

**Assessment Schedule – 2023****Accounting: Demonstrate understanding of company financial statement preparation (91406)****Evidence****Accounting entry grades general notes**

**General journal grades** are only awarded if the journal entry has debit(s) equal credit(s).

**General ledger grades** are only awarded if the whole line is correct – includes correct treatment of the debit or credit entry in the balance column with correct balance indicator.

**Financial statements foreign items**

F is used to indicate a foreign item – an item that is placed in the wrong financial statement (not a misclassified item within a financial statement) or an item that does not belong in the financial statement.

**Question One**

(a)

**Smart Packaging Limited**  
**General Journal**

31/03/23	Shares in <i>SNZ Limited</i>	3 000		<b>PC</b>
	Increase in fair value of financial assets / shares		3 000	

**Two grades:**

**P** correct stems for the debit and credit entries, figure may be incorrect

**C** P awarded plus correct figure

**Smart Packaging Limited**  
**General Ledger Taxation payable**

31/03/23	(Income) tax (expense)		57 000	57 000	Cr	<b>PC</b>
01/07/21	Provisional tax paid	35 000		22 000	Cr	<b>PC</b>

**Four grades:**

**P** correct stem, correct credit or debit entry, correctly treated in balance column, figure may be incorrect

**C** P awarded plus correct figure

(b)

The property, plant, and equipment note will show the revaluation gain on land of \$40 000, increasing the opening carrying amount of land \$200 000 to its closing carrying amount / new valuation of \$240 000, increasing property, plant, and equipment and net assets in the Statement of Financial Position.

The revaluation gain on land will increase the land revaluation surplus in equity by \$40 000 (from \$10 000 to \$50 000), increasing equity (by \$40 000).

**Two grades: (2M or 2E or 1M plus 1E)**

**M** refers to increase in land with either figure or link to increase in net assets

**M** refers to increase in land revaluation surplus in equity (no figure or not clear this increase is the same as the increase in net assets)

**E** refers to increase in carrying amount of land by the revaluation gain \$40 000 in the PPE note, with a link to the increase in net assets

**E** refers to the increase in the land revaluation surplus by \$40 000. Answer needs to indicate / imply / state that the increase in net assets is the same amount as the increase in equity

(c)

**Smart Packaging Limited**  
**Notes to the financial statements (extract)**

<b>Other income</b>		
Increase in fair value of financial assets	3 000	<b>C</b>
Dividends received	12 500	<b>C</b>
	15 500	

**Two grades:**

**C** stem with correct figure (note A\* available for stem with incorrect figure)

(d)

**Smart Packaging Limited**  
**Statement of Comprehensive Income for the year ended 31 March 2023**

Revenue	898 500		
Other income (note 1)	15 500		<b>Pf</b>
Total income		914 000	
<b>Expenses</b>			
Cost of goods sold	300 500		
Other expenses	141 500		
Wages and salaries	210 400		
Depreciation	35 000		<b>C</b>
Doubtful debts	(300)		<b>C</b>
Finance costs	21 600		<b>C</b>
Total expenses		708 700	
Profit before tax		205 300	<b>C*</b>
Income tax expense		57 000	<b>C*</b>
Profit for the year		148 300	<b>P<sup>P</sup></b>
Other comprehensive income			
Gain on revaluation buildings	32 000		<b>P#C*</b>
Gain on revaluation land	40 000		<b>P#C*</b>
Total other comprehensive income		72 000	
Total comprehensive income		220 300	<b>P<sup>c</sup></b>

**Twelve grades:**

**Pf** allow follow through from total of note

**C** correct stem with correct figure only (A\* available for stem with incorrect figure)

**C\*** correct figure only (A\* for correct figure but incorrect stem, for example revaluation surplus)

**P<sup>P</sup>** correct process for profit for the year, figures can be ignored, no foreign items, at least one of depreciation or doubtful debts included and one item included in other income calculation in (c)

**P<sup>c</sup>** correct process for total comprehensive income only adds gain(s) on revaluation to profit for the year

**Judgment**

**Total 20 PC grades 2M E**

<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
5 grades can include <b>A*</b> .	7 grades can include <b>A*</b> .	9 grades incl. 3 C. Grades can include <b>A*</b> .	11 grades incl. 5 C.	14 grades incl. 6 C and 1 M. Max 1 <b>F</b> .	15 grades incl. 7 C and 2 M or 1 E. No <b>F</b> .	16 grades incl. 8 C and at least 1 E and 1 M. No <b>F</b> .	18 grades incl. 9 C and at least 2 E. No <b>F</b> .

**N0** = No response; no relevant evidence

**A\*** grades are awarded where available for a correct stem, correct classification but incorrect figure – **A\*** grades are only included in the total grades for N1, N2, and A3. **A\*** grades are not available for journal or ledger entries.

