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Sample assessment 2020

Stimulus book

Accounting

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On 2 July 2020, an extreme weather event hit inland Queensland and devastated the supply chain of green vegetables.

As a result, experts predict there will be a distinct shortage of green vegetables over the next six months.

Case study 1 (Stimulus 1–7) — South East Grocer Ltd

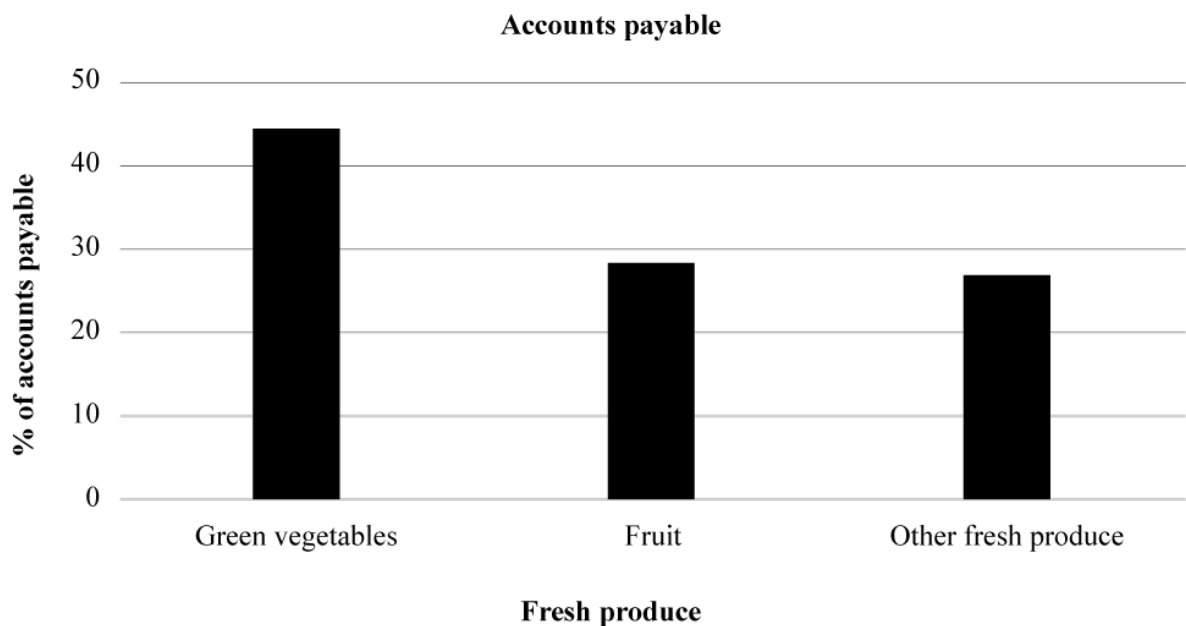
Stimulus 1

South East Grocer Ltd is a large supermarket chain, selling fresh produce and grocery items. Green vegetables make up a significant portion of the stock and sales of South East Grocer Ltd's fresh produce department. All fresh produce is purchased on credit.

South East Grocer Ltd prides itself on supporting local producers. As a result of the extreme weather event, South East Grocer Ltd has decided to change its accounts payable policy to include payment to affected suppliers within 7 days. This will assist these producers when there is a disruption in the supply chain.

