

**VCE Accounting Unit 4: Nano Exam 10. Marks = 32. Time = 32 minutes.**

Lisa manages **LightBeam**, a business that trades in lighting fittings for cash and on credit. The business uses control accounts, the perpetual stock system using the FIFO method of cost assignment and the accrual accounting system.

The following information is provided at 30/5/29:

Stock	Quantity	Unit Cost \$
Director's Desk Lamps	30	40

Memo #88. The Director's Desk Lamps are not selling well and are shop soiled. Lisa decides to sell them for \$38.50 each, including \$3.50 GST and a special stand to display them will cost \$297 including \$27 GST. (This display stand will only be used for this sale).

**1.1 Calculate** the net realisable value for the Director's Desk Lamps in total and per unit. 3 marks

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**1.2 Define** net realisable value (NRV). 1 mark

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**1.3 Explain** when the NRV is used instead of historical cost when valuing stock? In your answer **refer** to an appropriate accounting principle. 3 marks

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**1.4 Record** the impact of Memo #88 in the following stock card: 2 marks

STOCK CARD: Director's Desk Lamps. FIFO										
2029		IN			OUT			BALANCE		
Date	Details	QTY.	COST	VALUE	QTY.	COST	VALUE	QTY.	COST	VALUE
30/5	Balance							30	40	1200

**1.5 Record** Memo #88 in the General Journal provided: 3 marks

General Journal (GJ) extract					
Date	Details	General Ledger		Subsidiary Ledger	
		Dr. \$	Cr. \$	Dr. \$	Cr. \$

**1.6** Excluding damage, **explain** other possible causes of a business valuing a stock line at less than its cost. 2 marks

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1.7 Identify the impact of Memo #88 on the accounting equation.

3 marks

Assets	Liabilities	Owners Equities

1.8 Which qualitative characteristic is compromised by valuing stock at the lower of cost and net realisable value and which qualitative characteristic prevails in this situation?

2 marks

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Revenue	\$	\$
Sales		40000
Less cost of goods sold		
Cost of sales		10000
Gross profit		30000

Memo #130  
 Date 30/6/30  
 The LED spotlights have been superseded.  
 Change selling price to \$22 inc. \$2 GST.  
 Commission to salesperson on each sale  
 10% on sell price excluding GST.

1.9 Record the impact of memo #130 in the following stock card:

3 marks

STOCK CARD: LED Spotlights. FIFO										
2030		IN			OUT			BALANCE		
Date	Details	QTY.	COST	VALUE	QTY.	COST	VALUE	QTY.	COST	VALUE
30/6	Balance							4	20	80
								16	30	480

1.10 Redraft the Income Statement below for June 2030 to adjusted gross profit which includes the impact of memo #130 and #131.

5 marks

Memo #131  
 Date 30/6/30  
 Stock returned by debtor Janus LTD.  
 \$3300 inc. \$300 GST. Mark-up 300%.

Revenue	\$	\$

Working space if required:

1.11 Record the impact of memo #131 in the General Journal. No narrations.

5 marks

Date	Details	General Ledger		Subsidiary Ledger	
		Dr. \$	Cr. \$	Dr. \$	Cr. \$