



FNSACC322

ASSESSOR GUIDE

## Administer subsidiary accounts and ledgers

Assessment 1 of 3

Short Answer Questions

## Assessment Instructions

### Task overview

This assessment task is divided into nine (9) short answer questions. Read each question carefully before typing your response in the space provided.

### Additional resources and supporting documents

To complete this assessment, you will need to:

- download [Bad and Doubtful Debts Policy](#)
- access <https://business.vic.gov.au/tools-and-templates/financial-policies-and-procedures-manual-template>

## Assessment Information



### Submission

You are entitled to three (3) attempts to complete this assessment satisfactorily. Incomplete assessments will not be marked and will count as one of your three attempts.

All questions must be responded to correctly to be assessed as satisfactory for this assessment.

Answers must be typed into the space provided and submitted electronically via the LMS. Hand-written assessments will not be accepted unless previously arranged with your assessor.



### Reasonable adjustment

Students may request a reasonable adjustment for assessment tasks.

Reasonable adjustment usually involves varying:

- the processes for conducting the assessment (e.g. allowing additional time)
- the evidence gathering techniques (e.g. oral rather than written questioning, use of a scribe, modifications to equipment)

However, the evidence collected must allow the student to demonstrate all requirements of the unit.

Refer to the Student Handbook or contact your Trainer for further information.



Please consider the environment before printing this assessment.

## Question 1

Review The Coaching School Pty Ltd's Bad and Doubtful Debts Policy.

- [Bad and Doubtful Debts Policy](#)

Outline their procedure for identifying doubtful and bad debts.

Procedure for identifying doubtful debts (Word count 40 - 50 words)

### Marking guide

Candidates must refer to The Coaching School Pty Ltd's doubtful debts and bad debts procedures and explain the procedure for identifying doubtful debts. The answer provided by the candidate must match the exemplar answers below.

Annually at the end of June, the Financial Control (FC) will generate an aged debt analysis report for trade debtors exceeding the payment due date by 90 days or more. This report provides the basis for calculating the provision for doubtful debts.

Procedure for identifying bad debts (Word count 55 - 65 words)

### Marking guide

Candidates must refer to The Coaching School Pty Ltd's doubtful debts and bad debts procedures and explain the procedure for identifying bad debts. The answer provided by the candidate must match the exemplar answers below.

A debt should be "written off" when all the below conditions are met:

- (a) the debt is more than two years old
- (b) no payments have been received in that two-year period
- (c) legal and other collection action has been exhausted
- (d) in the view of the relevant finance manager, there are no reasonable prospects monies owing will be collected.

## Question 2

List two (2) key features of double entry accounting.

Key features of double entry accounting (Approximate word count 15 - 30 words)

### Marking guide

Candidates must list two key features of double entry accounting. The answers provided by the candidate must reflect the exemplar answers below.

- The debit must always equal the credits
- Each transaction must follow the basic accounting equation  $\text{Assets} = \text{Liabilities} + \text{Owners Equity}$
- Each transaction must have at least one debit and one credit.
- Every transaction must have one giver and one receiver.
- The accounting system should be maintained as a separate entity from its owners or users.

### Question 3

Explain the function and two features of the reports listed below.

Report	Function (Approximate word count 20 - 40 words)	Features (Approximate word count 10 - 20 words)
Aged Receivables Report	<p><b>Marking Guide</b></p> <p>Candidates must explain the function of each of the reports. The answers provided by the candidate must reflect the exemplar answers below.</p> <p>An Aged Receivables Report is a summary of all receivables due from customers at any given point in time, broken down into different aging categories based on the number of days since the respective invoices were raised.</p>	<p><b>Marking Guide</b></p> <p>Candidates must list two features of each report. The answers provided by the candidate must reflect the exemplar answers below.</p> <ul style="list-style-type: none"> <li>• Customers names</li> <li>• The total amount owed by each customer</li> <li>• Amount of time the debts have been outstanding broken down into aging periods</li> <li>• Whether any amounts are past due</li> <li>• Amounts not yet due.</li> </ul>
Aged Payables Report	<p>An Aged Payables Report shows the amount owed by a business to its suppliers. The report assists a business in organising and visualising the amounts they owe.</p>	<ul style="list-style-type: none"> <li>• Supplier names</li> <li>• The total amount the business owes each supplier</li> <li>• Amount of time the business has owed debts broken down into aging periods</li> <li>• Whether any payments are past due</li> <li>• Payments not yet due.</li> </ul>

### Question 4

Explain each of the following account recovery actions:

- a. Use a debt collector
- b. Engage in mediation
- c. Make a minor debt claim
- d. Take steps to collect an outstanding debt in the event of a debtor bankruptcy.

