



FNSACC414

ASSESSOR GUIDE

Prepare financial statements for non-reporting entities

Assessment 2 of 3

Case Study

Version 1



Assessment Instructions

Task overview

The goal of the case study is to assess your practical knowledge and skills in:

- Accessing, analysing and compiling required financial data for non-reporting entities
- Calculating financial ratios for liquidity, activity and profitability and analysing the significance of those calculations
- Preparing financial accounts and comprehensive statements showing financial position, performance and cash flow for:
 - A not-for-profit organisation

This assessment is divided into three tasks:

Case Study 1: Bounce Fitness Seniors Fitness Club (a not-for-profit fitness club)

- Task 1.1 – Start an Organisation File in Xero/ MYOB
- Task 1.2 – Record Journal Entries
- Task 1.3 – Prepare Financial Statements

This assessment includes detailed scenarios and simulated environments, providing all necessary information to complete relevant tasks and activities based on the simulated business, Bounce Fitness.

This will not require you to access an actual workplace; however, some tasks to be completed are similar to those typically done in an actual workplace.

You must log in to your Xero/MYOB account to successfully complete the following tasks in this assessment.

Read the case study and complete each part.

General Instructions

You must choose Xero or MYOB to complete this assessment task. Some of the instructions include:

- Creating new accounts or modifying the default Xero/MYOB accounts when necessary to complete the assessment tasks.
- Follow Bounce Fitness's accounting policies and procedures to guide you through your tasks.
- Accessing and reviewing the following documents.
 - **Bounce Fitness Accounting Policies & Procedures**
 - **Bounce Fitness SFC Accounting Transactions Information**
This document contains company and transaction information that you will enter in the Bounce Fitness company file in Xero/MYOB.
 - **Bounce Fitness SFC Financial Transactions – Candidate**
You will use this document to prepare and record financial information required in some case study tasks and submit it to your assessor.

You must submit the completed **Bounce Fitness SFC Financial Transactions – Candidate** file to your assessor only once after completing all case study tasks.

Supporting Documents and Resources

To complete this assessment, you will need the following document:

- Bounce Fitness Accounting Policies and Procedures
- Bounce Fitness SFC Accounting Transactions Information
- Bounce Fitness SFC Financial Transactions – Candidate
- Bounce Fitness Bank Statement
- Xero/MYOB Subscription.

Dates used to complete the assessment in Xero/ MYOB

Ensure that all transactions are recorded in Xero/MYOB for the financial year corresponding with the year in which you complete the assessment unless instructed otherwise.

For example, if you complete this assessment in October 2022, the financial year is 1 July 2022 – 30 June 2023. Therefore, you must enter transactions for this financial year unless otherwise specified.

- The financial year notations used in all provided instructions and templates are:
 - 1 July 20YY: The first day of the current financial year
 - 30 June 20YY+1: The last day of the current financial year
 - 20YY minus 1 or 20YY-1: One year before the current financial year
 - 20YY minus 2 or 20YY-2: Two years before the current financial year
 - 20YY plus 1 or 20YY+1: One year after the current financial year
 - 20YY plus 2 or 20YY+2: Two years after the current financial year

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:

- a. the processes for conducting the assessment (e.g. allowing additional time)
- b. 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.

Case Study 1: Bounce Fitness Seniors Fitness Club



You are an accounting assistant for Bounce Fitness, a fitness services company. Bounce Fitness provides premier personal training services in Cairns, Brisbane, Sydney and Melbourne. They also own Bounce Fitness Seniors Fitness Club (Bounce Fitness SFC), a not-for-profit fitness club that provides services to promote health and fitness for seniors.

You must:

- Start an organisation file in Xero/MYOB
- Record financial data
- Calculate and analyse financial ratios
- Prepare financial accounts and statements

Case Study 1: Bounce Fitness Seniors Fitness Club (a not-for-profit fitness club)

- Task 1.1 – Start an Organisation File in Xero/MYOB
- Task 1.2 – Record Journal Entries
- Task 1.3 – Prepare Financial Statements

Read the case study and complete each task.

Purpose of task

This assessment is set in the context of a not-for-profit organisation (Bounce Fitness Seniors Fitness Club) and is designed to ensure that the candidate can:

- Access, analyse and compile required financial data for non-reporting entities
- Calculate financial ratios for liquidity, activity and profitability and analyse the significance of those calculations
- Prepare financial accounts and comprehensive statements showing financial position, performance and cash flow

This case study assessment aims to assess the learner's practical knowledge and skills by:

- Starting an Organisation File in Xero/MYOB
- Recording Journal Entries
- Preparing Financial Statements

Guidance to the assessor about the task

Note: Figures will remain the same whether they use MYOB or Xero

There is no due submission date for this task. Candidates may submit this task when they are ready. Review all evidence and mark using the assessment checklist and assessment marking criteria.

Task 1.1 Start an Organisation File in Xero/MYOB

In this task, you will start an organisation file and enter conversion information and balances for Bounce Fitness Seniors Fitness Club in Xero/MYOB.

- i. Access and review **Bounce Fitness Accounting Policies and Procedures**.

You must follow the policies and procedures when completing this task.

- ii. Access the **Bounce Fitness SFC Accounting Transactions Information**.

This file contains the company and transaction information you will enter for the Bounce Fitness SFC organisation in Xero/MYOB.

