**Section Two**

***Assessment Task Three***

|  |  |  |  |
| --- | --- | --- | --- |
| **Student Name:** | **Solution** | **CG:** |  |

**Time allowed:** 1 hour

**Material required/recommended for this assessment**

To be provided by the supervisor

This Question/Answer Booklet

To be provided by the candidate

*Standard Items:* Pens, pencils, eraser or correction fluid, ruler

*Special Items:* Non-programmable calculators satisfying the conditions set by the School

Curriculum and Standards Authority for this course

**Marking Key**

|  |  |  |
| --- | --- | --- |
| Question | **Marks Allocated** | **Marks**  **Gained** |
| **Multiple Choice** | 5 |  |
| **6** | 11 |  |
| **7** | 44 |  |
| **Total** | **60** |  |

**Multiple Choice**

Each question has only one correct response. Signify your answer by circling the label (**a**, **b**, **c** or **d**) of the correct response. If you change your answer, completely erase your original answer. Questions where two or more responses are selected will score no marks.

1. Which of the following business transactions will increase equity for a plumbing business?
2. Payment of monthly rent
3. **Receipt of plumbing fees**
4. Proceeds from a loan
5. Payment of interest on a loan
6. What is the correct order to record financial transactions?
7. Journal, source document, trial balance, ledger
8. Ledger, source document, journal, trial balance
9. Ledger, source document, trial balance, journal
10. **Source document, journal, ledger, trial balance**
11. On 30 June 2020 A. Owner proprietor of Business X noticed a mistake was made in the general journal. Inventory purchased for cash on May 20 amounting to $400 was incorrectly classified as Office Equipment. The entry to correct this error is
12. Debit Inventory; Credit Cash at Bank
13. Debit Office Equipment; Credit Cash at Bank
14. **Debit Inventory; Credit Office Equipment**
15. Debit Office Equipment; Credit Inventory
16. Which of the following statements does **not** apply to Double entry accounting?
17. one transaction will affect at least two accounts in the accounting equation
18. **every transaction will affect two debit and two credit accounts**
19. every debit entry has an equal and corresponding credit entry
20. debit balances must equal credit balances in the Trial Balance

5. What is the effect on liabilities if assets increased by $10,000 and equity decrease by $2,000?

* 1. increase by $8,000
  2. decrease by $8,000
  3. **increase by $12,000**
  4. decrease by $12,000

**( /5 marks)**

**Question 6**

Place a tick (√) in the relevant **debit** or **credit** column to complete each statement below:

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
| 1. The balance of an asset account is recorded as a | ✓ |  |
| 1. A decrease in a liability is recorded as a | ✓ |  |
| 1. An increase in the balance of an asset is recorded as a | ✓ |  |
| 1. An increase in the Capital A/c is recorded as a |  | ✓ |
| 1. The balance of a liability account is recorded as a |  | ✓ |
| 1. A decrease in an Accounts Payable A/c is recorded as a | ✓ |  |

**✓ ½ mark each**

**( /3 marks)**

Examine the documents given below and answer the questions that follow:

**Document A**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Credit Note  No 321 | | | | |
| Big Brother Surveillance Devices  Shop 9 Dreamworld  GOLD COAST Qld 4225 | | | | |
| G Killeen  88 Snoopy Lane  MELBOURNE Vic 3000 | | | Date: 30 April 2008 | |
| **Qty** | **Description** | **Unit Price** | | **Total** |
| *2* | *PenPoint Cameras* | *$80.00* | | *$160.00* |
|  |  |  | |  |
|  |  |  | |  |

**Document B**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Invoice  No 612 | | | | |
| Big Brother Surveillance Devices  Shop 9 Dreamworld  GOLD COAST Qld 4225 | | | | |
| G Killeen  88 Snoopy Lane  MELBOURNE Vic 3000 | | | Date: 26 April 2008 | |
| **Qty** | **Description** | **Unit Price** | | **Total** |
| *5* | *PenPoint Cameras* | *$80.00* | | *$400.00* |
| *2* | *Tiny Microphones* | *$25.00* | | *$50.00* |
| *1* | *Hard Disk Recorder* | *$800* | | *$800.00* |
|  | **Total** |  | | *$1250.00* |

**Question 6** cont

1. Name the business that is the Accounts Receivable on these documents?

James Bond Enterprises ✓

**( /1 mark)**

1. Under what circumstances would Document A be forwarded to a buyer?

A **credit note** can be written out for the following reasons:

* + The buyer has returned goods that were unsatisfactory, damaged or not what he/she ordered ✓
  + The buyer may have been overcharged on an invoice ✓
  + Empty returnable containers may have been returned for credit ✓

**( /3 marks)**

1. Explain the purpose of Document B.

**Invoices** are made out by the seller of inventory✓ and sent to the buyer when inventory is sold on credit. ✓

**( /2 marks)**

1. If the buyer was to send payment to Big Brother Surveillance Devices, taking benefit of a 5% discount, how much would the cheque be written for? Show your calculations.

