

# 1

90978



NEW ZEALAND QUALIFICATIONS AUTHORITY  
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## Level 1 Accounting 2020

### 90978 Prepare financial statements for sole proprietors

9.30 a.m. Tuesday 1 December 2020

Credits: Five

Achievement	Achievement with Merit	Achievement with Excellence
Prepare financial statements for sole proprietors.	Prepare in-depth financial statements for sole proprietors.	Prepare comprehensive financial statements for sole proprietors.

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 90978R 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.**

**TOTAL**

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### QUESTION ONE: Income Statement

Refer to Resource Booklet 90978R to answer this question.

Prepare a fully classified Income Statement for *Home Hobbies* for the year ended 31 March 2020.

Classify the expenses as:

- Distribution costs
- Administrative expenses
- Finance costs.

**Note:** Do NOT use abbreviations.

***Home Hobbies***  
**Income Statement for the year ended 31 March 2020**

	\$	\$	\$


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USE ONLY**Note to the Statement of Financial Position****1. Property, plant and equipment**

				Total
As at 31 March 2020	\$	\$	\$	\$
<b>Cost</b>				

Depreciation is calculated on a straight-line basis at the following rates:

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**QUESTION THREE: Cash Budget**

From the information provided below, prepare the Cash Budget for *Home Hobbies* for the month of June 2020. Ensure that you **calculate** and **label** the cash **surplus** or **deficit** for June.

**Note:** Assume that four weeks equals one month.

On 1 June, the bank balance is \$5 170 in funds.

Hope knows that the following transactions for *Home Hobbies* happen regularly during the year:

- Monthly Sales average:
  - cash in store: \$5 000
  - credit in store: \$1 500
  - online internet transfers: \$21 800.
- Annual rates total \$2 352, paid monthly by direct debit.
- General expenses paid via internet transfer each month totalling \$610.
- Hope takes regular cash for personal use each fortnight: \$1 500.
- Depreciation on Shop Furniture for the year \$3 100.
- Shop assistants' wages paid by automatic payment every week: \$1 625.
- Delivery fees received via internet transfer are 5% of the online internet transfer sales.
- Monthly mortgage repayments total \$1 500, which includes interest on mortgage of \$680.
- Monthly purchases average \$11 000 each month. These are paid the following month by cheque.
- Hope takes one board game or toy home every month: \$48.

In addition to the regular transactions, Hope expects the following transactions in June:

**June 5**  
Internet and telephone direct debit \$170.

**June 7**  
GST due to IRD \$4600.

**June 10**  
Buy computer \$1800. Pay 30% today. Remainder due over next 2 months.

**June 14**  
Remember to attend Fun Run to hand out donated games as prizes: \$280.

**June 19**  
Electricity direct debit \$200.

**June 22**  
Sell old computer on Marketplace: \$300 cash.



Extra space if required.  
Write the question number(s) if applicable.

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