



Government of **Western Australia**
School Curriculum and Standards Authority



ACCOUNTING AND FINANCE

GENERAL COURSE

Marking key for the Externally set task
Sample 2016

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Accounting and Finance

Externally set task – marking key

1(a) Enter the transactions into the General Journal. Narrations are required.

(18 marks)

RXST General Journal				
Date	Particulars	Debit \$	Credit \$	
2015 May 3	Bank	30,000		1
1	Capital		30,000	1
	(Owner contributed cash)			1
6	Motor vehicle	30,000		1
	GST credits	3,000		1
	Accounts Payable – Roche Ford		33,000	1
	(Purchased asset on credit, invoice 53)			1
11	Capital or Drawings	500		1
	Bank		500	1
	(Owner withdrew cash for personal use, cheque 7730)			1
16	Office equipment	900		1
	GST credits	90		1
	Bank		990	1
	(Purchased asset on cash basis, cheque 7731)			1
21	Inventory	1,500		1
	GST credits	150		1
	Accounts Payable – Black and White Traders		1,650	1
	(Purchased inventory on credit, invoice L825)			1
23	Accounts Payable – Roche Ford	3,000		1
	Bank		3,000	1
	(Paid Roche Ford, cheque 7732)			1
26	Bank	2,200		1
	Sales		2,000	1
	GST payable		200	1
	(Cash sales)			1
	Cost of Sales	1,000		1
	Inventory		1,000	1
	(Cost of sales)			1
29	Accounts Receivable – M. Jackson	1,100		1
	Sales		1,000	1
	GST payable		100	1
	(Sold goods on credit terms)			1

RXST General Journal				
Date	Particulars	Debit \$	Credit \$	
29	Cost of Sales	500		1
	Inventory		500	1
	(Cost of sales)			1

Description	Marks
Correct accounts and debit/credit entries	1–25 (1 per entry)
Correct narrations	1–10 (1 per narration)
Correct dates	1
Total	36
Note:	
Deduct up to two marks for incorrect dates	

Total combined: Question 1(a)	36
Convert to a mark out of 18	18

- (b) Prepare the following General ledger accounts only. Balance General ledger accounts at 31 May 2015. Students can answer the question in either a statement form or T-form. (9 marks)

**RXST
General ledger (extract)**

Bank account

Date	Particulars	Dr	Cr	Balance	
2015 May 3	Capital	30,000		30,000Dr	1
11	Capital or Drawings		500	29,000Dr	1
16	Office equipment		900	28,600Dr	1
16	GST credits		90	28,510Dr	1
23	Accounts payable – Roche Ford		3,000	25,510Dr	1
26	Sales	2,000		27,510Dr	1
26	GST payables	200		\$27,710Dr	1+1

GST credits account

Date	Particulars	Dr	Cr	Balance	
2015 May 6	Accounts payable – Roche Ford	3,000		3,000Dr	1
16	Bank	90		3,090Dr	1
21	Accounts payable – Black and White	150		\$3,240Dr	1+1

Accounts payable – Roche Ford account

Date	Particulars	Dr	Cr	Balance	
2015 May 6	Motor vehicle		30,000	30,000Cr	1
6	GST credits		3,000	33,000Cr	1
23	Bank	3,000		\$30,000Cr	1+1

Office equipment account

Date	Particulars	Dr	Cr	Balance	
2015 May 16	Bank	900		900Dr	1

Description	Marks
Correct postings	1–17 (1 per posting)
Correct dates	1
Total	18
Note:	
<ul style="list-style-type: none"> • Deduct up to two marks for incorrect dates. • No marks awarded if posting is inconsistent with General journal. • Do not penalise consequential errors. • Deduct up to 5 marks for incorrect or missing cross-references. 	

Total combined: Question 1(b)	18
Convert to a mark out of 9	9

OR

Bank account

	Date	Particulars	Debit	Date	Particulars	Credit	
1	2015 May 3	Capital	30,000	2015 May 11	Capital/Drawings	500	1
1	26	Cash sales	2,000	16	Office equipment	900	1
1		GST payables	200	16	GST credits	90	1
				23	Accounts payable – Roche Ford	3,000	1
				31	Bal c/d	27,710	1
			32,200			32,200	
	June 1	Bal b/d	27,710				

GST credits account

	Date	Particulars	Debit	Date	Particulars	Credit	
1	2015 May 6	Accounts payable – Roche Ford	3,000	2015 May 31	Bal c/d	3,240	1
1	16	Bank	90				
1	21	Accounts payable – Black and White	150				
			3,240			3,240	
	June 1	Bal b/d	3,240				

Accounts payable – Roche Ford account

	Date	Particulars	Debit	Date	Particulars	Credit	
1	2015 May 23	Bank	3,000	2015 May 6	Motor Vehicle	30,000	1
1	31	Bal c/d	30,000	6	GST credit	3000	1
			33,000			33,000	
				June 1	Bal b/d	30,000	

Office equipment account

	Date	Particulars	Debit	Date	Particulars	Credit	
1	2015 May 16	Bank	900				

Description	Marks
Correct postings	1–17 (1 per posting)
Correct dates	1
Total	18
Note:	
<ul style="list-style-type: none"> • Deduct up to two marks for incorrect dates. • No marks awarded if posting is inconsistent with General journal. • Do not penalise consequential errors. • Deduct up to 5 marks for incorrect or missing cross-references. • Mark for balancing is for both balance carried down and brought down, not just one. 	

