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91176



NEW ZEALAND QUALIFICATIONS AUTHORITY
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SUPERVISOR'S USE ONLY

Level 2 Accounting, 2015

91176 Prepare financial information for an entity that operates accounting subsystems

2.00 p.m. Friday 20 November 2015
Credits: Five

Achievement	Achievement with Merit	Achievement with Excellence
Prepare financial information for an entity that operates accounting subsystems.	Prepare in-depth financial information for an entity that operates accounting subsystems.	Prepare comprehensive financial information for an entity that operates accounting subsystems

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL the questions in this booklet.

Pull out Resource Booklet 91176R from the centre of this booklet.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–8 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

Not Achieved

TOTAL

7

ASSESSOR'S USE ONLY

Refer to **Resources A, B, and C** in **Resource Booklet 91176R** when answering the questions.

QUESTION ONE

Electrical Times is a business specialising in providing electrical work for new houses and renovations. The business is registered for GST on the invoice basis.

- (a) Prepare **General Journal** entries to record the following balance day information for *Electrical Times* using **Resource A**. (Narrations are NOT required.)

Depreciation on electricians vans is \$4 000 p.a.

31/3/2015	Depreciation on electricians vans	4000	
	Accumulated depreciation on electricians vans		4000

Close the Electrical fees received account.

31/3/2015	Electrical fees Received	680000	
	Income Summary		680000

- (b) Prepare the **Income Statement** for *Electrical Times* on page 3, using **Resource A**. Classify the income, and use the expense headings Electrical work expenses, Administrative expenses, and Finance costs. (Do NOT use abbreviations.)

Electrical Times			
Income Statement for the year ended 31 March 2015			
	\$	\$	\$
Revenue			
Electrical fees Received	680000		
Add other Income			
Interest Received	2750		
Rent Received	25200	682750	682750
less Expenses		2750	707950
Electrical ^{work} Expenses			
Electricians wages	225000		
Electricians vans expenses	46000		
Electrical supplies on hand	30000		
Depreciation on equipment	6480		
Depreciation on buildings	6000		
Depreciation on electricians vans	4000		
Administrative Expenses		317400	
Office wages	101000		
Office expenses	45000		
Bad debts	1986		
Electrical vans insurance	8000		
Depreciation on equipment	4320		
		160306	
Finance cost			
Interest on Mortgage	6000	6000	
Total Expenses			498786
Profit loss for the year			183964
Profit for the Year			209164

- (c) Complete the **Capital General Ledger** account for the year ended 31 March 2015 using relevant information from the Income Statement and Trial Balance.

Capital					
1/4/2014	Balance			658000	
	Drawings	→	75000	583000	DR
	closing capital			583000	DR

QUESTION TWO

ASSESSOR'S
USE ONLY

Cooltimes is a business owned by Sanjay that sells and installs air conditioner units.

- (a) Calculate **cash from credit customers** (accounts receivable), using **Resource B**. (Ignore GST.) Show and fully label your working in the space below.

WORKING

Accounts Receivables 1 APRIL 2014 = 45000
 * Plus ~~RENT~~ ~~RE~~ Invoices Received 200000
 less Bad debts 3000
 less ~~RE~~ Sales Returns 5500
 less Accounts Receivables 31/3/2015 = 40000

Cash from credit customers \$ 196500

- (b) Prepare the **cash receipts** ^{incoming money} section of Cooltimes Cash Flow Statement for the year ended 31 March 2015, using **Resource B**. (Ignore GST.)

Cooltimes Cash Flow Statement (extract) for the year ended 31 March 2015		
	\$	\$
Cash receipts		
Invoices issued Received	200000	
Cash Sales	350000	
Sale of electronics van	10000	
Rent Received	38000	
Share sales of Shares	12000	
Accounts		
Total cash receipts	\$610000	

- (c) Prepare the Property, Plant and Equipment note (extract) for *Cooltimes*, using relevant information from the Other information section of **Resource B**, and the information below.

ASSESSOR'S
USE ONLY

Note: the Trial Balance (extract) is from the START OF THE YEAR.

