Purpose

To provide information about this year’s Accounting examination.

Information

Candidates are to complete a prepared task during the year and take their prepared task material into the examination room for use in responding to Paper Two Part B (Questions 2 and 3).

The prepared task material will be collected by the supervisor at the end of the examination. It will not be assessed by markers.

This year’s prepared task will be based on the following topics:

- Accounting Package
- Cash Budgets.

The prepared task requirements are on the following pages.

Information about the Accounting Package and Cash Budgets topics is on pages 25–27 of the syllabus.

Enquiries

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Jo-Anne Cooper
Manager
Test Administration
Accounting Package

You started your jewellery business called The Gold and Silver Jewellery Shop located at 2545 Olsen Ave, Arundel QLD 4214 on 1 July 2010. Your ABN is 33 433 966 111. All transactions are GST inclusive, unless stated otherwise.

You are to implement a computerised accounting system using the following information:

- Industry Classification is All — Jewellery Store
- In the Chart of Accounts, change the names to:
  - Bank Account
  - Jewellery Inventory
  - Accounts Receivable
  - Accounts Payable
- The heading Fixed Assets is to be named Non-Current Assets
- At 1 July 2010 the business had the following balances:
  - Bank: $12,410
  - Accounts Receivable: 1,600 (includes $160 GST)
  - Jewellery Inventory: 2,156
  - Furniture & Fixtures: 11,000
  - GST Collected: 660
  - GST Paid: (935)

Accounts Receivable details as at 1 July 2010:

<table>
<thead>
<tr>
<th>Customer name</th>
<th>Balance $</th>
<th>Document layout</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gems on Tedder (ABN 67 677 678 789)</td>
<td>1,200</td>
<td>Item</td>
</tr>
<tr>
<td>Paradise Diamonds (ABN 43 543 432 321)</td>
<td>400</td>
<td>Item</td>
</tr>
</tbody>
</table>

Inventory information as at 1 July 2010:

<table>
<thead>
<tr>
<th>Item</th>
<th>Item no.</th>
<th>Quantity on hand</th>
<th>Cost price (excludes GST)</th>
<th>Selling price (includes GST)</th>
<th>Unit of measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silver studs</td>
<td>SSI</td>
<td>20</td>
<td>$50</td>
<td>$125</td>
<td>pair</td>
</tr>
<tr>
<td>Gold bangles</td>
<td>GB2</td>
<td>32</td>
<td>$30</td>
<td>$80</td>
<td>each</td>
</tr>
</tbody>
</table>
Transactions to be recorded for the month of July 2010 are listed below.

| Jul 2 | Ordered and purchased inventory on credit from Chainmakers (ABN 65 455 777 888):  
|       |   • 10 pairs silver studs (SS1) @ $55 each (includes GST of $5 each)  
|       |   • 15 gold bangles (GB2) @ $33 each (includes GST of $3).  
|       | All items were received.  
| 5     | Sold inventory to Gems on Tedder on credit: 12 pairs silver studs and 14 gold bangles.  
| 9     | Purchased 10 sapphire gemstones, a new stock item (Item no. SGS1), from T Roberts (ABN 14 678 419 832), at a cost of $88 each including GST. The stones will sell for $275 each (including $25 GST).  
| 15    | Purchased 12 gold bangles for cash from Mayfair Jewellers (ABN 77 412 155 657).  
| 17    | Paid $3 250 to Greens Advertising Pty Ltd for advertising for one year.  
| 18    | Purchased 3 sapphire gemstones for cash from T Roberts (ABN 14 678 419 832).  
| 19    | Paid Office Supplies $990 for stationery store supplies.  
| 21    | Received cheque from Gems on Tedder in settlement of 1 July balance.  
| 24    | Received cheque from Paradise Diamonds for amount owing on 1 July.  
| 25    | Ordered and purchased inventory on credit from Mayfair Jewellers:  
|       |   • 10 gold bangles (GB2) @ $33 each (includes GST)  
|       |   • 15 pairs silver studs (SS1) @ $55 each (includes GST).  
|       | All items were received.  
| 27    | Returned 2 sapphire gemstones (purchased from T Roberts on 18 June) and received a cash refund.  
| 28    | Received a cheque for $2 400 including GST from L Armstrong as commission (Other Sales) for work to be completed over the next three months.  
| 30    | Cash Sale of 1 gold bangle and 1 pair of silver studs.  
|
The bank statement for July 2010 shows the following differences:

