**Student Name:**

**PES**

**2019 ACCOUNTING UNIT 3**

## Outcome 1 – Set 2

## RECORDING AND ANALYSING FINANCIAL DATA

**QUESTION BOOK**

**Structure of book**

|  |  |  |
| --- | --- | --- |
| *Number of*  *Questions* | *Number of questions*  *to be answered* | *Number of*  *marks* |
| 4 | 4 | 60 |

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

**Materials supplied**

* Question Book of 9 pages.
* Answer Book of 8 pages.

**Instructions**

* Write your name and your teacher’s name in the space provided on the front page of both this Question Book and the Answer Book.
* Answer all questions in the Answer Book.

**At the end of the task**

* Place this Question Book on top of the Answer Book and wait for both to be collected.

**Students are not permitted to bring mobile phones and/or any other unauthorised electronic devices into the SAC room.**

**Question 1 (24 marks)**

Graham Grenda owns and operates Alltronics a small business that specialises in selling electronic equipment. Inventory is purchased on credit and sold for both cash and credit with a 100% mark up on cost. The business reports monthly and uses the FIFO method of cost assignment.

At 31 May 2019 the following documents had not yet been recorded by the business.

|  |  |
| --- | --- |
| ZNA Bank Funds transfer | |
| **Date of payment** | 30 / 05 / 2019 |
| **From** | Alltronics  A/c: 632 552 401 |
| **To** | AX Electronics  BSB: 4512  A/c: 3145 19 663 |
| **For** | Payment to Account Payable – discount received $40 |
| **Amount** | $760 |
| **Reference** | 794 |

|  |  |
| --- | --- |
| ZNA Bank  Alltronics (A/c: 632 552 401)  **Funds transfer** | |
| **Date of receipt** | 31/05/2019 |
| **From** | Maxi Bags  A/c: 323 554 106 |
| **For** | Payment for iPad |
| **Amount** | $495 including GST |
| **Reference** | 1635 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Alltronics  ABN 99 867 569 862  63 Venice Street  Mentone 3174 | | 30 May 2019  TAX INVOICE  Credit Note CN23 Duplicate | | |
| *Returned by*: | T. Wilson  Johnson St, Collingwood VIC 3066  ABN: 44 110 787 854 | | | |
| Qty | Item | | Unit price $ | Total cost $ |
| 2 | Pair TV Devices | | 210 | 420.00 |
|  | GST (10%) | |  | 42.00 |
|  | **Total** | | | **462.00** |
| Reason | Faulty goods | | | |

|  |  |
| --- | --- |
| **Date:** | 31 May 2019 |
| **Memo:** | 16 |
| **To:** | Accounting department |
| **Re:** | Please note that I took one Pair TV Device from inventory to donate to my son’s soccer club |
|  | **Signature**: G. Grenda |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Pair Electronics**  120-200 Rosamond Road  Maribyrnong, VIC 3032 ABN: 20 114 653 989 | | | | |
| *Returned by:* | Alltronics  ABN 99 867 569 862 | 31 May 2019  TAX INVOICE:  Credit Note 101 | | |
| **Qty** | **Item** | | **Unit price $** | **Total cost $** |
| 2 | Pair TV Devices | | 105 | 210.00 |
|  | GST (10%) | |  | 21.00 |
|  | **Total** | | | **231.00** |
| **Reason:** | Faulty Devices | | |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Pair Electronics**  120-200 Rosamond Road  Maribyrnong, VIC 3032 | 31 May 2019 | | |
| **To:** Alltronics ABN 99 867 569 862  63 Venice Street  Mentone 3174 | | | |
| **Order confirmation** | | **Qty** | **Unit price** |
| *We are pleased to confirm the availability of the items as requested:* | |  |  |
| * *Order form 619: Series 4 Watches* | | 5 | $300 plus GST |
| *Please confirm delivery details by return email.* | | | |

1. Record the documents into the General Journal of Alltronics.

Narrations are **not** required

12 marks

At 31 May Graham decided to discount the Pair TV devices to their cost price to make way for the release of the new Pair TV 4K. To encourage sales of the older model he will pay $45 for advertising this inventory in the local paper - Memo 18.

1. Using the data provided on the documents and the additional information provided, update the inventory card for the Pair TV Devices.

4 marks

1. With reference to the most appropriate qualitative characteristic, justify the owner’s decision to discount the Pair TV devices.

