



**‘2019 Examination Package’ -
Trial Examination 10 of 11**

STUDENT NUMBER

Figures

Words

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ACCOUNTING

Units 3 & 4 – Written examination

(TSSM’s 2017 trial exam updated for the current study design)

ANSWER BOOK

Instructions

- A question book is provided with this answer book.
- Answer all questions in the spaces provided in this book.
- Refer to instructions on the front cover of the question book.

Students are NOT permitted to bring mobile phones and/or any other electronic devices into the examination room.

ACCOUNTING EXAM

b. Explain why a business would account for depreciation of a non-current asset.

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3 marks

c. The owner has heard that the reducing balance method of depreciation may be more appropriate for delivery vehicles than the straight-line method. Explain the appropriateness of using the reducing balance method rather than the straight-line method in this scenario.

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3 marks

Question 2

14 marks

- a. Calculate the budgeted closing balance of the Accounts Receivable account at 31 December 2019

Accounts Receivable

| Date 2019 | Cross-reference | \$ | Date 2019 | Cross-reference | \$ |
|--------------|-----------------|----|--------------|-----------------|----|
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4 marks

- b. Identify and explain the key accounting assumption that requires the business to record bad debts.

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2 marks

Question 3

9 marks

- a. Prepare the General Journal Entry to record the establishment of the double entry accounting system.
Note: A narration is not required

General Journal

| Date | Details | General Ledger | |
|------|---------|----------------|--------|
| | | Debit | Credit |
| 2019 | | | |
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4 marks

- b. Explain your treatment of the bank overdraft.

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2 marks

c. Explain the term accrual accounting

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3 marks

Question 4

8 marks

a. Record the General Journal entry necessary on 30 September 2019.
 Note: A narration is not required

General Journal

| Date | Details | General Ledger | |
|------|---------|----------------|--------|
| | | Debit | Credit |
| 2019 | | | |
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2 marks

b. Record the journal entry on 1 December 2019

General Journal

| Date | Details | General Ledger | |
|------|---------|----------------|--------|
| | | Debit | Credit |
| 2019 | | | |
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3 marks

ACCOUNTING EXAM

c. Explain why the journal entry on 30 September 2019 is recorded.

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3 marks

ACCOUNTING EXAM

b. Explain the treatment of the quote on 1 June 2019 in the accounts of Custom Couches.

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2 marks

Question 7

14 marks

a. Calculate the value of inventory on hand at 30 September prior to applying lower of cost and net realisable value

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3 marks

b. Prepare the General Journal entry required after applying the lower of cost and net realisable value.

Note: Narration is not required

General Journal

| Date | Details | General Ledger | |
|-------------|---------|----------------|--------|
| | | Debit | Credit |
| 2019 | | | |
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3 marks

Question 8

13 marks

- a. Prepare the general journal entries required to:
- Close the revenue accounts
 - Transfer Net Profit to the Capital account
Note: Net Profit was calculated at \$20 160
 - Transfer Drawings to the Capital account
Note: Narrations are not required

General Journal

| Date | Details | General Ledger | |
|------|---------|----------------|--------|
| | | Debit | Credit |
| 2019 | | | |
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7 marks

Question 9

9 marks

Suburban Furniture Outfitters have prepared the following indicators. The owner is happy with the performance of the business because all he cares about is his return on investment. He isn't interested in making any changes.

| | 2016 | 2017 |
|------------------------------------|-------------|-------------|
| Net Profit Margin | 15% | 17% |
| Return on Assets | 9% | 8% |
| Return on Owners Investment | 7% | 7% |
| Gross Profit Margin | 12% | 10% |

- a. Identify two non-financial indicators that the owner could use to evaluate the performance of the business.

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2 marks

- b. Explain how the business could improve its Gross Profit Margin.

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2 marks

