		1 200
Inventory	72 000	
Insurance	5 200	
Owner's Drawings	104 000	
Fuel (delivery van)	8 600	
Rent	36 000	
Sales		176 000
Sales Returns	1 100	
Stringing Expenses	23 200	
Stringing Receipts		48 000
Term Deposit (maturity date 31 Dec 2026)	26 000	
Tools and Equipment	28 000	
	\$431 700	\$431 700

Question 7

David's Plant Nursery is a business specialising in plant sales and gardening services.

There are two main streams of income:

- Gardening services – Account customers who receive monthly statements
- Plant sales – Cash and credit/account customers.

Predicted cash receipts from plant sales for the three (3) months ending June 2024 are as follows:

	April	May	June
	\$	\$	\$
Plant Sales	18 000	14 000	8 000

Predicted and actual credit sales to plant and gardening services account customers:

Jan-June 2024	\$
January	37 500
February	32 000
March	26 000
April	20 000
May	14 000
June	14 000

The Business Manager of David's Plant Nursery suggests that:

- 75% of customers will pay in the first month after purchase receiving a 2% discount.
- 20% of customers will pay in the second month after purchase.
- 5% of customers will pay in the third month after purchase.

During April, David's Plant Nursery plans to purchase a new Fairway mower, paying cash, to enable them to work for the local golf clubs. The mower will cost \$35 000 and will be depreciated at 20% reducing balance.

The Cash at Bank account balance as at 1 April is \$102 000 Debit.

Question 7 continues

Question 7 continued

Below are the predicted payments and expenses for the three months ending June.

	April	May	June
	\$	\$	\$
Fuel	600	500	500
Drawings			26 200
Wages	8 800	8 200	8 200
Depreciation	2 200	2 200	2 200
Wholesale Plants	11 000	10 000	7 000
Bad Debts		2 000	
GST Payable			7 200

You are required to:

- a) Complete the Statement of Estimated Receipts from Accounts Receivable for David's Plant Nursery for the **three (3)** months ending 30 June, 2024.
- b) Prepare the cash budget for David's Plant Nursery for the **three (3)** months ending 30 June, 2024.

(6 + 14 = 20 marks)

Section D

- Answer **all** questions in the supplied **Section D** answer booklet.
 - This section is worth 40 marks. The suggested working time for this section is **approximately 40 minutes**.
 - This section assesses **Criteria 4** and **6**.
-

Question 8

The following account balances have been extracted from a business's financial reports for the 2023–2024 financial year.

From the income statements:

	2023	2024
Net Credit Sales	475 000	510 000
Cost of Goods Sold	120 000	132 000
Gross Profit	375 000	378 000
Operating expenses	101 000	125 000
Net Profit	274 000	253 000

From the balance sheets:

	2023	2024
<i>Current Assets:</i>		
Cash	125 987	64 432
Inventories	89 900	105 900
Accounts Receivable	95 000	73 544
<i>Current Liabilities</i>	98 780	112 800

Calculate for 2024:

- The net profit ratio.
- The quick asset ratio.
- Debtors collection period.

(2 + 2 + 2 = 6 marks)

Question 9

The following data relates to the Income Statements and Balance Sheets for Serena's Sport and Leisure for 2022, 2023 and 2024. The business sells a range of products, primarily related to water sports. It is located in a popular tourist spot.

In 2023 Serena's Sport and Leisure invested \$90 000 in the first phase of an extension to the premises. This was done to enable a greater shopping area and thus an increase in sales, however during the renovation sales were impacted. The extension was funded through an addition to the existing bank loan. The intention is to complete the second stage in 2025 at an estimated cost of \$45 000.

