



## ATAR course examination, 2020

### Question/Answer booklet

# ACCOUNTING AND FINANCE

Please place your student identification label in this box

WA student number: In figures

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In words

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### Time allowed for this paper

Reading time before commencing work: ten minutes

Working time: three hours

### Materials required/recommended for this paper

#### *To be provided by the supervisor*

This Question/Answer booklet

Multiple-choice answer sheet

Information booklet

Specifications booklet

Number of additional  
answer booklets used  
(if applicable):

#### *To be provided by the candidate*

Standard items: pens (blue/black preferred), pencils (including coloured), sharpener, correction fluid/tape, eraser, ruler, highlighters

Special items: up to three calculators, which do not have the capacity to create or store programmes or text, are permitted in this ATAR course examination

### Important note to candidates

No other items may be taken into the examination room. It is **your** responsibility to ensure that you do not have any unauthorised material. If you have any unauthorised material with you, hand it to the supervisor **before** reading any further.

## Structure of this paper

Section	Number of questions available	Number of questions to be answered	Suggested working time (minutes)	Marks available	Percentage of examination
Section One Multiple-choice	15	15	25	15	15
Section Two Short answer	5	5	120	164	70
Section Three Extended answer	2	1	35	30	15
<b>Total</b>					100

## Instructions to candidates

1. The rules for the conduct of the Western Australian external examinations are detailed in the *Year 12 Information Handbook 2020: Part II Examinations*. Sitting this examination implies that you agree to abide by these rules.

2. Answer the questions according to the following instructions.

Section One: Answer all questions on the separate Multiple-choice answer sheet provided. For each question, shade the box to indicate your answer. Use only a blue or black pen to shade the boxes. Do not use erasable or gel pens. If you make a mistake, place a cross through that square, then shade your new answer. Do not erase or use correction fluid/tape. Marks will not be deducted for incorrect answers. No marks will be given if more than one answer is completed for any question.

Section Two: Answer all questions. Show all calculations clearly in the space marked Workings for questions where calculations are applicable. Marks will be awarded principally for the relevant accounting and finance content. Write your answer in this Question/Answer booklet.

Section Three: Answer one question from a choice of two. Write your answers in this Question/Answer booklet.

3. You must be careful to confine your answers to the specific questions asked and to follow any instructions that are specific to a particular question.
4. Supplementary pages for planning/continuing your answers to questions are provided at the end of this Question/Answer booklet. If you use these pages to continue an answer, indicate at the original answer where the answer is continued, i.e. give the page number.
5. Some questions have been repeated in the Information booklet so that you can refer more easily to the information while answering the questions. Do not write your answers in the Information booklet. The Information and Specifications booklets are not to be handed in with your Question/Answer booklet.

**See next page**

**Section One: Multiple-choice****15% (15 Marks)**

This section has **15** questions. Answer **all** questions on the separate Multiple-choice answer sheet provided. For each question, shade the box to indicate your answer. Use only a blue or black pen to shade the boxes. Do not use erasable or gel pens. If you make a mistake, place a cross through that square then shade your new answer. Do not erase or use correction fluid/tape. Marks will not be deducted for incorrect answers. No marks will be given if more than one answer is completed for any question.

Suggested working time: 25 minutes.

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1. The role of an external auditor is to
  - (a) audit internal financial reports for management.
  - (b) review procedures and policies on behalf of shareholders.
  - (c) independently audit financial reports on behalf of shareholders.
  - (d) test the internal control procedures on behalf of management.
  
2. The replaceable rules contained in the *Corporations Act 2001*
  - (a) must be used by all companies registered under the Act.
  - (b) are rules that cannot be modified by a company.
  - (c) are only a guide to help companies draw up their own constitution.
  - (d) automatically apply to all companies that don't have their own constitution.
  
3. The classification of office electricity in the making of ice cream would be which of the following costs?
  - (a) period and direct
  - (b) product and indirect
  - (c) period and indirect
  - (d) product and direct
  
4. The inventory/stock turnover ratio measures the
  - (a) liquidity of a company.
  - (b) market perception of a company.
  - (c) efficiency of management.
  - (d) return on total assets.
  
5. An important role of the Australian Securities and Investments Commission (ASIC) is to
  - (a) maintain, facilitate and improve the performance of the financial system in Australia.
  - (b) oversee the effectiveness of the financial reporting framework in Australia.
  - (c) develop, issue and maintain Australian Accounting Standards.
  - (d) operate Australia's leading financial market exchange.

