For Supervisor's use only

Level 1 Accounting, 2009

90023 Describe a method of processing financial information and analyse transactions

Credits: Three
2.00 pm Thursday 19 November 2009

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

Answer ALL the questions in this booklet.

Show ALL working.

If you need more space for any answer, use the page(s) provided at the back of this booklet and clearly number the question.

Check that this booklet has pages 2–8 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

For Assessor's use only	**Achievement Criteria**					
Achievement		**Achievement with Merit**		**Achievement with Excellence**		
Describe an accounting data-processing system(s).		Describe an accounting data-processing system(s).		Fully describe accounting data-processing systems.		
Describe and/or analyse transactions correctly.		Describe and/or analyse a range of transactions correctly.		Describe and/or analyse a wide range of transactions correctly.		
Prepare general journal entries for straightforward balance-day adjustment(s).		Prepare general journal entries for straightforward and complex balance-day adjustments.		Prepare general journal entries for all or nearly all balance-day adjustments.		
Overall Level of Performance (all criteria within a column are met)						

You are advised to spend 30 minutes answering the questions in this booklet.

QUESTION ONE: ACCOUNTING DATA PROCESSING

Jenny, a car mechanic who owns *Car Repairs,* uses a manual data processing system for her business. Her cousin Peter uses a computerised data processing system for his business, a small sushi bar called *Sushi Heaven*.

(a)   Jenny and Peter recently discussed the steps involved in their respective accounting data processing systems. The following statements are extracts from their conversation:

A   "I am able see my profit on the computer screen at any time of the year."

B   "I keep my Journals book in my top drawer."

C   "I back up all of my financial records on a computer disc each night."

D   "I give my customers hand-written receipts."

E   "Every year, I calculate my profit for the year and complete the Income Statement."

F   "My system automatically updates the ledger accounts."

G   "My data processing system automatically prints out customer receipts."

H   "Each month, I tally up my receipts and update the Cash Receipts Journal by hand."

Classify each of the extracts above under a heading in the table below. Use the letter to identify each extract.

An example has been completed for you.

Manual data processing		Computerised data processing	
Input	_____	**Input**	G
Process	_____	**Process**	_____
Output	_____	**Output**	_____
Storage	_____	**Storage**	_____

(b)   Describe ONE **disadvantage** of using a **computerised** data processing system.

_____

_____

_____

(c)   Describe ONE **disadvantage** of using a **manual** data processing system.

_____

_____

_____

QUESTION TWO: THE ACCOUNTING EQUATION

(a)   The following are transactions for Jenny's business, *Car Repairs*.

A	Paid accounts payable $1 500
(i)	Received cash for mechanical repairs $2 000
(ii)	Paid cash for repairs to electric lift $3 200
(iii)	Jenny invested a new computer costing $2 800 into the business
(iv)	Received $480 in full settlement of a $500 account
(v)	Purchased a wheel alignment machine costing $16 000, paying a 25% deposit

Enter the transactions shown above on the Accounting Equation below. The first transaction has been entered for you.

Notes:
*   Ignore GST in this question.
*   You MUST show:
     ◦   the **dollar amounts**
     ◦   **increases** with a plus sign (**+**)
     ◦   **decreases** with a minus sign (**–**).
*   You are NOT required to show totals.

Car Repairs Accounting Equation

	Bank	Accounts receivable	Equipment	Expenses	Accounts payable	Loan	Equity	Income
A	−1 500				−1 500			
(i)								
(ii)								
(iii)								
(iv)								
(v)								

(b) The Accounting Equation below shows transactions that relate to the business a month after the events in part (a).

Car Repairs Accounting Equation

	Bank	Accounts receivable	Equipment	Expenses	Accounts payable	Loan	Equity	Income
A	−160			+160				
(i)	−400						−400	
(ii)	+1 600	−1 600						
(iii)	+5 000					+5 000		
(iv)	+300		−350	+50				
(v)	−1 000			+250		−750		

Fully describe each transaction shown above on the lines below. The first transaction has been described for you.

Notes:
* Ignore GST in this question.
* Use an appropriate example for **asset**, **expense**, and **income** accounts.
* State **dollar amounts** in your answers.

A   Paid electricity $160 cash

(i) _____

_____

(ii) _____

_____

(iii) _____

_____

(iv) _____

_____

(v) _____

_____

QUESTION THREE: GENERAL JOURNAL ENTRIES

Trial Balance (extract) for *Car Repairs* as at 31 March 2009

	Dr $	Cr $
Workshop	240 000	
Mechanic's wages	70 000	
Equipment	105 000	
Rates	4 200	
Workshop rental received		20 000
Fees		86 000
Loan (6.5% due 2014)		90 000
GST		15 000
Accumulated depreciation – on workshop		36 000

Several adjustments are required before the Income Statement and Balance Sheet can be prepared.

Using the figures from the Trial Balance extract above, show the General Journal entry for each adjustment below.

Notes:
*   You MUST account for GST.
*   Narrations are NOT required.
*   Do NOT abbreviate account names.

(a)   Mechanic's wages of $800 are owing.

Date	Particulars	Debit	Credit
31/03/09			

(b)   Next month's workshop rent of $1 700 is received in advance.

Date	Particulars	Debit	Credit
31/03/09			

(c) Rates paid in advance $400.

Date	Particulars	Debit	Credit
31/03/09			

(d) The workshop is depreciated on a straight-line basis at 5% p.a.

Date	Particulars	Debit	Credit
31/03/09			

(e) An invoice for equipment, purchased during March and costing $1 800 including GST, has been received but not yet paid.

Date	Particulars	Debit	Credit
31/03/09			

(f) An invoice dated 31 March and totalling $1 350 including GST was sent out to a client for fees.

Date	Particulars	Debit	Credit
31/03/09			

Extra paper for continuation of answers if required.
Clearly number the question.

Question number

90023