Serena's Sport and Leisure

Income Statements for the period 30 June 2022 to 30 June 2024

	2022	2023	2024
	\$	\$	\$
Sales	245 000	180 000	270 000
Sales Returns	21 600	15 000	18 000
Cost of Goods Sold	105 000	97 000	116 000
Gross Profit	118 400	68 000	136 000
Expenses			
Wages	38 000	40 000	45 000
Insurance	13 000	14 500	15 000
Advertising	5 500	7 000	9 000
Depreciation Total	9 800	9 600	11 200
Interest on Bank Loan	11 000	21 000	20 800
Net Profit(loss)	41 067	(24 100)	34 000

Question 9 continues

Question 9 continued

Balance Sheets

	2022	2023	2024
	\$	\$	\$
Assets			
Current Assets			
Cash at Bank	43 000		26 000
Inventory	24 600	38 000	36 000
Accounts Receivable	32 000	29 300	27 500
Non-current Assets			
Land and Buildings	740 000	800 000	800 000
Vehicles	45 000	38 000	32 000
Total Assets	884 800	905 000	921 500
Liabilities			
Current Liabilities			
Bank overdraft		15 000	
Accounts Payable	12 000	18 000	12 700
Non-current Liabilities			
Bank Loan	112 000	190 000	175 000
Total Liabilities	124 000	223 000	187 700
Owner's Equity	760 800	682 000	733 800

Calculated Ratios

	2022	2023	2024	Industry Average
Gross Profit Ratio (%)	52.9	41.2	53.9	47.8
Net Profit Ratio (%)	16.9	-14.6	13.5	18.6
Return on Owner's Equity (%)	5.51	-3.34	4.8	6.0
Rate of Return on Total Assets (%)	4.87	-2.69	3.72	5.7
Current Ratio	8.30:1	2.04:1	7.05:1	5.45:1
Debt Ratio (%)	14.01	24.64	20.37	45.89
Inventory Turnover (times/year)	4.27	3.1	3.14	4.11

Question 9 continues

Question 9 continued

- a) You are required to refer to the data and the appropriate ratio(s) to discuss the following in relation to Serena's Sport and Leisure.
- i. Profitability.
 - ii. Financial stability.
 - iii. The efficiency of management.
- b) Based on your analysis in part a), would you support the further extension to the premises proposed for 2025? Explain your answer.

(10 + 4 + 4 + 6 = 24 marks)

Question 10

The following is a cash flow statement summarising the cash transactions for Barbara's Bakery.

Barbara's Bakery			
Statement of cash flows for the year ended 30 June, 2024			
	\$	\$	\$
Cash Flows from Operating Activities			
<i>Inflows</i>			
Receipts from customers	595 930		
Other operating revenues	8 200	604 130	
<i>Outflows</i>			
Payments to employees	201 500		
Loan interest paid	5 600		
Payments to suppliers	347 890		
Other operating expenses	45 000	599 990	
Net cash provided by Operating Activities			4 140
Cash Flows from Investing Activities			
<i>Inflows</i>			
Sale of old ovens	500	500	
<i>Outflows</i>			
Cost of new delivery vehicle	31 000		
Purchase of new ovens	4 600	35 600	
Net cash used in Investing Activities			(35 100)
Cash flows from Financing Activities			
<i>Inflows</i>			
Proceeds from Bank Loan	45 000	45 000	
<i>Outflows</i>			
Owner's drawings	78 000	78 000	
Net cash used in Financing Activities			(33 000)
Net increase/decrease in cash held			(63 960)
Cash at Beginning of the Reporting Period			62 768
Cash at End of Reporting Period			(1 192)

Question 10 continues

Question 10 continued

Answer **all** the following questions relating to the Statement of Cash Flows for Barbara's Bakery.

- a) What is the change in the overall cash position for the financial year ending 30 June, 2024?
- b) Describe the activities of Barbara's Bakery relating to investing activities.
- c) Describe the activities of Barbara's Bakery relating to financing activities.
- d) Identify issues that Barbara's Bakery may be facing regarding cash generated from operating activities and make **one (1)** recommendation to improve the business's performance.

(2 + 2 + 2 + 4 = 10 marks)

End of Exam

Blank Page

Blank Page



TASMANIAN
ASSESSMENT, STANDARDS
& CERTIFICATION

This exam paper and any materials associated with this exam
(including answer booklets, cover sheets, rough note paper, or information sheets)
remain the property of Tasmanian Assessment, Standards and Certification.

Attach your candidate label here

ACCOUNTING

ACC315116

Section **A** Answer Booklet

Pages: 12

Questions: 2

Marker Use Only			
Criterion 1	Describe accounting and financial terms, concepts and principles.		35
Criterion 6	Communicate financial ideas and information.		Alpha

Blank Page

End of Section A Answer Booklet

Blank Page



TASMANIAN
ASSESSMENT, STANDARDS
& CERTIFICATION

This exam paper and any materials associated with this exam
(including answer booklets, cover sheets, rough note paper, or information sheets)
remain the property of Tasmanian Assessment, Standards and Certification.