**See next page**

6. A business provides the following information.

Sales (57,000 units)	\$171,000
Variable costs	\$ 42,750
Fixed costs	\$ 50,000
Profit	\$ 78,250

What is the contribution margin per unit?

- (a) \$3.00
  - (b) \$2.25
  - (c) \$0.75
  - (d) \$1.37
7. The *Conceptual Framework* identifies fundamental qualitative characteristics of financial information, including
- (a) relevance and timeliness.
  - (b) materiality and comparability.
  - (c) understandability and comparability.
  - (d) relevance and faithful representation.
8. Shareholders in a public company have the right to
- (a) automatically receive a dividend payment every year.
  - (b) receive audited annual financial reports from the company.
  - (c) receive copies of internal budget reports from the company.
  - (d) determine the interim dividend payable by the company.
9. Cash flow statements provide information about the
- (a) cash received from the organisation's creditors.
  - (b) amount of expenses paid and accrued by the organisation.
  - (c) after tax profit of the organisation.
  - (d) cash amount received and paid by the organisation.
10. A product differentiation strategy means that the organisation **must**
- (a) ensure it sells a variety of different products.
  - (b) provide a product, with a unique quality, different from its competitors.
  - (c) change the type of products it sells on a regular basis.
  - (d) provide a product cheaper than its competitors, even if the product is not different.

11. When a company goes into liquidation, it is usually because
- (a) the directors, based on a number of decisions, refuse to pay a dividend.
  - (b) the company has more liabilities than assets and is unable to pay debts as they fall due.
  - (c) it has breached the Australian Accounting Standards and has been fined by the Australian Securities and Investments Commission.
  - (d) the customers and creditors have voted to place the company into receivership.
12. A business wants to invest \$75,000 in a short-term source of finance. Which of the following would you recommend?
- (a) shares
  - (b) debentures
  - (c) trusts
  - (d) money market
13. One of the objectives of general purpose financial reporting is to provide
- (a) financial information that is useful for external users in making investing decisions.
  - (b) financial information solely for management decision-making.
  - (c) future-focused budget reports that will be useful for external users.
  - (d) financial information to shareholders only.
14. A business has received \$250,000 in borrowings from a capital investment bank. The bank has no security over the loan. Which of the following **best** describes this method of financing?
- (a) unsecured note
  - (b) debenture
  - (c) government bonds
  - (d) ordinary shares
15. The break-even point in cost-volume-profit analysis is the level at which
- (a) profit equals total fixed costs.
  - (b) sales revenue equals total fixed costs.
  - (c) sales revenue equals total costs.
  - (d) profit equals total variable costs.

**End of Section One**

**See next page**

## Section Two: Short answer

70% (164 Marks)

This section has **five** questions. Answer **all** questions. Write your answers in the spaces provided.

Show **all** calculations clearly in the space marked **Workings** for questions where calculations are applicable. Marks will be awarded principally for the relevant accounting and finance content.

Supplementary pages for planning/continuing your answers to questions are provided at the end of this Question/Answer booklet. If you use these pages to continue an answer, indicate at the original answer where the answer is continued, i.e. give the page number.

Suggested working time: 120 minutes.

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## Question 16

(25 marks)

Hooffeners Ltd is considering the purchase of new machinery. It has obtained a quote for machinery (MAC1) and management has requested an analysis of the following information.

Details	MAC1
Cost of acquisition	\$147,000
Useful life in years	5
Machine operator salary paid per year	\$65,000
Additional cash inflows generated	
Year 1	\$110,000
Year 2	\$134,000
Year 3	\$127,000
Year 4	\$148,000
Year 5	\$140,000
Maintenance costs per year (paid in cash)	\$12,000
Residual value at end of useful life	\$45,000
Discount rate	7%

**Additional information:**

MAC1 will be paid for in two instalments: \$100,000 cash will be paid upfront, with the balance being paid in Year 1.

**Required**

- (a) Calculate the payback period for MAC1. (9 marks)

**Workings:**

Payback period MAC1: \_\_\_\_\_

**See next page**

**Question 16** (continued)

- (b) Calculate the net present value (NPV) for MAC1, rounding all figures to the nearest dollar. (10 marks)

**Workings:**

Net present value MAC1: \_\_\_\_\_

**See next page**



- (c) Hooffeners Ltd has the option to purchase different machinery (MAC2) under the same conditions as MAC1 and it has a net present value of \$127,886. Explain, using your workings, how NPV assists management in deciding which machinery should be purchased. (3 marks)

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- (d) Describe the nature of capital investment decisions, providing **two** examples other than machinery. (3 marks)

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## Question 17

(22 marks)

Laztoo Ltd has provided the following financial information for the year ended 30 June 2021.

