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2

91176



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
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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.

Low
Achievement

TOTAL

9

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 - Electricians Vans	4000	
	Accumulated Depreciation		\$4000

Close the Electrical fees received account.

31/3/2015	BA - Balance		

- (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			
	\$	\$	\$
Sales Income			
& Electrical Fees Received		681100	
Add Other Income			
Intrest Received		2750	
Rent Received		25200	709050
Less Expenses			
Electrical Work Expense			
Electrical supplies Used	45000		
Electricians Vans Expense	46000		
Electricians Vans Insurance	8000		
Electricians Wages	225000		
Depreciation - Electricity Van	4000		
Depreciation - Debts	620		
Depreciation - Equipment	6480	334480	
Administrative Expense -			
Bad Debts	667		
Office Expenses	45000		
Office Wages	101000		
Term Deposit (5% interest p.a., maturity 2019)	60000		
Depreciation - Buildings	6000		
Doubtful debts	620		
Depreciation Equipment	4320	217607	
Finance Cost			
Intrest on Mortgage	6000	6000	558081
Profit			\$ 150963.

- (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				

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	
opening Account Balance	45 000
less Debit credit	9 000
Debit Plus less Invoices	200 000
less closing Amount	40 000
	<u>196 000</u>
Cash from credit customers \$ <u>196 000</u>	

- (b) Prepare the **cash receipts** 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		
Accounts Receivable	196 000	
Discounts Received	35 000	
Bad Debts Van	30 000 10 000	
Cash Sales	350 000	
Investments	<u>150 000</u>	
Total cash receipts		709 500

- (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
less Disposals	0	6 000
Plus Additions	0	63 250
Less Depreciation	3 000	10 000
Carrying Amount		147 250
As at 31 March 2015		
Cost	6 000	155 000
less Accumulated Depreciation	15 000	26 000
carrying Amount	45 000	129 000

A3

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	Rent Received	2000 24000	
	Income Received in advance		2000

Inventory that cost \$18000 excluding GST has a net realisable value of \$14000 excluding GST.

31/3/2015			

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

Balance ←

Accumulated depreciation – delivery vans					
31/3/2015	Depreciation - Delivery Vans	to		45000	
	Depreciation - delivery vans		35000	80000	
	Income				

- (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		60000	
GST		4129	
Inventory		290000	
Petty Cash		500	
Stationary on Hand		1000	
Total current assets			\$ 355629

	\$	\$
Current liabilities		
Accounts Payable	6989	
Bank	7000	
Allowance for Doubtful Debts	1800	
Loan	5000	
Mortgage	160000	
Total current liabilities		180789

Note 1: Accounts receivable

	\$

A3

Achievement exemplar for 91176 2015		Total Score	09
Q	Grade Score	Annotation	
1	A3	This candidate was not able to process in this question. The Income Statement had all of the income and expenses with some adjusted correctly. Interest received, Rent received and Bad debts had the incorrect amount and Depreciation on buildings was incorrectly classified. It also had a Foreign item as a result of reporting the Term deposit.	
2	A3	In (a) there was insufficient evidence for any grade for working to be given. In (b) the Discount received was a foreign item as it related to a non cash item. The Investment was also foreign as the amount of \$15,000 meant that the investment of equipment by Sanjay was included in this figure, this is a non cash item also. The	
		Cash Flow Statement was also missing the cash from the GST refund and selling of shares in The Warehouse. However the candidate has used the figure from (a) and correctly reported the van sale and cash sales. In the PPE note the candidate has correctly reported the disposal of the Van and depreciation.	
3	A3	The candidate has shown some ability to process through the general journal entry for rent received in advance. They have also correctly worked out the amounts for GST and Accounts payable and recognised that the Loan is now a current liability. They know that Petty Cash and Stationery on Hand are current assets and that the Bank is a current liability in this question.	

