

91176R



Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 2 Accounting 2024

91176 Prepare financial information for an entity that operates accounting subsystems

Credits: Five

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 91176.

Check that this booklet has pages 2–4 in the correct order and that none of these pages is blank.

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

Background information

Gigi owns *Gigi's Games Galore*, a sole proprietorship that sells a range of fun and educational games for children. Most customers pay cash at point of sale, but some schools and early childhood centres are allowed to purchase on credit. *Gigi's Games Galore* rents some of its land and buildings to *Funtime First Learners*.

Additional information on balance day

- Advertising has been paid for April 2024: \$340 excluding GST.
- Office wages owing: \$1 500.
- Interest on mortgage is owing.
- *Gigi's Games Galore* rents some of its land and buildings to *Funtime First Learners* at \$3 220 including GST per month, payable one month in advance.
- On 1 March 2024, rates totalling \$900 excluding GST, were paid for the next 3 months.
- Electricity is split 90% shop and 10% office.
- The shop fittings are depreciated using the straight line method \$1 560 annually.
- The depreciation on office equipment is charged at 15% p.a. diminishing value method. The new equipment is **not** depreciated this year.
- An invoice on hand on 31 March 2024 for repairs and maintenance is yet to be recorded: \$414 including GST.
- Invoices issued for sales on 31 March 2024 and not yet recorded: \$1 610 including GST. This inventory cost \$640 excluding GST.
- An invoice on hand on 31 March 2024 for new office equipment is yet to be recorded. The invoice totals \$2 990 including GST.
- The allowance for doubtful debts is to be 3% p.a.
- Inventory on hand has a net realisable value of \$17 500 excluding GST due to damage.
- Rates are treated as a distribution cost.
- Repairs and maintenance are treated as a distribution cost.

Additional information that occurred during the year

In April 2023, *Gigi's Games Galore* sold office equipment, which cost \$4 830 including GST, for cash for \$552 including GST. This equipment had a carrying amount of \$1 080.

RESOURCE B

Fern is the sole proprietor of *Funtime First Learners*, an early childhood kindergarten. *Funtime First Learners* rents its building space from *Gigi's Games Galore* and pays its rent monthly in advance. There are no cash fees received as all clients are invoiced their fees a month in advance.

The following information relates to *Funtime First Learners* for the year ended 31 March 2024.

Assets, Liabilities, and Equity balances as at 31 March 2024

- | | |
|---|--|
| • Accounts receivable: \$15 000 | • Drawings: \$58 000 |
| • Accounts payable: \$800 | • Loan (8% p.a. due March 2027): \$33 000 |
| • Allowance for doubtful debts: \$2 840 | • Playground equipment: \$35 200 |
| • Capital: \$84 000 | • Shares in <i>EduRight Ltd</i> : \$10 000 |

Cash Expenses and Incomes (GST inclusive where relevant) for the year ended 31 March 2024

- | | |
|--|------------------------------|
| • Dividends received: \$610 | • Interest on loan: \$2 500 |
| • General cash kindergarten expenses: \$43 500 | • Rent: \$41 860 |
| • General cash administration expenses: \$28 800 | • Teachers' wages: \$160 000 |

Additional information

- Balances on 1 April 2023 – Accounts receivable: \$13 390; Accounts payable: \$1 800.
- Invoices received for supplies: \$19 700 including GST.
- Invoices issued for fees received: \$465 750 including GST.
- Discounts received from suppliers for prompt payments: \$1 600 including GST.
- Freight charged on supplies purchased on credit: \$670 including GST.
- Fern took \$1 000 cash drawings each week. She also let her niece attend for free when needed, which amounted to \$6 000 for the year.
- During the year, *Funtime First Learners* sold some old playground equipment for cash, making a gain of sale of \$250. The equipment had cost \$5 500 excluding GST, and it had a carrying amount of \$380 at the time of the sale.
- *Funtime First Learners* replaced the old playground equipment with a new swing set: \$8 400 including GST. This was purchased online using internet transfer.
- In June, Fern invested a new computer costing \$2 100 into her business. In September, she transferred \$3 000 from her personal bank account into the business to help fund the playground equipment purchase.
- Dividends received are owed from *EduRight Ltd*: \$800.
- Loan principal repayments for the year (not including interest) were \$1 000 per month.
- Bad debts written off during the year: \$4 715 including GST.
- GST payments to the IRD: \$21 860.