$1250 - $160 = $1090 x 5% = $54.50 ✓

$1090 - $54.50 = $1035.50 ✓

The cheque for Big Brother Surveillance Devices would be for $1035.50

**( /2 marks)**

**Question 7**

Adam Weagle commenced a business known as **Weagles Football Fan Club** with the following items.

Football Equipment 5 000

Creditor – Rebel Sports 2 300

Debtor – Sam Newman 3 500

Club Premises 120 000

Bank 3 800 Dr

Loan - ANZ Bank 10 000

During the month of May 2017, the following transactions took place:

May 1 Paid advertising $500

3 Weagle contributed motor vehicle $25 000

4 Received $2 000 from Sam Newman

5 Weagle purchased a membership fee $300 for his son from his personal bank account

8 Collected membership fees $13 200

9 Paid electricity $450

10 Withdrew $2 000 of football equipment for personal use

12 Paid K Sheedy $10 000 a fee to speak at Weagles club dinner

15 Purchased football equipment from Rebel Sports $4 500 on credit

17 Paid rates $450

20 Paid home electricity account from personal bank account

25 Sam Newman purchased $600 of football equipment on credit

29 Weagle contributed additional capital $5 000

30 Collected membership fees $6 800

31 Sam Newman declared bankrupt and any remaining debts are to be written off as bad

**Required:**

(a) Prepare the General Journal entries **only** for the commencement of business, purchase of

football equipment on credit and any bad debts. **(10 marks)**

(b) Prepare the General Ledger for the Weagles Football Fan Club to show the transactions that occurred during May. **(24 marks)**

(c) Show the Trial Balance as at 31 May 2017.  **(5 marks)**

**(a)**

**Weagles Football Fan Club**

**General Journal**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Ledger Accounts | F | Debit | Credit |
| May 1 | Football Equipment | NCA1 | 5 000**½** |  |
|  | Debtor – S Newman | CA1 | 3 500**½** |  |
|  | Club Premises | NCA2 | 120 000**½** |  |
|  | Bank | CA2 | 3 800**½** |  |
|  | Creditor – Rebel Sports | CL1 |  | 2 300**½** |
|  | Loan – ANZ Bank | NCL1 |  | 10 000**½** |
|  | Capital – Weagle | EQ1 |  | 120 000**✓** |
|  | Assets, liabilities and Equity at the commencement of business**✓** |  |  |  |
|  |  |  |  |  |
| 15 | Football Equipment | NCA3 | 4 500**✓** |  |
|  | Creditor – Rebel Sport | CL2 |  | 4 500**✓** |
|  | Purchased equipment on credit**½** |  |  |  |
|  |  |  |  |  |
| 31 | Bad debts | E1 | 2 100**✓** |  |
|  | Debtor – S Newman | CA1 |  | 2 100**✓** |
|  | Bad debts written off**½** |  |  |  |
|  |  |  |  |  |

**( /10 marks)**

**(b) Weagles Football Fan Club**

**General Ledger**

**Bank CA1**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
| May 1 | Capital |  | 3 800**½** | May1 | Advertising |  | 500**½** |
| 4 | Debtor – S Newman |  | 2 000**½** | 9 | Electricity |  | 450**½** |
| 5 | Membership Fees |  | 300**✓** | 12 | Speaking Fees |  | 10 000**½** |
| 8 | Membership Fees |  | 13 200**½** | 17 | Rates |  | 450**½** |
| 29 | Capital – Weagle |  | 5 000**½** | 31 | Balance c/d |  | 19 700 |
| 30 | Membership Fees |  | 6 800**½** |  |  |  |  |
|  |  |  | **31 100** |  |  |  | **31 100** |
| June 1 | Balance b/d |  | 19 700**½** |  |  |  |  |
|  |  |  |  |  |  |  |  |
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**Football Equipment CA2**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
| May 1 | Capital |  | 5 000**½** | May 10 | Drawings |  | 2 000**½** |
| 15 | Creditor - Rebel Sport |  | 4 500**✓** | 25 | Debtor – S Newman |  | 600**½** |
|  |  |  |  | 31 | Balance c/d |  | 6 900 |
|  |  |  | **9 500** |  |  |  | **9 500** |
| June 1 | Balance b/d |  | 6 900**½** |  |  |  |  |
|  |  |  |  |  |  |  |  |