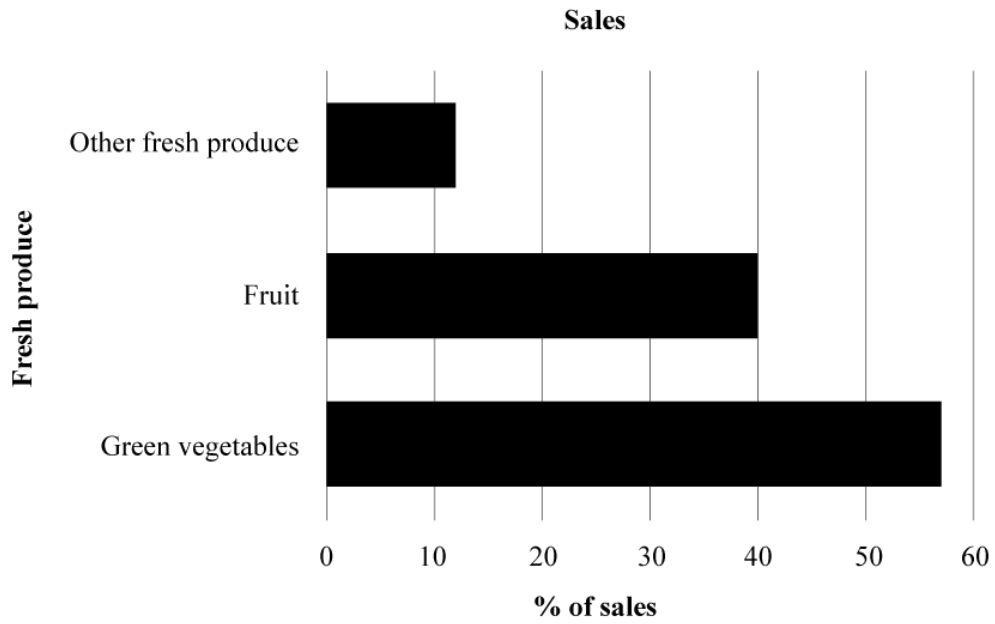
South East Grocer Ltd prepared the following data to assist in determining the change to the accounts payable policy.

Stimulus 2

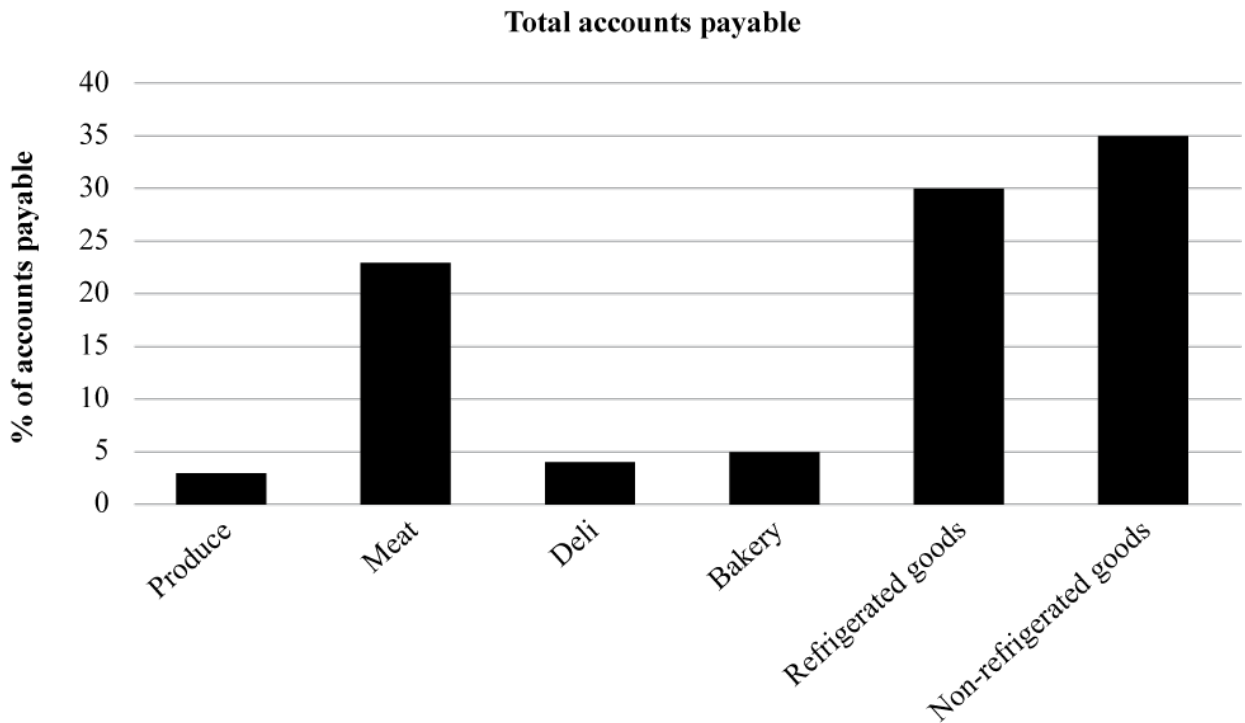


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Stimulus 3



Stimulus 4



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Stimulus 5

South East Grocer Ltd

Condensed consolidated statement of Profit or Loss for the half-year ended 31 December 2020

