

External assessment 2025

Stimulus book

Accounting

General instruction

- Work in this book will not be marked.

Case study 1 (Stimulus 1): A Smith

Stimulus 1

The following financial information was provided by A Smith, who operates a wholesale flower business.

General ledger account balances at 29 June 2025 (extract)	
Bad and doubtful debts	\$6 250
Accounts receivable	\$150 000
Provision for doubtful debts	\$10 500

On 30 June 2025, the business was notified that an accounts receivable was unable to pay the balance of \$6 750 (excluding GST) and was to be written off as a bad debt.

The balance of the provision for doubtful debts account was to be 4% of accounts receivable at 30 June 2025.

Case study 2 (Stimulus 2): Bicycle business

Stimulus 2

An entrepreneur started a retail bicycle business on 1 July 2024 with the goal of achieving a return on owner's equity (ROE) of 7% by 30 June 2025. The entrepreneur registered the business as a GST trading concern and used the cash accounting method for recording all financial information during the year.

After 12 months of operation, the owner was advised to consider switching to the accrual method of recording financial information. To establish whether their goal of a 7% ROE has been met, the owner has requested that all financial reports required to be completed as at 30 June 2025 be prepared using accrual accounting.

The following information has been provided.

Amounts include GST where applicable.

Cash receipts for 2024–2025

- Commenced business with an investment of \$150 000
- Sales of 400 bikes \$220 000
- Two bikes returned to supplier \$660
- On 31 December 2024, obtained an interest-only bank loan of \$27 500 to purchase a delivery vehicle

Cash payments for 2024–2025

- Purchase of 500 bikes \$165 000
- Wages for the shop \$55 000
- Electricity for the shop \$2 970
- Rent of the shop \$13 200
- Sales returns \$1 100
- Advertising campaign costing \$1 650 launched on 1 May and programmed to run until 30 September 2025
- Paid \$27 500 for delivery vehicle on 31 December 2024
- Interest on the bank loan taken out on 31 December 2024 at the rate of 6% per annum paid
- Withdrawal of \$15 000 for personal use

Additional information as at 30 June 2025

- As pay day is 2 July 2025, an amount of \$1 800 is owing for wages.
- The delivery vehicle has an expected useful life of five years. The straight-line method of depreciation is to be used.

Case study 3 (Stimulus 3–4): Y Co Ltd

Y Co Ltd has been operating as a media and publishing company for a number of years. The board of directors is considering purchasing an established regional digital media company for \$5 000 000.

Stimulus 3

Y Co Ltd

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2025 \$'000		2024 \$'000
Sales revenue			
Advertising revenue	1 598 144		1 602 245
Circulation revenue	65 932		66 682
Licensing fees	114 404		186 135
Other revenue	50 846		37 339
Total sales revenue	1 829 326		1 892 401
Other income	207		1 343
Revenue and other income	1 829 533		1 893 744
Expenses			
Depreciation and amortisation	(51 019)		(40 832)
Advertising and marketing expenses	(35 795)		(27 893)
Printing, selling and distribution of media	(789 624)		(816 815)
Employee expenses	(405 743)		(394 392)
Raw materials and consumables used	(6 710)		(6 642)
Repairs and maintenance	(43 433)		(40 317)
Rental expenses	(3 716)		(2 274)
Licensing and other fees	(37 907)		(32 176)
Other expenses from ordinary activities	(163 059)		(152 733)
Net gain on disposal of assets	18 371		4 977
Major IT project implementation costs	(26 459)		0
Net gain on disposal of subsidiaries	0		13 457
Finance costs	(43 308)		(49 533)
Profit before tax	241 131		348 571
Income tax expense	(61 862)		(88 977)
Profit for the year	179 269		259 594

	2025 \$'000		2024 \$'000
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(638)		619
Items that will not be reclassified to profit or loss			
Net change in fair value of financial assets	(11 740)		(25 756)
Total comprehensive income for the year	166 891		234 457

Earnings per share (EPS) for profit attributable to the ordinary equity holders of the company	cents		cents
Basic earnings per share	9.4		13.3
Diluted earnings per share	9.2		13.0

Stimulus 4

Y Co Ltd

Consolidated Statement of Financial Position

	2025 \$'000		2024 \$'000
Assets			
Current assets			
Cash and cash equivalents	70 604		46 664
Trade and other receivables	283 081		270 751
Current tax receivable	22 846		0
Rights and inventories	217 605		181 071
Other assets	25 065		24 072
Total current assets	619 201		522 558
Non-current assets			
Other financial assets	118 247		68 541
Property, plant and equipment	151 554		140 010
Intangible assets	879 205		885 941
Other assets	77 790		85 684
Total non-current assets	1 226 796		1 180 176
Total assets	1 845 997		1 702 734

	2025 \$'000		2024 \$'000
Liabilities			
Current liabilities			
Trade and other payables	253 658		217 494
Lease liabilities	16 590		14 933
Provisions	129 133		129 456
Deferred income	76 933		60 307
Current tax liabilities	0		77 773
Total current liabilities	476 314		499 963
Non-current liabilities			
Trade and other payables	4 943		4 508
Lease liabilities	218 331		229 074
Provisions	62 223		104 031
Deferred tax liabilities	240 819		178 670
Borrowings	377 406		362 148
Total non-current liabilities	903 722		878 431
Total liabilities	1 380 036		1 378 394
Net assets	465 961		324 340
Equity			
Share capital	4 204 101		4 222 548
Reserves	(31 462)		(43 711)
Accumulated deficit	(3 706 678)		(3 854 498)
Total equity	465 961		324 339



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