- Jul 29 Bank Fees $45.00
- Interest Received $17.80
- 30 Direct Debit (Rent Expense) $1080

The cheque from L Armstrong has not yet been deposited into the bank account, so does not appear on the bank statement.

You are required to:

1. Prepare a Reconciliation Report.
2. Reconcile accounts and print the Reconciliation Report.
3. Create the following new accounts:
   - Accrued Expenses
   - Unearned Revenues
   - Accrued Revenues
   - Prepaid Expenses.
4. Record balance day adjustments for the month of June 2011:
   - $250 of the Advertising amount was prepaid.
   - Wages & Salaries owing $2,000
   - On performing a stocktake it is discovered that one pair of silver studs is missing.
5. Make data unchangeable.
6. Correct the error in recording the wages owing (it should have been $2,670). Record the necessary entries.
7. Print the following:
   - Transactions Journal from 1 July 2010 to 30 June 2011 for all transactions
   - Profit and Loss Statement (accrual) to 30 June 2011
   - Balance Sheet (standard) as at 30 June 2011
   - Aged analysis of accounts receivable list (detailed) as at 30 June 2011 (Sales Tab)
   - Items List which summarises information about all inventories as at 30 June 2011
   - Trial Balance before rollover.
8. Perform a rollover into the next accounting period and prepare reversing entries in the new accounting period.
10. Write your candidate number on every sheet printed.
Cash Budgets

Phil’s Fashion Warehouse sells goods for cash and on credit. 75% of credit sales are normally received within the month following sales and 25% within the second month.

Accounts Receivable from past months were:
November $24,000
December $26,000

Expected sales for the next three months are:

<table>
<thead>
<tr>
<th></th>
<th>Cash</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$46,000</td>
<td>$23,000</td>
</tr>
<tr>
<td>February</td>
<td>$48,000</td>
<td>$26,000</td>
</tr>
<tr>
<td>March</td>
<td>$50,000</td>
<td>$27,000</td>
</tr>
</tbody>
</table>

Other anticipated receipts and payments include:

- Rent (commercial) of $2,000 per month is expected to be received from February.
- All purchases are made on credit and paid within 30 days. Expected credit purchases for January, February and March are $45,000, $43,000 and $36,000 respectively.
- Actual cash sales for December were $47,000.
- Estimated Selling and Administrative Expenses are: January $17,000; February $16,000 and March $18,000. These include a $1,500 depreciation expense for each month.
- Actual Selling and Administrative Expenses for December were $17,500, including a $1,500 depreciation expense.
- Cash Drawings are anticipated at $850 a month (no GST is applicable).
- In addition it is estimated that Computing Equipment worth $30,000 will be paid for in three equal monthly instalments commencing in January.
- An Interest on Loan payment of $20,000 is forecast to be paid in both January and March (no GST is applicable).

GST is reported on a monthly accrual basis.

The balances of the following accounts as at 1 January 2011 are:

Bank $10,200 Dr
Accounts Payable $43,500

Continues overleaf
You are required to:

1. Prepare a Cash Budget for the three months January, February and March 2011.
2. Print the input worksheet.
3. Print the Statement of Estimated Receipts from Accounts Receivable.
4. Print the Statement of Estimated Payments to Accounts Payable.
5. Print the Statement of GST Payments.
6. Print the Cash Budget.
7. Print new versions of all the above, showing formulas — ensure the gridlines and row and column headers are printed.
8. Write your candidate number on every sheet printed.