	2020 \$m	2019 \$m
Continuing operations		
Revenue	33 441.50	32 456.50
Expenses		
Inventory	(22 859.00)	(22 316.50)
Employee benefits expense	(4 687.50)	(4 373.00)
Freight inwards and other related expenses	(378.50)	(428.50)
Occupancy-related expenses	(1 488.00)	(1 441.00)
Depreciation and amortisation	(599.00)	(587.50)
Impairment expenses	(210.50)	(22.00)
Other expenses	(1 378.50)	(1 416.00)
Total expenses	(31 601.00)	(30 584.50)
Other income	141.50	143.00
Share of net profits of associates and joint venture	48.50	73.50
	190.00	216.50
Earnings before interest and income tax expense (EBIT)	2 030.50	2 088.50
Finance costs	(105.50)	(124.00)
Profit before income tax	1 925.00	1 964.50
Income tax expense	(623.00)	(584.50)
Profit after tax from continuing operations	1 302.00	1 380.00
Discontinued operations		
Loss after tax for the year for Shaywonds Ltd	(828.50)	(50.50)
Profit after tax for the year for ChriKerr Pty Ltd	125.00	107.00
(Loss)/profit after tax for the period from discontinued operations	(703.50)	56.50
Profit	598.50	1 436.50

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Stimulus 6

Condensed consolidated statement of Financial Position as at 31 December 2020

	2020 \$m	2019 \$m
Assets		
<i>Current assets</i>		
Cash and cash equivalents	341.50	506.50
Receivables — Trade and other	828.50	816.50
Inventories	3 005.50	3 265.00
Derivatives	63.00	123.50
Other	114.50	122.00
Total Current assets	4 353.00	4 833.50
<i>Non-current assets</i>		
Investments in associates and joint ventures	374.00	351.50
Deferred tax assets	346.00	485.50
Property	960.00	1 097.50
Plant and equipment	3 244.00	3 622.50
Goodwill	6 745.50	7 180.00
Intangible assets	2 184.50	2 288.00
Derivatives	195.50	123.00
Other	64.00	76.00
Total Non-current assets	14 113.50	15 224.00
Total Assets	18 466.50	20 057.50
Liabilities		
<i>Current liabilities</i>		
Trade and other payables	3 270.50	3 307.50
Interest-bearing loans and borrowings	579.50	673.50
Income tax payable	149.50	146.00
Provisions	863.00	871.50
Derivatives	8.00	77.00
Other	142.00	133.00
Total Current liabilities	5 012.50	5 208.50
<i>Non-current liabilities</i>		
Interest-bearing loans and borrowings	1 482.50	2 033.00
Provisions	516.50	755.50
Derivatives	0.00	12.00
Other	78.00	78.00
Total Non-current liabilities	2 077.00	2 878.50
Total Liabilities	7 089.50	8 087.00
Net Assets	11 377.00	11 970.50
Equity		
Issued capital	11 138.50	11 134.00
Reserved capital	(21.50)	(13.00)
Retained earnings	88.00	754.50
Reserves	172.00	95.00
Total Equity	11 377.00	11 970.50

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Stimulus 7

Condensed consolidated statement of Cash Flows for the half-year ended 31 December 2020

	2020 \$m	2019 \$m
Cash flows from operating activities		
Receipts from customers	37 677.00	37 021.00
Payments to suppliers and employees	(34 918.00)	(34 356.50)
Net movement in finance advances and loans	0.00	-23.50
Dividends and distributions received from associates	25.00	23.00
Interest received	7.50	41.50
Borrowing costs	(97.50)	(117.00)
Income tax	(654.00)	(475.50)
Net cash flows from operating activities	2 040.00	2 113.00
Cash flows from investing activities		
Payments for property, plant and equipment and intangibles	(907.50)	(840.50)
Proceeds from sale of property, plant and equipment and intangibles	303.00	326.50
Net proceeds from sale of businesses and associates	267.00	473.50
Net investments in associates and joint arrangements	0.00	(1.00)
Acquisitions of subsidiaries, net cash acquired	0.00	(12.00)
Net redemption of loan notes	8.50	27.00
Net cash flows used in investing activities	(329.00)	(26.50)
Cash flows from financing activities		
Proceeds from borrowings	344.00	110.00
Prepayment of borrowings	(952.50)	(997.00)
Proceeds from exercise of in-substance options under the employee share plan	0.00	0.50
Equity dividends paid	(1 264.00)	(999.00)
Demerger transaction costs	(3.50)	0.00
Net cash flows used in financing activities	(1 876.00)	(1 885.50)
Net (decrease)/increase in cash and cash equivalents	(165.00)	201.00
Cash and cash equivalents at beginning of the period	506.50	305.50
Cash and cash equivalents at end of the period	341.50	506.50

