

COMMONWEALTH OF AUSTRALIA

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	Family Name	
	Given Names	
	Student Number	
	Teaching Period	Semester 2 Special/Summer Semester, 2015
FINAL EXAMINATION	DURATION	
PRBA003 – Corporate Accounting	Reading Time:	10 minutes
	Writing Time:	180 minutes

INSTRUCTIONS TO CANDIDATES

1.1 The examination has two sections

Section A:	Multiple Choice Questions: Answer ALL 20 questions
Suggested Time: 140 mins	Total Marks 80
Section B:	Liquidation Question: Answer ALL questions
Suggested Time: 40 mins	Total Marks 20

Section A must be answered on the Answer sheet provided and must be handed in with your answer booklet. Please ensure that your name and student number are clearly indicated on your Answer Sheet and at the top of this examination paper.

Section B is to be answered in separate booklet.

Please ensure that your Name and Student Number are written clearly in the space provided at the top of this page.

1.2 Note that questions **ARE NOT** of equal value.

1.3 Read **ALL** questions carefully.

1.4 Do not commence writing until instructed to do so.

EXAM CONDITIONS

You may begin writing from the commencement of the examination session. The reading time indicated above is provided as a guide only.

This is a RESTRICTED OPEN BOOK examination

Any non-programmable calculator is permitted

No handwritten notes are permitted

Hard copy, unannotated English translation dictionary only

ADDITIONAL AUTHORISED MATERIALS	EXAMINATION MATERIALS TO BE SUPPLIED
Relevant Legislation (Unannotated)	1 x 20 Page Book 1 x 4-Multiple Choice Answer Sheet

**THIS EXAMINATION IS PRINTED
DOUBLE-SIDED.**

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Section A
Multiple Choice Questions
Total No of Marks for this section: 80

Section B
Calculation and Report Question

Total Number of Marks for this section: 20

This section should be answered in the Answer Booklet provided.

Suggested Time allocation for Section B: 40 mins

Hardwork Ltd went into voluntary liquidation on 1 January 2018, at which date the statement of financial position was as shown below.

HARDWORK LTD			
Statement of Financial Position			
as at 1 January 2018			
Liabilities and equity	Assets		
Share capital:	Land and buildings		
400 000 ordinary	(net)	\$250 000	
shares	Plant (net)	400 000	
fully paid	Fixed deposit	10 000	
Retained earnings	Accounts receivable	98 000	
Mortgage loan	Investments	50 000	
Debentures	Inventory	120 000	
Bank overdraft			
Accounts payable			
Other payables			
\$928 000		\$928 000	

Additional information:

(a) Creditors were called on to prove their debts. The liquidator discovered that:

- debenture interest of \$7500 was due on 1 January 2018
- the Grasshopper Bank holds a mortgage over the plant as security against the overdraft; as the bank has waived its right to seize the plant, the liquidator has undertaken to sell the asset and repay the overdraft
- the mortgage loan is secured over land and buildings; the mortgagee has decided to sell the assets to recover the amount owing
- the debentures are secured by a circulating security interest over inventory
- other payables comprise loans from directors, made on 1 December 2017.

(b) Assets realised the following amounts:

Land and buildings	\$ 400 000	
<i>Less: Rates and selling expenses</i>	(16 000)	\$234 000
<i>Less: Mortgage loan</i>	<u>(150 000)</u>	
Plant and equipment		390 000
Fixed deposit		12 000
Accounts receivable		90 000
Investments		30 000
Inventory		<u>100 000</u>
Total		<u>\$ 856 000</u>

(c) The liquidator made the following payments:

Debentures	\$100 000
Debenture interest	7 500
Bank overdraft	80 000
Accounts payable (in full settlement)	76 000
Other payables	48 000
Additional amounts not recorded in the records:	
Liquidator's remuneration	25 000
Liquidation expenses	11 000
Holiday pay — employee	4 000
Retrenchment payment — employee	10 000
Income tax penalty	<u>3 000</u>
Total	<u>\$364 500</u>

Required:

- A. Prepare the Liquidation account.
- B. Prepare the liquidator's statement of receipts and payments.
- C. Prepare the Shareholders' Distribution account.