



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



ATAR course examination, 2024

ACCOUNTING AND FINANCE

INFORMATION BOOKLET

Question 16

(23 marks)

ZBTQ Trading Pty Ltd has provided the following information:

Actual sales and purchases for October 2024

Sales	\$176,000
Purchases	\$98,000

ZBTQ Trading Pty Ltd has also provided the following estimates for the months of November and December 2024.

Estimated revenue and expenses

Month	Sales	Purchases	Wages	Factory rental	Other expenses
2024	\$	\$	\$	\$	\$
November	177,000	99,000	28,000	4,000	32,000
December	187,500	106,500	30,000	4,000	38,000

Additional information:

- All sales are on credit, with 75% expected to be received in the month of sale, less a discount of 1.5% for early payment. The remaining balance is expected to be received in the month following sale.
- Purchases are all on credit and are usually paid for in the month following purchase.
- Plant and equipment, with a carrying amount of \$10,500, is expected to be sold on 1 November 2024 for \$9,250. The expected loss on sale is included in other expenses.
- New plant and equipment is expected to be purchased in November 2024 for \$25,000.
- Accrued wages at the end of each of November and December are expected to be \$2,100 and are included in estimated wages expense.
- Monthly depreciation expense is expected to be \$3,500 and is included in other expenses.
- All remaining other expenses are expected to be paid as incurred.
- Factory rental for twelve months was paid on 1 October 2024.
- The bank overdraft balance as at 31 October 2024 is \$10,500.

See next page

Question 17**(35 marks)**

Twetzee Pty Ltd operates from a factory making a variety of metal fencing products. Demand for its products has been increasing over recent years and the directors are proposing to invest in new robotic equipment, known as ROB E, to manufacture the fencing products.

The ROB E equipment will enable Twetzee Pty Ltd to increase production and increase sales. Management is also planning to increase the sale price of their products.

The number of employees needed in the production process will decrease. Cost of transport will increase as there will be many more delivery trucks coming and going from the factory building.

The additional cost of transport is included in the additional cash outflows over each of the five years.

The following information has also been provided for the ROB E equipment purchase proposal.

Cost of new equipment:	
Initial payment	\$250,000
Further payment at the end of the first year	\$100,000
Residual value	\$100,000
Useful life	5 years
Interest rate	8%
Acceptable payback period	4 years
Additional cash inflows:	
Year 1	\$130,000
Year 2	\$150,000
Year 3	\$165,000
Year 4	\$155,000
Year 5	\$145,000
Decrease in wages paid for each of the years 1–5	\$30,000
Additional cash outflows for each of the years 1–5	\$50,000

Question 19

(41 marks)

Oxchidna Ltd has provided the following financial information for the six months ended 31 December 2023.

Oxchidna Ltd
Trial balance (extract)
as at 31 December 2023

Account	Debit \$	Credit \$
Accounts payable		160,020
Accounts receivable	206,000	
Accumulated depreciation – buildings		125,000
Accumulated depreciation – motor vehicle		13,000
Allowance for doubtful debts		1,200
Bank	83,370	
Term deposit (matures on 31 January 2027)	250,000	
Debentures (repayable on 30 June 2028)		120,000
Buildings (at cost)	1,250,000	
Cost of sales	550,000	
Discount allowed	32,650	
Dividends received		12,450
Doubtful debts	3,300	
Goodwill	120,000	
Interest expense	12,950	
Interest received		6,400
Inventory	234,000	
Land (at cost)	1,450,000	
Other expenses	228,000	
Long-term borrowings		1,500,000
Motor vehicle (at cost)	65,820	
Ordinary share capital		1,000,000
Rent received		24,600
Sales		1,555,050
Wages	320,000	

Additional information

- Share capital consists of 200,000 ordinary shares at an issue price of \$5 per share.
- An interim dividend of \$0.05 per share was declared and authorised on 19 September 2023 and paid on 22 September 2023.
- On 31 December, the directors decided to revalue the land upward by \$150,000.
- Depreciation is yet to be calculated on buildings and the motor vehicle. The buildings are depreciated using the straight-line method at 10% pa and the motor vehicle uses the reducing balance method at 5% pa.
- Income tax is payable at 30%.

