

91404



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

3

SUPERVISOR'S USE ONLY

Level 3 Accounting, 2013

91404 Demonstrate understanding of accounting concepts for a New Zealand reporting entity

9.30 am Thursday 21 November 2013

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of accounting concepts for a New Zealand reporting entity.	Demonstrate in-depth understanding of accounting concepts for a New Zealand reporting entity.	Demonstrate comprehensive understanding of accounting concepts for a New Zealand reporting entity.

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.

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 2–12 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.

TOTAL

ASSESSOR'S USE ONLY

**This page has been deliberately left blank.
The examination continues on the following page.**

QUESTION TWO

The following policies have been extracted from *Briscoe Group Limited's* significant accounting policies for the period ended 29 January 2012:

- **Basis of preparation of financial statements**
Historical cost convention (extract)
 These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss.

- **Revenue recognition**
 Revenue comprises the fair value for the sale of goods and services, net of Goods and Services Tax (GST), rebates, and discounts, and after eliminating sales within the Group.
 Revenue is recognised as follows:
Dividend Income
 Dividend income is recognised when the right to receive the dividend is established.

- **Trade receivables (extract)**
 Trade receivables are recognised initially at fair value, and subsequently measured less provision for impairment (allowance for doubtful debts).

(a) *Briscoe Group Limited* revalues its financial assets to fair value. Explain why this is relevant to the users of *Briscoe Group Limited's* financial statements.

(b) Using the income definition and recognition criteria, fully explain why “dividend income is recognised when the right to receive the dividend is established”.

**This page has been deliberately left blank.
The examination continues on the following page.**