#### Marking Guide

The candidate must explain each account recovery action. The candidates' responses must reflect the exemplar answers below.

<p>a. Use a debt collector (Approximate word count 40 - 50 words)</p>	<p>Engaging a debt collector to contact a customer about an outstanding payment can end payment delays.</p> <p>Debt collectors are also bound by a code of conduct that sets out standards, provides a complaint resolution system and ensures consumers do not feel unduly harassed by the debt collector.</p>
<p>b. Engage in mediation (Approximate word count 80 - 90 words)</p>	<p>The parties must agree to mediation, although sometimes the Court will direct it.</p> <p>A mediator is a neutral third party appointed to assist by suggesting solutions and acting as a go-between during mediation. A mediator is not there to decide the outcome.</p> <p>Mediation can be better than going to trial because:</p> <ul style="list-style-type: none"> <li>• the process is informal</li> <li>• the parties decide the outcome, rather than a court</li> <li>• it may be faster because the parties do not have to wait for a decision from a court</li> </ul>
<p>c. Make a minor or small debt claim (Approximate word count 40 - 50 words)</p>	<p>All State and Territory courts in Australia offer a small claims division of their local Court or tribunal that provides a simple debt recovery procedure. The advantages are that the process is relatively informal and that costs awarded against an unsuccessful party are limited.</p>
<p>Take steps to collect an outstanding debt in the event of a debtor bankruptcy (Approximate word count 50 - 60 words)</p>	<p>If someone who owes you money is declared bankrupt, they are usually freed from debts they cannot pay.</p> <p>As a creditor, you can make a claim called a provable debt. This entitles you to share in the distribution of debtor funds and vote at meetings related to the bankruptcy.</p> <p>The Australian Financial Security Authority is a government agency that provides information for both debtors and creditors affected by bankruptcy.</p>

### Question 5

List three (3) key features of a debt recovery plan.

<p>Key Features of a debt recovery plan (Approximate word count 15 - 35 words)</p>
<p><b>Marking Guide</b></p> <p>The candidate must list three (3) key features of a debt recovery plan. The answers provided by the candidate must reflect the exemplar answers below.</p> <ul style="list-style-type: none"> <li>• Check contract terms to see when payments were due.</li> <li>• Contact the customer in writing to request payment</li> <li>• Keep records of all customer correspondence</li> </ul>

- Set up regular payment reminders
- Send a formal letter of demand
- Consider hiring a debt collector if the customer still won't pay
- Consider taking legal action
- Do a property search on the Personal Property Security Register (PPSR) to recover unpaid goods.

## Question 6

A small claim is an amount of up to \$25,000, depending on the State or Territory in which the legal action is conducted.

List the court/s that deal with small claims specific to your state/territory and describe the methods of enforcement they apply.

### Marking Guide

Candidates must identify the avenue through which they can commence a small claim debt recovery proceeding in their state or territory and the Court's enforcement methods. The answers provided by the candidate must reflect the exemplar answers below.

State	Where to commence debt recovery proceedings (Approximate word count 10 - 40 words)	Enforcement (Approximate word count 50 - 100 words)
ACT	ACT Civil and Administrative Tribunal (ACAT) – Disputes about contracts, goods and debt. Claims up to \$25,000.	An ACAT order is treated as an order filed in the Magistrates Court and can be enforced under the rules of that Court.  ACAT can make a monetary or non-monetary order. The order may require one or more parties to: <ul style="list-style-type: none"> <li>• pay money</li> <li>• do something</li> <li>• stop acting in a particular way.</li> </ul> <a href="http://act.gov.au">Civil disputes - ACAT (act.gov.au)</a>
NSW	NSW Civil & Administrative Tribunal (NCAT) can decide disputes between consumers and businesses, up to the value of \$40,000, about the supply of goods or services in NSW.	NCAT can make the following orders about a consumer claim under Part 6A of the Fair Trading Act 1987: <ul style="list-style-type: none"> <li>• an order for money to be paid</li> <li>• an order that money owed does not have to be paid</li> <li>• an order for goods or services to be provided</li> <li>• an order to fix or replace faulty goods</li> <li>• an order for a refund and the goods to be returned.</li> </ul>

