

VCE Accounting Unit 4: Nano Exam 3. Marks = 32. Time = 32 minutes.

Suveena manages **Reflections**, a business that trades in mirrors for cash and on credit. The business uses control accounts, the perpetual stock system using the FIFO method of cost assignment and the accrual accounting system.

Reflections Credit Note #88	
Date:	28/7/28
To:	Just Mirrors
For:	Return of 2 damaged mirrors at \$550 each including \$50 GST.
\$:	\$1100.00
Sorry for any inconvenience	

1.1 Refer to this document. **Who** is returning the stock to whom?

_____ 1 mark

1.2 Suggest two possible reasons for the return of stock.

_____ 1 mark

1.3 Assuming the business uses a mark-up of 150%, **indicate** the impact of this return on the accounting equation of **Reflections**. Include dollar values in your answer.

3 marks

Assets	Liabilities	Owners Equity

1.4 Record credit note #88 in the General Journal of **Reflections**.

4 marks

General Journal (GJ)					
Date	Details	General Ledger		Subsidiary Ledger	
		Dr. \$	Cr. \$	Dr. \$	Cr. \$

1.5 Explain what the sales returns ratio measures.

1 mark

1.6 Identify if the trend in the sales returns ratio is favourable or unfavourable. Explain.

2 marks

Sales Returns Ratio %		
		6%
	4%	
3%		
Period 1	Period 2	Period 3

1.7 Record credit note #88 in the following stock card extract.

2 marks

STOCK CARD: Mirrors (extract)										
2028		IN			OUT			BALANCE		
Date	Details	QTY.	COST	VALUE	QTY.	COST	VALUE	QTY.	COST	VALUE
18/7	Inv. #13				10	200	10000			
20/7	Rec. #14				1	200	200	25	200	5000

1.8 Use the Trial Balance extract and **prepare** an Income Statement that shows adjusted gross profit for December 2028.

5 marks

Reflections: Income Statement extract for December 2028		
Revenue	\$	\$

Reflections: Trial Balance extract at 31/12/28		
Account	Dr. \$	Cr. \$
Cartage inwards	700	
Discount expense	900	
Sales returns	2000	
Sales		80000
Discount revenue		1500
Cost of sales	31200	
Stock control	43000	
Loan: AMP		38000

Physical stocktake at 31/12/28 = \$44000.
Accrued cartage inwards = \$300.

1.9 **Prepare** the Cost of Sales account for December 2028. The business uses a mark-up of 150%. Post date = 31/12/28. **Close/balance** account.

3 marks

Cost of Sales					
Date	Cross-Reference	\$	Date	Cross-Reference	\$

During January 2029 the following transactions relating to a customer, Sparkles, occurred.

3/1, sale to Sparkles, \$7700 including \$700 GST, invoice #86.

12/1, received payment from Sparkles, \$3800, receipt #1223.

15/1, sales to Sparkles, \$5720 including \$520, invoice #93.

20/1, Sparkles returned stock which had a selling price of \$1540 including \$140 GST, credit note #67.

27/1, received payment from Sparkles, \$4000 cash, discount \$180, receipt #1254.

31/1, Invoiced Sparkles, \$3520 including \$320 GST, invoice #110.

1.10 **Record** the above transactions in the following ledger account. Balance.

4 marks

Sparkles					
Date	Cross-Reference	\$	Date	Cross-Reference	\$
1/1/29	Balance	3800			

1.11 Using the data from 1.10, **complete** the following Debtors Statement for January 2029. Use 1 line per transaction.

5 marks

REFLECTIONS DEBTORS STATEMENT FOR SPARKLES AT 31/1/29			
Date	Details	Amount	Balance
1/1/29	Balance		3800

1.12 **Explain** why the invoice numbers in question 1.10 are not in sequence.

1 mark