END OF CASE STUDY 1

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Case study 2 (Stimulus 8–14) — Little Fruit Shop

Stimulus 8

Little Fruit Shop is presented with a serious cash flow issue as a result of the weather event and anticipates a 30% loss in sales and stock over the next 6 months.


To date, the owner has paid for accounts on the last day of the stated payment term period and defers payments, where possible, to the next month without incurring any penalty. Therefore, the business should be able to better manage its cash flow until the green vegetables crisis passes and sales return to normal.

Stimulus 9

 TELEPHONE AND INTERNET Co.	TAX INVOICE																												
35 Grand Plaza Boulevard Melbourne VIC 3209 Phone: (03) 5464-35451 ABN: 789 456 123	<table><tr><td>TAX INVOICE #</td><td>DATE</td></tr><tr><td>100460</td><td>25/06/2020</td></tr><tr><td>CUSTOMER ID</td><td>TERMS</td></tr><tr><td>4968</td><td>30 days</td></tr></table>	TAX INVOICE #	DATE	100460	25/06/2020	CUSTOMER ID	TERMS	4968	30 days																				
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BILL TO Little Fruit Shop 21 Little Street GATTON Q 4153																													
<table><thead><tr><th>DESCRIPTION</th><th>QTY</th><th>UNIT PRICE</th><th>AMOUNT</th></tr></thead><tbody><tr><td>Line rental (June quarter)</td><td>2</td><td>110.00</td><td>220.00</td></tr><tr><td>Annual connection fee</td><td>1</td><td>130.00</td><td>130.00</td></tr><tr><td>Data limit</td><td>1000 GB</td><td>0.50</td><td>500.00</td></tr><tr><td></td><td></td><td>SUBTOTAL</td><td>850.00</td></tr><tr><td></td><td></td><td>GST</td><td>85.00</td></tr><tr><td></td><td></td><td>TOTAL</td><td>\$ 935.00</td></tr></tbody></table>	DESCRIPTION	QTY	UNIT PRICE	AMOUNT	Line rental (June quarter)	2	110.00	220.00	Annual connection fee	1	130.00	130.00	Data limit	1000 GB	0.50	500.00			SUBTOTAL	850.00			GST	85.00			TOTAL	\$ 935.00	
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		TOTAL	\$ 935.00																										

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Stimulus 10



Fresh Food
Farming

STATEMENT OF ACCOUNT

1245 Trent Street
GATTON QLD 4153

Phone:
(07) 3452 12491

Email:
info@freshfoodfarming.com.au

Account: B8729 **Little Fruit Shop**

Address: 21 Little Street
GATTON QLD 4153

Statement date: 30/06/2020

Date	Doc ref	Description	Purchases & other charges	Payments	Balance
01/06/2020		Balance owing from May			3 432.00
26/06/2020	45903	Purchases	280.00		3 712.00
26/06/2020	35243	Purchases	390.00		4 102.00
26/06/2020	34950	Purchases	204.00		4 306.00
30/06/2020		Late Fee (2.00%)	86.12		4 392.12
30/06/2020		May Payment Received		3 518.12	873.88
Balance due					\$873.88
Overdue — please pay immediately					0.00

Terms—30 days
OVERDUE ACCOUNTS ARE SUBJECT TO A LATE FEE OF 2% PER MONTH.

Stimulus 11

Little Fruit Shop
Gatton Qld

Tax Invoice

ABN	345 436 345
CRS	4908
Date	26/06/2020
Peaches (3.21 kg)	\$41.70
Total for 1 item	\$41.70
EFT	

Customer came in on the 27 June with the adjacent tax invoice. Five rotten peaches were returned. Peaches returned weighed 0.85 kg and were originally sold for \$12.99 per kg. Cost price of the peaches was \$5.60 per kg.