		<a href="http://www.consumerclaims.nsw.gov.au">Consumer claims (nsw.gov.au)</a>
NT	Northern Territory Civil and Administrative Tribunal (NTCAT) – claims \$25,000 or less.	<p>NTCAT makes decisions in accordance with the law.</p> <p>An order will accompany an NTCAT decision. There are two types of final orders that NTCAT can make under the Northern Territory Civil and Administrative Tribunal Act:</p> <ul style="list-style-type: none"> <li>• a monetary order which means a party must pay another party money (usually the order will require payment by a date given in the order); and</li> <li>• any other type of order (see section 84A of the Act). Non-compliance with such an order is an offence under section 84B of the Act.</li> </ul> <p>NTCAT does not enforce its final orders.</p> <p>The person in whose favour a final order is made (usually the applicant) may enforce the order by registering it with the Local Court.</p> <p><a href="#">NTCAT   Northern Territory Civil and Administrative Tribunal</a></p>
QLD	Queensland Civil and Administrative Tribunal (QCAT) deal with disputes with another person, business or company about a fixed or agreed sum of money, valued up to and including \$25,000.	<p>At the end of a proceeding, the tribunal makes a final decision, or the parties can reach an agreement. The decision may include an order for one or all parties to do something or stop acting in a particular way.</p> <p>If the other party does not comply with a tribunal order to pay money, do or cease doing an act, you can enforce the order.</p> <p>In Queensland, enforcement proceedings are decided in the courts, and the type of order you wish to enforce, be it monetary or non-monetary, determines the Court to which you apply.</p> <p>You have six years to enforce your order pursuant to the Uniform Civil Procedure Rules 1999.</p> <p><a href="#">Enforcing a QCAT decision   Queensland Civil and Administrative Tribunal</a></p>
SA	Civil claims can be made in the Supreme Court or the District Court regardless of the amount claimed	<p>In a civil matter, a judicial officer can make a decision (known as a judgment), telling one party (the debtor) to pay money to the other party (the creditor). If the debtor does not pay, the creditor can apply to the Court to enforce the debt.</p> <p>The Court does not automatically enforce civil judgments. If you are the creditor and want to enforce a</p>

		<p>judgment, you must request an Investigation or Examination summons.</p> <p><a href="#">Enforcement of a civil debt - CAA (courts.sa.gov.au)</a></p>
Tas	<p>Civil Court deals with disputes involving amounts:</p> <ul style="list-style-type: none"> <li>• up to and including \$5,000 (minor civil claim)</li> <li>• from \$5,001 to \$50,000 (civil claim)</li> </ul>	<p>A Judgment Summons and Oral Examination are means by which the Judgment Creditor or their Solicitor can ask a Judgment Debtor under oath about their income, assets, and liabilities concerning their means of satisfying a judgment question concerning or in aid of enforcement.</p> <p>The Court will only make an order if satisfied the Judgment Debtor has the means to pay the Judgment Debt.</p> <p>An example of the type of order that may be made is for the Judgment Debtor to pay the debt in instalments of (a specific amount) per week / per fortnight / per month, with the first payment to be made on (a specific date) to the Judgment Creditor.</p> <p><a href="#">Magistrates Court: Civil Court</a></p>
Vic	<p>Victorian Civil and Administrative Tribunal (VCAT) deals with consumer disputes and small claims about products and services bought or sold.</p>	<p>VCAT decides a matter after hearing the evidence, looking at the documents provided by each party and considering how the law applies to the case. After making a decision, VCAT also makes an order.</p> <p>A VCAT order may be final or interim.</p> <ul style="list-style-type: none"> <li>• A final order is an order that resolves (ends) a case, for example, an order that a party pay another party money.</li> <li>• An interim order does not finally determine (end) a case, for example, orders setting a timetable for the filing and service of documents.</li> </ul> <p>An order may be monetary or non-monetary.</p> <ul style="list-style-type: none"> <li>• A monetary order requires a party to pay money to another party.</li> <li>• All other orders are called non-monetary orders.</li> </ul> <p><a href="#">Decisions and orders   VCAT</a></p>
WA	<p>The Magistrates Court deals with civil matters that involve:</p>	<p>Most Court judgments require a judgment debtor to pay money to a judgment creditor. The judgment creditor may request any of the following orders to enforce a judgment to recover money that has not been paid:</p> <ul style="list-style-type: none"> <li>• Time for payment order</li> </ul>