**Laztoo Ltd**  
**Balance sheet (extract)**  
**as at 30 June 2021**

<b>Current assets</b>	<b>\$</b>
Cash and cash equivalents	200,000
Receivables	530,000
Inventories	875,000
<b>Total current assets</b>	<b>1,605,000</b>
<b>Non-current assets</b>	
Property, plant and equipment	2,250,000
<b>Total non-current assets</b>	<b>2,250,000</b>
<b>Total assets</b>	<b>3,855,000</b>
<b>Current liabilities</b>	
Payables	540,000
<b>Total current liabilities</b>	<b>540,000</b>
<b>Non-current liabilities</b>	
Borrowings	1,340,200
<b>Total non-current liabilities</b>	<b>1,340,200</b>
<b>Total liabilities</b>	<b>1,880,200</b>

- (a) The table below includes ratios for the years ended 30 June 2019 and 2020 for Laztoo Ltd. You are required to calculate the same ratios for the year ended 30 June 2021 and write your answers in the appropriate column of the table. Calculate your ratios to **two** decimal places. (7 marks)

Ratio	2019	2020	2021
<b>Working capital/current</b>	2.90:1 or 290%	2.87:1 or 287%	
<b>Quick asset ratio</b>	1.60:1 or 160%	1.51:1 or 151%	
<b>Debt to equity ratio</b>	0.50:1 or 50%	0.68:1 or 68%	

See next page

- (b) Comment on the working capital/current and quick asset ratios, indicating what each measures, and specifying what the trend in both ratios indicates about the ability of Laztoo Ltd to meet its debts. (4 marks)

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- (c) Explain what the debt to equity ratio reveals about Laztoo Ltd. (3 marks)

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**Question 17** (continued)

- (d) Discuss how efficiency ratios can be used as target key performance indicators by directors for decision-making purposes. (8 marks)

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## Question 18

(19 marks)

Shown below are the actual budgeted figures related to the manufacture of salted caramel chocolate buttons by The Chocolatey Shop during the month of January 2021.

Item	\$
Direct materials purchased and used – 2,000 kg of salted caramel chocolate	5,040
Direct materials purchased – 40,000 plastic bags, purchased in bulk, for packaging of the salted caramel chocolate buttons	2,000
Direct labour hours worked – 1,800 hours at \$23.00 per hour	41,400
Budgeted manufacturing overhead costs for January	24,360

Manufacturing overheads are allocated using a predetermined overhead rate based on direct labour hours. It took The Chocolatey Shop 15 minutes to make one 250 gram bag of the salted caramel chocolate buttons.

- (a) Calculate the cost of making **one** bag of salted caramel chocolate buttons. (11 marks)

**Workings:**

Cost of **one** bag of salted caramel chocolate buttons: \_\_\_\_\_

**See next page**

The standard labour costs associated with making the salted caramel chocolate buttons for the month of January are as follows.

Standard direct labour hours at \$22.00 per hour	\$35,200
Standard time to make one 250 gram bag	12 minutes

- (b) Calculate the direct labour efficiency variance for the salted caramel chocolate buttons. (5 marks)

**Workings:**

Direct labour efficiency variance: \_\_\_\_\_

- (c) Explain the nature of cost concepts for overheads. (3 marks)

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## Question 19

(57 marks)

Stuzweec Ltd, a retail business, provided the following financial information.

**Stuzweec Ltd  
Trial balance (extract)  
as at 30 June 2021**

Account name	Debit \$	Credit \$
Accounts receivable	22,000	
Accounts payable		24,710
Accumulated depreciation – buildings		57,000
Allowance for doubtful debts		290
Cleaning fees	550	
Bank loan		25,000
Building (at cost)	220,000	
Cost of sales	100,000	
Discount allowed	1,100	
Dividends received		2,100
Bad debts expense	250	
Electricity expense	25,000	
Insurance expense	6,000	
Interest income		2,000
Interest expense	3,000	
Interim dividend	20,000	
Inventory	55,000	
Land (at cost)	176,500	
Other expenses	8,200	
Sales		320,000
Sales returns	12,500	
Wages	43,000	