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Stimulus 12



849 Big Street, GATTON QLD 4153

TAX INVOICE

DATE 30/06/2020

To: **Little Fruit Shop**
21 Little Street, GATTON QLD 4153

Description	Per month	Total
Rent (01/07/2020–30/09/2020) Incl GST	2 500.00	\$ 7 500.00

ABN	490 756 023
Payment Details	
Bank Name	B Bank
Bank No	359023
Account No.	45609710

*Terms of the lease
agreement require
that rent is paid
quarterly in advance.*

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Stimulus 13

Little Fruit Shop	
List of accounts as at 30 June 2020	
	\$
Accounts payable control	7 468.12
Accounts receivable control	978.00
Accrued expenses	3 750.00
Accrued revenues	4 920.00
Accumulated depreciation on delivery vehicle	6 983.00
Accumulated depreciation on shop fittings	2 670.00
Advertising	130.00
Bad and doubtful debts	2 567.00
Capital	
Cash at bank (DR)	8 940.00
Cost of goods sold	25 009.00
Delivery vehicle	24 990.00
Delivery vehicle expenses	2 340.00
Depreciation on delivery vehicle	1 350.00
Depreciation on shop fittings	1 200.00
Drawings	500.00
Fees and charges	86.12
GST clearing (CR)	872.00
Inventories	12 678.00
Inventory adjustment	0.00
Other general expenses	4 370.00
Petty cash	100.00
Prepaid expenses	3 520.00
Provision for doubtful debts	76.00
Rent expense	15 790.00
Sales	44 567.00
Sales returns	2 678.00
Shop fittings	13 078.00
Telephone	1 567.00
Unearned revenue	4 690.00


Note: This trial balance was prepared after balance day adjustments.

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Stimulus 14

On 1 July 2020, a website was developed at a cost of \$6000 to market and sell produce online for Little Fruit Shop. Net sales for the 2021 reporting period are expected to increase by 20% based on the 2020 accounting data and other information. However, on 2 July 2020, the online payment shopping cart section of the Little Fruit Shop website was hacked. A quote was sourced to determine the cost of fixing the website.

The owner is deciding whether this additional cost is feasible for this non-current asset.

	<h1>QUOTE</h1>																						
811 Ethernet Drive CARINA QLD 4152 Phone: (07) 3879 12121 info@webtroubleshoot.com.au	<table><tr><th>Date</th><th>QUOTE No. #</th></tr><tr><td>2/07/2020</td><td>WEB301165</td></tr></table>	Date	QUOTE No. #	2/07/2020	WEB301165																		
Date	QUOTE No. #																						
2/07/2020	WEB301165																						
Bill To: Little Fruit Shop 21 Little Street, GATTON Q 4153	Phone: 04618 773 551																						
<table><thead><tr><th>Quantity</th><th>Description</th><th>Unit price</th><th>Amount</th></tr></thead><tbody><tr><td>1</td><td>Service — Quarantine Trojan horse virus</td><td>1 299.00</td><td>1 299.00</td></tr><tr><td>1</td><td>Restore website functionality</td><td>2 175.00</td><td>2 175.00</td></tr><tr><td>1</td><td>Upgrade firewall and virus protection</td><td>1 026.00</td><td>1 026.00</td></tr></tbody></table>	Quantity	Description	Unit price	Amount	1	Service — Quarantine Trojan horse virus	1 299.00	1 299.00	1	Restore website functionality	2 175.00	2 175.00	1	Upgrade firewall and virus protection	1 026.00	1 026.00	<table><tr><td>Sub-total</td><td>4 500.00</td></tr><tr><td>GST</td><td>450.00</td></tr><tr><td>Quote total</td><td>\$ 4 950.00</td></tr></table>	Sub-total	4 500.00	GST	450.00	Quote total	\$ 4 950.00
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Sub-total	4 500.00																						
GST	450.00																						
Quote total	\$ 4 950.00																						
If you are happy to proceed with this quote, then please contact us and we will generate an invoice for you. 50% of this quoted amount is due upfront prior to the commencement of the works and the outstanding balance is due once the work has been completed.																							

END OF CASE STUDY 2

Note: This paper contains names, characters, businesses, places, events and associated material that are fictitious. Any resemblance to businesses, people (living or dead) or actual events is purely coincidental.

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