Captivate
EDUCATION

Accounting

Question and Answer Book

Practice examination 1 – 2027

Student name _____

Teacher _____

- Reading time is 15 minutes
- Writing time is 2 hours

Approved materials

- One scientific calculator

Materials supplied

- Question and Answer Book

Instructions

- Answer all questions in the spaces provided in this book.

Students are not permitted to bring mobile phones and/or any unauthorised electronic devices into the examination room.

Contents

8 questions (100 marks)

Practice material in the layout of the 2025 VCAA paper – generated 2027. Not a VCAA examination.

SAMPLE

Instructions

- Answer **all** questions in the spaces provided in this book.
- Write your responses in English.

Question 1 (11 marks)

Wren & Willow Candles sells handmade candles and candle-making supplies. The business reports monthly, uses the FIFO cost assignment method and applies a mark-up of 100% on inventory. Beeswax pillar candles sell for $28 each (plus GST).

On 1 June 2026 there were 40 beeswax pillar candles on hand, which had cost $12 each. The following transactions occurred during June 2026.

- 4 June: Purchased 60 candles from Glow Supplies at $14 each (plus GST) on credit (Invoice 203).
- 9 June: Sold 70 candles on credit to a gift shop (Invoice 88).
- 15 June: The gift shop returned 5 candles that had been damaged in transit (Credit Note 17).
- 24 June: 3 candles were taken from inventory for a window display (Memo 31).
- 30 June: A physical count showed 30 candles on hand (Memo 33).

a. Complete the Inventory Card for beeswax pillar candles for June 2026. 6 marks

Inventory Card

Item: Beeswax pillar candles Supplier: Glow Supplies Cost Assignment Method: FIFO

Date 2026	Document	IN			OUT			BALANCE		
		Qty	Cost	Total	Qty	Cost	Total	Qty	Cost	Total

b. Prepare the General Journal entry to record Memo 31.

A narration is **not** required. 2 marks

Wren & Willow Candles

General Journal

SAMPLE

Date 2026	Details	Debit $	Credit $

c. Calculate the Cost of Sales for beeswax pillar candles for June 2026. 1 mark

Working space

Cost of Sales for June 2026 $ _____

d. Explain how the sales return on 15 June will be reported in the Income Statement for June 2026. 2 marks

Explanation

_____

_____

_____

_____

Question 2 (12 marks)

Harrow Farm Supplies sells fencing, animal feed and rural hardware. The owner, Bree, commenced a double entry accounting system on 1 July 2026 with the following assets and liabilities.

Item	$
Bank	15 000
Inventory	48 000
Accounts Receivable	9 900
Shop Fittings (cost)	36 000
Accumulated Depreciation of Shop Fittings	9 000
Accounts Payable	22 000
Loan – Farmlink Credit (repayable 2030)	40 000
GST Clearing (owed to the ATO)	1 200

SAMPLE

a. Prepare the General Journal entry to establish the double entry accounting system on 1 July 2026.

A narration is **not** required. 3 marks

Harrow Farm Supplies

General Journal

Date 2026	Details	Debit $	Credit $

On 12 July 2026 Bree contributed her own utility vehicle to the business. The vehicle had cost her $42 000 (plus GST) two years earlier. Its fair value on 12 July 2026 was $31 000 (Memo 2).

b. Prepare the General Journal entry to record the contribution of the vehicle.

A narration is **not** required. 2 marks

Harrow Farm Supplies

General Journal

Date 2026	Details	Debit $	Credit $

SAMPLE

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EDUCATION

Accounting

Marking scheme – teacher copy

Practice examination 1 – 2027

Not for distribution to students.

Section	Questions	Marks available	Marks awarded
Paper	8	100	
Total		**100**	

SAMPLE

Question 1a. (6 marks)

Complete the Inventory Card for beeswax pillar candles for June 2026.

To be awarded full marks, students were required to:

complete the FIFO inventory card for June, including the opening balance, a purchase, a sale drawn from two cost layers, a sales return at the cost at which it left, inventory used for advertising and the inventory loss at the physical count.

Inventory Card

Item: Beeswax pillar candles Supplier: Glow Supplies Cost Assignment Method: FIFO

Date 2026	Document	IN			OUT			BALANCE		
		Qty	Cost	Total	Qty	Cost	Total	Qty	Cost	Total
Jun 1	Balance							40	12	480
Jun 4	Invoice 203	60	14	840				40	12	480
								60	14	840
Jun 9	Invoice 88				40	12	480			
					30	14	420	30	14	420
Jun 15	Credit Note 17	5	14	70				35	14	490
Jun 24	Memo 31				3	14	42	32	14	448
Jun 30	Memo 33				2	14	28	30	14	420

Common errors included recording the sales return at the selling price or at $12, recording the advertising at the selling price, and omitting the document column.

Mark allocation: One mark was awarded for the opening balance 40 @ $12. One mark was awarded for the purchase of 60 @ $14 (GST excluded) with both layers in the balance. One mark was awarded for the sale drawn from the two layers (40 @ $12 then 30 @ $14). One mark was awarded for the sales return IN at $14, the cost at which the candles left. One mark was awarded for Memo 31, 3 @ $14 OUT. One mark was awarded for the inventory loss of 2 @ $14 to agree with the count.

SAMPLE

Question 1b. (2 marks)

*Prepare the General Journal entry to record Memo 31. A narration is **not** required.*

To be awarded full marks, students were required to:

record inventory used for advertising at its FIFO cost. No GST is recorded.

Wren & Willow Candles

General Journal

Date 2026	Details	Debit $	Credit $
Jun 24	Advertising	42	
	Inventory		42

Common errors included recording GST, debiting Drawings, and using the selling price of $84.

Mark allocation: One mark was awarded for Advertising $42. One mark was awarded for Inventory $42.

Question 1c. (1 mark)

Calculate the Cost of Sales for beeswax pillar candles for June 2026.

To be awarded full marks, students were required to:

calculate cost of sales for the month from the inventory card.

$480 + $420 − $70 (sales return) = **$830**

Common errors included $900 (ignoring the sales return) and including the advertising and inventory loss.

Mark allocation: One mark was awarded for $830.

SAMPLE