

Assessment Schedule – 2008

Accounting: Prepare financial statements and related accounting entries for sole proprietors (90224)

Evidence Statement

Q	Evidence			Code
<p>One (a)</p>	<p>Accounts payable</p>			
	Balance at start	10 300	S	
	Invoices received from suppliers	14 200	C	
	Credit notes received from suppliers	–2 700	C	
	Balance at end	–11 000	S	
	Cash paid to suppliers	10 800		
	<p>S or C: for correct figure correctly treated in some form of working (numbers must clearly be added or subtracted as appropriate).</p>			
<p>Total bank transfers to suppliers: \$10 800</p>				
<p>Note: If no working and \$10 800 (no other number) is recorded for accounts payable/ suppliers award 2S and 1C.</p>				
(b)	<p><i>Stick Sports</i> Cash Flow Statement (extract) for July 2008</p>			
	Payments			
	Accounts payable/ Suppliers	10 800	Sf	
	Expenses	7 200	S	
	Sales wages	3 200	S	
	Drawings	2 800	S	
	Total Payments	24 000	Ct	
<p>Grades: Sf for follow-through figure from (a).</p>				
<p>Note: If total expenses paid is \$10 400 (candidate has combined total expenses and wages) award both S but do not accept any other figure.</p>				
<p>S: for correct stem and correct figure.</p>				
<p>Ct: for a total based on showing ALL FOUR payment entries ONLY (figures need not be correct).</p>				

Q	Evidence					Code
Two (a)	General Journal entries					
	31/03/08	Sales wages	2 000		S	
		Accrued expense		2 000	S	
		<i>Sales wages owing \$2 000.</i>				
	31/03/08	Prepayments	3 000		S	C
		Shop rent		3 000	S	
		<i>Shop rent is \$1 500 excluding GST per month. Two months' rent has been paid in advance.</i>				
	31/03/08	Bad debts	400		S	C
		GST	50		S	
		Accounts receivable		450	S	
		<i>Write off additional bad debts of \$450 including GST.</i>				
	31/03/08	Capital	48 000		S	
		Drawings		48 000	S	
		<i>Close drawings to capital.</i>				
	Judgement for General Journal entries					
	To award any S or C answer must have a complete general journal entry – ie debit account name(s) and debit figure(s) plus credit account name and credit figure. GST stem may be GST paid / payable / received / receivable.					
<i>Then</i>						
S: for correct stem and a figure in the correct debit/credit column with figure correct if no C awarded.						
C: provided 2 or 3 S have been awarded for the entry, award C for the correct figure(s).						

Q	Evidence						Code	
Two (b)	Accounts Receivable							
	31/03/08	Balance			8 450	Dr		
		Bad debts <i>plus</i> GST		450	8 000	Dr		SS
OR								
Accounts Receivable								
31/03/08	Balance			8 450	Dr			
	Bad debts		400	8 050	Dr	S		
	GST		50	8 000	Dr	S		
(c)	Depreciation on Office Equipment							
	31/03/08	Accumulated depreciation office equipment	2 800		2 800	Dr		SC
	Income summary		2 800	0		Sf		
(d)	Prepayments							
	31/03/08	Shop Rent	3 000		3 000	Dr		SC
	01/04/08	Shop Rent	3 000	0		Sf		
Judgement for General Ledger entries								
S: for appropriate stem (alternatives acceptable, eg Performance Summary / GST Received / Payable) and a figure in the correct debit / credit column followed by correct treatment in the balance column – figure must be correct unless C also awarded.								
GST stem may be GST paid / payable / received / receivable.								
SS: two S if the entry in Accounts Receivable is correct as above with correct figure; one S if stem is Bad Debts (plus GST) and figure is not \$450 but is in credit column correctly treated.								
Sf: the entry must close the account and produce a zero balance to award Sf – if the answer has a credit balance first Sf can be awarded for a debit entry that closes the account to zero. However, the Sf is not awarded if the ledger account contains additional entries, eg Opening Balance								
C: for the correct figure, if there is a stem which is recognizable as correct, ie Accumulated Depreciation or Rent and a figure in the correct debit / credit column followed by correct treatment in the balance column.								