	<ul style="list-style-type: none"> <li>claims for debt or damages of up to \$75,000</li> <li>minor claims for debt or damages up to \$10,000</li> <li>consumer/trader claims over the sale, supply or hire of goods or services</li> </ul>	<ul style="list-style-type: none"> <li>Debt appropriation order</li> <li>Instalment order</li> <li>Property (seizure &amp; sale) order</li> <li>Earnings appropriation order</li> <li>Appointment of a receiver.</li> </ul> <p>To enforce an order for the return of the property, an application for property (seizure &amp; delivery) order is required.</p> <p><a href="http://magistratescourt.wa.gov.au">Civil Matters (magistratescourt.wa.gov.au)</a></p>
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**Question 7**

In your own words, explain the following **National Consumer Credit Protection Regulations 2010** (National Credit Regulations) requirements relating to collecting debts.

Regulation	Requirements relating to collecting debts
<p><b>Regulation 36(3)</b> (Approximate word count 10 - 20 words)</p>	<p><b>Marking Guide</b></p> <p>Candidates must explain in their own words how Reg 36(3) of the National Credit Regulations impacts collecting debts. The answers provided by the candidate must reflect the exemplar answers below.</p> <p>Provides that court proceedings must be brought in the jurisdiction where the debtor resides.</p> <p><a href="http://legislation.gov.au">National Consumer Credit Protection Regulations 2010 (legislation.gov.au)</a></p>
<p><b>Regulation 87</b> (Approximate word count 50 - 60 words)</p>	<p><b>Marking Guide</b></p> <p>Candidates must explain in their own words how Reg 87 of the National Credit Regulations impacts collecting debts. The answers provided by the candidate must reflect the exemplar answers below.</p> <p>A debt collector or agent seeking to enforce a credit contract subject to the NCC must not enter onto private residential property to take possession of secured goods unless:</p> <ul style="list-style-type: none"> <li>the credit provider has a court order authorising the entry</li> <li>the occupier of the premises has given their express written consent to the entry.</li> </ul>



## Question 8

Describe the objectives of the following industry codes of practice:

- a. Australian Collectors & Debt Buyers Association (ACDBA) Code of Practice
- b. ePayments Code

Industry Codes of Practice	Objective of the Code (Approximate word count 65 - 75 words)
a. ACDBA Code of Practice	<p><b>Marking Guide</b></p> <p>Candidates must explain the objectives of the ACDBA Code of Practice. The answers provided by the candidate must reflect the exemplar answers below.</p> <p>The objective of the Code is to improve the collections environment for both consumers and the industry by:</p> <ul style="list-style-type: none"> <li>• ensuring best practice and good, open and transparent governance in the application and administration of the Code</li> <li>• providing a benchmark for professional behaviour and conduct in connection with ethical and compliant collection activities</li> <li>• supporting the principles of this Code and identifying the actions that must be taken where a breach of the Code occurs.</li> </ul> <p><a href="#">ACDBA - Code of Practice</a></p>
b. ePayments Code	<p><b>Marking Guide</b></p> <p>Candidates must explain the objectives of the ePayments Code. The answers provided by the candidate must reflect the exemplar answers below.</p> <p>The objectives of the Code are to provide:</p> <ul style="list-style-type: none"> <li>• a quality consumer protection regime for payment facilities</li> <li>• a framework to promote consumer confidence in electronic banking and payment systems</li> <li>• effective disclosure of information to enable consumers to make informed decisions about facilities</li> <li>• clear and fair rules for allocating liability for unauthorised transactions</li> <li>• effective procedures for resolving complaints</li> <li>• a regime that is flexible and accommodates providers of new payment facilities.</li> </ul> <p><a href="#">ePayments Code (asic.gov.au)</a></p>

## Question 9

Download Business Victoria's [Financial policies and procedures manual template](#). Answer the following questions.

a. What is the purpose of the customer credit limit policy? (Word count 25 - 35 words)

### Marking Guide

Candidates must explain the purpose of the Customer Credit Limit Policy. The answers provided by the candidate must match the exemplar answers below.

