

91406R



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

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

Level 3 Accounting 2022

91406 Demonstrate understanding of company financial statement preparation

Credits: Five

RESOURCE BOOKLET

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

Check that this booklet has pages 2–7 in the correct order and that none of these pages is blank.

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

RESOURCE A

Go Rafting Limited offers accommodation and rafting tours in the central North Island. Income from both accommodation and rafting are considered revenue for *Go Rafting Limited*.

The following trial balance and additional information relate to *Go Rafting Limited* for the year ended 31 March 2022.

Go Rafting Limited
Trial Balance as at 31 March 2022

	\$		\$
Accommodation expenses	207 000	Accommodation revenue	388 000
Accounts receivable	24 000	Accounts payable	17 100
Auditors' remuneration	38 000	Accumulated depreciation – buildings	10 000
Bank	26 200		
Buildings	450 000	Accumulated depreciation – plant and equipment	74 000
Directors' fees	54 000		
Donations	25 000	Buildings revaluation surplus	20 000
Final dividend (2021)	72 000		
GST	1 800	Contributed equity (200 000 shares)	458 000
Interest on loan	2 700		
Interest on mortgage	5 500	Dividends received	7 200
Interim dividend (2022)	30 000	Loan (due 31 December 2022)	30 000
Plant and equipment	364 000		
Provisional tax paid	52 300	Mortgage (5% p.a. fixed for 5 years)	120 000
Rafting expenses	195 000		
Shares in <i>RLS Limited</i>	84 000	Rafting revenue	658 000
Supplies on hand	72 000	Retained earnings	145 200
Wages and salaries	224 000		
	1 927 500		1 927 500

Additional information

- Interest on mortgage is owing.
- Wages and salaries owing \$4 500.
- Rafting revenue received in advance \$32 200 including GST.
- Depreciation on plant and equipment has been split between, and included in, the accommodation expenses and the rafting expenses in the trial balance.
- Depreciation on buildings \$2 000 p.a. has yet to be recorded.
- Buildings are to be revalued to their current independent valuation of \$465 000.
- Shares in *RLS Limited*, which are held for trading, have a current fair value of \$80 000.
- The income tax expense for the year is \$73 600.
- On 1 July 2021, *Go Rafting Limited* received from *GB Brokers* monies for a share issue of 20 000 shares at a fair value of \$2.50, less a 4% brokerage fee. This share issue has been recorded and included in the trial balance accounts.
- The interim dividend for 2022 was paid to all shareholders on 15 December 2021.
- On 15 May 2022, directors proposed a final dividend for 2022 of 35c per share to be paid on 1 June 2022.

RESOURCE B

TPK Limited is a furniture company located in Taupō.

TPK Limited
Income Statement for the year ended 31 March 2022

	\$000	\$000
Revenue (note 1)	3 720	
Other income (note 2)	10	
Total income		3 730
Less expenses		
Cost of goods sold	1 940	
General expenses	530	
Wages	580	
Doubtful debts	2	
Bad debts	3	
Depreciation	85	
Loss on sale equipment	7	
Loss on trade-in vehicle	3	
Finance costs (note 3)	40	
Total expenses		3 190
Profit before tax		540
Income tax expense		150
Profit for the year		390

TPK Limited
Statement of Financial Position

	2021	2022
	\$000	\$000
Assets		
Bank	25	90
Inventory	242	290
Accounts receivable (note 4)	85	100
Prepayments (general expenses)	95	113
Property, plant and equipment (note 5)	1 800	1 935
Total assets	2 247	2 528
Liabilities		
Accounts payable	25	50
Accrued expenses (wages)	32	27
Taxation payable	55	46
Mortgage	350	280
Equity		
Contributed equity	1 500	1 500
Land revaluation surplus		100
Retained earnings	285	525
Total liabilities plus equity	2 247	2 528

*Please turn over for Notes to
the Financial Statements for TPK Limited ►*

TPK Limited
Notes to the Financial Statements

	2021	2022
	\$000	\$000
1. Revenue		
Sales		3 720
2. Other income		
Discount received		10
3. Finance costs		
Interest on mortgage		40
4. Accounts receivable		
Accounts receivable	87	104
Less allowance for doubtful debts	(2)	(4)
	85	100

TPK Limited Notes to the Financial Statements
5. Property, plant and equipment (note extract)

	Land	Equipment	Vehicles	Total
	\$000	\$000	\$000	\$000
As at 31 March 2021				
Cost or valuation	1 000	750	150	1 900
Accumulated depreciation		(50)	(50)	(100)
Carrying amount	1 000	700	100	1 800
As at 31 March 2022				
Cost or valuation	1 100	800	165	2 065
Accumulated depreciation		(75)	(55)	(130)
Carrying amount	1 100	725	110	1 935

Additional information

- Equipment costing \$50 000 with a carrying amount of \$20 000 was sold.
- A vehicle with a cost of \$40 000 and a carrying amount of \$15 000 was traded in on a new vehicle.