- a. Review the content of the **Conversion Information** and **Conversion Balances** sheets in the Bounce Fitness SFC Accounting Transactions Information file.
- b. Identify the following information:
 - From the Conversion Information sheet:
 - New Organisation Information
 - Organisation Details

- Financial Settings
- Conversion Date

The financial year must be based on the current financial year when you are completing the assessment. For example, if you complete this assessment in October 2022, the financial year is 1 July 2022 – 30 June 2023.

- Conversion Balances sheet:
 - Trial Balance
 - Bank Account details

- iii. Start a new organisation for Bounce Fitness SFC in Xero/MYOB. Use the information in the Conversion Information and Conversion Balances sheets of Bounce Fitness SFC Accounting Transactions Information to set up your Xero/MYOB file.
- iv. Change the user settings in the Bounce Fitness SFC organisation to grant yourself Adviser access.
This will permit you to record manual journals.
- v. Generate the **Trial Balance** for Bounce Fitness SFC in Xero/MYOB, selecting 'End of last financial year' for the date of the report.
- vi. Export the **Trial Balance** as a PDF file. Name it **[Your Name]_Task 1.1_Trial Balance** and submit it to your assessor.

Assessment Checklist

Candidates must have completed all tasks within this assessment before submitting. This includes:

1	Start an Organisation File in Xero	<input type="checkbox"/>
2	Record opening balances	<input type="checkbox"/>
3	Generate a Trial Balance	<input type="checkbox"/>
4	Export the Trial Balance as a PDF file. Name it [Your Name]_Task 1.1_Trial Balance	<input type="checkbox"/>

Submission Instructions

Submit the following documents to your assessor via the LMS:

- **[Your Name]_Task 1.1_Trial Balance.**

Assessor Instructions

All sections must be completed. Refer to FNSACC414_AG_02_Task1.1_Trial Balance_V1.0 for the benchmark answer.

Note: Figures will remain the same whether they use MYOB or Xero

The evidence submitted demonstrates that the candidate has satisfactorily (S) covered the following criteria, or the evidence is not yet satisfactory (NYS) and requires resubmission.

MARKING CRITERIA		Satisfactory (S)	Not Yet Satisfactory (NYS)																								
1.	<p>The candidate must submit a Trial Balance.</p> <p>The candidate's submission must match FNSACC414_AG_02_Task1.1_Trial Balance_V1.0 [copy below]</p> <p>All assessor guide reports have been saved into file FNSACC414_AG_02_Case Study 1 Reports_V1.0</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p style="text-align: center;">Trial Balance</p> <p style="text-align: center;">Bounce Fitness Senior Fitness Club</p> <p style="text-align: center;">As at 30 June 2022</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">ACCOUNT CODE</th> <th style="text-align: left;">ACCOUNT</th> <th style="text-align: left;">ACCOUNT TYPE</th> <th style="text-align: right;">DEBIT - YEAR TO DATE</th> <th style="text-align: right;">CREDIT - YEAR TO DATE</th> <th style="text-align: right;">30 JUN 2021</th> </tr> </thead> <tbody> <tr> <td></td> <td>Suncorp - Bounce Fitness SFC</td> <td>Bank</td> <td style="text-align: right;">150,000.00</td> <td></td> <td style="text-align: right;">-</td> </tr> <tr> <td>980</td> <td>Members Finds Introduced</td> <td>Equity</td> <td></td> <td style="text-align: right;">150,000.00</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td style="text-align: right;">150,000.00</td> <td style="text-align: right;">150,000.00</td> <td style="text-align: right;">-</td> </tr> </tbody> </table> </div>	ACCOUNT CODE	ACCOUNT	ACCOUNT TYPE	DEBIT - YEAR TO DATE	CREDIT - YEAR TO DATE	30 JUN 2021		Suncorp - Bounce Fitness SFC	Bank	150,000.00		-	980	Members Finds Introduced	Equity		150,000.00	-	Total			150,000.00	150,000.00	-	<input type="checkbox"/> S	<input type="checkbox"/> NYS
ACCOUNT CODE	ACCOUNT	ACCOUNT TYPE	DEBIT - YEAR TO DATE	CREDIT - YEAR TO DATE	30 JUN 2021																						
	Suncorp - Bounce Fitness SFC	Bank	150,000.00		-																						
980	Members Finds Introduced	Equity		150,000.00	-																						
Total			150,000.00	150,000.00	-																						
2.	<p>For satisfactory performance, the learner's Trial Balance must:</p> <ul style="list-style-type: none"> ▪ Be dated 30 June of 20YY, reflecting the previous financial year from when the assessment was completed. <p>For example:</p> <ul style="list-style-type: none"> ○ If the candidate completes this assessment in October 2022, it is part of the 1 July 2022 to 30 June 2023 financial year. The date of the Trial Balance must be 30 June 2022 ○ If the candidate completes this assessment in May 2022, it is part of the 1 July 2021 to 30 June 2022 financial year. The date of the Trial Balance must be 30 June 2021 	<input type="checkbox"/> S	<input type="checkbox"/> NYS																								
3.	<p>For satisfactory performance, the learner's Trial Balance must:</p> <ul style="list-style-type: none"> • Correspond to the benchmark copy of the Trial Balance for each of the following: <ul style="list-style-type: none"> ○ Each individual account debit 	<input type="checkbox"/> S	<input type="checkbox"/> NYS																								

	<ul style="list-style-type: none">○ Each individual account credit○ Total debits○ Total credits milestones		
--	--	--	--

Task 1.2 Record Journal Entries

In this task, you will continue using the Bounce Fitness Seniors Fitness Club organisation in Xero/MYOB to record journal entries.

