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91406R

Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 3 Accounting 2025

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 2–6 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

Packout Limited is a trucking company that provides a nationwide freight service and has a number of small trucks for hire.

Packout Limited
Trial Balance as at 31 March 2025

	$		**$**
Accounts receivable	24 000	Accounts payable	13 000
Bank	28 000	Accumulated depreciation – buildings	14 200
Buildings	284 000		
Final dividend (2024)	50 000	Accumulated depreciation – vehicles and equipment	124 000
General expenses	320 000		
Interest on loan	2 700	Buildings revaluation surplus	25 000
Interest on mortgage	9 900	Contributed equity (300 000 shares)	540 000
Interim dividend (2025)	42 000		
Land	200 000	Dividends received	4 800
Parts on hand	72 000	Freight fees	628 000
Provisional tax paid	25 300	GST	6 400
Shares in *Transit Limited*	80 000	Hire fees	390 000
Vehicles and equipment	564 000	Land revaluation surplus	15 000
Wages and salaries	427 500	Loan	30 000
		Mortgage	120 000
		Retained earnings	219 000
	2 129 400		2 129 400

Additional information

- The mortgage was refinanced on 1 January 2024 for 5 years. It is interest only, with a fixed interest rate of 9% p.a. payable monthly.
- Hire fees of $31 050 including GST have been received in advance.
- Depreciation on vehicles and equipment 10% p.a.
- Depreciation on buildings 2.5% p.a.
- Shares in *Transit Limited* are held for trading. The shares have a current market value, considered to be fair value, of $77 000.
- The income tax expense for the year is $46 800.
- Buildings are to be revalued to their current independent valuation of $285 000.
- Land is to be revalued to its current independent valuation of $228 000.
- During the year ended 31 March 2025, directors of *Packout Limited* issued an additional 50 000 shares at a fair value of $2.50, less a brokerage fee of 4%. The money from the share issue was received from the sharebroker on 15 October 2024. This transaction is reflected in the trial balance.
- The interim dividend for 2025 was paid to all shareholders after the share issue.
- On 28 April 2025, directors declared a final dividend of 18c per share to be paid on 28 May 2025.

RESOURCE B

Fauro Limited is a tour business offering fishing and diving tours in the Bay of Islands. Corporate clients purchase their tours on credit. The general public book tours through *Fauro Limited*'s website, paying cash in advance.

Fauro Limited
Income Statement for the year ended 31 March 2025

	$000	**$000**
Revenue and other income		
Corporate client tours	450	
General public tours	327	
Dividends received	5	
Gain on sale of shares in *Mainfreight Limited*	4	786
Expenses		
General expenses	118	
Tour supplies inventory used	126	
Wages	327	
Interest on loan	12	
Loss on sale of tour equipment	2	
Loss on trade in tour boat	7	
Bad debts	5	
Doubtful debts	(1)	
Depreciation	54	650
Profit before tax		136
Less Income tax expense		38
Profit after tax		98

Fauro Limited

Statement of Financial Position as at 31 March

	2024	2025
	$000	**$000**
Assets		
Bank	4	13
Tour supplies inventory	27	25
Accounts receivable (note 1)	32	27
Prepayments (general expenses)	8	12
Financial assets (note 2)	50	35
Property, plant, and equipment (note 3)	498	505
Total assets	619	617
Liabilities		
Accounts payable (tour supplies inventory)	30	37
Income in advance (general public tours)	18	23
Accrued expenses (wages)	3	5
Taxation payable	28	22
Loan	130	110
Equity		
Contributed equity	300	250
Retained earnings	110	170
Total liabilities plus equity	619	617

Resource B continues on the next page ➤

Fauro Limited Notes to the financial statements

1. Accounts receivable

	2024	2025
	$000	$000
Accounts receivable	35	29
Allowance for doubtful debts	(3)	(2)
	32	27

2. Financial assets (extract)

Financial assets comprise shares in *Mainfreight Limited*.
The shares are held for trading.

3. Property, plant, and equipment (extract)

	Tour equipment	Boats
	$000	$000
As at 31 March 2024		
Cost	170	540
Accumulated depreciation	(34)	(178)
Carrying amount	136	362
As at 31 March 2025		
Cost	175	565
Accumulated depreciation	(49)	(186)
Carrying amount	126	379

Additional information

- Tour equipment with a cost of $10 000 and carrying amount of $7 000 was sold.
- One boat with a cost of $45 000 and carrying amount of $17 000 was traded in on a new boat.