**2023 WSHS Semester One Examination**

**ACCOUNTING**

**AND FINANCE**

**ATAR**

**Unit 1**

**Marking Key**

|  |
| --- |
| This is a provisional marking key developed by BEWA that can be reviewed and modified by the teacher as necessary.  This marking key is a guide for markers to allocate marks for differing performance levels, as indicated in the shelves above possible answers. These performance level shelves should be read in conjunction with suggested answers to discriminate between student performances.  The suggested answers are not exhaustive and markers may need to exercise professional judgement in awarding marks to some answers.  **This Marking Key may not be released to students until Term 2 Week 7 for the security of the examination being done by other schools up until this time.**  **However, teachers may give students their exam papers back to discuss with this marking key as soon as they wish following the examination. We ask that you then collect them back and keep them until they are finally released to students in Week 7.** |

**Section One: Multiple-choice 15 Marks (15%)**

|  |  |
| --- | --- |
| **Question** | **Answer** |
| 1 | D |
| 2 | B |
| 3 | C |
| 4 | A |
| 5 | C |
| 6 | C |
| 7 | D |
| 8 | A |
| 9 | C |
| 10 | B |
| 11 | B |
| 12 | C |
| 13 | A |
| 14 | C |
| 15 | D |

**Section Two: Short answer 70% ( Marks)**

**Question 16 (45 Marks)**

1. Prepare General Journal entries for the month of June. (42 marks)

**Workings:**

Accounts Payable – Camps Wholesalers

1,320 – 77 = 1,243 (1+1)

1,243 – 33 = 1,210 (1+1)

**General Journal**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **Debit** | **Credit** | | **Marks** | |
| 2023  June 5 | Bank | 50,000 |  | | 1 | |
|  | Capital |  | 50,000 | | 1 | |
|  | *Jon invested cash into the business* |  |  | |  | |
| 7 | Inventory | 1,200 |  | | 1 | |
|  | GST Credit | 120 |  | | 1 | |
|  | Accounts Payable – Camps Wholesales |  | 1,320 | | 1 | |
|  | *purchased stock on* |  |  | |  | |
| 10 | Rent | 4,500 |  | | 1 | |
|  | GST Credit | 450 |  | | 1 | |
|  | Bank |  | 4,950 | | 1 | |
|  | *paid rent* |  |  | |  | |
| 15 | Equipment | 25,000 |  | | 1 | |
|  | GST Credit | 2,500 |  | | 1 | |
|  | Bank |  | 27,500 | | 1 | |
|  | *purchased equipment on cash basis* |  |  | |  | |
| 16 | Accounts Payable - Camps Wholesalers | 77 |  | | 1 | |
|  | Inventory |  | 70 | | 1 | |
|  | GST Credit |  | 7 | | 1 | |
|  | *returned 1 sack of plain wholemeal flour* |  |  | |  | |
| 18 | Insurance | 1,800 |  | | 1 | |
|  | GST Credit | 180 |  | | 1 | |
|  | Bank |  | 1,980 | | 1 | |
|  | *paid insurance* |  |  | |  | |
| 20 | *Accounts Receivable – Chippers Cafe* | 182 |  | | 1 | |
|  | Sales |  | 165.45 | | 1 | |
|  | GST Payable |  | 16.55 | | 1 | |
|  | *Credit Sale*  ***OR***  *Accounts Receivable – Chippers Café*  Sales  GST Payable  *Credit Sale* | 182 | 167.50  14.50 | | OR  1  1  1 | |
|  | Cost of Sale | 80 |  | | 1 | |
|  | Inventory |  | 80 | | 1 | |
|  | *Cost of goods sols* |  |  | |  | |
| 21 | Bank | 2,530 |  | | 1 | |
|  | Sales |  | 2,300 | | 1 | |
|  | GST Payable |  | 230 | | 1 | |
|  | *cash sales* |  |  | |  | |
|  | Cost of Sales | 300 |  | | 1 | |
|  | Inventory |  | 300 | | 1 | |
|  | *cost of goods sold* |  |  | |  | |
| 25 | Advertising | 3,800 |  | | 1 | |
|  | GST Credits | 380 |  | | 1 | |
|  | Bank |  | 4,180 | | 1 | |
|  | *paid advertising* |  |  | |  | |
| 29 | Accounts Payable – Camps Wholesalers | 1,243 |  | | 2 | |
|  | Bank |  | 1,210 | | 1 | |
|  | Discount Received |  | 30 | | 1 | |
|  | GST Credit |  | 3 | | 2 | |
|  | *paid creditor after an 8% discount*  ***OR***  Accounts Payable – Camps Wholesalers  Bank  Discount Received  *paid creditor after an 8% discount*  Discount Received  GST Credit  *GST adjustment* | 1,243  3 | 1,210  33  3 | | OR  2  1  1  1  1 | |
| 30 | Bad Debts | 165.45 |  | | 1 | |
|  | GST Payable | 16.55 |  | | 1 | |
|  | Accounts Receivable – Chippers Cafe |  | 182 | | 1 | |
|  | *Account written off as a bad debt*  ***OR***  Bad Debts  GST Payable  Accounts Receivable – Chippers Café  *Account written off as a bad debt* | 167.50  14.50 | 182 | | OR  1  1  1 | |
| **Total** | | | | **39** | |