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Achievement

TOTAL

12

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-Electricians Vans	4000	
	Accumulated Depreciation- Electricians Vans		4000

Close the Electrical fees received account.

31/3/2015	Balance		680000
	Invoice on hand		1100
	Income Summary		681100

- (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	681100	681100	
Add other income			
Interest Received	3000		
Rent Received	46800	49800	730900
Less Expenses			
Electrical work expenses			
Electrical Supplies Used	45000		
Electricians vans expenses	46000		
Electricians vans insurance	8000		
Electricians wages	225000		
Depreciation-Electricians vans	4000		
Depreciation-Buildings	6000		
Depreciation-Equipment	6480	340480	
Administrative expenses			
Bad Debts	2000		
Office Expenses	45000		
Office Wages	101000	148000	
Finance Costs			
Interest on Mortgage		6000	494480
Total Expenses			
Profit for the year			\$ 236420

- (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	Cr
	Less drawings	300000		358000	Cr
	Plus Profit for the year		236420	594420	Cr
	Closing Capital			594420	Cr

M5

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 Receivable 2014	\$ 45000
+ Cash Sales	+ 350000
+ invoices issued	+ 450000
- sales returns	- 5500
- bad debts	- 3000
- discount allowed	- 2000
- closing accounts receivable	- 40000
	= 794500

Cash from credit customers \$ 794500

- (b) Prepare the **cash receipts** 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		
Accounts Receivable	794500	
Sale of van gain on sale of van	4000	↑ remember this gets 2
Sale of shares in The Warehouse	12000	
Capital Tax refund	8000	
Capital	15000	• F
Total cash receipts		\$833500

- (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.

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
	0	
As at 31 March 2015		
Historical Cost	60 000	155 000
Accumulated depreciation		26 000
Carrying Carrying Amount		

QUESTION THREE

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	Balance Rent Received		26000
	Income in advance	2000	
	Income Summary		24000

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

31/3/2015	Inventory	4000	
	Accounts Receivable		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					

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

	Note	\$	\$
Current assets			
Account Receivable	note 1	54000	
GST		4129	
Inventory		294000	ft
Petty Cash		500	
Stationery on hand		1000	
<u>Doubtful Debts</u>		200	F
Prepayments		3450	
Total current assets			\$357279

	\$	\$
Current liabilities		
Accounts Payable	6989	
<u>Allowance for doubtful debts</u>	1800	
Bank	7000	
Loan (9% paid due July 2015)	5000	
Income in advance	2000	
Total current liabilities		\$ 22789

Note 1: Accounts receivable

	\$
Accounts Receivable	60000
<u>Less Inventory cost</u>	4000
Closing Accounts Receivable	54000

Achievement exemplar for 91176 2015			Total Score	12
Q	Grade Score	Annotation		
1	M5	In this question the candidate has been unable to accurately complete the closing entry for Electrical fees received, however they have used the number (\$681,100) correctly in the Income Statement. The number reported for Rent received is also incorrect. They have also not entered the depreciation on equipment classified under Administrative Expenses and the Drawings amount used in the Capital account is also incorrect.		
2	A3	This candidate has demonstrated evidence for Achievement as they have been able to work out the cash received from credit customers. They have combined it with cash from customers which is acceptable. The gain on the sale of van is a foreign item as it is non cash. Reporting capital of \$15,000 is also a foreign item as the \$15,000 includes the \$5,000 of equipment that Sanjay invested, which is again non cash. A limited attempt at the PPE note supports the fact that this candidate is at low Achievement in this question.		
3	A4	The candidate has struggled with the processing required in (a) and (b). The schedule shows the answers required for (a) and (b). In (c) the inclusion of Doubtful debts \$200 is a foreign item. A lack of understanding of how to report doubtful debts is also apparent from the Note and Current Liability section of the statement extract. The non-reporting of Accrued expenses and the incorrect amount for the Prepayment support the final grade for this question of A4.		