



ASSIGNMENT			
Course Code and Title	ACCT2007: Financial Accounting Regulation – Application and Theory		
Assessment	Week 10 Homework: Module 7 Events after Balance Date		
Learning Outcomes	3. Identify and apply appropriate accounting standards to a range of authentic accounting scenarios.		
Due Date	Week 10, Sunday 13th August 2017, by 11.59pm (AEST) No extensions will apply to this assessment and late penalties will apply.		
Weighting	5%	Total Marks	20 marks
Additional Information	When there is evidence of academic dishonesty, a student will face Misconduct Procedures. Please refer to Torrens policies and procedures in: http://www.tua.edu.au/policies/		
Instructions	This assignment must be prepared as a Word document. This assignment is to be submitted online via Turnitin. Emailed copies will not be accepted. No word limit		

Student Name and ID		
Student Signature		



Question 1 (10 marks)

All Boats Ltd manufactures boats and supplies. The company's current financial year end is 30 June 2017. Its draft financial statements show the following information.

Financial information	\$
Net Assets	5 000 000
Net profit after tax	850 000

Before the company finalises its financial statements, the following information is provided, assuming each event is independent of each other.

1. On 31 July 2017 the directors declare a final dividend of \$5 per share.
2. At a directors' meeting held in June 2017, the decision was made to close a division of the business due to decreasing customer demand. The division is closed in August 2017 and the costs amounted to \$1.5 million.
3. On 10 September 2017 the directors became aware that the boat engines they had been selling since mid-July 2017 are over-heating and not working during hot weather. The engines were purchased by All Boats on 1 July 2017. By late September 2017, there were numerous claims against the company by different customers.
4. All Boats' main customer is declared insolvent on 10 July 2017. The customer owed All Boats \$400 000 as at 30 June 2017.
5. In July 2017 the court awards the company a compensation payment of \$500 000 for boats' damages. This relates to the company's claim against a supplier due to faulty materials being supplied in 2015.

Required:

Determine how each of the above events should be disclosed in All Boats Ltd's financial statements for the year ended 30 June 2017.

Identify if each of the events is an adjusting or non-adjusting event, and what accounts will be effected if applicable.

(10 marks)



Question 2 (10 marks)

The following transactions and events are taken by Caters Are Us (CAU) Ltd, a small catering business. The company's current year end is 30 June 2017. Assume each event is independent of each other.

1. On 25 July 2017, a competitor launched a catering business that offers better services for cheaper prices. This causes a major decline in business for CAU Ltd. As a result, CAU Ltd has reduced costs, and 5 employees lost their jobs on 31 August 2017.
2. On 5 August 2017, a lawsuit is lodged against the company by customers who are poisoned from a catering function delivered by CAU Ltd on 10 July 2017. The customers are claiming \$1.5 million in damages. No date has been set for the court hearing.
3. On 20 August 2017, the company's supply manager discovers that a batch of invoices relating to June 2017 inventory purchases have not been processed. The invoices total \$45 000.
4. On 5 September 2017, the company's directors resolve to issue to the public 10 000 5% debentures of \$8 each, payable \$5 on application and \$3 on allotment.
5. On 10 September 2017, a flood damages the fruit crop of the company's main supplier. As a result, CAU Ltd has to order fruits from an overseas supplier.

Required:

Determine how each event should be disclosed in the financial statements for the year ended 30 June 2017.

Identify if it is an adjusting or non-adjusting event, and what accounts will be effected if applicable.

(10 marks)