Accounting and Finance

General course

Marking key for the Externally set task

Sample 2016

**Copyright**

© School Curriculum and Standards Authority, 2014

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 the School Curriculum and Standards 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 School Curriculum and Standards 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-NonCommercial 3.0 Australia licence](http://creativecommons.org/licenses/by-nc/3.0/au/)

**Disclaimer**

Any resources such as texts, websites and so on that may be referred to in this document are provided as examples of resources that teachers can use to support their learning programs. Their inclusion does not imply that they are mandatory or that they are the only resources relevant to the course.

# 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:** | |
| * 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:** | |
| * 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):   * 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:   * 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. | |

1. Financial institutions are often criticised for mainly considering only security when providing finance for the purchase of non-current assets.
2. 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:   * 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. | |

1. 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:   * 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:   * 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. | |