**Creditor – Rebel Sports CL1**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
|  |  |  |  | May 1 | Capital |  | 2 300**½** |
| May 31 | Balance c/d |  | 6 800 | 15 | Football Equipment |  | 4 500**✓** |
|  |  |  | 6 800 |  |  |  | **6 800** |
|  |  |  |  | June 1 | Balance b/d |  | 6 800**½** |
|  |  |  |  |  |  |  |  |
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**Capital – A Weagle EQ1**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
|  |  |  |  | May 1 | Assets/Liabilities |  | 120 000**✓** |
| May 31 | Balance c/d |  | 150 000 | 3 | Motor Vehicle |  | 25 000**½** |
|  |  |  |  | 29 | Bank |  | 5 000**½** |
|  |  |  | **150 000** |  |  |  | **150 000** |
|  |  |  |  | June 1 | Balance c/d |  | 150 000**½** |
|  |  |  |  |  |  |  |  |
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**Debtor – S Newman CA3**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
| May 1 | Capital |  | 3 500**½** | May 4 | Bank |  | 2 000**½** |
| 25 | Football Equipment |  | 600**½** | 31 | Bad Debts |  | 2 100**✓** |
|  |  |  | **4 100** |  |  |  | **4 100** |
|  |  |  |  |  |  |  |  |
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**Club Premises NCA1**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
| May 1 | Capital |  | 120 000**½** |  |  |  |  |
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**Advertising E1**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
| May 1 | Bank |  | 500**½** |  |  |  |  |
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**Motor Vehicle NCA2**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
| May 3 | Capital |  | 25 000**½** |  |  |  |  |
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**Membership Fees I1**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
|  |  |  |  | May 5 | Bank |  | 300**✓** |
|  |  |  |  | 8 | Bank |  | 13 200**½** |
| May 31 | Balance c/d |  | 20 300 | 30 | Bank |  | 6 800**½** |
|  |  |  | **20 300** |  |  |  | **20 300** |
|  |  |  |  | June 1 | Balance b/d |  | 20 300**½** |
|  |  |  |  |  |  |  |  |

**Electricity E2**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
| May 9 | Bank |  | 450**½** |  |  |  |  |
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**Speaking Fees E3**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
| May 12 | Bank |  | 10 000**½** |  |  |  |  |
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**Rates E4**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
| May 17 | Bank |  | 450**½** |  |  |  |  |
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**Bad Debts E5**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
| May10 | Debtor – S Newman |  | 2 100**✓** |  |  |  |  |
|  |  |  |  |  |  |  |  |
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**Drawings NEQ1**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
| May 10 | Football Equipment |  | 2 000**½** |  |  |  |  |
|  |  |  |  |  |  |  |  |
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**Loan – ANZ Bank NCL1**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount | Date | Details | F | Amount |
|  |  |  |  | May 1 | Capital |  | 10 000**½** |
|  |  |  |  |  |  |  |  |
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**Add 1 mark for dates**

**( /24 marks)**

**(c)**

**Weagles Football Fan Club**

**Trial Balance**

**As at 31 May 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| **Ledger Account** | **F** | **Debit** | **Credit** |
| Bank | CA1 | 19 700 |  |
| Football Equipment | CA2 | 6 900 |  |
| Creditor – Rebel Sports | NCL1 |  | 6 800 |
| Motor Vehicle | NCA2 | 25 000 |  |
| Membership Fees | I1 |  | 20 300 |
| Electricity | E2 | 450 |  |
| Speaking Fees | E3 | 10 000 |  |
| Capital – J Weagle | EQ1 |  | 150 000 |
| Debtor – S Newman | CA3 | - | - |
| Club Premises | NCA1 | 120 000 |  |
| Advertising | E1 | 500 |  |
| Rates | E4 | 450 |  |
| Bad debts | E5 | 2 100 |  |
| Drawings | NEQ1 | 2 000 |  |
| Loan – ANZ Bank | NCL1 |  | 10 000 |
|  |  | **187 100** | **187 100** |
|  |  |  |  |

**-½ for each omission of amounts**

**-1 for omission of totals**

**( /5 marks)**

d. What is the purpose of the *trial balance* prepared above?

Weagles Football Fan Club T**rial Balance** is prepared to:

* detect errors made in the ledger**✓**
* provide a list of the balance of the ledger accounts on any one day**✓**
* provide a list of ledger account balances from which important accounting reports such as the Balance Sheet are prepared. **✓**

**( /3 marks)**

e. Give two examples of the types of errors that **would** be disclosed by preparing a trial balance.

* A debit or credit entry was omitted
* An amount was recorded incorrectly
* Making a transposition error in the ledger
* Incorrectly calculating a ledger account balance
* The debit and/or credit sides have been calculated incorrectly
* Leaving a ledger account balance out of the trial balance
* Recording aledger account balance on the wrong side of the trial balance

**( /2 marks)**

**END OF ASSESSMENT TASK**