- i. Access the **Bounce Fitness Accounting Policies and Procedures** file and review the policies and procedures for:

- Checking source documents.
- Recording journal entries.

- ii. Access the **Bounce Fitness SFC Accounting Transactions Information** file.

Review the information in the **Source Documents** sheet in the Bounce Fitness SFC Accounting Transactions Information file.

- a. Identify all source documents with errors that must be investigated and corrected before they are recorded into the accounts.
- b. Identify the source documents that have no errors.

These are the external financial data that are consistent and accurate. These transactions will be entered into the Bounce Fitness SFC organisation in Xero/MYOB as journal entries.

Please read the ATO's page on grants and sponsorships for not-for-profits to understand the GST implications on grants through the link below.

[Grants and sponsorships for not-for-profits](#)

- iii. Access the **Bounce Fitness SFC Financial Transactions (Candidate)**. Perform the following tasks in the respective sheets:

- a. Errors and Discrepancies Sheet

Record the errors you identified in the Source Document in the table.

- b. Journal Entries Sheet

Record the journal entries for each identified transaction with no errors. This sheet serves as the journal system.

- c. Save the Bounce Fitness Financial Transactions (Candidate) as a new file, following this format: **[Your Name]_Bounce Fitness SFC Financial Transactions**.

- iv. Post Journal Entries to the appropriate general ledger accounts of the Bounce Fitness SFC company file in Xero/MYOB for each of the following.

- Grants received using Invoices
- Purchases using Bills
- Cash Receipts, using Receive Money
- Cash Payments, using Spend Money.

v. Generate a **Trial Balance** for Bounce Fitness SFC in Xero/MYOB as at the end of the current financial year (30 June 20YY+1).

vi. Check the Trial Balance report against the recorded financial transactions for accuracy and reliability.

Export the **Trial Balance** as a PDF file. Name it **[Your Name]_Task 1.2_Trial Balance** and submit it to your assessor.

vii. Answer the four (4) short answer questions that follow.

1. Briefly outline the procedures you followed to code the journal entries you recorded for this task, referring to examples from Bounce Fitness Accounting Policies and Procedures.

(approximately 75 to 100 words)

Assessor Instructions

The candidate's response must correspond with the procedures for coding transactions as outlined in Bounce Fitness Accounting Policies and Procedures. A benchmark answer is provided below.

To code a transaction, you must follow these steps:

- Understand the nature of the transaction being recorded, whether it involves revenue, expenses, assets, liabilities, equity, or a combination.
- Determine which accounts are affected by the transaction. Identify the accounts to be debited and credited based on the double-entry accounting system.
- Adhere to accounting principles such as the revenue recognition principle, matching principle, and accrual basis accounting to ensure accurate representation of financial data.
- Assign appropriate General Ledger codes to each account affected by the transaction.

2. Briefly outline the procedures you followed to record the journal for this task, referring to examples from Bounce Fitness Accounting Policies and Procedures.

(approximately 125 to 150 words)

Assessor Instructions

The candidate's response must correspond with the procedures for recording journal entries outlined in the Bounce Fitness Accounting Policies and Procedures. A benchmark answer is provided below.

To record transactions in Xero/MYOB, follow this step-by-step process:

- Log in to your Xero/MYOB account and navigate to the dashboard.
- Initiate New Transactions:
Click on the "+" icon usually located at the top right corner, to start a new transaction.
- Select Transaction Types:
 - Cash Receipts (Sales): Choose "Receive Money" under the "Accounts" section. Enter details such as date, customer information, amount received, and the relevant income account.
 - Cash Payments (Expenses): Opt for "Spend Money" under the "Accounts" section. Provide details, including the date, payee information, the amount paid, and the appropriate expense account.
 - Purchases: If recording purchases, select "Bills" or "Spend Money," depending on whether it's an invoice or direct payment. Enter supplier details, invoice date, due date, amounts, and relevant expense accounts.
- Review and Save:
- Double-check all entered details for accuracy before saving the transaction.
- Reconcile Accounts:
- Regularly reconcile bank and other relevant accounts in Xero/MYOB to match recorded transactions with actual bank statements.

Note: Figures will remain the same whether they use MYOB or Xero

3. Briefly outline the procedures you followed to ensure the accuracy and reliability of the journal entries recorded in Xero/MYOB for this task, referring to examples from Bounce Fitness Accounting Policies and Procedures.

(approximately 40 to 50 words)

Assessor Instructions

The candidate's response must correspond with the procedures for ensuring the accuracy and reliability of journal entries outlined in the Bounce Fitness Accounting Policies and Procedures. A benchmark answer is provided below.

To ensure accuracy and reliability when recording journal entries in Xero/MYOB, I have:

- Verified the correctness of transaction details, including dates, amounts, and accounts involved
- Double-checked entries against supporting documentation, such as invoices or receipts
- Utilised Xero's/MYOB built-in validation features to identify errors or inconsistencies
- Regularly reconciled accounts to ensure alignment with bank statements.