This policy ensures a customer doesn't get too far into debt with you without a payment plan being put into place or work stopped.

b. What is the procedure once a credit limit is breached due to outstanding payments? (Word count 180 - 190 words)

### Marking Guide

Candidates must explain the procedure once a credit limit is breached due to outstanding payments. The answers provided by the candidate must match the exemplar answers below.

#### Credit limit is breached due to outstanding payments

{Insert relevant job title here} must make a list of all outstanding payments.

{Insert relevant job title here} must ring the customer and explain that further orders cannot be processed until the account has been paid.

If the customer is having difficulty, make a schedule of payments to bring them back in line with their credit limit.

Get the signoff of {insert relevant job title here} before discussing this option with the customer.

Use the following script to assist with the call:

"Hi John, how are you? Just thought I would give you a ring about your outstanding orders. Unfortunately, we have noticed that payments for previous sales have fallen behind on your account, and these will need to be paid for before we can process the next set of orders. Are you able to fix this up today so we can continue on your order?"

If they cannot pay on the day of the phone call, then get an expected payment date from them and confirm that any outstanding orders cannot start until the payment is made.

c. What is the purpose of the Customer Debt Collection Policy? (Word count 10 – 15 words)

### Marking Guide

Candidates must explain the purpose of the Customer Debt Collection Policy. The answers provided by the candidate must match the exemplar answers below.

This policy provides guidelines for the collection of late payments from customers.

d. Explain the debt collection procedure. (Word count 400 words)

### Marking Guide

Candidates must explain the debt collection procedure. The answers provided by the candidate must match the exemplar answers below.

An aging debtor report {or insert name of customer outstanding payments report here} is to be run every {insert timing here, recommended once a week}. All overdue customer payments are to be noted and the following procedures undertaken until the recovery of outstanding amounts.

- **First Contact:** Once the payment is overdue, phone or email the customer. Remind them that payment is due and has not been received. Ask them when they will be paying and keep a record of the conversation or email. Remember to be friendly. They may have forgotten or paid into the wrong bank account.
- **Overdue reminder:** If they do not respond to the phone call or email, try contacting someone else in the business. Let them know who you are trying to contact. This often results in a return response from either the person you were trying to contact or someone else from the business. Make a note of all conversation details on the overdue customer payment record.
- **Final notice:** When a payment is overdue for {insert number of days here}, a final notice is to be sent either by phone or email. A record of this notice must be entered onto the overdue customer payment record.
- **Direct contact:** Where there has been no response to the final notice within {insert number of days here}, then {insert relevant job title here} must either visit the customer or phone where previous contact has been by email. The purpose of this step is to secure a date of payment. A record of this notice must be entered onto the overdue customer payment record.
- **Formal letter of demand:** Where payment remains outstanding {insert number of days here}, and there has been an unsatisfactory response from the customer, authorisation from {insert relevant job title here} for the formal letter of demand to be issued must be obtained. Once authorised, this letter is to be sent via registered mail, and a record of this notice must be entered into the overdue customer payment record.
- **Debt collection agency:** Where the amount outstanding is in excess of {insert amount here} and {insert relevant job title here} has been approved, a debt collection agency is to be appointed to recover the debt.
- **Write off debt:** Customer payments that remain outstanding for {insert number of days here} are to be written off as bad debts, and no further sales are to be undertaken with that customer without approval from {insert relevant job title here}.

#### Assessment checklist:

Students must have completed all questions within this assessment before submitting. This includes:

1	Nine (9) short answer questions to be completed in the spaces provided.	<input type="checkbox"/>
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**Congratulations, you have reached the end of Assessment 1**

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