

External assessment 2021

Stimulus book

Accounting

General instruction

- Work in this book will not be marked.

Case study 1 (Stimulus 1–4)

Stimulus 1

Business 1 is Jo's sole trader GST trading business selling furniture and homewares. Balance day adjustments have been partially completed and a net profit of \$55 000 has been calculated for the period ending 30 June 2021. However, Jo has since discovered that a monthly bank statement (Stimulus 2) and a memorandum (Stimulus 3) have not been processed.

Stimulus 2

Monthly Bank Statement

BUSINESS 1

Deposits (extract)

Deposit no.	Date	Amount	Description
367	1/05/2021	\$14 850.00	Payment for office rent until 1/02/2022

Withdrawals (extract)

Type	Date	Amount	Description
EFT	1/04/2021	\$1 452.00	Payment for telephone until 1/10/2021

Month

April–May

Previous Balance

\$2 525.54

Total Deposits

\$18 000.00

Year

2021

Ending Balance

\$6 814.54

Total Withdrawals

\$13 711.00

Stimulus 3

BUSINESS 1
FURNITURE
& HOMEWARES

Memo

To: An accountant	Subject: Interest
From: Jo	Date: 31 May 2021

Confirming that quarterly interest of \$750 for the period to 31 May 2021 has been paid as of today on the fixed-term loan due 31 December 2021. The next quarter's interest is payable on 31 August 2021.

Stimulus 4

Business 1 Trial Balance (extract) as at 30 June 2021		
	Debit \$	Credit \$
Accounts payable control		50 000
Accounts receivable control	75 000	
Accumulated amortisation ¹ — patents		3 000
Accumulated depreciation — motor vehicle		12 000
Bank overdraft		3 000
Capital		203 800
Debentures	18 000	
Drawings	42 000	
Fixed-term loan (due 31 December 2021)		50 000
Goodwill	25 000	
GST clearing		4 000
Inventories control	35 800	
Land and buildings	250 000	
Mortgage on land and buildings		160 000
Motor vehicle	80 000	
Patents	15 000	

¹ Amortisation is used for intangible assets in the same way that depreciation is used for non-current assets.

Case study 2 (Stimulus 5–6)

Stimulus 5

Business 2 is a local supplier of car parts. The business has been operating for four years, and the accounting records are completed internally by Arman, the owner.

On 1 July 2019, new machinery was purchased and Arman was advised that the reducing balance method should be used to depreciate the machinery at a rate of 20%. On 1 April 2021, the machinery was sold.

Arman recently visited an accountant, who said there were errors in the general journal entries relating to the purchase and sale of the machinery.

Stimulus 6

Business 2 General Journal (extract)				
Date	Particulars	Ref	Debit \$	Credit \$
1/07/2019	Machinery		50 000	
	GST credits received/GST clearing		5 000	
	Accounts payable — Machinery Retailer			55 000
	(Purchase machinery)			
	Installation expense		1 000	
	GST credits received/GST clearing		100	
	Accounts payable — Machinery Installer			1 100
	(Installation machinery)			
1/01/2020	Repairs and maintenance of machinery		800	
	GST credits received/GST clearing		80	
	Accounts payable — Machinery Retailer			880
	(Payment of repairs and maintenance)			
30/06/2020	Depreciation of machinery		8 400	
	Accumulated depreciation of machinery			8 400
	(Depreciation for 2020 financial year)			
1/04/2021	Depreciation of machinery		5 600	
	Accumulated depreciation of machinery			5 600
	(Depreciation for 8 months)			
1/04/2021	Disposal of machinery		50 000	
	Machinery			50 000
	(Transfer of asset to disposal account)			
1/04/2021	Accumulated depreciation of machinery		14 000	
	Disposal of machinery			14 000
	(Transfer of accumulated depreciation to disposal account)			
1/04/2021	Accounts receivable — Machinery Retailer		27 500	
	GST collected/GST clearing			2 500
	Disposal of machinery			25 000
	(Trade-in of the machine)			
1/04/2021	Disposal of machinery		11 000	
	Gain on disposal — machinery			11 000
	(Transfer gain on disposal)			