4. Briefly outline the procedures you followed to check the source documents for accuracy and reliability when recording journal entries for this task, referring to examples from Bounce Fitness Accounting Policies and Procedures.

(approximately 150 to 200 words)

Assessor Instructions

The candidate's response must correspond with the procedures for checking source documents outlined in the Bounce Fitness Accounting Policies and Procedures. A benchmark answer is provided below.

Source Documents must be checked to verify the accuracy and authenticity of documents that serve as evidence for financial transactions. When checking source documents:

- Collect all relevant source documents, including invoices, receipts, purchase orders, contracts, bank statements, and any other records related to financial transactions.
- Verify Completeness: Ensure all necessary documents are present and none are missing. Check for sequential numbering or other identifiers to confirm completeness.
- Review each document for accuracy, checking details such as dates, amounts, descriptions, and relevant parties involved. Ensure that information matches corresponding records and agreements.
- Verify signatures and authorisations on documents where applicable. Ensure that authorised personnel have signed off on transactions as required by internal policies.
- Compare information across multiple documents to ensure consistency and accuracy. For example, verify that the amounts on invoices match those recorded on statements.
- Investigate any discrepancies or inconsistencies found during the verification process. Take corrective action as necessary, such as contacting suppliers or customers to resolve issues.

Assessment Checklist

Candidates must have completed all tasks within this assessment before submitting. This includes:

1	Complete [Your Name]_Bounce Fitness SFC Financial Transactions Errors and Discrepancies and Journal Entries sheets.	<input type="checkbox"/>
2	Generate [Your Name]_Task 1.2_Trial Balance	<input type="checkbox"/>
3	Answered four (4) short answer questions in this assessment document	<input type="checkbox"/>

Submission Instructions

Submit the following documents to your assessor:

- **[Your Name]_Bounce Fitness SFC Financial Transactions** – Submit after completing Task 1.3
- **[Your Name]_Task 1.2_Trial Balance**
- This assessment document – Submit after completing Task 1.3

Submit your assessment via the LMS.

Guidance to the assessor about the task

There is no due submission date for this task. Candidates may submit this task when they are ready.

Review all evidence and mark using the assessment checklist and assessment marking criteria.

Assessor Instructions:

All sections must be completed. Refer to:

- FNSACC414_AG_02_Task1.2_Trial Balance_V1.0
- FNSACC414_AG_02_Bounce Fitness SFC Financial Transactions_V1.0

for benchmarks.

The evidence submitted demonstrates that the candidate has satisfactorily (S) covered the following criteria, or the evidence is not yet satisfactory (NYS) and requires resubmission.

Note: Figures will remain the same whether they use MYOB or Xero

MARKING CRITERIA		Satisfactory (S)	Not Yet Satisfactory (NYS)																														
	The student must submit the following:																																
1	[Your Name]_Bounce Fitness SFC Financial Transactions	<input type="checkbox"/> S	<input type="checkbox"/> NYS																														
2	[Your Name]_Task 1.2_Trial Balance	<input type="checkbox"/> S	<input type="checkbox"/> NYS																														
3	Answered four (4) short answer questions (in this assessment document)	<input type="checkbox"/> S	<input type="checkbox"/> NYS																														
	For satisfactory performance, the candidate's submission must be consistent with the records and entries in the benchmark copy of the Bounce Fitness SFC Financial Transactions file. In addition, their submission must meet the following requirements:	<input type="checkbox"/> S	<input type="checkbox"/> NYS																														
4	<ul style="list-style-type: none"> ▪ Bounce Fitness SFC Financial Transactions file <ul style="list-style-type: none"> ○ Errors and Discrepancies Sheet The identified errors recorded by the candidate must include the following: <ul style="list-style-type: none"> • Source Document Errors and Discrepancies <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" style="background-color: #f2f2f2;">Source Document Errors and Discrepancies</th> </tr> <tr> <th style="width: 20%;">Transaction Type</th> <th style="width: 15%;">Source Document</th> <th style="width: 10%;">Date</th> <th style="width: 40%;">Error/Discrepancy Description</th> <th style="width: 15%;">Rectification</th> </tr> </thead> <tbody> <tr> <td>Purchase</td> <td>Tax Invoice</td> <td>16/7/20YY</td> <td>No GST has been included</td> <td>Include \$500 GST</td> </tr> <tr> <td>Cash Payment</td> <td>Cheque Butt</td> <td>7/7/20YY</td> <td>Payee details are missing</td> <td>Include payee details</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> <ul style="list-style-type: none"> ○ Journal Entries The journal entries prepared and documented by the candidate must include the following: <ul style="list-style-type: none"> • Grants received • Purchases • Cash Receipts • Cash Payments 	Source Document Errors and Discrepancies					Transaction Type	Source Document	Date	Error/Discrepancy Description	Rectification	Purchase	Tax Invoice	16/7/20YY	No GST has been included	Include \$500 GST	Cash Payment	Cheque Butt	7/7/20YY	Payee details are missing	Include payee details											<input type="checkbox"/> S	<input type="checkbox"/> NYS
Source Document Errors and Discrepancies																																	
Transaction Type	Source Document	Date	Error/Discrepancy Description	Rectification																													
Purchase	Tax Invoice	16/7/20YY	No GST has been included	Include \$500 GST																													
Cash Payment	Cheque Butt	7/7/20YY	Payee details are missing	Include payee details																													

