

TSSMTM
Creating VCE Success

Exam Practice Guide

Unit 4

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.

Helping VCE students be the best they can be.

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SAMPLE

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AREA OF STUDY 1: Extension of recording and reporting

Topic 1 - Characteristics, Principles and Elements

On 2 November 2012 it was discovered that 5 units of the J & C Scone Makers were damaged during delivery to the Bayswater store. The business has decided to send the damaged stock to the Bulleen store at a total freight cost of \$100 (+\$10 GST). The damaged stock has a cost price of \$100 per unit and normally sells for \$200 per unit plus GST. Due to the damage, the stock will be sold for \$90 + \$9 GST each from the Bulleen store.

Question 1

Identify the **Qualitative Characteristic** that supports the necessary adjustment to the accounting records. **Justify** your response.

Qualitative Characteristic:
Explanation:

1 + 2 = 3 marks

On 13 November 2012 Greta Grass placed an order for 7 Lasered Whipper Snippers from **Laz's Snippers** at \$3,500 total + \$350 GST. (Total cost price \$2,100 + \$210 GST). Greta paid a \$1,000 deposit to secure the order (Rec 555).

On 3 January 2012, 5 Lasered Whipper Snippers were delivered to Greta Grass (Inv 689).

Question 2

Required: Lazlo thinks that as a consequence of this firm sale he should revalue the stock in the balance sheet at its selling price. Referring to an **Accounting principle** explain why he should not revalue the stock.

Accounting principle:
Explanation:

1 + 2 = 3 marks

Question 3

Referring to **one** accounting principle, **explain** why the stock items should be valued at the lower of cost and Net Realisable Value.

Accounting principle
Explanation

1 + 2 = 3 marks

Mickey recently advertised for sale a new version of its personal laptop computer. It is sold on a prepaid basis only, and on 15 October 2012 the business received \$6 050 (incl. \$550 GST) in advance sales (Rec. 820). By the end of the month, \$4 200 worth of sales (with a cost price of \$2 300) had been earned (Memo 71).

Question 4

Required: Referring to **one** qualitative characteristic, **explain** why the transaction on 15 October 2012 must not be reported as revenue.

Qualitative Characteristic
Explanation

1 + 2 = 3 marks