**Add 2 marks for correct narrations**

**Add 1 mark for correct dates**

**Less 2 (MAX) setting out**

1. Explain how the accounting entity principle has been applied by the business. (3 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Explains the accounting entity principle applied by the business. | 3 |
| Describes the accounting entity principle. | 2 |
| States a relevant fact about the accounting entity principle. | 1 |
| **Total** | **3** |
| Answer could include:  The accounting entity principle requires business transactions to be recorded from the point of view of the business and not the owner. Owner’s personal transactions therefore are to be kept separate and distinct from business transactions. The principle has been applied by the business because the transactions are all business related and there are no personal transactions amongst them. Transactions relate to the purchase and sale of inventory and the payment of operating expenses. The invoice and adjustment note are made out to & from Jon Wing Pastries, the business name not personal name, showing business purchases and sales are separate to personal accounts. The investment of money by the owner is recorded as capital, keeping business and personal accounts separate and distinct.  Accept other valid and appropriate points. |  |

**Question 17 (17 Marks)**

1. Prepare the following ledger accounts, and balance as appropriate (13 marks)

**Dotscold Fashions**

**Profit and Loss (9)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **Debit** | **Date** | **Details** | **Credit** |
| 2023  June 30 | Cost of sales | 220,000 **(1)** | 2023  June 30 | Sales | 560,000 **(1)** |
|  | Sales returns | 1,500 **(1)** |  | Discount received | 2,600 **(1)** |
|  | Operating expenses | 75,000 **(1)** |  | Interest income | 400 **(1)** |
|  | Discount allowed | 3,000 **(1)** |  |  |  |
|  | Capital - profit | 263,500 **(2)** |  |  |  |
|  |  | **563,000** |  |  | **563,000** |

**Capital (4)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **Debit** | **Date** | **Details** | **Credit** |
| 2023  June 30 | Drawings | 25,000 **(1)** | 2023  June 30 | Bal | 40,000 **(1)** |
|  | Bal c/d | 278,500 |  | P/L | 263,500 **(1)** |
|  |  | **303,500** |  |  | **303,500** |
|  |  |  | July 1 | Bal b/d | 278,500 **(1)\*** |

**Deduct 1 mark for incorrect/missing dates**

**\*Must have both bal c/d and bal b/d to be awarded the 1 mark**

1. Describe two principles of internal control that Dotscold Fashions could apply in their retail business. (4 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Describes a principle of internal control. | 2 |
| Identifies the principle of internal control. | 1 |
| **Sub Total** | 2 |
| **Total** | **4** |
| Answer could include: (any two below)   * Segregation of duties – processes are separated and given to an employee to become proficient at the part of the process. This allows employees to check processes with one another. * Security equipment such as cameras and sensors to be applied to areas where assets can be vulnerable to theft. * Rotation of Duties – this breaks up processes to allow employees to be proficient in a part for a period of time and then switch to another process to avoid collusion and fraud and to pinpoint errors in the system. * Internal audit – to ensure policies and procedures are applied correctly and any inefficiencies reported for correction.   Accept other valid and appropriate points. |  |