GRANTS

JOURNAL

Date	Account	Debit	Credit
3/07/20YY	Grants - Federal Government		300,000.00
	GST		30,000.00
	Accounts Receivable	330,000.00	
Description	INV-0001 Australian Government Department of Health and Aged Care	330,000.00	330,000.00

JOURNAL

Date	Account	Debit	Credit
13/07/20YY	Grants - State Government		50,000.00
	GST		5,000.00
	Accounts Receivable	55,000.00	
Description	Victoria	55,000.00	55,000.00

JOURNAL

Date	Account	Debit	Credit
22/7/20YY	Grants - State Government		25,000.00
	GST		2,500.00
	Accounts Receivable	27,500.00	
Description	INV-0003 Victorian Government Grants Victoria	27,500.00	27,500.00

PURCHASES

JOURNAL

Date	Account	Debit	Credit
23/7/20YY	Cost of Goods Sold	2,500.00	
	GST	250.00	
	Accounts Payable		2,750.00
Description	Weight Training Services Bill 8546	2,750.00	2,750.00

CASH RECEIPTS

JOURNAL			
Date	Account	Debit	Credit
4/07/2022	Donations		2,000.00
	GST		-
	Suncorp Bank	2,000.00	
<i>Description</i>	<i>On Road Trainers Ref 254 - Donation</i>	2,000.00	2,000.00

JOURNAL			
Date	Account	Debit	Credit
12/07/2022	Fundraising		2,500.00
	GST		-
	Suncorp Bank	2,500.00	
<i>Description</i>	<i>Casual clients - Fundraising event</i>	2,500.00	2,500.00

CASH PAYMENTS

JOURNAL			
Date	Account	Debit	Credit
15/7/20YY	Consulting & Accounting	500.00	
	GST	50.00	
	Suncorp Bank		550.00
<i>Description</i>	<i>Fishy Accounts Ref 4587</i>	550.00	550.00

JOURNAL			
Date	Account	Debit	Credit
18/7/20YY	Rent	2,500.00	
	GST	250.00	
	Suncorp Bank		2,750.00
<i>Description</i>	<i>Beta Property Managers Ref 8758</i>	2,750.00	2,750.00

5

▪ **Trial Balance** must:

- Be dated 30 June of 20YY+1, reflecting the current financial year from the time when the assessment is being completed.

For example:

- If the candidate completes this assessment in October 2022, it is part of the 1 July 2022 to 30 June 2023 financial year. The date of the **Trial Balance** must be 30 June 2023
- If the candidate completes this assessment in May 2022, it is part of the 1 July 2021 to 30 June 2022 financial year. The date of the **Trial Balance** must be 30 June 2022
- Correspond to the benchmark copy of the **Trial Balance report** for each of the following:
 - Each individual account debit
 - Each individual account credit
 - Total debits
 - Total credits

S

NYS

The candidate's submission must match FNSACC414_AG_02_Task1.2_Trial Balance_V1.0 [copy below]
 All assessor guide reports have been saved into file FNSACC414_AG_02_Case Study 1 Reports_V1.0

Trial Balance

Bounce Fitness Senior Fitness Club As at 30 June 2023

ACCOUNT CODE	ACCOUNT	ACCOUNT TYPE	DEBIT - YEAR TO DATE	CREDIT - YEAR TO DATE	30 JUN 2022
210	Federal Government Grants	Revenue		300,000.00	-
220	State Government Grants	Revenue		75,000.00	-
230	Donations	Revenue		2,000.00	-
240	Fundraising Revenue	Revenue		2,500.00	-
310	Cost of Goods Sold	Direct Costs	2,500.00		-
412	Consulting & Accounting	Expense	500.00		-
469	Rent	Expense	2,500.00		-
	Suncorp - Bounce Fitness SFC	Bank	151,200.00		150,000.00
610	Accounts Receivable	Current Asset	412,500.00		-
800	Accounts Payable	Current Liability		2,750.00	-
820	GST	Current Liability		36,950.00	-
980	Members Finds Introduced	Equity		150,000.00	(150,000.00)
Total			569,200.00	569,200.00	-

6 Four (4) short answer questions. Candidates must complete the four (4) questions. Benchmarks are provided above for the assessor's reference.

Task 1.3 – Prepare Financial Statements

In this task, you will continue using the Bounce Fitness SFC organisation in Xero/MYOB to prepare and review financial statements.

- i. Access the **Bounce Fitness Accounting Policies and Procedures** file and review the policies and procedures for:
 - Rectifying journal entries
 - Generating financial reports.

- ii. Continue using the **[Your Name]_Bounce Fitness SFC Financial Transactions** File you used in the previous task and perform the following:
 - a. Rectify all the errors identified in source documents from Task 1.2.
 - a. Prepare and document the journal entries for each rectified transaction in the Journal Entries – Rectified sheet of the **[Your Name]_Bounce Fitness SFC Financial Transactions** file. Date the journal entries 31/7/20YY.
 - Add Goods & Services Tax (GST) where necessary.
 - Advertising payments are made to 'On the Ball Advertising'.
 - b. Post the rectified journal entries to the appropriate general ledger accounts of the Bounce Fitness SFC company file in Xero/MYOB.