**Question Two**

(a)

**Smart Packaging Limited**  
**Statement of financial position (extract)**

<b>Current assets</b>		
Accounts receivable	23 400	<b>C</b>
GST	4 300	<b>P</b>
Inventory	95 000	<b>P</b>
Financial assets	123 000	<b>C*</b>
Accrued income	7 500	<b>C</b>
Total current assets	253 200	<b>Pt</b>

**Six grades:**

**P** correct stem and figure (no A\*)

**C** correct stem and figure (award A\* for correct stem with a figure)

**C\*** stem is financial assets, figure is 123 000 (award A\* for incorrect stem and / or figure)

**Pt** total includes ALL five current assets ignoring figures

Note: Pt can be awarded if BOTH bank included with (8 000) AND GST excluded.

(b)

**Smart Packaging Limited**  
**General Journal**

20/03/23	Bank		100 000	
	Contributed equity	90 000		<b>C</b>
	Retained earnings	10 000		<b>C</b>

**Two grades:**

**C** for correct stem and correct figure in the debit column

No grade awarded if bank is not credited 100 000.

**Smart Packaging Limited**  
**General Ledger retained earnings**

01/04/22	Balance			313 800	Cr	<b>C<sup>b</sup></b>
20/03/23	Bank	10 000		303 800	Cr	<b>C</b>
31/03/23	Profit (for the year)		148 300	452 100		<b>Pf</b>
	Final dividend (2022)	42 000		410 100		<b>P#C#</b>
	Interim dividend (2023)	52 500		357 600		

**Five grades:**

**C<sup>b</sup>** balance figure with Cr is correct

**C** a stem, debit entry 10 000 correctly treated; (share) repurchase acceptable as a stem

**Pf** stem (income summary acceptable) with credit entry allowing follow through from Question One (d)

**P#** stem referring to dividend(s) with either figure in debit column correctly

**C#** stem referring to dividend(s) with two correct figures or one correct total 94 500

(c)

**Smart Packaging Limited**  
Notes to the financial statement (extract)

**Contributed equity**

	Number of shares	\$	
Opening balance	350 000	630 000	<b>C<sup>s</sup>C</b>
Share repurchase	(50 000)	(90 000)	<b>P<sup>s</sup>C</b>
Closing balance	300 000	540 000	<b>P</b>

**Five grades:**

- C<sup>s</sup>** correct number of shares (award A\* for incorrect figure)
- C** stem and correct dollar figure (award A\* for incorrect figure)
- P<sup>s</sup>** correct number of shares
- P** process correct for share and dollars ignore figures

(d)

The proposed final dividend was communicated to shareholders in 2022 by the distribution note to the statement of financial position. The note would have stated the date that the directors made the proposal to pay a final dividend, the date it would be paid, and the amount of the dividend being 12 c per share, totalling \$42 000.

The final dividend (2022) \$42 000 was debited when paid (bank credited). On balance day the \$42 000 is closed / debited to retained earnings, decreasing equity in the statement of financial position as at 31 March 2023.

**Two grades: (2M or 2E or 1M plus 1E)**

- M** refers to being reported as a note to the financial statements (last year / 2022)
- E** M above with figure(s) (\$42 000 and / or 12c per share)
- M** refers to final dividend decreasing retained earnings / equity or being paid this year
- E** refers to final dividend \$42 000 paid therefore decreasing retained earnings in equity

**Judgment**

**18 PC grades + 2 M/E grades**

N1	N2	A3	A4	M5	M6	E7	E8
5 grades can include <b>A*</b> .	7 grades can include <b>A*</b> .	9 grades incl. 3 C can include <b>A*</b> .	11 grades incl. 5 C	14 grades incl. 6 C and 1 M Max 1 F.	15 grades incl. 7 C and 2 M or 1 E. No F.	16 grades incl. 8 C and at least 1 M and 1 E. No F.	18 grades incl. 9 C and 2 E. No F.

**N0** = No response; no relevant evidence

A\* grades are awarded where available for a correct stem, correct classification but incorrect figure – A\* grades are only included in the total grades for N1, N2, and A3. A\* grades are not available for journal or ledger entries.