See next page

This page has been left blank intentionally

See next page

Question 22**(30 marks)**

FrameForm Pty Ltd, a Western Australian manufacturing company, is facing concerns among its stakeholders regarding the steady decline in its profits and cash balance. The directors recognise the importance of effective business planning in navigating financial uncertainties. This prompts a re-evaluation of the company's goals, objectives and business strategies to navigate through this time of financial instability.

During the annual general meeting, shareholders expressed mounting concerns about the firm's transparency in handling sensitive information. This concern intensified when shareholders discovered that one of FrameForm Pty Ltd's major business competitors involves a family company owned by the managing director, a connection unknown to the other directors. Amid these challenges, shareholders have accused FrameForm Pty Ltd of inadequate disclosure and manipulating financial data, further complicating matters and heightening the obstacles faced by the company.

Despite implementing strategies to improve its cash position, FrameForm Pty Ltd continues to experience a steady decline, leading to a financial crisis. The company is now considering options such as liquidation or voluntary administration to determine the most viable path forward. Another alternative is to sell the business to a competitor.

Question 23

(30 marks)

Jo and Jamie are the owners/directors of Gunyodi Beekeepers Pty Ltd, a small company operating in regional Western Australia. Its main operations are in forests and adjacent farming areas. The company's cash position has deteriorated. As a result, Jo and Jamie are investigating whether engaging in socially and environmentally responsible practices could improve the company's financial position.

The following Cash flow statement was prepared by the company's accountant for the year ended 30 June 2024.

Gunyodi Beekeepers Pty Ltd
Cash flow statement
for the year ending 30 June 2024

	\$	\$
Cash flows from operating activities		
Receipts from customers	150,000	
Payments to suppliers and employees	(80,000)	
Cash generated from operations	70,000	
Interest paid	(5,000)	
Income tax paid	(10,000)	
Net cash flow from operating activities		55,000
Cash flows from investing activities		
Purchase of vehicles	(80,000)	
Proceeds from sale of vehicles	20,000	
Purchase of shares	(45,000)	
Net cash flow from investing activities		(105,000)
Cash flows from financing activities		
Additional capital from share issue	10,000	
Payment of loan	(50,000)	
Dividends paid	(60,000)	
Net cash flow from financing activities		(100,000)
Net increase (decrease) in cash held		(150,000)
Cash and cash equivalents at start of year		100,000
Cash and cash equivalents at end of year		(50,000)

Gunyodi Beekeepers Pty Ltd has also supplied the following information regarding its inventory and accounts receivable.

Ratio	2023	2024	Industry averages
Inventory turnover	2.2 times	4.2 times	5.5 times
Debtor's collection period	30 days	38 days	20 days
Gross profit ratio	46.67%	50.00%	45.00%

Copyright

© School Curriculum and Standards Authority, 2024

This document – apart from any third-party copyright material contained in it – may be freely copied, or communicated on an intranet, for non-commercial purposes in educational institutions, provided that it is not changed and that the School Curriculum and Standards Authority (the Authority) is acknowledged as the copyright owner, and that the Authority's moral rights are not infringed.

Copying or communication for any other purpose can be done only within the terms of the *Copyright Act 1968* or with prior written permission of the Authority. Copying or communication of any third-party copyright material can be done only within the terms of the *Copyright Act 1968* or with permission of the copyright owners.

Any content in this document that has been derived from the Australian Curriculum may be used under the terms of the Creative Commons [Attribution 4.0 International \(CC BY\)](https://creativecommons.org/licenses/by/4.0/) licence.

*Published by the School Curriculum and Standards Authority of Western Australia
303 Sevenoaks Street
CANNINGTON WA 6107*