3 marks

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **PAIR ELECTRONICS**  120-200 Rosamond Road  Maribyrnong, VIC 3032  **STATEMENT OF ACCOUNT**  **For period**: June 2019 | | | | |
| **Account of:** | Alltronics  63 Venice Street, Mentone 3174  ABN 99 867 569 862 | | | |
| **Date** | **Details** | **Sales** | **Payments** | **Balance** |
| May 1 | Balance |  |  | 550 |
| 8 | Payment received: (Ch. 245)  Discount allowed |  | 495  55 | nil |
| 16 | Inv. N3V09 | 792 |  | 792 |
| 19 | Goods returned (Cr. Note 5167) |  | 154 | 638 |
| 25 | Inv. N3V42 | 572 |  | 1 210 |
|  | **Balance owing: 31 May 2019** | | | **$ 1 210** |

1. Show how the Statement of Account would appear in the General Ledger of Alltronics for June 2019.

4 marks

**Question 2 (5 marks)**

Paula McCulloch is the owner of Maccas Golf Sets – selling ready-made sets of golf clubs with a golf bag and accessories included. She sells four different types of golf sets and her business has been performing reasonably well over recent reporting periods. She would like to upgrade the business computer system to incorporate an automated ordering system, self-serve checkouts and inventory recording system in an effort to reduce costs.

The computer system will cost $32 000 (plus GST) plus installation, set up and training costs for Paula and her three staff.

While business performance has been good Paula does not have the cash available and so is seeking a loan from her local bank. As part of her loan application Paula provided the following details of her assets:

**Current Assets**

Accounts Receivable $6 500

Inventory $70 950

Inventory details are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item** | **Qty** | **Unit Cost** | **Selling Price** | **GST** | **Value in Balance Sheet** |
| Beginner Package | 15 | 600 | 1,000 | 100 | $16,500 |
| Standard Package | 8 | 950 | 2,000 | 200 | $17,600 |
| Elite Package | 5 | 1,200 | 2,500 | 250 | $13,750 |
| Professional Package | 7 | 1,500 | 3,000 | 300 | $23,100 |
| **Total** |  |  |  |  | **$70,950** |

Analyse Paula’s valuation of inventory referring to the ethical issues involved in her loan application information.

**Question 3 (12 marks)**

The Tee House sells custom-made T shirts for cash and credit. Documents relating to all transactions for the month of July 2019 are shown below.

|  |  |  |
| --- | --- | --- |
| **The Tee House Date:** 6 July 2019  **Receipt No.** 248  **Supplied:** 14 T Shirts  **For:** Cash sales  **Amount:** $770  (GST included) |  | **The Tee House Date:** 9 July 2019  **To:** Premium Insurance **For:** Insurance on Inventory  **This cheque:** $704 (GST included)  **Cheque No.** 107 |

|  |  |  |
| --- | --- | --- |
| **The Tee House Date:** 15 July 2019  **Invoice No.** 716  **Supplied** 20 Tee Shirts **Account:** J. Jeans  **Amount:** $1 100  (GST included) |  | **The Tee House Date:** 20 July 2019  **Credit Note 3**  **Returned:** 5 Tee Shirts **Account:** Gotcha T’s  **Amount:** $275  (GST included) |

**The Tee House**

**Date:** 31 July 2019

**Memo** 332

Contributed vehicle which cost $22 000 to the business. Currently valued at $10 000

**Signed:** K. Davidson

|  |  |  |
| --- | --- | --- |
| **JB’s Electronics Date:** 22 July 2019  **To:** AppleWorld  **For:** Computer  **This cheque:** $5 500 (GST included)  **Cheque No.** 108 |  | **Bonds T’s**  **Date:** 23 July 2019  **Invoice No.** 232  **Supplied:** 50 Custom Tee Shirts  **Account:** The Tee House  **Amount:** $1650  (GST included) |

**The Tee House Date:** 31 July 2019

**To:** ZNA Bank

**For:** Loan repayment which includes interest $200

**This cheque:** $1 100

**Cheque No.** 110

**The Tee House**

**Date:** 31 July 2019

**Memo** 333

Accountant – Please pay GST owing at 31 July 2019

**Signed:** K. Davidson

1. Prepare the General Journal entries required to record Cheque 110 and Memo 332 in the General Journal of the Tee House

5 marks

1. Show how the GST Clearing account would appear in the General Ledger of the Tee House.

7 marks

**Question 4 (19 marks)**

Ethan Cowden is the owner of Sleeprite, a small business that sells bedding on credit to age care facilities. In 2018 Ethan’s credit terms were 4/14, n30 and in 2019 he changed his credit terms to 2/7, n30.

The accountant has prepared the following information about the management of their Accounts Receivable and Inventory.

|  |  |
| --- | --- |
|  |  |

**2017 2018 2019**

1. Explain if Ethan’s management of Accounts Receivable has improved in 2019.

4 marks

1. Apart from preparing an Accounts Receivable Ageing Analysis,explain two strategies Ethan could introduce to improve his management of Accounts Receivables.

4 marks

The trend in Inventory Turnover could be caused by either positive or negative factors.

1. Explain one positive and one negative factor that may have led to the trend in the Inventory Turnover.

4 marks

1. Discuss one strategy Ethan could introduce to improve the trend in the Inventory Turnover.

3 marks

1. Provide one example of non-financial information that the business could use to assess the Inventory Turnover and explain how the business could use this information.

2 marks

Ethan believes that a comparison between the Inventory turnover of his business and Industry averages should be done to evaluate the performance of his business.

1. Explain whether this comparison would help Ethan to evaluate the performance of his business.

2 marks

**END OF QUESTION BOOK**