**Question 18 (38 Marks)**

(a) Prepare a classified income statement for the year ended 30 June 2023. (16 marks)

**Coochy Things**

**Income Statement**

**for the year ended 30 June, 2023**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sales |  | 360,000 |  | 1 |
| less sales returns |  | 1,700 |  | 1 |
| less discount allowed |  | 2,900 |  | 1 |
| Net sales |  |  | 355,400 |  |
| less cost of sales | 132,000 |  |  | 1 |
| freight inwards | 9,500 | 141,500 |  | 1 |
| less discount received |  | 1,500 |  | 1 |
| Cost of Sales |  |  | 140,000 |  |
| Gross profit (1) |  |  | 215,400 | 1 |
| **Add Other Income** |  |  |  |  |
| Interest Income |  | 450 | 450 | 1 |
| Total Income |  |  | 215,850 |  |
| **Less Operating Expenses** |  |  |  |  |
| ***Selling and Distribution*** |  |  |  |  |
| advertising | 3,800 |  |  | 1 |
| bad debts | 500 | 4,300 |  | 1 |
| ***General and administration*** |  |  |  |  |
| rent | 35,000 |  |  | 1 |
| electricity | 15,000 | 50,000 |  | 1 |
| ***Financial*** |  |  |  |  |
| interest on loan |  | 800 | 25,100 | 1 |
| Profit for the period (1) |  |  | 160,750 | 1 |

**\*Do not penalise recurring errors (RE)**

**Deduct max 2 marks for incorrect classification**

**Deduct max 2 marks for poor setting out**

**Deduct max 3 marks for foreign items**

1. Prepare a classified Balance Sheet. (19 marks)

**Coochy Things**

**Balance Sheet (Extract)**

**as at 30 June, 2023**

|  |  |  |
| --- | --- | --- |
| **Current Assets** | $ | **marks** |
| GST Credits | 14,500 | **(1)** |
| Accrued Income | 2,300 | **(1)** |
| Prepaid Insurance | 3,500 | **(1)** |
| Accounts Receivable | 17,400 | **(1)** |
| Total Current Assets | 37,700 |  |
| **Non-Current Assets** |  |  |
| Furniture | 50,000 | **(1)** |
| Fixtures and Fittings | 95,750 | **(1)** |
| Total Non-Current Assets | 145,750 |  |
| Total Assets | 183,450 | **(1)** |
| **Current Liabilities** |  |  |
| Bank Overdraft | 85,000 | **(1)** |
| GST Payable | 35,000 | **(1)** |
| Accounts Payable | 12,700 | **(1)** |
| Total Current Liabilities | 132,700 |  |
| **Non-Current Liabilities** |  |  |
| Loan | 35,000 | **(1)** |
| Total Non-Current Liabilities | 35,000 |  |
| Total Liabilities | 167,700 | **(1)** |
| **Net Assets** | **15,750** | **(2)** |
| **Equity** |  |  |
| Capital | 50,000 | **(1)** |
| Add profit | 160,750 | **(1)** |
|  | 210,750 | **(1)** |
| Less Drawings | 195,000 | **(1)** |
| **Total Equity** | **15,750** | **(1)** |

**Deduct max 3 marks for incorrect format**

(c) Explain the purpose of an Income Statement for the owner of Coochy Things. (3 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Explain the purpose of an Income Statement for the owner of Coochy Things. | 3 |
| Describes the Income Statement. | 2 |
| States a relevant point about the Income Statement. | 1 |
| **Total** | **3** |
| Answer could include:  An income statement illustrates the performance of the business , that is whether the business was able to make a profit or loss for the period. Stan Cooch needs this statement to determine his return on his investment in the business to plan for future activity. The income statement is required when applying for finance and for anyone else that may be interested in investing in the business. They need to assess the credit worthiness of the business before providing any more resources to the business.  Accept other valid and appropriate points. |  |