**Question Three**

(a)

**Working**

Working that can be used for marking purposes (other working not included).			
Working can take the form of ledger accounts.			
All working figures in \$000.			
<b>Accounts receivable</b>		<b>Accounts payable</b>	
Opening balance	34	Opening balance	18
Minus closing balance	(36)	Minus closing balance	(22)
Add sales	614	Minus opening inventory	(7)
Minus bad debts	(1)	Plus closing inventory	15
Minus discount allowed	(3)	Add cost of goods sold	202
<b>Cash from customers</b>	<b>608</b>	<b>Cash paid to suppliers</b>	<b>206</b>

***Daffodil Field Limited***

**Statement of Cash Flows (extract) for the year ended 31 March 2023**

	\$000	\$000	\$000	
<b>Operating activities</b>				
<i>Cash was provided from</i>				
Customers	608			<b>C or W</b>
Dividends	4	612		<b>C</b>
<i>Cash was applied to</i>				
Suppliers	206			<b>C or W</b>
Interest	12			<b>P</b>
Tax	42			<b>C</b>
Expenses	87			<b>C*</b>
Wages	121	468		<b>C*</b>
Net cash from operating			144	<b>C<sub>p</sub> or P<sub>p</sub></b>
<b>Financing activities</b>				
<i>Cash was provided from</i>				
Share issue	50			<b>P</b>
(Raised) debentures	15	65		<b>P</b>
<i>Cash was applied to</i>				
Dividends		70		<b>C</b>
Net cash from financing activities			(5)	<b>C<sub>p</sub> or P<sub>p</sub></b>

**Twelve grades:**

Grades only awarded if items correctly classified as operating or financing

**P** appropriate stem and correct figure

**C** appropriate stem and correct figure

**C\*** could be combined as 208 for two C grades, if incorrect total, award one C for correct working for either one in the working box where the working has the correct cash figure

**W** appropriate stem with some correct working (only award W if C not awarded and some easily identifiable correct working evident in working box)

**C<sub>p</sub>** correct stem and figure for net cash

**P<sub>p</sub>** process for net cash is correct with all items present, no extra or foreign items, ignoring incorrect figures

**F** non-cash item included, for example increase in fair value of financial assets

A\* grades can be awarded where a **C** or **P** cannot be awarded because of an incorrect figure.

(b)

***Daffodil Field Limited***  
**General Ledger contributed equity**

01/04/22	Balance			260 000	Cr	<b>P</b>
30/11/22	Bank / share issue		50 000	310 000	Cr	<b>P# C</b>

**Three grades:**

**P** balance line correct with appropriate stem and correct figure, can also be in credit column

**P#** closing balance correctly entered with correct Cr indicator

**C** share issue correctly calculated and entered in the credit column with a stem indicating bank or share issue

Notes: Figures can be all in \$000 (i.e. no zeros) even if columns not headed up by the candidate with \$000.

A candidate who chooses to turn this ledger into T form should not be penalised but cannot be awarded the P# for \$310 000 closing balance if it has not been 'brought down to the credit side'.

(c)

The purchase of the tractor will be reported as an outflow in the investing activity section.

The amount reported for the purchase is determined by the cost of the new tractor \$90 000 (60 000 cost removed, \$90,000 added to move from \$190 000 to \$210 000) less the trade-in allowance \$18 000 (carrying amount of tractor traded-in \$20 000 minus loss on trade-in \$2 000) which is a non-cash amount, decreasing the amount paid to \$72 000 to report as an outflow in investing activities.

The outflow of \$72 000 will increase the outflow / decrease the net cash from investing activities and therefore decrease the closing bank balance.

**Three grades: (M plus two M / E options)**

Note: explanations of calculations of figures are not required but may be used to determine the figure the candidate refers to in their evidence.

First grade:

**M** identifies investing section outflow

Second grade:

**M** states trade-in allowance will decrease amount paid for new tractor

OR

**E** includes the correct figures \$90 000, \$18 000, and \$72 000 with reference to \$18 000 being non-cash

Third grade:

**M** decreasing net cash from investing / increasing outflow from investing

OR

**E M** above plus link to decreasing closing bank balance plus the figure \$72,000

**Judgment**

**Total 15 PC grades 1M plus 2 M / E**

N1	N2	A3	A4	M5	M6	E7	E8
5 grades can include A*.	6 grades can include A*.	8 grades incl. 3 C can include A*.	10 grades incl. 4 C.	12 grades incl. 5 C and 1 M. Max 1 F.	14 grades incl. 6 C and 2 M's or 1 E No F.	15 grades incl. 8 C and at least 1 M and 1 E. No F.	16 grades incl. 9 C's and 2 E's No F.

**N0** = No response; no relevant evidence

A\* grades are awarded where available for a correct stem, correct classification but incorrect figure – A\* grades are only included in the total grades for N1, N2 and A3. A\* grades are not available for journal or ledger entries.

**Cut Scores**

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 7	8 – 13	14 – 18	19 – 24

A\* grades are awarded where available for a correct stem, correct classification but incorrect figure – A\* grades are only included in the total grades for N1, N2, and A3. A\* grades are not available for journal or ledger entries.