VCE Accounting 2019–2024  
Advice for teachers

Detailed example

Unit 4 Area of Study 2: Budgeting and decision-making

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| Detailed example |

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| **Reconstruction of General Ledger accounts**  *Business scenario*  Abcon Air is preparing a Budgeted Cash Flow Statement for the three months ending 30 September 2023 and has provided the following information.   |  |  |  | | --- | --- | --- | | **Balance Sheet (extract) as at** | | | |  | **30 June 2023** | **30 September 2023 (actual) (budgeted)** | | **Current assets** |  |  | | Accounts Receivable Allowance Doubtful Debts | 71,000  (1,420) | 63,000  (1,260) | | Inventory | 45,000 | 47,000 | | **Current liabilities** |  |  | | Accounts Payable | 25,000 | 26,000 | | GST Clearing | 16,000 | 7,300 | | Accrued Wages | 750 | 890 |   **Estimated Income Statement items for the three months ending 30 September 2023**   |  |  | | --- | --- | | * Credit Sales | 200,000 | | * Cost of Sales | 110,000 | | * Discount Revenue | 750 | | * Bad Debts | 2,000 | | * Discount Expense | 1,000 | | * Wages | 38,000 | | * Advertising | 10,000 | | * Delivery Expense | 4,000 |   *Additional information*   * All sales and purchases of Inventory are on credit * Inventory sold has a 100% mark-up * A payment of $16,000 will be made to the Australian Taxation Office (ATO) in September 2023 * Based on past experience the business expects that $2,000 of inventory will be returned by customers and this inventory will be returned to suppliers * Payments will be made for wages, advertising and delivery expenses.   *Tasks*   1. Reconstruct ledger accounts to calculate the following for the three months ending 30 September 2023:    1. Cash received from Accounts Receivable    2. Payments to Accounts Payable    3. GST paid on cash payments 2. Using the information above, complete the Operating Activities section of the Budgeted Cash Flow Statement for the three months ending 30 September 2023. |