

91406



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

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SUPERVISOR'S USE ONLY

Level 3 Accounting, 2014

91406 Demonstrate understanding of company financial statement preparation

9.30 am Friday 21 November 2014

Credits: Five

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of company financial statement preparation.	Demonstrate in-depth understanding of company financial statement preparation.	Demonstrate comprehensive understanding of company financial statement preparation.

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

Pull out Resource Booklet 91406R from the centre of this booklet.

You should attempt ALL parts of all 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 2–10 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

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QUESTION ONE

Refer to **Resource One** in **Resource Booklet 91406R** to answer this question.

- (a) Prepare the General Journal entries indicated by the narrations in the General Journal below, using relevant information from **Resource One**.

Colin's Construction Company Limited
General Journal

		NZ\$000	NZ\$000
31/3/2014			
	<i>To record the revaluation of land to fair value</i>		
31/3/2014			
	<i>To record the revaluation of shares in A1 Building Supplies Ltd to fair value</i>		
31/3/2014			
	<i>To record income tax expense of \$70 000</i>		

- (b) Prepare the General Ledger accounts indicated using relevant information from **Resource One**.

Colin's Construction Company Limited
General Ledger
Buildings

		NZ\$000	NZ\$000	NZ\$000	

Buildings Revaluation Surplus

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		NZ\$000	NZ\$000	NZ\$000	

- (c) Complete the Statement of Comprehensive Income (**extract**) for *Colin's Construction Company Limited*.

Colin's Construction Company Limited
Statement of Comprehensive Income (extract)

	NZ\$000
Profit before taxation	250

- (d) Explain the accounting treatment of the revaluation of land in the financial statements of *Colin's Construction Company Limited*. You can use the abbreviation CCCL in your answer.

QUESTION TWO

Refer to **Resource Two** in **Resource Booklet 91406R** to answer this question.

(a) Complete *Rock Gymnasiums Limited's* Statement of Cash Flows (extract).

Notes:

- You are not required to complete the Operating Activities of the Statement of Cash Flows, as the Net Cash Inflow from operating activities has been calculated for you.
- Space has been provided below for your working. This may be used for marking purposes.

WORKINGS

Rock Gymnasiums Limited
Statement of Cash Flows (extract)
for the year ended 31 March 2014

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	NZ\$000	NZ\$000	NZ\$000
Net cash inflow from operating activities			3537
CASH FROM INVESTING ACTIVITIES			
CASH FROM FINANCING ACTIVITIES			

- (b) Explain, providing detailed reasons, why depreciation on property, plant and equipment should not be included in *Rock Gymnasiums Limited's* Statement of Cash Flows.

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QUESTION THREEASSESSOR'S
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Refer to **Resource Three** in **Resource Booklet 91406R** to answer this question.

- (a) Complete the Income Statement for *Christina Diory House of Fashion Limited* for the year ended 31 March 2014.

Christina Diory House of Fashion Limited
Income Statement
for the year ended 31 March 2014

	NZ\$000	NZ\$000
Profit for the year		

(b) Complete the Distributions note to the financial statements.

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Christina Diory House of Fashion Limited
Notes to the Financial Statements (extract)
Distributions

	Cents per share	NZ\$000
Dividends declared after reporting date:		
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(c) Identify and explain in detail, ONE temporary current liability that will be created from the list of items in the additional information.



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