

90978



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

1

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.

Not Achieved

TOTAL

07

ASSESSOR'S USE ONLY

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	\$	\$
Bank	11,200	
Capital	199,000	
Workshop equipment	14,500	12,897
Workshop supplies on hand	2,800	
Workshop supplies used	2,700	
Workshop fees	107,400	
Office equipment	1,800	
Office expenses	8,900	
Total Assets		308,100
Less liabilities		
Plant Property and Equipment		
Land and Building	150,000	
Office equipment	1,800	
Workshop equipment	12,897	
Intangible liabilities		
Shares in Part 4 U Ltd	10,000	
Expenses		
Office Expenses	8,900	
Interest on loan	1,700	
Telephone and internet	2,000	
Cleaning	5,000	
Drycleaning of overalls	6,300	
General Workshop expenses	2,100	
Total liabilities		209,697
Asset Minus Liabilities		
Equals Equity		107,403

Note to the Statement of Financial Position

1. Property, plant and equipment

	Land and building	Office equipment	Workshop equipment	Total
Before Depreciation	\$	\$	\$	\$
Depreciation	150,000	3,100	14,500	167,600
Minus Depreciation	150,000	1,300	14,500	2,903
After Depreciation	150,000	1,800	12,897	164,697

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

Office equipment:

Workshop equipment:

ASSESSOR'S USE ONLY

NV
NMV
NN

NO

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

Mighty Mechanics		
Cash Budget for the month ended 31 August 2014		
	\$	\$
Estimated cash receipts		
Workshop fees (cash)	9,300	✓
Rent for <u>two months</u>	300	✓
Sold old workshop equipment	500	✓
<u>Invoices received</u>	800	✓
Dividends received	50	✓
Total estimated cash receipts	10,950	
Estimated cash payments		
Telephone and internet	180	✓
Interest on loan	60 120	✗
Wages	2,400	✗
<u>Maitu fixed own car with workshop supplies</u>	400	✓
New workshop equipment	600	✗
Drawings	4,800	✗
<u>Invoice for overalls</u>	500	✓
Total estimated cash payments	9,000	
Surplus/deficit of cash	1,950	
Opening bank balance	9,100 9,100	9,100
Closing bank balance		11,050

F

F

F

C

A4