

90978R



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

Level 1 Accounting 2021

90978 Prepare financial statements for sole proprietors

Credits: Five

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 90978.

Check that this booklet has pages 2 and 3 in the correct order and that neither of these pages is blank.

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

RESOURCE

George's Garden World is a sole proprietorship selling a range of gardening supplies and equipment, including lawn-mowers, fertiliser, and watering supplies. George also offers repairs and servicing of gardening equipment, which provides the business with additional income.

The following Trial Balance and additional information relate to *George's Garden World* for the year ended 31 March 2021.

George's Garden World
Trial Balance as at 31 March 2021

Advertising	9 000	Accumulated depreciation – office equipment	2 440
Drawings	26 000	Accumulated depreciation – shop equipment	4 280
Freight inwards	4 500	Bank overdraft	1 170
General expenses	4 660	Capital	30 670
Insurance – shop	2 360	Dividends received	720
Interest on loan	1 930	GST payable	3 940
Interest on overdraft	540	Loan (due 2025)	24 000
Inventory (1 April 2020)	26 800	Repair fees received	22 500
Office electricity	520	Sales	185 600
Office equipment	6 000		
Office salary	10 000		
Petty cash	50		
Purchases	87 300		
Rent	19 600		
Sales returns	6 200		
Shares in various companies	9 600		
Shop electricity	2 200		
Shop equipment	20 910		
Shop wages	34 200		
Supplies on hand	210		
Supplies used	2 740		
	\$275 320		\$275 320

Additional information on balance day:

- Inventory on hand at 31 March 2021: \$24 920.
- Insurance paid in advance: \$1 100 excluding GST.
- Interest on loan owing: \$180.
- Dividends received owing: \$120.
- Rent is to be split 80% for the shop and 20% for the office.
- Depreciation on office equipment is \$960 this year on the straight line basis.
- Depreciation on shop equipment is allocated using the straight line basis. The shop equipment has an estimated life of 12 years, and a residual value of \$750.
- Invoice received on 31 March 2021 for purchases: \$3 151 including GST.
- Invoice issued on 31 March 2021 for sales: \$9 200 including GST.

