

**This question paper must be returned. Candidates are not permitted to remove any part of it from the examination room.**

**SAMPLE EXAMINATION SESSION 1, JUNE 2017 STUDENT PAPER**

<b>Unit Code:</b>	ACCG611
<b>Unit Name:</b>	Principles of Accounting
<b>Duration of Exam</b> (including reading time if applicable):	2 hours (plus 10 minutes reading time)
<b>Total No. of Questions:</b>	6
<b>Total No. of Pages</b> (including this cover sheet):	19

**GENERAL INSTRUCTIONS TO STUDENTS:**

- Students are required to follow directions given by the Final Examination Supervisor and must refrain from communicating in any way with another student once they have entered the final examination venue.
- Students may not write or mark the exam materials in any way during reading time.
- Students may only access authorised materials during this examination. A list of authorised materials is available on this cover sheet.
- All watches must be removed and placed at the top of the exam desk and must remain there for the duration of the exam. All alarms, notifications and alerts must be switched off.
- Students are not permitted to leave the exam room during the first hour (excluding reading time) and during the last 15 minutes of the examination.
- If it is alleged you have breached these rules at any time during the examination, the matter may be reported to a University Discipline Committee for determination.

**EXAMINATION INSTRUCTIONS:**

- All questions are compulsory and must be attempted.
- Answer all questions directly in the spaces provided within this examination paper.
- Answers are to be written in pen and must be legible.
- The total marks for this paper are 100 which represents 55% of the overall assessment mark for the unit. Marks for each question are indicated.

Question	Topic	Marks
1	Accounting cycle	/21
2	Bank reconciliation	/14
3	Ratio analysis	/16
4	Inventory	/18
5	Cash budgeting	/19
6	Cost volume profit analysis	/12
<b>Total</b>		<b>/100</b>

**AIDS AND MATERIALS PERMITTED/NOT PERMITTED:**

Dictionaries: No dictionaries permitted.

Calculators: Non-programmable calculators are permitted.

Other: This is a closed book examination hence no notes or textbooks are permitted.

**Disclaimer**

The objective of the sample examination and the revision materials therein is to assist students in their preparation for the final examination. The sample examination is therefore relatively similar in format to the final examination. However, **the number/nature of questions and weighting of marks in the final examination may be different.** Thus students should revise **all** seminar materials, and importantly review (i) the learning outcomes that are stated in the unit guide, (ii) the final exam announcement for ACCG 611 which is available on the unit ilearn site, (iii) the relevant questions in the final exam papers for prior sessions (using the link provided on the unit ilearn site) and (iv) all required readings, lecture notes, lecture examples, homework solutions, group activity solutions and class test solutions.

**Question 1****[21 marks]**

- (a) **Background:** Mary Riley is a lawyer and runs and owns her legal practice named 'Mary's Legal Services (sole trader). Mary has prepared an Unadjusted Trial Balance for the month ended 31 August 2016. The Unadjusted Trial Balance is presented below.

<b>Mary's Legal Services Unadjusted Trial Balance as at 31 August 2016</b>		
<b>Account</b>	<b>Debit</b>	<b>Credit</b>
Cash ( at bank)	22,875	
Accounts receivable (control)	65,370	
Supplies	1,400	
Building	115,000	
Accumulated depreciation_building		12,360
Accounts payable		3,690
Unearned service revenue		0
Wages payable		1,755
M. Riley, Capital, 01/08/2016		77,850
M. Riley Drawings	1,300	
Service revenue		110,290
Wages expense	0	
Depreciation expense_building	0	
<b>Totals</b>	<b>205,945</b>	<b>205,945</b>

When Mary reviewed the account balances she found the following issues which required consideration:

- (i) Service revenue for the month includes \$1,500 which will be earned in September 2016.
- (ii) Wages owed to employees of \$1,250 were unpaid and unrecorded on 31 August.
- (iii) Depreciation expense for the building for the month is \$2,300 and has not been recorded.
- (iv) Supplies on hand at 31 August 2016 total \$690.
- (v) Services of \$5,600 had been provided to Guy Brooks, a customer, but Guy has not been invoiced or paid his account.

