

91406R



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Level 3 Accounting, 2013

91406 Demonstrate understanding of company financial statement preparation

9.30 am Thursday 21 November 2013
Credits: Five

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 91406.

Check that this booklet has pages 2–4 in the correct order and that none of these pages is blank.

YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.

RESOURCE ONE

Sorano Healthcare Limited sells a variety of healthcare products. The following financial statement summaries relate to *Sorano Healthcare Limited*.

Sorano Healthcare Limited
Income Statement (summary)
for the year ended 31 May 2013

	NZ\$000	NZ\$000
Sales		206 400
Less		
Cost of sales	36 000	
Depreciation	8 600	
Finance costs	5 000	
Loss on sale of equipment	400	
Other expenses	9 100	
Wages and salaries	115 200	
Taxation	4 200	178 500
Profit for the period		27 900

Sorano Healthcare Limited
Statement of Financial Position (summary)

As at 31 May	Notes	2012	2013
		NZ\$000	NZ\$000
Assets			
Bank		11 100	7 100
Accounts receivable		11 100	12 000
Inventory		7 000	5 600
Prepayments – other expenses		1 200	1 000
Property, plant and equipment	1	28 700	34 900
		59 100	60 600
Liabilities			
Accounts payable		21 800	19 900
Accrued wages		800	1 100
Taxation payable		800	600
Loan		5 100	9 100
Equity			
Contributed equity		16 400	14 000
Retained earnings		14 200	15 900
		59 100	60 600

Sorano Healthcare Limited
Notes to the financial statements (extracts only)

1. Property, plant and equipment (extract)			
	Plant and equipment	Motor vehicles	Buildings
	NZ\$000	NZ\$000	NZ\$000
As at 31 May 2012			
Cost or valuation	46 000	1 200	12 600
Accumulated depreciation	(22 900)	(1 000)	(7 200)
Carrying Amount	23 100	200	5 400
As at 31 May 2013			
Cost or valuation	56 400	1 200	14 800
Accumulated depreciation	(28 000)	(1 100)	(8 400)
Carrying Amount	28 400	100	6 400

Additional information

The following occurred during the year ended 31 May 2013:

1. A final dividend for 2012 paid on 30 August 2012 totalling \$12 000 000 and an interim dividend for 2013 were paid during the year.
2. On 1 November, 400 000 shares were repurchased at a fair value \$7.00 each. The shares were originally issued at \$6.00 each.
3. Equipment with a historic cost of \$4 600 000 and a carrying amount of \$2 400 000 was sold during the year.

RESOURCE TWO

The following information relates to *Magnificent Air Services Limited*. The company owns a fixed-wing aircraft and a helicopter.

Magnificent Air Services Limited
Trial Balance (extract) as at 31 March 2013

	NZ\$	NZ\$
Allowance for doubtful debts		990
Accounts payable		10 450
Accounts receivable	11 990	
Accumulated depreciation – buildings		26 220
Bank		4 500
Buildings	437 000	
Contributed equity		2 000 000
Final Dividend (2012)	38 500	
GST		120 000
Interim Dividend (2013)	48 000	
Inventories	12 540	
Land	500 000	
Loan		605 000
Property, plant and equipment	2 672 000	
Provisional tax paid	30 000	
Shares in <i>Air New Zealand Limited</i>	125 000	

Additional information:

1. Scenic flights income received in advance \$46 000 including GST.
2. Wages and salaries due, but unpaid at balance date \$127 500.
3. Invoice on hand on balance date for repairs to the helicopter – \$55 200 including GST.
4. \$50 000 of the loan is due for repayment on 1 October 2013.
5. Depreciation on buildings of 3% per annum on cost is yet to be recorded.
6. During the year, the runway was extended, and land was purchased for \$75 000, excluding GST.
7. On 31 March 2013, Land was revalued to \$650 000, and Buildings was revalued to \$450 000. The independent valuation was undertaken on 31 March 2013 by *Quotable Value New Zealand*, based on the market value of surrounding property. This was the first time the company had to consider a change in valuation of their land and buildings.
8. The shares in *Air New Zealand Limited* are reported as financial assets. On 31 March 2013, the market value of the shares, which is deemed to be their fair value, is \$130 000.
9. During the year ended 31 March 2013, 20 000 shares that had originally been issued at \$3 per share, were repurchased for \$120 000, and 50 000 shares, at a fair value of \$4.50 per share, less a brokerage fee of 5%, were issued.
10. Taxation on the profit for the year is \$35 000.