

VCE Accounting Unit 4: Nano Exam 5. Marks = 33. Time = 33 minutes.

Kaneeka manages **HorseGear**, a business that trades in resources related to horse ownership 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.

On 1/9/33, **HorseGear** purchased a new Shelving Unit from **Just Shelves**, \$12000 + \$1200 GST, invoice #98. On that same date, organised **Jet Couriers** to transport the Shelving Unit to the business, \$200 + \$20 GST, invoice #127. Paid **Office Fit-Outs** \$770, including \$70 GST, to install the Shelving Unit on 1/9/33, cheque #65.

1.1 Record the transactions in the relevant journals.

6 marks

General Journal (GJ)					
2033		General Ledger		Subsidiary Ledger	
Date	Details	Dr. \$	Cr. \$	Dr. \$	Cr. \$

Cash Payments Journal (CPJ)											
Date	Details	Doc.	Bank	Cleaning	Drawings	Creditors	Interest	Stock	Office Exps.	Sundry	GST
2033											

1.2 Post the data to the following ledger accounts at 30/9/33. **Balance/close.**

6 marks

Shelving Unit					
Date	Cross-Reference	\$	Date	Cross-Reference	\$

Sundry Creditor: Just Shelves					
Date	Cross-Reference	\$	Date	Cross-Reference	\$

Sundry Creditor: Jet Couriers					
Date	Cross-Reference	\$	Date	Cross-Reference	\$

1.3 Distinguish between trade creditors and sundry creditors.

3 marks

1.4 Define non-current assets.

2 marks

On 12/10/33, the business paid **Just Shelves** \$8000, cheque #89 and **Jet Couriers**, cheque #90, the full amount owing.

1.5 Record these payments in the Cash Payments Journal.

2 marks

Cash Payments Journal (CPJ)											
Date 2033	Details	Doc.	Bank	Cleaning	Drawings	Creditors	Interest	Stock	Office Exps.	Sundry	GST

1.6 Complete the Cash Flow Statement extract for October 2033 using the data in the above Cash Payments Journal.

2 marks

HorseGear: Cash Flow Statement extract for October 2033		
	\$	\$

1.7 Assuming Shelving Units are depreciated at 20% per year straight-line method, complete the following Balance Sheet extract at 31/12/33 after the adjusting entries.

3 marks

HorseGear: Balance Sheet extract at 31/12/33		
Non Current Assets	\$	\$

1.8 Distinguish between depreciation and accumulated depreciation.

3 marks

1.9 Indicate the impact of the depreciation expense on the accounting equation.

3 marks

Assets	Liabilities	Owners Equity

1.10 Straight line depreciation is just one of many different methods of calculating depreciation. Is straight-line depreciation an appropriate method to use for the Shelving Unit? Explain.

3 marks