**End of Section Two**

**Section Three: Extended answer 15% (30 Marks)**

**Question 19 (30 marks)**

1. Describe the liability of owners in a proprietary limited company and explain whether recent events in the above case study affect the owners of the company. (5 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| **Liability** |  |
| Describes liability of owners of a Pty Ltd company. | 1 |
| States a relevant fact about liability of a Pty Ltd company. | 0.5 |
| **Sub Total** | **1** |
| **Shareholders of Zippy Furniture Pty Ltd** |  |
| Explains how recent events affect shareholders of Zippy Furniture Pty Ltd. | 3 |
| Describes the principle of legal entity. | 2 |
| States a relevant fact about shareholders based on recent events. | 1 |
| **Subtotal** | **3** |
| **Total** | **4** |
| Answer could include:  The liability of shareholders in a Pty Ltd company is limited meaning that if their shareholding is fully paid up, then any debts the company incurs is payable by the company and not shareholders.  For Zippy Furniture Pty Ltd, the rule is the same. The legal battle the company is involved in, affects the company itself and not the shareholders whatever the outcome of the case. If the company gets sued, then it is sued in its own name and shareholders are not affected. This is because the company is a separate legal entity created in law that gives it artificial existence as an individual. Shareholders are only affected by decreasing profits because it will mean that they won’t get dividends if sales have been plummeting badly. It may be difficult to sell shares and they could be sold at a loss.  Accept other valid and appropriate points. |  |

1. If shareholders of the company wanted to sell their shares because of recent events, explain how easy this would be for them. (3 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Explains how easy it would be for shareholders to sell their shares in the company. | 2 |
| Describes the conditions under which shares can be sold in a Pty Ltd company. | 1 |
| Identifies the difficulty. | 0.5 |
| **Total** | **2** |
| Answer could include:  Shareholders of a proprietary limited company can only sell their shares privately and according to the company’s constitution. This will make it difficult for existing shareholders of the company to sell their shares. They will need to find a suitable buyer that would be willing to buy the shares under the current situation. It is likely that they will be stuck with the shares until the situation improves that a buyer may be willing to buy the shares. The value of the shares would be affected that will also make the selling of shares even harder. As a Pty Ltd company, shares cannot be bought by the public. Shareholders will be able to sell to existing shareholders, another company or to professionals in the furniture industry.  Accept other valid and appropriate points. |  |

1. Describe the principle of going concern and explain whether the company’s going concern would be at risk if it could not regain sales because of the above events (5 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| **Going Concern Principle** |  |
| Describes the going concern principle. | 1 |
| **Sub Total** | **1** |
| **Company’s Going Concern** |  |
| Explains the going concern for the company under current conditions. | 2 |
| Describes the likelihood of the company’s going concern. | 1 |
| Identifies an outcome for the company’s going concern. | 0.5 |
| **Subtotal** | **2** |
| **Total** | **3** |
| Answer could include:  The going concern is a principle that views the company will continue into the foreseeable future and that accounting records are kept on this basis. It provides a positive view of the business for recording purposes.  The going concern for Zippy Furniture Pty Ltd is at risk if sales continue to plummet and the company starts to experience losses. With the company’s image taking a battering, it may mean that the company may not survive in the near future and therefore the going concern principle will need to give way to current market values instead of historical cost values if it goes into liquidation. This will means the assets of the company will need to be sold to pay off any debts.  Accept other valid and appropriate points. |  |

1. Outline three limitations of internal control. (6 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Describes a limitation of internal control. | 2 |
| Identifies a limitation of internal control. | 1 |
| **Sub Total** | 2 |
| **Total** | **6** |
| Answer could include: (any three below)   * **Shortage of staff** – not having enough start makes it difficult to put in place sophisticated controls that would improve the security of the business’s assets. * **Collusion** – it is difficult to identify and prevent collusion in the workplace where employees conspire to commit fraud. * **Shortage of Cash** – not having enough cash to purchase equipment or hire more staff to carry out policies and procedures to secure assets can be restricting for the owner of the business. This requires compromises and prioritizing assets that are the most vulnerable to be secured, * **Intimidation** – senior staff that intimidate junior staff into compromising procedures for their own gain can be difficult to expose and trace.   Accept other valid and appropriate points. |  |

