

90224R



Level 2 Accounting, 2008

90224 Prepare financial statements and related accounting entries for sole proprietors

Credits: Five

9.30 am Thursday 27 November 2008

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 90224.

Check that this booklet has pages 2–3 in the correct order and that none of these pages is blank.

YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.

RESOURCE ONE

Stick Sports is owned by Lucy. The following information was extracted from *Stick Sports*' accounting records for July 2008.

As at 1 July 2008
Accounts Payable \$10 300

Lucy made the following summary of *Stick Sports*' online bank statement entries for July:

Summary of bank statement entries for July	\$
Direct debits for expenses	7 200
Direct credits from accounts receivable	6 300
Bank transfer for sales wages	3 200
EFTPOS sales	21 400
EFTPOS drawings	2 800
Bank transfers to suppliers	?

Other source documents relating to July 2008 included:

Summary of source documents for July	\$
Invoices issued to credit customers	5 900
Invoices received from suppliers	14 200
Credit notes received from suppliers	2 700

As at 31 July 2008
Accounts payable \$11 000

RESOURCE TWO

Stick Sports, owned by Lucy, is a shop that specialises in selling cricket, softball and hockey gear. *Stick Sports* is registered for GST on the invoice basis and uses a perpetual inventory system to manage inventory. Lucy determines the cost of inventory using the weighted average method.

Stick Sports Trial balance as at 31 March 2008

	\$		\$
Accounts receivable	8 450	Accounts payable	12 700
Advertising	9 400	Accumulated depreciation	
Bad debts	200	– Shop fittings	20 000
Bank	3 400	Accumulated depreciation	
Cost of goods sold	145 000	– Office equipment	6 000
Drawings	48 000	Allowance for doubtful debts	300
Insurance	14 000	Capital	80 000
Interest on loan	1 000	Gain on sale shop fittings	100
Inventory	32 000	GST	3 950
Office equipment	28 000	Loan (10%, due November 2008)	10 000
Office expenses	27 300	Sales	345 000
Sales wages	38 000		
Shop electricity	12 300		
Shop fittings	90 000		
Shop rent	21 000		
	\$478 050		\$478 050

Additional information:

- Sales wages owing is \$2 000.
- Shop rent is \$1 500 excluding GST per month. Two months' rent has been paid in advance.
- Write off additional bad debts of \$450 including GST.
- Adjust the allowance for doubtful debts to 2.5% of accounts receivable.
- Depreciation on office equipment is 10% p.a. straight line.
- Depreciation on shop fittings is 15% p.a. diminishing value using the balances in the trial balance at 31 March 2008.
- During the year shop fittings with a carrying amount of \$7 000 were sold. New shop fittings costing \$12 000 excluding GST were purchased.