**Stuzweec Ltd  
Balance sheet (extract)  
as at 1 July 2020**

	\$
Cash at bank	127,000
Retained earnings	120,000
Ordinary share capital (200,000 ordinary shares at \$1.50 each)	300,000
General reserve	45,000

See next page



**Additional information:**

- On 1 November 2020, a further 50,000 ordinary shares were offered to the public at a price of \$1.00 each. The share issue closed on 25 November 2020 fully subscribed. Shares were issued on 30 November 2020. Share issue costs of \$5,000 were paid on 25 November 2020. It is company policy to close share issue costs on the date of allotment.
- On 1 March 2021 the company issued **one** bonus share for every **ten** shares currently held. The issue price was \$1.00 fully paid and was made from the General reserve account.
- \$30,000 is to be transferred from Retained earnings to the General reserve account.
- On 30 June 2021, the directors proposed a final dividend of \$0.20 per share. The company's annual general meeting (AGM) will take place on 30 September 2021.
- The directors have determined that the land is to be recorded at market value of \$200,000.
- Buildings are depreciated using the reducing balance method at a rate of 10% per annum.
- Allowance for doubtful debts is to be set at \$400.
- The trial balance extract includes all income and expense items for the year.
- The company tax rate is 30%.

Question 19 (continued)

- (a) Prepare the general ledger accounts to record the share issue and related costs in November 2020. Opening balances **are** required. (8 marks)

**Cash at bank**

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**Application**

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**Share issue costs**

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**Ordinary share capital**

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See next page

- (b) Prepare a Statement of comprehensive income for the year ended 30 June 2021.  
(21 marks)

**Workings:**



- (c) Prepare the Statement of changes in equity for the year ended 30 June 2021. (14 marks)

**Workings:**



- (d) Outline **three** ways in which the Australian Accounting Standards help protect the external users of general purpose financial reports. (6 marks)

One: \_\_\_\_\_

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Two: \_\_\_\_\_

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Three: \_\_\_\_\_

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- (e) Identify **four** characteristics of companies and compare each for public and large proprietary companies. (8 marks)

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## Question 20

(41 marks)

The following information has been extracted from the comparative financial statements of Veezarp Ltd for the 2020 and 2021 financial years.

**Veezarp Ltd**  
**Statement of financial position**  
**as at 30 June 2021**

	<b>2020</b> \$	<b>2021</b> \$
<b>Current assets</b>		
Cash	120,000	306,500
Petty cash	8,000	8,000
Term deposits	–	20,000
Accounts receivable	185,000	112,000
Inventory	210,000	170,000
Prepaid rent	8,000	3,000
Accrued interest	4,000	1,500
<b>Total current assets</b>	<b>535,000</b>	<b>621,000</b>
<b>Non-current assets</b>		
Land	295,100	361,100
Buildings (net)	770,000	685,000
Motor vehicles (at cost)	600,000	600,000
Accumulated depreciation on motor vehicles	(360,000)	(390,000)
Machinery (at cost)	320,000	345,000
Accumulated depreciation on machinery	(110,000)	(125,000)
<b>Total non-current assets</b>	<b>1,515,100</b>	<b>1,476,100</b>
<b>Total assets</b>	<b>2,050,100</b>	<b>2,097,100</b>
<b>Current liabilities</b>		
Income tax payable	–	29,100
Accounts payable	120,000	95,000
Interest payable	18,000	14,000
Accrued wages	160,000	110,000
<b>Total current liabilities</b>	<b>298,000</b>	<b>248,100</b>
<b>Non-current liabilities</b>		
Loan payable	700,000	677,000
<b>Total non-current liabilities</b>	<b>700,000</b>	<b>677,000</b>
<b>Total liabilities</b>	<b>998,000</b>	<b>925,100</b>
<b>Net assets</b>	<b>1,052,100</b>	<b>1,172,000</b>
<b>Equity</b>		
Share capital	870,000	897,000
General reserve	5,000	10,000
Asset revaluation reserve	50,000	100,000
Retained earnings	127,100	165,000
<b>Total equity</b>	<b>1,052,100</b>	<b>1,172,000</b>

See next page



**Veezarp Ltd**  
**Income statement**  
**for the year ended 30 June 2021**

	\$	\$
Sales – cash	280,000	
– credit	325,000	605,000
Less sales returns		9,500
Net sales		595,500
Less cost of sales		215,000
<b>Gross profit</b>		<b>380,500</b>
<b>Add other income</b>		
Interest	8,500	8,500
		389,000
<b>Less expenses</b>		
Rent	15,000	
Depreciation of buildings	85,000	
Depreciation of motor vehicles	30,000	
Depreciation of machinery	43,000	
Wages	66,000	
Other expenses	27,000	
Interest	21,000	
Loss on sale of machinery	5,000	292,000
<b>Profit before tax</b>		<b>97,000</b>