Case study 3 (Stimulus 7–8)

Stimulus 7

Business 3

Consolidated Statement of Comprehensive Income for the year ended 30 June 2021

	2021 \$'000	Diff \$'000	2020 \$'000	2021 % Sales	2020 % Sales
Sales	307 451	124 369	183 082		
Cost of sales	-152 668	-57 425	-95 243	-49.66	-52.02
Gross profit	154 783	66 944	87 839		
Other revenue	108	15	93	0.04	0.05
Total revenue	154 891	66 959	87 932		
Distribution expenses	-8 942	-2 214	-6 728		
Administrative expenses	-15 754	-4 939	-10 815		
Marketing expenses	-24 549	-10 546	-14 003		
Other expenses	-11 979	-1 793	-10 186		
Operating profit	93 667	47 467	46 200		
Interest income	790	495	295		
Finance cost	-46	-1	-45		
Net finance income	744	494	250		
Profit before tax	94 411	47 961	46 450		
Income tax expense	-29 183	-12 948	-16 235		
Profit after tax for the year	65 228	35 013	30 215		
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Foreign currency translation loss	-25	606	-631		
<i>Items not to be reclassified to profit or loss</i>					
Listed investment fair value gain	36 247	31 790	4 457		
Total comprehensive income	101 450	67 409	34 041		

Earnings per share				
Basic (cents per share)	27.00	14.34	12.66	113 %
EBITDA increase on previous year	101.00 %			
Gross profit ratio	50.34 %		47.98 %	

Additional notes			
	2021	2020	2019
Market share Australia	32.00 %		
Market share India	5.10 %		
Total assets	240 859	114 643	95 463

Stimulus 8

Business 3 Consolidated Statement of Cash Flows for the year ended 30 June 2021

	2021 \$'000	Diff \$'000	2020 \$'000	Diff %	2019 \$'000	Diff \$'000	2019/20 2019/21
Cash flows from operating activities							
Receipts from customers	309 234	178 153	131 081	135.91	174 774	-43 693	134 460
Payments to suppliers and employees	-209 884	-111 356	-98 528	-84.95	-131 370	32 842	-78 514
Interest received	790	568	222	0.43	296	-74	494
Taxes paid	-23 104	-15 315	-7 789	-11.68	-10 385	2 596	-12 719
Net cash inflow from operating activities	77 036	52 050	24 986	39.71	33 315	-8 329	43 721
Cash flows from investing activities							
Payments for property, plant and equipment	-842	-429	-413	-0.33	-550	137	-292
Payments for intangible assets	-773	-568	-205	-0.43	-273	68	-500
Payment for listed investment	-5 358	6 811	-12 169	5.20	-16 226	4 057	10 868
Net cash outflow from investing activities	-6 973	5 814	-12 787	4.44	-17 049	4 262	10 076
Cash flows from financing activities							
Proceeds from issue of equity shares	2 421	1 482	939	1.13	1 251	-312	1 170
Net cash flow from financing activities	2 421	1 482	939	1.13	1 251	-312	1 170
Net increase in cash and short-term deposits	72 484	59 346	13 138	45.28	17 517	-4 379	54 967
Cash and short-term deposits at the beginning of the year	40 342	12 916	27 426	9.85	10 206	17 220	30 136
Effect of exchange rate changes on cash	661	883	-222	0.67	-297	75	958
Cash and short-term deposits at the end of the year	113 487	73 145	40 342	55.80	27 426	12 916	86 061

Other Industry Ratios — Benchmark	2021	2020	2019	2021 Industry	2020 Industry
Cash generating power ratio	0.97	0.86	0.96	0.65	0.70
Operating cash flow ratio	0.25	0.28	0.06	0.20	0.20
Sales — 2019 ('000s)	549 247				



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