

# Exam Practice Guide

## Unit 3

## Accounting

## Examination Questions

### Key Features:

- ✓ 100 original examination style questions on all examinable topics.
- ✓ Full solutions and a marking guide to all questions.
- ✓ Separated into key topic areas within each Area of Study, enabling students to master one topic at a time.
- ✓ Written by VCE assessors who mark the real examinations.
- ✓ Excellent resource for examination practice.

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***Helping VCE students be the best they can be.***

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SAMPLE

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**AREA OF STUDY 1: Recording of financial data****Topic 1 - Characteristics, Principles and Elements**

1 March 2012: Di Dixon has commenced a new business 'Di's Digital Photo Frames'. Di has made the following contributions to the business.

- Cash \$10,000
- Stock \$5,000
- Shop Equipment \$14,000
- Vehicle purchased 1-July-2008 for \$33,000 (+ \$3,300 GST); the agreed value is \$19,500
- The annual vehicle registration \$240 (plus \$24 GST) was paid 1-July-2011
- The Vehicle is to be depreciated at 20% per annum

**Question 1**

**Explain** why the use of the agreed value for the Vehicle has created conflict with an Accounting principle. **Identify** the principle in your response.

<b>Explanation</b>
<b>Accounting principle</b>

2 + 1 = 3 marks

**Question 2**

**Justify** your treatment of the Vehicle Registration as an expense for the reporting period ending 30 June 2012.


2 marks

Cindy has provided the following stock card for October 2012. A physical stock take was conducted on 31 October 2012.

**Stock Card: Synth Grass (square metre mats)**

Date	Details	In			Out			Balance		
		Qty	Unit cost	Total cost	Qty	Unit cost	Total cost	Qty	Unit cost	Total cost
1-Oct	Bal							2	30	60
3-Oct	Chq 238	10	31	310				2	30	60
7-Oct	Memo 25				2	30	60	10	31	310
15-Oct	Chq 246	10	32	320				10	31	310
22-Oct	Inv 456				10	31	310	10	32	320
					1	32	32	9	32	288
31-Oct	Memo 26				2	31	62	7	32	224

**Additional information:** on 3 October 2012, Cindy purchased 10 metres sample of stock from a U.S company. Cindy paid \$21 per metre for the stock in U.S dollars; this converted to \$31 per metre in Australian dollars.

**Question 3**

Referring to an Accounting principle, explain why the transaction on 3 October 2012, must be reported in Australian dollars.

<b>Accounting Principle</b>
<b>Explanation</b>

2 + 1 = 3 marks

**Question 4**

Explain how the entry on 31 October 2012 has enhanced the reliability of the reports.


2 marks