**Additional information:**

- The term deposit will mature in August 2021.
- A share issue of 20,000 shares at \$1.50 each was made during the year. Share issue costs of \$3,000 were paid.
- Dividends of \$25,000 were paid.
- \$5,000 was transferred from retained earnings to the general reserve.
- Land was revalued upwards by \$50,000.
- Machinery with an original cost of \$40,000 and a carrying value of \$12,000 was sold for \$7,000 cash. New machinery was purchased for cash.
- All other non-current assets were purchased for cash.

See next page

**Question 20** (continued)

Prepare a Cash flow statement for Veezarp Ltd for the year ended 30 June 2021.

**Workings:**



**Section Three: Extended answer****15% (30 Marks)**

This section has **two** questions. You must answer **one** question. Write your answer in the space provided following Question 22.

If you use a page for planning, indicate this clearly at the top of the page.

Suggested working time: 35 minutes.

**Question 21****(30 marks)**

A business magazine published the following article, including comments from its business analyst. Read the article and answer the questions that follow.

**Woolworths maintains plans to close 30 Big W stores as profit tumbles**

Woolworths is pushing ahead with plans to close 30 unprofitable Big W stores as it battles a tough consumer environment and a drop in profits. While Woolworths' full-year results were negatively affected by the loss of revenue from the sale of its petrol and convenience store wing, net profit for the continuing business still fell 7 per cent to \$1.49 billion over the year, or 9 per cent taking into account the extra week of trade in the 2019 financial year compared to 2018.

The market had expected a stronger profit of around \$1.7 billion. Woolworths said that, before one-off costs, its net profit from continuing operations was 9.2 per cent up on last year at \$1.75 billion, or 7.2 per cent up when you factor in for the extra week of trade. Including the net gain of almost \$1.1 billion from the sale of the petrol franchise into the mix, net profit rose 56 percent to \$2.7 billion. Those proceeds have been handed back to shareholders in the form of higher dividends, up almost 10 per cent to \$1.02 over the year.

**Store closures**

The Big W department store chain continued to be a drag on the group, losing \$85 million despite a pick up in sales. Earlier this year, Woolworths announced plans to close around 30 unprofitable stores to stem the bleeding. Distribution centres are also slated for closure. All up around 1,000 jobs are expected to be lost.

Woolworths chief executive Brad Banducci said he was not satisfied with the rate at which increased sales had translated into profits and the store closures would "accelerate the path to profitability". Mr Banducci said, after a challenging first half, momentum was picking up across the retail group, but conditions remained tough. "In the 2020 financial year, we expect the uncertain consumer environment and input cost pressures to remain, as well as an impact from new enterprise agreements", Mr Banducci said.

**Sales picking up, but shares slip**

JP Morgan analyst Shaun Cousins said while the result was below market expectations, Woolworths supermarkets appeared to have enjoyed a strong start to 2020. Mr Cousins said "... the consumer environment remains uncertain, with cost of living pressures despite the recent stimulus, and input cost pressures for retailers and suppliers ... while the robust 7.5 per cent like-for-like sales growth may not be sustainable." Woolworths had made strong gains in market share". Investors did not appear to share his optimism, with Woolworths shares down 1.5 per cent to \$35.61 in early trade.

Our business analyst provides the following interpretation of cost-volume-profit results of Woolworths and the decision to close down Big W stores: Woolworths group 2019 profit was \$1.72 billion, up from \$1.6 billion in 2018; Big W group had annual sales of \$3.8 billion up from \$3.6 billion in 2018; In 2019 Big W made a loss of \$85 million, whereas in 2018 the loss was \$100 million. Of note is that Big W employs over 18,000 people within its 183 stores Australia wide. Big W's loyal customer base has resulted in an 84% growth in the online shopping division as well as an increase in sales in the stores of 7.3%.

