



Week 10 Homework			
Course Code and Title	ACCT2007: Financial Accounting Regulation		
Assessment	Week 10 Homework: Accounting for the Extractive Industries		
Learning Outcomes	4. Work individually and in groups to identify and apply appropriate accounting standards to a range of authentic accounting scenarios.		
Due Date	Week 10, Sunday 13th August 2017, by 11.59pm. 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		



Week 10 Homework Question (20 marks)

In October 2014, Middletensen Company started exploration and evaluation activities for iron ore in its Central Site. The company incurred \$48 million of exploration and evaluation costs during the year ending 30 June 2015, of which 75 percent relates to property, plant and equipment and 25 percent relate to intangible assets.

During the financial year ending 30 June 2016, iron ore was discovered at Central Site and estimated at 20 million tonnes. The company incurred \$24 million of development costs that were to be written off on a production basis. \$18 million of the development costs relates to property, plant and equipment and \$6 million relates to intangible assets.

By 30 June 2016, the company had extracted 5 million tonnes and sold 3 million tonnes. The production costs of \$4 million were accounted for as part of the inventory cost. The selling price was \$20 per tonne.

Required:

- i) Provide the necessary journal entries for Central Site. (16 marks)

Include narrations for each entry and present your journals in a word document using a similar table as presented below. Use 2016 as the date.

Date	Particulars	Debit	Credit
<i>Eg: 2016</i>			

- ii) Calculate gross profit for Central Site. (2 marks)
- iii) Calculate the gross profit ratio for Central Site. (2 marks)