Cooltimes Trial Balance (extract) as at 1 April 2014			
	\$		\$
Office equipment	60 000	Accumulated depreciation – office equipment	15 000
Vans	155 000	Accumulated depreciation – vans	55 000

Additional information

- The van sold during the year had a cost of \$45 000 excluding GST, and a carrying amount of \$6 000.
- A new van was also purchased during the year that cost \$63 250 including GST.
- Depreciation for the year ended 31 March 2015 was \$3 000 on office equipment, and \$10 000 on vans.

Note: Property, Plant and Equipment (extract)

	Office equipment	Vans
	\$	\$
For the year ended 31 March 2015		
Opening carrying amount	45 000	100 000
<i>Vans</i>	6 000	60 000 ^{3 250}
<i>Accumulated depreciation on vans</i>	0	65 500
<i>office equipment</i>	60 000	
<i>accumulated depreciation on office equipment</i>	18 000	
As at 31 March 2015		
<i>office equipment</i>	12 300	
Vans		26 000
<i>Vans</i>		138 025

N2

QUESTION THREE

 ASSESSOR'S
USE ONLY

Homeware is a retailer specialising in providing hardware for home owners. The business is registered for GST on the invoice basis.

- (a) Prepare **General Journal** entries to record the following balance day information for *Homeware*, using **Resource C**. (Narrations are NOT required.)

Rent received in advance \$2000 excluding GST.

31/3/2015			
	<u>Prepayments</u>	2000	
	Rent Accounts Receivable		2000

Inventory that cost \$18 000 excluding GST has a net realisable value of \$14 000 excluding GST.

31/3/2015	Inventory <u>Accrued expense</u>	4000	4000
	Accrued expense Inventory	4000	4000

- (b) Complete the **General Ledger** account below for *Homeware* for the year ended 31 March 2015, using **Resource C**.

Accumulated depreciation – delivery vans					
31/3/2015	Balance <u>Depreciation on delivery vans</u>			45000	DR
	Accumulated Depreciation on delivery vans	20417		65 20417	DR

- (c) Prepare the Statement of Financial Position (extract) and Accounts Receivable Note for Homeware, using **Resource C**.

ASSESSOR'S
USE ONLY

	Note	\$	\$
Current assets			
Accounts Receivable	1	56200	
Delivery vans		290000	
Inventory		286000	
Stationery on hand		1000	
Petty Cash		500	
Total current assets		633700	

	\$	\$
Current liabilities		
Accounts Payable	6000	
Loan 9%	450	
Mortgage Mortgage 6%	9600	
Total current liabilities	16050	

Note 1: Accounts receivable

	\$
Accounts Receivable	58000
less allowance for doubtful debts	1800
	56200

N2

Not Achieved exemplar for 91176 2015			Total Score	07
Q	Grade Score	Annotation		
1	A3	<p>This candidate showed some processing ability with a general journal entry for depreciation but had the wrong amount for the closing of Electrical fees received. The Capital account did not have a balance indicator for the opening balance and the drawing entry was in the incorrect column and there was no income summary entry. The Income Statement had most of the income and expenses entered with some adjusted correctly. Interest received, Rent received and Bad debts had the incorrect amount and Electrical vans insurance was incorrectly classified. It also had a Foreign item as a result of reporting the Electrical supplies on hand.</p>		
2	N2	<p>In (a) there was some evidence for a grade for working to be given, it just needed the bad debt and sales return to earn more reward. In (b) the Invoices received was a foreign item as it related to a non cash item. The Cash Flow Statement was also missing the cash from the GST refund, Sanjay's investment and the amount worked out in (a). In the PPE note the candidate provided no evidence towards achievement.</p>		
3	N2	<p>The candidate has not shown an ability to process in (a) – (c). There is some evidence of achievement in the Statement of Financial Position extract but not enough. Inventory and the Allowance for doubtful debts were correctly adjusted but many of the other current assets and liabilities required, as per the assessment schedule, were missing.</p>		