1. Explain the concept of Bankruptcy as defined by the *Bankruptcy Act 1966 (WA).*

(4 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Provides a simple definition of bankruptcy | 1 |
| Discusses the concept of bankruptcy | 1-3 |
| **Total** | **4** |
| Answer:  Bankruptcy is a legal process where an individual is declared unable to pay their debts (1)  Discussion (3)   * Can petition for voluntary bankruptcy or involuntary bankruptcy where a creditor applies to the courts to have a person made bankrupt * Once bankrupt a trustee is appointed to manage the bankruptcy * Once a person becomes bankrupt their business and personal assets will be sold to repay their debts * Bankrupts can enter into a debt arrangement to pay off less than the amounts owing to creditors or enter into an agreement to pay off amounts owing in instalments * Bankruptcy lasts for 3 years and 1 day.   Or other relevant facts. | |

1. Explain two reasons why Zippy Furniture Pty Ltd should engage in socially and environmentally responsible behaviour. Provide a specific example of each *(one social, one environmental).*

(6 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Identifies one to two reasons why the business should engage in socially and environmentally responsible behaviour. | 1-2 |
| Explains one to two reasons why the business should engage in sponsorship and environmentally responsible behaviour. | 1-2 |
| Provides an example of an environmental behaviour specific to the furniture import/trading business. | 1 |
| Provides an example of social behaviour specific to the furniture import/trading business. | 1 |
| **Total** | **6** |
| Answer:  The furniture import/trading business should engage in socially and environmentally responsible behaviour because: (4)   * It may result in increased customer loyalty or attract new customers, therefore, increased sales, improving profitability of the business. * It may result in lower employee turnover, which will decrease recruitment costs and staff training costs. * It can reduce consumption and consumable costs in water, paper, etc. * It improves all round business credibility because of greater transparency. * It assists the business in complying with some government regulation requirements. * It benefits the business’ reputation through positive media coverage. * It enhances staff morale due to greater motivation and productivity.   An example of an environmental behaviour: (1)   * Ensuring non-biodegradable rubbish is correctly disposed * Using recycled timber to make furniture * Using renewable resources of energy in factories and manufacture.   An example of a social behaviour specific to the fishing charter business: (1)   * Having a high staff diversity policy (gender, age, background) * Donations or contributing to community groups, giving staff one day off a year to work in a charity of their choice * Sponsoring of clubs, festivals or events   Accept any other reasonable example. | |

**Question 20 (30 Marks)**

1. Describe an overdraft and outline one advantage and one disadvantage of this source of finance. (6 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| **Overdraft** |  |
| Describes an overdraft. | 2 |
| States one relevant fact about an overdraft. | 1 |
| **Sub Total** | **2** |
| **Advantage** |  |
| Describes an advantage of an overdraft. | 2 |
| Identifies one advantages. | 1 |
| **Sub Total** | **2** |
| **Disadvantage** |  |
| Describes a disadvantage of an overdraft. | 2 |
| Identifies one disadvantage. | 1 |
| **Sub Total** | **2** |
| **Total** | **6** |
| Answer could include:  **Overdraft**  An overdraft if a finance facility from a financial institution that allows the account holder to borrow the bank’s money when the account is low. It is replenished by adding funds into the account and interest rates are charged once the account holder uses the bank’s money. There is an arranged limit on an overdraft.  **Advantage**  Everyday expenditure can be paid without the worry of incurring late fees and running out of cash. It is a safety net when cash is low and the account holder can still operate their business having funds available to pay bills. Flexible (only used when needed), application process may be easier than a loan or mortgage, may not require security over non-current assets.  **Disadvantage**  The facility attracts high interest rate costs once an overdraft is used. There is an upper limit and cannot go over without arrangement with the financial institution. Interest rates may be higher, not recommended for long-term finance.  Accept other valid and appropriate points. |  |

1. If the bank considers Billy’s application for an overdraft, describe the bank’s need for a return related to (4 marks)  
     
    i) appropriate interest rate to apply and  
    ii) the company’s future business

|  |  |
| --- | --- |
| **Interest Rate** |  |
| Describes how why and how interest is charged on borrowings. | 2 |
| States a relevant point regarding interest rates from banks. | 1 |
| **Sub Total** | **2** |
| **Future Business** |  |
| Describes future business and what the banks will be looking for. | 2 |
| States a relevant point regarding future business. | 1 |
| **Sub Total** | **2** |
| **Total** | **4** |
| Answer could include:  **Interest Rate**  Banks need a return on their investment and will consider charging an appropriate interest rate to earn money. The interest rate will be determined on a borrowing depending upon the level of risk the borrower poses for the bank. The higher the risk, the higher interest rate charged.  **Future Business**  Banks will consider the business sales and future profit. It will ask for sales forecasts, business plan and income statements to determine the performance the direction of the business and the likelihood of the business continuing profits in the foreseeable future. The higher the likelihood of success, the lower the interest will be charged on the overdraft.  Accept other valid and appropriate points. |  |