- iii. Download and import the Bounce Fitness SFC Bank Statement into Xero/MYOB. Reconcile the bank account and follow the Bounce Fitness Accounting procedure to generate the following financial reports:
 - **Profit and Loss Statement** for the current financial year [1 July 20YY to 30 June (20YY plus 1)]
 - **Balance Sheet** as at the End of the current financial year [30 June (20YY plus 1)].
 - **Cash Flow Statement** for the current financial year [1 July 20YY to 30 June (20YY plus 1)].

- iv. Review each financial report for:
 - Errors
 - Compliance with accounting standards

Correct any errors you identify.

- v. Export the reports for Bounce Fitness SFC as PDF files.
 - Name the **Profit and Loss Statement** as **[Your Name]_Task 1.3_Profit and Loss Statement**.
 - Name the **Balance Sheet** as **[Your Name]_Task 1.3_Balance Sheet**.
 - Name the **Cash Flow Statement** as **[Your Name]_Task 1.3_Cash Flow Statement**.

- vi. Calculate the following financial ratios for Bounce Fitness SFC in the table below.

- Liquidity – Current Ratio
- Activity – Payables Turnover Ratio
- Profitability – Operating Profit Margin

Analyse the significance of each financial ratio.

Financial Ratios of Bounce Fitness SFC.		
Financial Ratio	Record your calculated value for each financial ratio rounded to two decimal places.	Briefly explain the significance of each financial ratio for Bounce Fitness SFC. (approximately 20 to 50 words)
Liquidity – Current Ratio	<p>To calculate the current ratio, you must divide the total current assets by the total current liabilities.</p> <p>Total Current Assets = Cash + Accounts Receivable = \$560,400.00</p> <p>Total Current Liabilities = Accounts Payable + GST = \$8,250.00 + \$36,150.00 = \$44,400.00</p> <p>Current Ratio = Total Current Assets / Total Current Liabilities</p> <p>Current Ratio = \$560,400.00 / \$44,400.00 ≈ 12.62</p> <p>So, the current ratio is approximately 9.62.</p>	<p>This high current ratio indicates that Bounce SFC is highly liquid and can pay its debts and payables by converting its current assets to cash if needed.</p>
Activity – Payables Turnover Ratio	<p>To calculate the payables turnover rate, you must first find the average accounts payable. Then, you divide the net credit purchases by the average accounts payable.</p> <p>Net Credit Purchases = Total Purchases - Cash Purchases</p> <p>Average Accounts Payable = (Beginning Accounts Payable + Ending Accounts Payable) / 2</p> <p>Average Accounts Payable = \$0 + \$8250 / 2 = \$4125</p> <p>Payables Turnover Ratio = \$4125 / \$7500</p> <p>1.82 times</p>	<p>This means that, on average, Bounce SFC pays its suppliers about 1.82 times during the period.</p>

Profitability – Gross Profit Margin	<p>To calculate the gross profit margin, you need to use the following formula:</p> $\text{Gross Profit Margin} = \left(\frac{\text{Gross Profit}}{\text{Total Revenue}} \right) \times 100\%$ $(379,500 - 7,500) / 379,500$ <p>98.02%</p>	<p>This high gross profit margin indicates that Bounce SFC retains 98.02 cents as gross profit for each dollar of revenue it generates.</p>
-------------------------------------	---	---

vii. Bellamy Arden is the CEO at Bounce Fitness and must verify and authorise all financial reports.

An authorised person is a person who has the delegated authority to verify and authorise financial reports.

viii. Use the template below to send Bellamy Arden an email. Attach the following documents:

- **[Your Name]_Task 1.3_Profit and Loss Statement**
- **[Your Name]_Task 1.3_Balance Sheet**
- **[Your Name]_Task 1.3_Cash Flow Statement**

Email Template

To:	Bellamy Arden b.arden@bouncefitness.com
From:	[Candidates Name]
Date:	[Date]
Subject:	Verify and authorise financial reports for Bounce Fitness Seniors Fitness Club.
Attachments:	<i>Profit and Loss Statement</i> <i>Balance Sheet</i> <i>Cash Flow Statement</i>

Hi Bellamy,


I am attaching the following documents.

- *Profit and Loss Statement*
- *Balance Sheet*
- *Cash Flow Statement*

Can you please review, verify and authorise? These financial documents are for Bounce Fitness Seniors Fitness Club.

(Your Name)

Accountability Now



Accountability Now
PO Box 445 GPO
Melbourne VIC 3000
www.accountabilitynow.com

ix. Bellamy Arden replied to your email with the following response:

To:	(Your Name)
From	Bellamy Arden
Subject	Financial reports for Bounce Fitness Seniors Fitness Club are verified and authorised.

Content	<p>Please consider this email as verification and authorisation of the following documents.</p> <ul style="list-style-type: none"> • Profit and Loss Statement • Balance Sheet • Cash Flow Statement <p>Bellamy Arden</p> <p>Bounce Fitness</p>
----------------	---

- x. Copy and paste Bellamy Arden's email into a Word document.
- xi. Save your document as **[Your Name]_Task 1.3_verification email**
- xii. Answer the two (2) short answer questions that follow.

1. Briefly outline the procedures you followed to prepare the financial statements using structures and formats that comply with accounting standards and organisational requirements. Refer to examples from Bounce Fitness Accounting Policies and Procedures.

(approximately 50 to 80 words)

Assessor Instructions

The candidate's response must correspond with the processes they performed for preparing financial reports in the Bounce Fitness Accounting Policies and Procedures and comply with GAAP. A benchmark answer is provided below.