**See next page**

- (a) Use an example from the article to explain how the relationship between volume of activity, costs and profits can affect performance. (4 marks)
- (b) With reference to the article, comment on **two** financial reasons for Woolworths closing down 30 Big W stores. (4 marks)
- (c) Describe **two** non-financial factors that Woolworths could have considered before deciding to close down the Big W stores. (4 marks)
- (d) Explain **two** ethical issues that directors of companies (such as Woolworths) may have encountered in their financial dealings that involve investors. (6 marks)
- (e) Explain the nature and the importance of the Australian Securities and Investments Commission (ASIC) and the Australian Stock Exchange (ASX). (6 marks)
- (f) Explain the role of the accountant in managing business operations, and identify **three** functions they perform. (6 marks)

or

## Question 22

(30 marks)

Junapara Pty Ltd is a retail business currently located in Western Australia. The directors are planning to expand by setting up an online business to sell their products worldwide. To this end, they have purchased a new warehouse to hold the additional inventory.

The directors are planning to employ additional staff to receive and dispatch orders. Contractors will be engaged to set up the website and create a social media profile.

In the meantime, the directors are concerned about the cash position of the business as at 30 June 2020. They know the expansion will involve a significant increase in costs and there are plans to increase borrowing. Currently the business' debt/equity ratio is 102%, an increase from the previous year.

The cash budget performance report and budgeted income statement performance report for the year ended 30 June 2020 are provided for your information. Note: the variances have not been identified as favourable or unfavourable.

**Junapara Pty Ltd**  
**Cash budget performance report**  
**for year ended 30 June 2020**

	<b>Budget</b> <b>\$</b>	<b>Actual</b> <b>\$</b>	<b>Variance</b> <b>\$</b>
Opening cash balance	92,000	92,000	
<b>Receipts</b>			
Cash sales	40,200	30,000	10,200
Cash collected from accounts receivable	281,160	302,040	20,880
Bank loan	200,000	200,000	
<b>Total receipts</b>	<b>613,360</b>	<b>624,040</b>	<b>10,680</b>
<b>Payments</b>			
Cash paid to accounts payable	116,000	132,000	16,000
Loan	11,200	11,200	
Property, plant and equipment	325,200	325,200	
Wages	120,000	130,000	10,000
Administration	20,000	25,000	5,000
<b>Total payments</b>	<b>592,400</b>	<b>623,400</b>	<b>31,000</b>
<b>Closing cash balance</b>	<b>20,960</b>	<b>640</b>	<b>20,320</b>

See next page

**Junapara Pty Ltd**  
**Budgeted income statement performance report**  
**for the year ended 30 June 2020**

	<b>Budget \$</b>	<b>Actual \$</b>	<b>Variance \$</b>
Credit sales	316,000	340,000	24,000
Cash Sales	40,200	30,000	10,200
	356,200	370,000	13,800
Less cost of sales	166,000	180,000	14,000
Budgeted gross profit	190,200	190,000	200
Expenses			
Interest	7,800	7,800	
Depreciation office equipment	3,760	3,760	
Wages	127,000	132,000	5,000
Administration	21,000	24,000	3,000
Total expenses	159,560	167,560	8,000
Budgeted profit	30,640	22,440	8,200

You have been asked by the directors of Junapara Pty Ltd to review the information provided and address the points which follow.

- (a) Describe the purpose of performance reports and their function, and provide **two** examples from Junapara Pty Ltd's financial information where this is illustrated. (6 marks)
- (b) The performance reports of Junapara Pty Ltd identify the amount of the variances in cost of sales and cash collected from accounts receivable. For each of these variances, state whether they are favourable or unfavourable and provide a possible reason for each variance. (4 marks)
- (c) Analyse the information provided by Junapara Pty Ltd to evaluate **two** financial issues that will adversely affect their ability to expand the business. (6 marks)
- (d) Use the information in the performance reports of Junapara Pty Ltd to explain the difference between cash and accrual performance reporting and provide **two** examples to illustrate your answer. (4 marks)
- (e) Explain the purpose of an internal audit and identify **two** issues that an internal audit could reveal. (4 marks)
- (f) Explain to the directors of Junapara Pty Ltd the importance of business planning and how it could contribute to the reduction of the costs involved in the company's planned expansion. (6 marks)

**End of questions**





























## ACKNOWLEDGEMENTS

- Question 5** Adapted from: Australian Securities & Investments Commission (ASIC). (n.d.). *Our role*. Retrieved April, 2020, from <https://asic.gov.au/about-asic/what-we-do/our-role/>
- Question 21** Article adapted from: Letts, S. (2019). *Woolworths maintains plans to close 30 Big W stores as profit tumbles*. Retrieved April, 2020, from <https://www.abc.net.au/news/2019-08-29/woolworths-to-close-stores-as-profit-tumbles/11459848>

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