

External assessment 2024

Stimulus book

Accounting

General instruction

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Case study 1 (Stimulus 1): [REDACTED] Garden Supplies

Stimulus 1

Alfred Smith owns and operates [REDACTED] Garden Supplies, a trading GST business that sells various landscape and garden materials. When reviewing the accounts at 30 June 2024, Alfred found that the following information had not been recorded.

The bobcat the business acquired was purchased on 1 October 2023 from Bobcat Sellers for \$33 000 including GST. A 5% deposit was paid to Bobcat Sellers and the business immediately took out a loan to pay the amount outstanding. An amount of \$4 400 including GST was paid at that time for the installation of air-conditioning in the bobcat's cabin. The bobcat, which has an estimated life of five years and a residual value of \$11 000, is to be depreciated using the straight-line method of depreciation.

Case study 2 (Stimulus 2–4): ██████ Health Foods

Stimulus 2

Tamara Jones owns and operates a successful online business, ██████ Health Foods. The owners of a chain of health food shops, Health in Your Kitchen, have approached Tamara with a view to buying her business. They have asked her to produce a set of financial reports and calculate some profitability and liquidity ratios for their consideration.

Tamara estimates that, in the next financial year, sales are likely to increase by 30% and cost of goods sold by 15%. At the end of the financial year 30 June 2025, she has a projected cash at bank balance of \$36 889 and other expenses, revenue and drawings are expected to remain the same. Accounts payable and inventories are also projected to remain the same.

Tamara's goal is to present her current and projected financial statements and data (ratios) for the financial years ended 30 June 2024 and 30 June 2025 to her prospective purchaser to convince them that her business would be a suitable addition to their operations.

Stimulus 3

List of account balances for year ended 30 June 2024	
	\$
Accounts payable	5 290
Accumulated depreciation on computer equipment	1 200
Accumulated depreciation on delivery vehicles	8 500
Advertising	2 331
Bookkeeping expenses	1 665
Capital (1/7/2023)	39 892
Cash at bank	14 000
Computer equipment	2 500
Cost of goods sold	17 000
Delivery vehicle expenses	3 663
Delivery vehicles	45 000
Depreciation on computer equipment	1 000
Depreciation on delivery vehicles	1 021
Drawings	2 000
Electricity	4 650
Insurance	555
Interest on loan	821
Interest revenue	790
Inventories	5 800
Loan due 30 June 2030 (interest only loan repayments)	7 000
Net sales	60 000
Wages — office staff	20 000
Website maintenance	666

Stimulus 4

Industry benchmarks 2024	
Gross profit ratio	75%
Net profit ratio	30%
Return on owner's equity	40%
Current ratio	2:1

Case study 3 (Stimulus 5–6): XYZ Catering Company

XYZ Catering Company has been operating a number of stores across eastern Australia for five years, leasing catering equipment to cafes and restaurants. They recently trialled selling new equipment in one of their stores and had much customer interest. The board of directors is considering expanding the business by creating a division that sells new catering equipment in all stores.

Stimulus 5

XYZ Catering Company Statement of Profit or Loss and Other Comprehensive Income

	2024 \$	Difference \$	2023 \$
Revenue			
Revenue from operations	678 811	9 094	669 717
Other revenue	7 685	24	7 661
Total revenue	686 496	9 118	677 378
Other income	511	–2 743	3 254
Share of profit of joint ventures and associates	600	327	273
Expenses			
Employee benefits	–372 062	–4 678	–367 384
Sales and marketing	–51 263	–204	–51 059
Rental expense relating to operating leases	–41 752	–1 091	–40 661
Depreciation	–19 224	–2 278	–16 946
Finance costs	–7 308	26	–7 334
Other expenses	–112 551	–3 503	–109 048
Profit before income tax expense	83 447	–5 026	88 473
Income tax expense	–24 274	1 492	–25 766
Profit attributable to members of XYZ Catering Company	59 173	–3 534	62 707

	2024 \$	Difference \$	2023 \$
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in the fair value of available-for-sale financial assets	0	46	-46
Income tax on items of other comprehensive income	0	-14	14
	0	32	-32
Items that may be reclassified to profit or loss			
Net exchange differences on translation of foreign operations	-4 375	-2 718	-1 657
Income tax on items of other comprehensive income	-10	-36	26
Total other comprehensive income for the year attributable to owners	-4 385	-2 754	-1 631
	-4 385	-2 722	-1 663
Total comprehensive income for the year attributable to owners	54 788	-6 256	61 044

Earnings per share (EPS) for profit attributable to the ordinary equity holders of the company	cents	cents	cents
Basic EPS	229	-13	242
Diluted EPS	228	-15	243

Stimulus 6

XYZ Catering Company

Statement of Financial Position as at 30 June 2023 and 30 June 2024

	2024 \$	Difference \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	328 628	–8 804	337 432
Financial asset investments	51 275	–1 167	52 442
Trade and other receivables	195 455	23 102	172 353
Other assets	17 780	2 769	15 011
Current tax receivables	4 047	2 544	1 503
Inventories	319	–122	441
Other financial assets	1 932	798	1 134
Total current assets	599 436	19 120	580 316
Non-current assets			
Property, plant and equipment	65 691	10 245	55 446
Intangible assets	120 896	6 131	114 765
Investments in joint ventures and associates	16 579	12 741	3 838
Other financial assets	16 754	1 065	15 689
Total non-current assets	219 920	30 182	189 738
Total assets	819 356	49 302	770 054
Liabilities			
Current liabilities			
Trade and other payables	390 370	22 466	367 904
Borrowings	15 908	–5 782	21 690
Provisions	10 949	1 176	9 773
Current tax liabilities	1 977	–380	2 357
Total current liabilities	419 204	17 480	401 724

	2024 \$	Difference \$	2023 \$
Non-current liabilities			
Borrowings	21 283	8 447	12 836
Provisions (employee long-service leave)	9 482	1 643	7 839
Deferred tax liabilities	3 039	498	2 541
Total non-current liabilities	33 804	10 588	23 216
Total liabilities	453 008	28 068	424 940
Net assets	366 348	21 234	345 114
Equity			
Contributed equity	103 272	904	102 368
Treasury shares	-462	-462	0
Reserves	3 273	-2 909	6 182
Retained profits	260 265	23 701	236 564
Total equity	366 348	21 234	345 114
EBITDA	402		414
Return on equity	16.2%		18.2%

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