



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



Western Australian Certificate of Education Examination, 2014

ACCOUNTING AND FINANCE

Stage 3

INFORMATION BOOKLET

This contains information from the Question/Answer Booklet. No answers are to be written on this booklet. Do not hand this booklet in with your answers.

Question 19

(48 marks)

Callaroo Ltd provides commercial cleaning services. The Trial balance is provided below and the figures are before balance day adjustments.

Callaroo Ltd
Pre-balance day adjustments trial balance as at 30 June 2014

Accounts	Debit \$	Credit \$
Ordinary share capital		500,000
Dividend paid	50,000	
Prepaid insurances	160,000	
Cash at bank	304,950	
Accounts payable		112,000
Accounts receivable	950,000	
Allowance for doubtful debts		6,325
Bad Debts	6,000	
Rent office building	60,000	
Debentures (due on 30 June 2020)		200,000
Fees		3,200,000
Term deposit – matures 1 August 2015	50,000	
Land (currently at cost)	450,000	
Plant and equipment	410,000	
Accumulated depreciation – Plant and equipment		58,000
Wages	1,500,000	
Other expenses	110,000	
Cleaning materials expense	125,375	
Retained earnings (1 July 2013)		100,000
Total	\$4,176,325	\$4,176,325

Additional information on 30 June 2014:

- Ordinary share capital was issued at \$1.00 per share fully paid.
- A dividend of 10 cents per share declared at the 2013 annual general meeting was paid on 1 January 2014.
- The directors have resolved to recommend to shareholders a dividend of 5 cents per share at the up-coming 2014 annual general meeting.
- Insurance expense for the year was \$148,000.
- Adjust the Allowance for doubtful debts account to \$19,000.
- The Term deposit was invested for 24 months on 1 August 2013 at a rate of 6.00% per annum. Interest is payable annually.
- Depreciation of Plant and equipment is at 12% per annum using the reducing balance method.
- Wages expense is currently \$60,000 per fortnight and wages have been paid up to and including 23 June 2014.
- Debenture interest is of 7.00% per annum paid annually on 1 July. The 2014 interest expense has not been recorded.
- Cleaning materials on hand of \$10,000.
- Income tax is payable at the rate of 30%.
- Create a General Reserve of \$100,000.

Question 20

(35 marks)

X2Y27! Company Ltd
Statement of Financial Position
as at 30 June 2014

	30 June 2013	30 June 2014
	\$	\$
ASSETS		
Total current assets	183,500	117,850
Non-current assets		
Land (cost)	275,000	685,000
Long-term investments	250,000	190,550
Plant and equipment (cost)	295,000	675,000
Less accumulated depreciation	(200,000)	(45,000)
Total non-current assets	620,000	1,505,550
Total assets	\$ 803,500	\$ 1,623,400
EQUITY AND LIABILITIES		
Equity		
Share capital	125,000	350,000
Retained earnings	113,800	257,000
Total equity	\$ 238,800	\$ 607,000
Current liabilities		
Total current liabilities	139,700	46,400
Non-current liabilities		
Debentures 8.5% p.a. (due 1 January 2018)	375,000	375,000
Term loan (mortgage)	50,000	595,000
Total non-current liabilities	425,000	970,000
Total liabilities	\$ 564,700	\$ 1,016,400
Total equity and liabilities	\$ 803,500	\$ 1,623,400

Additional information:

- Ordinary shares issued at \$1.00 per share.
- No dividends have been declared or paid for the last two years.
- Debentures of \$100,000 at 7.5% p.a. due 1 January 2014 were repaid.
- No share issue costs were incurred during the year.
- Cash and cash equivalents were \$145,000 at 30 June 2013 and \$75,250 at 30 June 2014.
- Purchase of all non-current assets are made by cash.
- Plant and equipment that cost \$145,000 on acquisition was sold for cash on 28 February 2014. At disposal the item of plant and equipment had a net book value/carrying amount of \$27,000. The company made a gain on disposal of \$5,000.
- The company reported net cash from Operating activities of \$103,800 for the year ended 30 June 2014. This figure includes interest paid and interest received.

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