Total combined: Question 1(b)	18
Convert to a mark out of 9	9

(c) Distinguish between the GST terms 'input taxed supply' and 'GST free supply'.

(4 marks)

Description			Marks
Distinguishing feature relating to whether the business is or is not permitted to claim GST credits.			2
Correctly states whether the business is or is not permitted to claim GST credits for both of the terms.			2
Correctly states whether the business is or is not permitted to claim GST credits for one of the terms and incorrectly explains it or does not explain it for one of the terms.			1
Distinguishing feature relating to whether the business can or cannot pass on the GST to consumers.			2
Correctly states whether the business can or cannot pass the GST onto consumers for both of the terms.			2
Correctly states whether the business can or cannot pass the GST onto consumers for one of the terms and incorrectly explains it or does not explain it for one of the terms.			1
Total			4
Distinguishing features between the two terms:			
Feature	Input taxed supply	GST free supply	
The business is or is not permitted to claim GST credits	Tax imposed on a good or service where the business is not permitted to claim GST (1)	Goods or services where the business can claim GST credits (1)	
The business can or cannot pass the GST onto consumers	Business is not permitted to pass on the GST onto consumers (1)	The business cannot impose the GST onto consumers (1)	

(d) RXST plans to use one employee in control of the ordering and recording of inventory. In a typical day, the employee will be:

- making orders
- recording inventory into the accounting system once it has arrived
- preparing cheques from invoices received.

Identify and explain **two (2)** potential problems with this proposed process and suggest three ways of improving the internal control over inventory. (5 marks)

Description	Marks
Potential problems with the proposed process	2
Explains two potential problems with the proposed process.	1–2 (1 per potential problem)
	2
Answer could include, but is not limited to:	
Potential problems of the proposed process (any two of the following):	
<ul style="list-style-type: none"> • the employee in charge of too many processes involving stock • the employee paying for invoices and receiving the stock can tamper with documentation by changing figures and recording incorrect amounts • the employee may be tempted to steal stock by recording less than what was actually received • extra items could be included on orders for personal use and the business pays for them Any other logical, correct responses	
Ways to improve internal control over inventory.	3
Outlines three (3) correct ways of improving internal control over inventory	1–3 (1 per internal control)
	3
Total	5
Answer could include, but is not limited to:	
Ways of improving internal control over inventory include:	
<ul style="list-style-type: none"> • keep payment of inventory separate from staff receiving the stock on delivery • person responsible for ordering is not in charge of receiving the stock • invoices go directly to accounts department and not the person ordering or receiving the stock • authorise each process of stock handling by a separate individual who can check previous steps Accept any other logical, correct responses.	

2. Financial institutions are often criticised for mainly considering only security when providing finance for the purchase of non-current assets.
- (a) Discuss **two (2)** types of finance, other than equity, that are available to small businesses. (4 marks)

Description	Marks
Type of finance. Two marks for each type of finance.	4
Comprehensively discusses a type of finance, other than equity, available to small businesses.	2
States a type of finance, other than equity, available to small businesses and incorrectly discusses this.	1
Total	4
Answer could include, but is not limited to:	
Types of finance could be: <ul style="list-style-type: none"> • bank loan – loans available for either a short-term or long-term for either current or non-current assets • mortgage – long-term finance, generally for non-current assets • lease – the business is able to hire and use a non-current asset over a period of time and then purchase at the expiration of the lease • overdraft – facility for businesses to keep withdrawing funds from their cash accounts when the balance reaches zero Accept any other logical, correct responses.	

- (b) Explain **two (2)** factors, one related to risk and one related to return, considered by financial institutions, when approving types of finance for purchasing non-current assets. (4 marks)

Description	Marks
Factor relating to risk and factor relating to return to be considered. Two marks for each factor relating to risk and two marks for each factor relating to return.	4
Comprehensively explains one factor related to risk and one to return, that is considered by financial institutions when approving finance.	2 (per factor)
Correctly states one factor related to risk and one to return, that is considered by financial institutions when approving finance and incorrectly explains it or does not explain it.	1 (per factor)
Total	4
Answer could include, but is not limited to:	
The factors relating to risk could be: <ul style="list-style-type: none"> • level of liquidity or cash flow in the business – ability of the business to repay the loan • history of the business' payment patterns for credit items The factors relating to return could be: <ul style="list-style-type: none"> • business continuity and growth levels of the business • level of profitability of the business – the business' ability to generate earnings relative to sales, assets and equity • level of financial stability of the business – the business' ability to meet debts as they fall due Accept any other logical, correct responses.	