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**ACCOUNTING AND FINANCE**

**ATAR Year 11**

**Unit 2**

**TASK 8 - 2023**

**Assessment type:** TEST SOLUTION

**Content:**

**Financial institutions and systems: Financial institutions**

* Income Statements with Adjustments
* Balance Sheets with Adjustments
* Electronic Processing

**Conditions:** 55 minutes, closed book test

**Task weighting:** 11%

**Student Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Marks:**

|  |  |
| --- | --- |
| Part A: Practical | /35 |
| Part B: Theory | / 20 |
|  |  |
| **TOTAL** | **/55** |

**Question 1 (Part A) (35 Marks)**

1. Calculate the profit or loss for the period. (14 marks)

Depreciation

40,000 – 5,000 = 4,375 pa x 5/12 = $**1,823** depreciation expense *(1+1+1+1)*

8

Prepaid Advertising

12,000 ÷ 10 = 1,000 per month x 8 = $**8,000** advertising expense *(1+1+1)*

12,000 – 8,000 = $**4,000** prepaid advertising *(1)*

Prepaid Insurance

1,500 – 700 = $**800** insurance expense *(1+1)*

Wages

145,000 – 80,000 = $**65,000** accrued wages *(1+1)*

Stock of Supplies

45,000 – 9,000 = $**36,000** supply expense *(1+1)*

Profit or Loss

Gross profit less expenses

119,000 – (1,823+8,000+800+145,000+36,000+7,800) = **$80,423 Loss**

1. *(½) (½) (½) (½) (½) (½)*

*Minus marks if correct workings not shown.*

1. Prepare the Statement of Financial Position (Balance Sheet) for McCartney Menus as at 30 June 2023. (21 marks)

**McCartney Menus**

**Statement of Financial Position - as at 30 June 2023**

|  |  |  |
| --- | --- | --- |
| **Current Assets** |  | **Marks** |
| Cash at Bank | 99,700 | 1 |
| Prepaid Advertising | 4,000 | 1 |
| Stock of Supplies | 9,000 | 1 |
| Prepaid Insurance | 700 | 1 |
| Total Current Assets | 113,400 | 1 |
| **Non-Current Assets** |  |  |
| Investments | 50,000 | 1 |
| Equipment and Furniture 40,000 |  | 1 |
| Less Accumulated Depreciation (1,823) | 38,177 | 1 |
| Total Non-Current Assets | 88,177 | 1 |
| Total Assets | 201,577 | 1 |
| **Current Liabilities** |  |  |
| Creditors | 27,000 | 1 |
| Accrued Wages | 65,000 | 1 |
| Total Current Liabilities | 92,000 | 1 |
| **Non-Current Liabilities** |  |  |
| Mortgage | 55,000 | 1 |
| Loan – IXG due 2029 | 40,000 | 1 |
| Total Non-Current Liabilities | 95,000 | 1 |
| Total Liabilities | 187,000 | 1 |
| **Net Assets** | 14,577 | RE 1 |
| **Equity** |  |  |
| Capital | 95,000 | 1 |
| Less Loss | (80,423) | RE 1 |
|  | 14,577 |  |
| Total Equity | 14,577 | 1 |
| **Total** | | **21** |

-2 mark for poor setting out, -3 MAX for incorrect classification, -3 MAX for foreign items , -1/2 for no subtotal in equity

**Part B – MCQ & Short Answer Section**

|  |  |
| --- | --- |
| **1** | **B** |
| **2** | **B or A** |
| **3** | **B** |
| **4** | **B** |

**Question 5 (12 marks)**

1. Explain the nature of four types of electronic processing methods for dealing with receipts and payments. For each method give one benefit McCartney Menus would gain by introducing the process.

|  |  |
| --- | --- |
| **Description** | **Marks** |
| **Question 2**   1. **Explain the nature of four types of electronic processing methods for dealing with receipts and payments. For each method give one benefit McCartney Menus** **would gain by introducing the process.** | **12** |
| **Answer: Any four of the following types** |  |
| **EFTPOS** – Electronic Funds Transfer at Point of Sale – is a system allowing customers to use either their debit or credit card to pay for their goods. Funds are transferred from the customers bank to McCartney Menus bank. (2)  Possible benefits   * More convenience for customers, some customers may not buy if they don’t have the cash * Less handling of cash by the business. Less opportunity of theft * Other reasonable benefits offered by students (1) | (3) |
| **Bill Payments** – Electronic payment system – is a system allowing McCartney Menus to pay suppliers by using online banking rather than sending a cheque. Bank will transfer funds directly to supplier and debit McCartney Menus account. (2)  Possible benefits   * Removes cost of preparing and handling of cheques * Overseas suppliers are paid in their currency as a service offered by banks * Other reasonable benefits offered by students (1) | (3) |
| **Direct Debits** – regular recurring payments such as rent, and other fixed payments can be made by setting up an automatic request to transfer funds at the same time each period. A direct debit is made from McCartney Menus account to a supplier’s account. (2)  Possible benefits   * Removes cost of preparing and handling of cheques * Removes need to continuously authorise payments * Other reasonable benefits offered by students (1) | (3) |
| **Credit Cards** – where funds are provided by an outside provider allowing the user to pay the provider at a later date. A form of short-term finance for both McCartney Menus and its customers. (2)  Possible benefits   * Gives the business a short-term form of financing * Gives their customers flexibility of payments without McCartney Menus having to chase them * Payments from credit customers easily processed * Funds received immediately rather than having to handle customer’s cheques which take time to be presented * Other reasonable benefits offered by students (1) | (3) |
| **Online banking** – a system offered by banks where funds can be transferred between entities electronically, without the use of cash. (2)  Possible benefits   * can accept payments from credit customers electronically rather than by cheque * Could lead to increase in business due to convenience offered its customers. * All payments and receipts recorded automatically allowing for better control * Other reasonable benefits offered by students (1) | (3) |
| **Total** | **/12** |

**Question 6** **(4 marks)**

1. Identify **two** risks associated with online banking and **two** risks associated with EFTPOS.

Describe the nature and identify **two** risks associated with online banking for McCartney Menus and their business.

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Describes the nature of online banking.  **Risk 1** | 2 |
| States a fact about the nature of online banking | 1 |
| **Subtotal** | **2** |
| Identifies two risks of online banking | 2 |
| Identifies one risk of online banking | 1 |
| **Subtotal** | **2** |
| **Total** | **4** |
| Answer could include:  **Nature**  Online banking is a facility where normal banking services are provided over the internet without the need to enter a bank. Services may include transferring amounts between accounts, paying creditors, viewing statements, seeking questions to banking queries, setting up accounts, closing accounts, applying for direct debits and reporting suspicious behaviour.  **Risks** of ***online banking*** may include:   * Failing to regularly check account balances can increase liquidity issues and online payments being rejected * Failing to change passwords to online accounts can increase the risk of accounts being compromised by hackers * Fraudulent online transactions can go unnoticed if statements aren’t checked regularly * Trojan viruses for example can steal login deals with increasing sophistication that require regular updates on the part of the service provider but also on the user with sound anti-virus software protectors. | |

**Risk 2**

**Risks** of ***EFTPOS*** may include

* Each time a customer makes a card payment, you may have to pay a transaction fee. (1)
* When you're being charged a different rate for accepting AMEX cards, etc (1)
* It can become very difficult to work out how much you'll need to pay your merchant services provider at the end of the month. (1)