

VCE Accounting Unit 4: Nano Exam 11. Marks = 33 Time = 33 minutes.

Anika manages **Boat World**, a business that trades in boats and boating equipment 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.

Boat World rents out a spare room to Collingwood Fan Club who pay rent in advance. The rent per month is \$660 including \$60 GST. **Boat World** balances its books on 30/6 and 31/12.

Prepaid Rent (Collingwood Fan Club)					
Date	Cross-Reference	\$	Date	Cross-Reference	\$
			1/1/38	Balance	1200

1.1 Explain how would you classify the above ledger account?

2 marks

1.2 Explain what the \$1200 balance at 1/1/38 represents.

1 mark

During the 6 months ending 30/6/38 the business received \$4950 including \$450 GST from the Collingwood Fan Club. Rent increased to \$700 + \$70 GST per month from May 1st.

1.3 Complete the above Prepaid Rent ledger for the 6 months ending 30/6/38. Balance/close.

3 marks

1.4 Record any adjusting entry and closing entry in the following General Journal at 30/6/38. Memo #22. No narrations.

4 marks

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

1.5 Describe how you would report the rent revenue in the Income Statement for the 6 months ending 30/6/38.

1 mark

1.6 Explain how the definition of revenue links with the adjusting entry re memo #22.

3 marks

1.7 Complete the following Cash Flow Statement extract for 1/1/38 to 30/6/38 based on the information given above.

2 marks

Boat World: Cash Flow Statement extract 1/1/38 to 30/6/38		
	\$	\$