Financial reports were prepared in line with Generally Accepted Accounting Principles (GAAP). This includes:

- Adhering to accounting principles such as accrual accounting, matching principle, and revenue recognition principle while preparing financial statements.
- Ensure that transactions are recorded in the appropriate accounting period and are reported accurately.

They were also prepared as per the processes and procedures outlined in Bounce Fitness Accounting Policies and Procedures.

2. Briefly outline the procedures you followed to review the financial statements for errors and compliance with accounting standards and organisational procedures. Refer to examples from Bounce Fitness Accounting Policies and Procedures.

(approximately 100 to 125 words)

Assessor Instructions

The candidate's response must correspond with the processes they performed to review the financial statements for errors and compliance with accounting standards and organisational procedures. A benchmark answer is provided below.

Financial reports can only be produced after all tasks for the year have been entered, end-of-year adjustments made, bank accounts reconciled, asset registers reconciled, and debtors and creditors reconciled.

Before finalising the end-of-year financial year reports:

- Verify that all financial data has been accurately transferred from source documents to the financial statements without omissions or duplications.
- Review specific accounting treatments applied to transactions to ensure they adhere to the principles outlined in the standards.
- Review the financial statements for errors and compliance with accounting standards and organisational procedures
- Calculate key financial ratios (e.g., liquidity ratios, profitability ratios) and compare them against industry benchmarks or historical trends. Investigate any significant deviations or trends that may indicate errors or anomalies.

Assessment Checklist

Candidates must have completed all tasks within this assessment before submitting. This includes:

1	Complete [Your Name]_Bounce Fitness SFC Financial Transactions (used in Task 1.2)	<input type="checkbox"/>
2	Generate: <ul style="list-style-type: none">• [Your Name]_Task 1.3_Profit and Loss Statement• [Your Name]_Task 1.3_Balance Sheet• [Your Name]_Task 1.3_Cash Flow Statement	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3	Calculate Financial Ratios	<input type="checkbox"/>
4	Email to Bellamy Arden	<input type="checkbox"/>
5	Saved file: <ul style="list-style-type: none">• [Your Name]_Task 1.3_verification email	<input type="checkbox"/>
6	2 Short Answer Questions	<input type="checkbox"/>

Submission Instructions

Submit the following documents to your assessor:

- [Your Name]_Bounce Fitness SFC Financial Transactions
- [Your Name]_Task 1.3_Profit and Loss Statement
- [Your Name]_Task 1.3_Balance Sheet
- [Your Name]_Task 1.3_Cash Flow Statement [Your Name]

- Task 1.3 – Verification email
- This assessment document.

Submit your assessment via the LMS.

Guidance to the assessor about the task

Note: Figures will remain the same whether they use MYOB or Xero

There is no due submission date for this task. Candidates may submit this task when they are ready.

Review all evidence and mark using the assessment checklist and assessment marking criteria.

Assessor Instructions

All sections must be completed. Refer to:

- FNSACC414_AG_02_Task1.3_Statement of Cash Flows_V1.0
- FNSACC414_AG_02_Task1.3_Profit & Loss_V1.0
- FNSACC414_AG_02_Task1.3_Balance Sheet_V1.0
- FNSACC414_AG_02_Bounce Fitness SFC Financial Transactions_V1.0

for benchmarks. All assessor guide reports have been saved into file FNSACC414_AG_02_Case Study 1 Reports_V1.0.

The evidence submitted demonstrates that the candidate has satisfactorily (S) covered the following criteria, or the evidence is not yet satisfactory (NYS) and requires resubmission.

MARKING CRITERIA		Satisfactory (S)	Not Yet Satisfactory (NYS)																												
1	<p>For satisfactory performance, the candidates must:</p> <ul style="list-style-type: none"> ▪ Rectify Journal Entries in the Journal Entries - Rectified sheet of the candidate's Bounce Fitness SFC Financial Transactions file must correspond with the Journal Entries - Rectified sheet of the benchmark copy of the FNSACC414_AG_02_Bounce Fitness SFC Financial Transactions_V1.0 file. 	<input type="checkbox"/> S	<input type="checkbox"/> NYS																												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="background-color: #e1eef6;">PURCHASES</th> </tr> <tr> <th colspan="4" style="background-color: #a6a6a6;">JOURNAL</th> </tr> <tr> <th style="width: 10%;">Date</th> <th style="width: 50%;">Account</th> <th style="width: 20%;">Debit</th> <th style="width: 20%;">Credit</th> </tr> </thead> <tbody> <tr> <td>31/07/20YY</td> <td>Cost of Goods Sold</td> <td style="text-align: right;">5,000.00</td> <td></td> </tr> <tr> <td></td> <td>GST</td> <td style="text-align: right;">500.00</td> <td></td> </tr> <tr> <td></td> <td>Accounts Payable</td> <td></td> <td style="text-align: right;">5,500.00</td> </tr> <tr> <td>Description</td> <td>Trainer Services Bill 10237</td> <td style="text-align: right;">5,500.00</td> <td style="text-align: right;">5,500.00</td> </tr> </tbody> </table>	PURCHASES				JOURNAL				Date	Account	Debit	Credit	31/07/20YY	Cost of Goods Sold	5,000.00			GST	500.00			Accounts Payable		5,500.00	Description	Trainer Services Bill 10237	5,500.00	5,500.00	<input type="checkbox"/> S	<input type="checkbox"/> NYS
PURCHASES																															
JOURNAL																															
Date	Account	Debit	Credit																												
31/07/20YY	Cost of Goods Sold	5,000.00																													
	GST	500.00																													
	Accounts Payable		5,500.00																												
Description	Trainer Services Bill 10237	5,500.00	5,500.00																												
		<input type="checkbox"/> S	<input type="checkbox"/> NYS																												