**Required:**

- (1) Prepare the adjusting journal entries (AJEs) in the general journal template which is provided on the following page. Narrations are required. **(9 marks)**
- (2) Open a t-account for the Service revenue account. Post the relevant AJEs from part (1) and balance the account. The template for the ledger account is provided on page 4 of the paper. **(4 marks)**







**Question 2**

**[14 marks]**

- (a) **Background:** Brad Reading runs and owns his own bakery named 'Brad's Cakes' (BC's) (sole trader). As the accountant for RB's, you are required to perform a bank reconciliation at the end of November 2016.

Brad has provided the following information relating to the cash position of the business as at 30 November:

- (i) Cash at Bank ledger account balance is \$5,123 Dr.
- (ii) The Bank statement balance is \$6,940 Cr.
- (iii) Cash receipts amounting to \$630 have not been recorded as a deposit by the bank.
- (iv) Cheque #370 for \$1,832 and Cheque #412 for \$920 have not been presented to the bank.
- (v) Cheque #409 (to pay supplies expense) was correctly processed by the bank as \$220 but was incorrectly recorded as \$265 in the Cash at Bank ledger account.
- (vi) A \$335 cheque was returned marked 'dishonoured'. The cheque had been received from Z. Wong, a new customer. No adjustment has yet been made to the Cash at Bank ledger account.
- (vii) The bank statement shows that banks fees for the current month are \$15. An adjustment to the Cash at Bank ledger account has not yet been made.

**Required:**

- (1) Prepare the Cash at Bank ledger account showing the final balance as at 30 November 2016. **(5 marks)**
- (2) Prepare a bank reconciliation statement for BC's as at 30 November 2016 based on the information provided above. **(5 marks).**

**Required:**

- (1) Complete the cash at bank ledger below for 30 November 2016.

<b>Cash (at Bank)</b>	
Debit	Credit
_____	_____
_____	_____

- (2) Prepare a bank reconciliation statement for BC's as at 30 November 2016.

<b>Brad's Cakes Bank Reconciliation Statement as at 30 November 2016</b>	



**Question 3****[16 marks]**

Jane owns and runs her own marketing consulting business (sole trader) named 'Jane's Consulting Services' (JC). Her main competitor is 'Mark's Advisory Services' (MA).

She is interested in the performance of her store in comparison with 'Mark's Advisory Services' for the financial year ended 30 June 2015. She obtains the financial statements for both businesses and performs a ratio analysis. Selected ratios are summarised below:

<b>Ratio Name</b>	<b>Jane's Consulting Services (JC)</b>	<b>Mark's Advisory Services (MA)</b>
Profit margin ratio	32%	15%
Debtor's turnover ratio	13 times	9 times
Interest coverage ratio	5 times	7 times
Quick ratio	1.3: 1	1.8: 1

**Required:**

Using the table provided over the page, identify:

- (i) The ratio formula **(2 marks)**
- (ii) The category the ratio falls under **(2 marks)**
- (iii) What the ratio indicates **(6 marks)**
- (iv) Comment on which business has a better result and why **(6 marks)**

## Ratio Analysis

Ratio	(i) Ratio Formula	(ii) Category	(iii) What the ratio indicates	(iv) Comment
<b>Profit margin ratio</b>				
<b>Debtors turnover ratio</b>				
<b>Interest coverage ratio</b>				
<b>Quick ratio</b>				











**Question 6**

**[12 marks]**

- (a) **Superior Coffee Supplies Pty Ltd manufactures coffee beans. The following information is available:**

Selling price per unit	\$29
Variable manufacturing costs per unit	\$13
Fixed manufacturing costs	\$40,300
Variable administration and selling costs per unit	\$5
Fixed admin and selling costs	\$15,000
Annual volume	80,000 units

**Required:**

- (i) Calculate the total contribution margin in sales dollars. Show all your workings. **(3 marks)**

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- (ii) Calculate the number of units that need to be sold annually to break even. Round up your answer to the nearest unit. All workings must be shown. **(3 marks)**

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