



Student Name: \_\_\_\_\_

## 2024 ACCOUNTING Unit 4 Outcome 1 SAC

### Recording and analysing financial data

### QUESTION BOOK

| <i>Number of questions</i> | <i>Number of questions to be answered</i> | <i>Number of marks</i> |
|----------------------------|---|------------------------|
| 3                          | 3   | 50                     |

- Students are permitted to bring into the assessment task: pens, pencils, highlighters, erasers, sharpeners, rulers and one scientific calculator.
- Students are NOT permitted to use blank sheets of paper and/or white out liquid/tape.

#### Materials supplied

- Question book of 4 pages.
- Answer book of 7 pages.

#### Instructions

- Answer all questions in the Answer book.
- All written responses must be in English.

#### At the end of the task

- Write your name on both booklets, remain seated until papers are collected.

**Question 1** (23 marks)

The owner of **Best Cellars** decided to upgrade the Cellar Fridges. As part of the upgrade the business traded in the existing fridges on the purchase of a more energy efficient model. A loan was approved for \$100 000 from UP Bank on 1 November 2024 and the funds were transferred on that date.

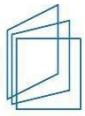
The following information was provided:

|   |                        |
|---|------------------------|
| Historical Cost – Fridges at 1 July 2024          | \$72 000               |
| Accumulated Depreciation – Fridges at 1 July 2024 | \$43 200               |
| Depreciation charged at a rate of 20% per annum   | Straight-line          |
| Trade-in value                                    | \$20 000               |
| New Cellar Fridges purchased on 30 November 2024  | \$120 000 plus GST     |
| Installation costs                                | \$13 200 including GST |

- The new fridges will be depreciated using the reducing-balance method at a rate of 30% per annum.
- a. **Complete** the following general ledger accounts on 30 June 2025. 14 marks
- Fridges
  - Accumulated Depreciation – Fridges
  - Disposal of Fridges
  - Profit or Loss on Disposal of Fridges
- b. **Justify** the owner's decision to adopt the reducing-balance method of depreciation for the new Fridges. 2 marks
- c. **Provide** a reason for the profit earned or loss incurred on the disposal of the Fridges. 2 marks

The owner decided to purchase the energy efficient model based on the accountant's advice. However, the new fridges cost \$30 000 more than other models. The accountant indicated that purchasing the energy efficient model is more ethical.

- d. **Define** the term 'ethical considerations' and **discuss** the ethical and financial implication of purchasing the new model fridges. 5 marks



# EXTRA

EXPERIENCED TEACHER RESOURCES & ASSESSMENTS

Student Name: \_\_\_\_\_

## 2024 ACCOUNTING Unit 4 Outcome 1 SAC

### Extensions of Recording and Reporting

### SUGGESTED SOLUTIONS

| <i>Number of questions</i> | <i>Number of questions to be answered</i> | <i>Number of marks</i> |
|----------------------------|---|------------------------|
| 3                          | 3   | 50                     |

## Question 1 (23 marks)

a.

14 marks

**Fridges**

| Date   | Cross-reference     | Amount  | Date    | Cross-reference     | Amount  |
|--------|---------------------|---------|---------|---------------------|---------|
| July 1 | Balance             | 72 000  | Nov 30  | Disposal of Fridges | 72 000  |
| Nov 30 | Disposal of Fridges | 20 000  | June 30 | Balance             | 120 000 |
| Nov 30 | Bank                | 100 000 |         |                     |         |
|        |                     | 192 000 |         |                     | 192 000 |
| July 1 | Balance             | 1200    |         |                     |         |

**Accumulated Depreciation – Fridges**

| Date    | Cross-reference     | Amount | Date    | Cross-reference | Amount |
|---------|---------------------|--------|---------|-----------------|--------|
| Nov 30  | Disposal of Fridges | 49 200 | July 1  | Balance         | 43 200 |
| June 30 | Balance             | 21 000 | Nov 30  | Dep'n – Fridges | 6 000  |
|         |                     |        | June 30 | Dep'n – Fridges | 21 000 |
|         |                     | 70 200 |         |                 | 70 200 |
|         |                     |        | July 1  | Balance         | 21 00  |

**Disposal of Fridges**

| Date   | Cross-reference | Amount | Date   | Cross-reference             | Amount |
|--------|-----------------|--------|--------|-----------------------------|--------|
| Nov 30 | Fridges         | 72 000 | Nov 30 | Acc. Dep'n-Fridges          | 49 200 |
|        |                 |        | Nov 30 | Fridges                     | 20 000 |
|        |                 |        | Nov 30 | Loss on disposal of Fridges | 2 800  |
|        |                 | 72 000 |        |                             | 72 000 |

**Loss on disposal of Fridges**

| Date   | Cross-reference     | Amount | Date   | Cross-reference | Amount |
|--------|---------------------|--------|--------|-----------------|--------|
| Nov 30 | Disposal of Fridges | 2 800  | Nov 30 | P/L Summary     | 2 800  |
|        |                     | 2 800  |        |                 | 2 800  |

**1 mark per item**

**Deduct 1 mark if accounts not balanced and closed**

**Deduct 1 mark if Disposal of Fridges account is not totalled**

**Deduct 1 mark if Loss on Disposal account is not labelled**

**1 mark off max for incorrect dates**

**b.**

2 marks

**Justification**

The owner is correct in choosing to adopt the reducing balance method of depreciation for the fridges as this method best reflects the revenue earning pattern of the asset. **(1 mark)** This method is best suited to assets that are more efficient and productive when they are new, earning more revenue at the start of their useful life and less as they age. **(1 mark)**

**c.**

2 marks

**Reason**

The loss incurred on the disposal of the fridges occurred as result of under depreciation due to overestimating the residual value and or useful life of the asset. **(1 mark)** Alternatively, the fridges were damaged or not in demand resulting in the carrying value of the fridges being greater than the proceeds from the disposal. **(1 mark)**

d.

5 marks

**Definition**

Ethical considerations include the environmental consequences of a decision, this includes the effects on people, communities and society and the local and wider environment.

**Discussion****Financial implications:**

The energy efficient model is \$30 000 more expensive than other models this will have a negative impact on the firm's financial position reducing the cash available to meet other cash commitments. However, the extra cost will result in the business being portrayed in a better light, environmentally friendly, improving its reputation and may result in more customers increasing sales and profits in the future.

**Ethical implications:**

Energy efficient refrigerators use less energy and can reduce greenhouse gas emissions making them environmentally friendly and therefore the more ethical option than other models.

**Mark globally**