CASH PAYMENTS

JOURNAL			
Date	Account	Debit	Credit
31/07/20YY	Advertising	3,000.00	
	GST	300.00	
	Suncorp Bank		3,300.00
Description	On the Ball Advertising Ref 3458	3,300.00	3,300.00

- Copy of the email sent to the authorised persons must attach the following documents:
 - Task 1.3 - Profit and Loss Statement
 - Task 1.3 - Balance Sheet
 - Task 1.3 - Cash Flow Statement
- A copy of the verification email must be submitted

2 For satisfactory performance, the candidate's:

- **Profit and Loss Statement** must:
 - Be dated 30 June of 20YY+1, reflecting the current financial year from the time when the assessment is being completed.
For example:
 - If the candidate completes this assessment in October 2022, it is part of the 1 July 2022 to 30 June 2023 financial year. The date of the **Profit & Loss report** must be 30 June 2023.
 - If the candidate completes this assessment in May 2022, it is part of the 1 July 2021 to 30 June 2022 financial year. The Profit & Loss report date must be July 2022 to June 2023.
 - Correspond to the benchmark copy of the **Profit and Loss Statement** for each of the following line-item values:
 - Gross Profit
 - Net Profit

S

NYS

Profit and Loss

Bounce Fitness Senior Fitness Club
For the period 30 June 2022 to 30 June 2023

30 JUN 2022-30
JUN 2023

Trading Income

Donations	2,000.00
Federal Government Grants	300,000.00
Fundraising Revenue	2,500.00
State Government Grants	75,000.00
Total Trading Income	379,500.00

Cost of Sales

Cost of Goods Sold	7,500.00
Total Cost of Sales	7,500.00

Gross Profit

372,000.00

Operating Expenses

Advertising	3,000.00
Consulting & Accounting	500.00
Rent	2,500.00
Total Operating Expenses	6,000.00

Net Profit

366,000.00

3

For satisfactory performance, the candidate's:

▪ **Balance Sheet** must:

- Be dated 30 June of 20YY+1, reflecting the current financial year from the time when the assessment is being completed.

For example:

- If the candidate completes this assessment in October 2022, it is part of the 1 July 2022 to 30 June 2023 financial year. The date of the **Balance Sheet** must be 30 June 2023
- If the candidate completes this assessment in May 2022, it is part of the 1 July 2021 to 30 June 2022 financial year. The date of the **Balance Sheet report** must be 30 June 2022
- Correspond to the benchmark copy of the **Balance Sheet** for each of the following line-item values:
 - Total Assets
 - Total Liabilities
 - Total Equity

S

NYS

Balance Sheet

Bounce Fitness Senior Fitness Club
As at 30 June 2023

30 JUN 2023

Assets

Bank	
Suncorp - Bounce Fitness SFC	147,900.00
Total Bank	147,900.00
Current Assets	
Accounts Receivable	412,500.00
Total Current Assets	412,500.00
Total Assets	560,400.00

Liabilities

Current Liabilities	
Accounts Payable	8,250.00
GST	36,150.00
Total Current Liabilities	44,400.00
Total Liabilities	44,400.00

Net Assets 516,000.00

Equity

Current Year Earnings	366,000.00
Members Finds Introduced	150,000.00
Total Equity	516,000.00

4 For satisfactory performance, the candidate's:

▪ **Cash Flow Statement** must:

- Be for the current financial year [i.e., be dated from 1 July 20YY to 30 June 20YY+1].
- Correspond to the benchmark copy of the **Cash Flow Statement** for each of the following line-item values:
 - Receipts from customers
 - Payments to suppliers and employees
 - Net Cash Flows from Operating Activities

S

NYS

Statement of Cash Flows

Bounce Fitness Senior Fitness Club
For the year ended 30 June 2023

2023

Operating Activities

Receipts from customers	4,500.00
Payments to suppliers and employees	(6,600.00)
Net Cash Flows from Operating Activities	(2,100.00)

Net Cash Flows (2,100.00)

Cash and Cash Equivalents

Cash and cash equivalents at beginning of period	150,000.00
Net change in cash for period	(2,100.00)
Cash and cash equivalents at end of period	147,900.00

5 For satisfactory performance, the candidate's:

S

NYS

	<ul style="list-style-type: none"> Task 1.3 – Verification email must contain verification and authorisation from the authorised persons. 		
7	Candidates must complete the two short answer questions. Benchmarks are provided above for the assessor's reference.	<input type="checkbox"/> S	<input type="checkbox"/> NYS

Congratulations! You have reached the End of Assessment 2.

Copyright © 2022 Compliant Learning Resources

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of Compliant Learning Resources.

© UP Education Online Pty Ltd 2024

Except as permitted by the copyright law applicable to you, you may not reproduce or communicate any of the content on this website, including files downloadable from this website, without the permission of the copyright owner.