

90978



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

1

Supervisor's use only box

SUPERVISOR'S USE ONLY

# Level 1 Accounting, 2014

## 90978 Prepare financial statements for sole proprietors

2.00 pm Thursday 13 November 2014

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 questions in 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.**

Merit

TOTAL

Box containing the number 17

ASSESSOR'S USE ONLY

**QUESTION ONE: INCOME STATEMENT**

Refer to **Resource Booklet 90978R** to answer this question.

Prepare the Income Statement for *Mighty Mechanics* for the year ended 31 March 2014.

Use the following expense headings:

- workshop expenses
- administrative expenses
- finance costs.

**Note:** Do NOT use abbreviations.

**Mighty Mechanics**  
**Income Statement for the year ended 31 March 2014**

	\$	\$	\$
Revenue			
Workshop fees	107 700		
Plus other income	—		
Dividends received	1 000		
Rent received	2 400	3 400	11, 100
Less expenses			
Workshop expenses			
Cleaning	4 000		
Dry cleaning of overalls	6 300		
General workshop expenses	2 100		
Telephone and internet	1 900		
Apprentices wages	34 750		
Workshop supplies used	7 700		
Workshop supplies on hand	3 060		
Depreciation expense-workshop equipment	2 000		6 180
Administrative expenses			
Accountancy fees	1 200		
Cleaning	1 000		
Office expenses	8 900		
Depreciation expense-office equipment	400		11 500
Finance costs			
Interest on loan	1 700	1 700	1 700
Total expenses			75 010
Profit for year			36 090

ASSESSOR'S USE ONLY

F

15

m6



**QUESTION TWO: STATEMENT OF FINANCIAL POSITION**

Refer to Resource Booklet 90978R to answer this question.

Prepare the Statement of Financial Position with accompanying note for *Mighty Mechanics* as at 31 March 2014.

Note: Do NOT use abbreviations.

Mighty Mechanics Statement of Financial Position as at 31 March 2014			
Assets		\$	\$
Current assets			
Accounts receivable		345	
Bank		11200	
Workshop supplies on hand		5060	
Non-current assets			
Investment assets			
Shares in Parts 4 U Ltd		10000	
Prepayment		100	11645 M
Non-current assets			
Investment assets			
Shares in Parts 4 U Ltd		10000	10000 ✓
Property plant and equipment ①		16990	16990 ✓
Total assets		187605	184540 ✓
Less Liabilities			
Current liabilities			
Accounts payable		299	299 ✓
Accrued expense		250	250 ✓
GST payable		3206	3785 ✓
Non-current liabilities			
Loan (Due 2020)		30000	30000 ✓
Total liabilities		33755	33785 ✓
Net assets		154090	150755 ✓
Equity			
Opening capital		179000	179000 ✓
Plus profit for the year		36090	36090 ✓
Less drawings		64000	64000 ✓
Closing capital		151090	151090 ✓
Depreciation expense - workshop equipment		2000	
Depreciation expense - office equipment		400	
Revenue in advance		300	

ASSESSOR'S USE ONLY

e  
v

11645 M

✓

✓

184540 ✓

e

m

ee

33785 ✓

150755 ✓

✓

✓

✓

✓

MAN

**Note to the Statement of Financial Position**

**1. Property, plant and equipment**

	Land and building	Office equipment	Workshop equipment	Total
	\$	\$	\$	\$
Cost	150000	3100	14500	167600
Accumulated Depreciation	0	1300	3400	4700
Carrying amount	150000	1800	11100	162900

v v

v m e

v v

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

Office equipment:

7.75% per year

Workshop equipment:

7% per year

22

MS

**QUESTION THREE: CASH BUDGET**

From the information provided below, prepare the cash budget for *Mighty Mechanics* for the month ended 31 August 2014. Circle the word **surplus** or **deficit** on the table, which matches the result.

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

The estimated information for August 2014:

- workshop fees to be received in cash for the month \$9300 I
- invoices to be received for workshop supplies \$800 X
- rent of \$300 for two months to be received by direct credit 150 F
- \$790 to be paid to accounts payable for workshop supplies 0 1 F
- telephone and internet of \$180 will be paid during the month 0 1
- Matiu has fixed his own car and used workshop supplies that cost \$400 0
- interest on loan is paid by automatic payment every fortnight \$60 x 2 0
- Matiu's drawings per week \$1200 x 4 0
- invoice to be received for the monthly dry cleaning of overalls of \$500 X
- Georgia, the apprentice, is paid weekly by automatic payment \$600 x 4 0
- old workshop equipment to be sold for \$500 cash I
- new workshop equipment costing \$1200 to be purchased. 50% deposit to be paid and the rest on credit 600 0
- dividends of \$50 will be received I
- bank balance at 1 August 2014 \$9100.

<b>Mighty Mechanics</b>		
<b>Cash Budget for the month ended 31 August 2014</b>		
	\$	\$
<b>Estimated cash receipts</b>		
Workshop fees	9300	
Rent received	150	
Workshop equipment sold	500	
dividends received	50	
<b>Total estimated cash receipts</b>		10000
<b>Estimated cash payments</b>		
Accounts payable	790	
Telephone and internet	180	
Workshop supplies	400	
interest on loan	120	
Drawings	4800 <del>12000</del>	
Apprentices wages	2400	
Workshop equipment	600	
<b>Total estimated cash payments</b>		9290
<b>Surplus/deficit of cash</b>		710
<b>Opening bank balance</b>		9100
<b>Closing bank balance</b>		9810

ASSESSOR'S USE ONLY

F

M6