

VCE Accounting Unit 4: Nano Exam 8. Marks = 32. Time = 32 minutes.

Leanne manages **CoolGlaze**, a business that trades in double glazing 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:

March 23rd 2030:

Purchased 20 units of EcoZone glass from **JustGlass**, at \$220 each including \$20 GST, invoice #JG78.

Received invoice from **Fast Couriers** for delivery of EcoZone glass to **CoolGlaze**, invoice #76. \$198 including \$18 GST.

March 24th 2030:

Sold 12 units of EcoZone glass to **Ace Builders** at \$660 each including \$60 GST, invoice #CG211

1.1 Record the relevant information into the following stock card using product costing.

5 marks

STOCK CARD: EcoZone Glass. FIFO										
2030		IN			OUT			BALANCE		
Date	Details	QTY.	COST	VALUE	QTY.	COST	VALUE	QTY.	COST	VALUE
1/3	Balance							10	190	1900

1.2 Record the relevant information into the following journals using product costing: 3 marks

Purchases Journal (PJ) extract						
Date	Details	Doc.	Stock	GST	Total	

Sales Journal (SJ) extract						
Date	Details	Doc.	Cost of sales	Sales	GST	Total

1.3 Record the transactions in the following records assuming **CoolGlaze** uses period costing.

5 marks

STOCK CARD: EcoZone Glass. FIFO										
2030		IN			OUT			BALANCE		
Date	Details	QTY.	COST	VALUE	QTY.	COST	VALUE	QTY.	COST	VALUE
1/3	Balance							10	190	1900

Purchases Journal (PJ) extract						
Date	Details	Doc.	Stock	GST	Total	

Sales Journal (SJ) extract						
Date	Details	Doc.	Cost of sales	Sales	GST	Total

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

1.4 Calculate gross profit for March 23 to 24 using product costing and period costing. Show workings.

4 marks

Product costing	Period costing

1.5 Explain why profit determination is different for period and product costing using the data above to assist you.

3 marks

1.6 If a Balance Sheet was prepared at the end of March 24th, **identify** which method, product or period, would report the highest value for stock control? **Explain.**

3 marks

1.7 Is **Fast Couriers** a trade creditor or sundry creditor? **Explain.**

2 marks

1.8 On 29/4/30 the following information is provided:

29/4/30. Invoice 78.
Purchase of 10 panes of Green Glass at \$550 each inc. \$50 GST. Creditor: Space Age Glass.

29/4/30. Cheque butt. Paid \$275 inc. \$25 GST cash for delivery of 10 panes of Green Glass to CoolGlaze. #99876.

29/4/30. Cheque butt. Paid \$220 inc. \$20 GST for delivery of 10 panes of Green Glass to customers of CoolGlaze. #99877.

29/4/30. Invoice #AMP21. Stock transit insurance on delivery of 10 panes of Green Glass to CoolGlaze. \$11 inc \$1 GST.

1.9 Calculate the product cost of each pane of Green Glass. Show workings.

3 marks

1.10 Explain why you included or excluded cheque # 99877 in your calculation.

1 mark

1.11 Identify and **explain** the qualitative characteristic which would help the owner decide if Invoice #AMP21 should be included in the calculation of the product cost.

3 marks
