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SUPERVISOR'S USE ONLY

Level 3 Accounting, 2016

91406 Demonstrate understanding of company financial statement preparation

2.00 p.m. Friday 18 November 2016
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 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 2–10 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

Superstrength House Removals Limited (SHR Ltd), a house moving business, has the following account balances on 31 March 2015.

	Debit	Credit
Land	450 000	
Yard buildings	60 000	
Accumulated depreciation: yard buildings		18 000

SHR Ltd depreciates the Yard Buildings at 5% using the straight-line method.

SHR Ltd has obtained a valuation as at 31 March 2016 for Land and Buildings from *Notable Valuations*, an independent valuer. The current market value for Land is \$570 000; the current market value for Yard Buildings is \$150 000.

- (a) Prepare the General Journal entry to record the revaluation of Land on 31 March 2016 by *SHR Ltd*.

Superstrength House Removals Limited
General Journal

31/3/2016			
	<i>To record land valuation by Notable Valuations</i>		

- (b) Show the revaluation of *SHR Ltd's* yard buildings on 31 March 2016 in the General Ledger account below. The opening balance has been entered for you.

Superstrength House Removals Limited
General Ledger: Yard buildings

31/3/2016	Balance			60 000	Dr

- (c) Use the relevant information from above and the additional information below to prepare the Property, Plant and Equipment Note (Extract) to the financial statements for *SHR Ltd* as at 31 March 2016.

Additional account balances on 31 March 2016.

	Debit	Credit
Vehicles	950 000	
Accumulated depreciation: vehicles		570 000

Additional information:

- Depreciation on the vehicles for the year is \$180 000 and has yet to be recorded.
- During the year, vehicles that had cost \$210 000 were sold for \$190 000. These vehicles had a carrying amount of \$84 000.
- Replacement vehicles were purchased during the year.

QUESTION TWO

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

- (a) On the next page, complete *Janet and John's Shoebox Limited's* Statement of Cash Flows for the year ended 31 March 2016.

Show working in the space provided. This may be used for marking purposes.

WORKING

(b) Complete the Distributions Note to the Financial Statement.

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Permanent Pest Solutions Limited
Notes to the Financial Statement for the year ended 31 March 2016

Distributions	Cents per share	NZ\$

(c) On 10 April, directors of *Permanent Pest Solutions Limited (PPSL)* declared a final dividend of 20 cents per share for the year ended 31 March 2016 on all shares held at this date, to be paid on 20 May 2016.

(i) Complete the Final Dividend note for the year ended 31 March 2016.

(ii) Explain why the final dividend for the 2016 financial year is treated as a note in the Financial Statements of *Permanent Pest Solutions Limited*.

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