Attach your candidate label here

ACCOUNTING

ACC315116

Section **B** Answer Booklet

Pages: 12

Questions: 3

Marker Use Only		
Criterion 2	Apply double-entry accounting terms, concepts and processes to record and control financial information.	40

Blank Page

Question 4

Marker use

a)
.....
.....
.....
.....
.....
.....
.....

/2

b)
.....
.....
.....
.....
.....
.....
.....
.....
.....

/2

c)
.....
.....
.....
.....
.....
.....
.....
.....
.....

/1

**Total
Q4
/5**

Question 5 continued

Marker use

c) Answer using **either** T-Account Format or Columnar Format

/ 3

Cash at Bank

Date	Particulars	\$	Date	Particulars	\$

OR

Cash at Bank

Date	Particulars	Debit (\$)	Credit (\$)	Balance (\$)

Question 5 continues

End of Section B Answer Booklet

Blank Page

Blank Page



TASMANIAN
ASSESSMENT, STANDARDS
& CERTIFICATION

This exam paper and any materials associated with this exam
(including answer booklets, cover sheets, rough note paper, or information sheets)
remain the property of Tasmanian Assessment, Standards and Certification.

Attach your candidate label here

ACCOUNTING

ACC315116

Section **C** Answer Booklet

Pages: 12

Questions: 2

Marker Use Only		
Criterion 3	Apply accrual accounting terms, concepts and processes to select and organise data to prepare financial reports.	65

Blank Page

Question 6 a) continued

Marker use

	\$	\$	\$
<i>General & administrative expenses</i>			
<i>Finance expenses</i>			
Net Profit			\$

Question 6 continues

Question 6 continued

Marker use

b)

/20

	\$	\$	\$	\$
ASSETS				
Current Assets				
Add Non-Current Assets				
<i>Other financial assets</i>				
<i>Property, plant and equipment</i>				
<i>Intangibles</i>				
Total Assets				\$

Question 6 b) continues

Question 6 b) continued

Marker use

	\$	\$	\$	\$
Less Liabilities				
Current Liabilities				
Non-Current Liabilities				
Total Liabilities				\$
NET ASSETS				\$
OWNER'S EQUITY				

Total
Q6
/45

Question 7

Marker use

a)

/6

Statement of Estimated Receipts from Accounts Receivable				
Month of Credit Sales:	Amount \$			
Total:				
Any other working:				

Question 7 continues

Question 7 continued

Marker use

b)

Cash Budget for the three months ending:	April	May	June
Estimated Cash Receipts	\$	\$	\$
Total Estimated Receipts			
Estimated Cash Payments			
Total Estimated Payments			
Bank Balance at start of month			
Excess of Receipts over Payments			
Excess of Payments over Receipts			
Bank Balance at the end of the month	\$	\$	\$

/ 14

Total
Q7
/ 20

End of Section C Answer Booklet

Blank Page

Blank Page

Blank Page



TASMANIAN
ASSESSMENT, STANDARDS
& CERTIFICATION

This exam paper and any materials associated with this exam
(including answer booklets, cover sheets, rough note paper, or information sheets)
remain the property of Tasmanian Assessment, Standards and Certification.

Attach your candidate label here

ACCOUNTING

ACC315116

Section **D** Answer Booklet

Pages: 12

Questions: 3

Marker Use Only		
Criterion 4	Apply financial concepts and processes to prepare and assess financial information and make business decisions.	40
Criterion 6	Communicate financial ideas and information.	Alpha

Blank Page

Question 8

Marker use

a)

Net Profit	
Calculations	
Answer:	

/2

b)

Quick Asset Ratio	
Calculations	
Answer:	

/2

c)

Debtors collection period	
Calculations	
Answer:	

/2

Total
Q8
/6

End of Section D Answer Booklet

Blank Page

Blank Page

Blank Page



TASMANIAN
ASSESSMENT, STANDARDS
& CERTIFICATION

This exam paper and any materials associated with this exam
(including answer booklets, cover sheets, rough note paper, or information sheets)
remain the property of Tasmanian Assessment, Standards and Certification.