1. Explain the purpose of an ABN for Indian Delight Pty Ltd. (3 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Explains the purpose of an ABN. | 3 |
| Describes the ABN. | 2 |
| States a relevant point about the ABN. | 1 |
| **Total** | **3** |
| Answer could include:  An ABN is a unique business identifier, and it is required to be able to administer the GST and to deal with government authorities such as the ATO. The ABN also helps customers and suppliers know that they are dealing with a legally registered business that can be researched and held to account if necessary. Businesses without an ABN means the receiver of goods and services from them will need to withhold tax at the highest rate which can affect their cash flow.  Accept other valid and appropriate points. |  |

1. Explain Billy Indian’s accounting and reporting responsibilities related to the GST.  
    (6 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| **Accounting Responsibilities** |  |
| Explains the accounting responsibilities of GST. | 3 |
| Describes the accounting procedures of GST. | 2 |
| States a relevant point about recording the GST. | 1 |
| **Sub Total** | **3** |
| **Reporting Responsibilities** |  |
| Explains the reporting responsibilities of GST. | 3 |
| Describes one responsibility of reporting the GST | 2 |
| States a relevant point about reporting of the GST | 1 |
| **Sub Total** | **3** |
| **Total** | **6** |
| Answer could include:  **Accounting Responsibilities**  The business needs to keep separate accounts to deal with GST paid and GST received in transactions, These accounts are called GST Credits when the business pays GST on goods and services purchased and GST Payable when the business sells goods or services and charges GST. The business needs to apply 10% to all goods and services that are taxable supplies and provide a Tax Invoice that clearly indicates the GST added or included in the total of the bill. Any receipts must also indicate where the GST was applicable on the items sold and indicate the total GST applicable on the sale either included or added separately. This is only required if the business turns over $75,000 or more and must operate on an accrual basis using an appropriate accounting software system.  **Reporting Responsibilities**  The business is required to prepare a BAS statement that outlines all income and taxes applicable including the GST. The form will indicate if the business expects a refund or have to pay GST to the ATO. This is why the ledger accounts are important so that the figures as the end of a period can be extracted to prepare the BAS Statement. The BAS Statement can be completed monthly or quarterly. At the end of the year, a reconciliation is made between the BAS statements and income statement to determine any final refund or GST Payable.  Accept other valid and appropriate points. |  |

1. Describe the concept of separate legal entity. (5 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| **Separate Legal Entity** |  |
| Describes the concept of separate legal entity. | 2 |
| States a relevant fact about separate legal entity . | 1 |
| **Total** | **2** |
|  |  |
| Answer could include:  **Separate Legal Entity**  The legal entity concept is the characteristic applied to companies as being a separate entity from its owners. This means the company is an artificial person created in law in its own right that ca sue, be sued, acquire assets and finance in its own name. This also means that the company is responsible for all debts it accumulates provided all of its shareholding is fully paid up.  Accept other valid and appropriate points. |  |

1. Identify and describe two costs associated with engaging in socially and environmentally responsible behaviour. (4 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Identifies correctly 1-2 costs associated with engaging in socially and environmentally responsible behaviour. | 1-2 |
| Describes correctly 1-2 costs associated with engaging in socially and environmentally responsible behaviour. | 1-2 |
| **Total** | **4** |
| Answers could include any two from the following:   * Implementation/purchase costs due to industry legislation and technology/non-current asset expenditure. * Training employees on responsible practices can be expensive in terms of time, additional costs and expertise. * Sourcing environmentally friendly products can be more expensive, especially for smaller businesses due to limited buying power and availability of suitable products. * Educating consumers on the impacts of their purchasing decisions is costly and the majority of consumers place price above all other criteria. * Financial value of donating money or sponsoring organization. * Expense of hiring a bookkeeper and/or accountant to ensure compliance with ATO * Cost of keeping accurate GST records | |