Q	Evidence				Code
Three (a)	Stick Sports' Income Statement for the year ended 31 March 2008				
	Sales			345 000	
	Less cost of goods sold			145 000	
	Gross profit			200 000	
	Add other income				
	Gain on sale shop fittings			100	
				200 100	
	Less expenses				
	Distribution costs				
	Advertising	9 400			S
	Sales wages	40 000			SC
	Shop electricity	12 300			S
	Shop rent	18 000			SC
	Depreciation on shop fittings	10 500	90 200		SC
	Administrative expenses				
	Bad debts	600			SC
	Doubtful debts	–100			SC
	Insurance	14 000			S
	Office expenses	27 300			S
	Depreciation on office equipment	2 800	44 600		SC
	Finance costs				
	Interest on loan		1 000		S
				135 800	
Profit for the year			64 300	Sf	
<p>Judgement S: for correct stem (account name must come from trial balance if it is in trial balance), correct classification and figure (correct if only S). C: for correct figure (do not have to have awarded S). Sf: for profit for the year calculated as subtraction of expense (total) from \$200 100 – ignore maths errors – must have at least SIX expenses correctly classified to award Sf. Mark as F any foreign items – balance sheet items included.</p>					

Q	Evidence	Code																					
<p>Three (b)</p>	<p>Complete the following TWO accounting policy statements found in <i>Stick Sports'</i> Statement of Accounting Policies.</p> <p><i>Stick Sports'</i> Statement of Accounting Policies (extract)</p> <p>Name and nature The financial statements have been prepared for <i>Stick Sports</i>, (S) a sole proprietor (S) shop/retailer specialising in selling cricket, softball and hockey gear (S).</p> <p>Judgement First S must have <i>Stick Sports</i> and financial statements prepared for. Second S just for sole proprietor, wherever it is included. Third S must have specialising in cricket, softball and hockey gear (not sports equipment/ <i>Stick Sports</i> or any other general statement).</p> <p>Inventory Inventory is stated at the lower of cost and net realisable value. (S) Cost is determined on a weighted average basis. (S)</p> <p>Judgement Each S for the complete correct sentence – must not have estimated realisable value / must not have FIFO/LIFO.</p>																						
<p>(c)</p>	<p>Use relevant information to complete the current liabilities section of <i>Stick Sports'</i> Balance Sheet as at 31 March 2008.</p> <p>Show the total of your current liabilities on the total current liabilities line. Do NOT use abbreviations.</p> <table border="1" data-bbox="225 1059 1417 1435"> <thead> <tr> <th colspan="3" data-bbox="225 1059 1417 1111"><i>Stick Sports'</i> Balance Sheet (extract) as at 31 March 2008</th> </tr> <tr> <th data-bbox="225 1111 1082 1167">Current liabilities</th> <th data-bbox="1082 1111 1321 1167"></th> <th data-bbox="1321 1111 1417 1167"></th> </tr> </thead> <tbody> <tr> <td data-bbox="225 1167 1082 1223">Accounts payable</td> <td data-bbox="1082 1167 1321 1223">12 700</td> <td data-bbox="1321 1167 1417 1223">S</td> </tr> <tr> <td data-bbox="225 1223 1082 1279">GST</td> <td data-bbox="1082 1223 1321 1279">3 900</td> <td data-bbox="1321 1223 1417 1279">SC</td> </tr> <tr> <td data-bbox="225 1279 1082 1335">Loan (10% due November 2008)</td> <td data-bbox="1082 1279 1321 1335">10 000</td> <td data-bbox="1321 1279 1417 1335">SC</td> </tr> <tr> <td data-bbox="225 1335 1082 1391">Accrued expense</td> <td data-bbox="1082 1335 1321 1391">2 000</td> <td data-bbox="1321 1335 1417 1391">SC</td> </tr> <tr> <td data-bbox="225 1391 1082 1435">Total current liabilities</td> <td data-bbox="1082 1391 1321 1435">28 600</td> <td data-bbox="1321 1391 1417 1435">Ct</td> </tr> </tbody> </table> <p>Grades S: for correct stem and a figure correct for Accounts payable. C: for correct figure – stem does not need to be correct. Ct: for total that includes ONLY the FOUR current liabilities. Mark as F any income statement items.</p>	<i>Stick Sports'</i> Balance Sheet (extract) as at 31 March 2008			Current liabilities			Accounts payable	12 700	S	GST	3 900	SC	Loan (10% due November 2008)	10 000	SC	Accrued expense	2 000	SC	Total current liabilities	28 600	Ct	
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