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Level 2 Accounting, 2016

91176 Prepare financial information for an entity that operates accounting subsystems

2.00 p.m. Tuesday 22 November 2016
Credits: Five

Achievement	Achievement with Merit	Achievement with Excellence
Prepare financial information for an entity that operates accounting subsystems.	Prepare in-depth financial information for an entity that operates accounting subsystems.	Prepare comprehensive financial information for an entity that operates accounting subsystems.

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 the questions in this booklet.

Pull out Resource Booklet 91176R from the centre of 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.

Achievement

TOTAL **13**

Refer to **Resources A**, **B**, and **C** in **Resource Booklet 91176R** when answering the questions.

QUESTION ONE

> *Gymtime* is a retailer selling gym equipment, workout clothing, and health supplements. The business uses a perpetual inventory system and is registered for GST on the invoice basis.

(a)   Using **Resource A**, prepare the **General Journal** entry to close the Office wages account. (The narration is NOT required.)

31/3/2016	Office Wages	1200	
	Accrued Expenses		1200

(b)   Using **Resource A**, complete the **Inventory General Ledger** account for the year ended 31 March 2016.

Inventory						
31/3/2016	Balance				250 000	Dr
	Cost of Goods Sold		3000	247 000	Dr

(c)   Using **Resource A**, prepare the **Income Statement** for *Gymtime* on page 3. Group expenses under the following headings: Distribution costs, Administrative expenses, and Finance costs. (Do NOT use abbreviations.)

Gymtime Income Statement for the year ended 31 March 2016			
	$	$	$
Income			
Sales			995 000
Less: Sales Returns			5000
			990,000
Less: Cost of Goods Sold			503,000
Gross Profit			487,000
~~The~~ Expenses			
Distribution Costs			
Advertising	35,000		
Delivery Vans Insurance	8000		
Sales Staff Wages	120,000		
Shop Electricity	18,000		
Shop Rent	56,000		
Depreciation on Delivery Vans	(1800)	238,800	
Administrative Expenses			
Bad Debts	2500		
Office Expenses	16,000		
Office Wages	46,200	64,700	
Finance Costs			
Interest on Loan	~~20~~	2000	
Total Expenses			305,500
Profit for the Year			181,500
~~Net Profit~~			

QUESTION TWO

> *Tentplanet* is a retailer in Taupo that sells tents and other camping gear.

(a) Using **Resource B**, calculate **cash paid** to suppliers (accounts payable). Ignore GST. Show and fully label your working in the space below.

WORKING

+ Opening Accounts Payable : $25,000
+ Invoices Received : $550,000
- Bad Debts : $1265
- Discount Received : $8000
- Credit Notes Received : $5000
- Closing Accounts Payable : $23,000
  $537,735

Cash paid to suppliers $ $537,735

(b) Using **Resource B**, prepare the cash payments section of *Tentplanet*'s Cash Flow Statement (extract) for the year ended 31 March 2016. Ignore GST.

Tentplanet Cash Flow Statement (extract) for the year ended 31 March 2016		
	$	$
Cash payments		
Accounts Payable	23,000	
Office Expenses	35,000	
Rent	20,000	
Wages	225,000	
New Shop Fittings	1200	
Total cash payments		304,200

Tentplanet is registered for GST on the invoice basis.

(c) Using **Resource B**, prepare the **General Journal** entries to record the following balance day information for Tentplanet. (Narrations are NOT required.)

One month's interest is owing to Tentplanet on the term deposit.

31/3/2016	Accrued Income	(3000)	
	Interest Received		3000

Close the **Drawings** account.

31/3/2016	~~Balance~~ Drawings	50,000	
	Capital		50,000

(d) Using **Resource B**, complete the **General Ledger** accounts below for Tentplanet to show the relevant **balance day adjustments** and **closing entries** (if required) for the year ended 31 March 2016.

Bad debts					
31/3/2016	Balance			1500	Dr
	Bad Debts	(1265)	2765	Dr
	Income Summary		2765	0	

Accrued income					
31/3/2016	Interest Received	3000		3000	Dr
	~~Income Summary~~		~~3000~~ 0		

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QUESTION THREE

> *Cleverclean* provides cleaning services to businesses. It is registered for GST on the invoice basis.

(a) Using **Resource C**, complete *Cleverclean's* fully classified **Statement of Financial Position**. The **assets** have been entered for you. (Do NOT use abbreviations.)

	Note		$	$
Cleverclean Statement of Financial Position as at 31 March 2016				
Current assets				
Accounts receivable	1	17 225		
Cleaning supplies on hand		7 000		
			24 225	
Non-current assets				
Property, plant and equipment	2		768 600	
Total assets				792 825
Current Liabilities				
Accounts Payable		21,900		
Bank		2000		
GST		6375		
Accrued Expenses		600	30,875	
Non-Current Liabilities				
Loan			80,000	
Total liabilities Net Assets				110,875
Equity				681950
Capital			500,000	
+ Profit for the Year		110,875	681880 / 610,875	
− Drawings			75,000	
Net Profit				
Net Profit			535,875	

(b) Prepare the Accounts Receivable note for *Cleverclean*.

Notes to the Financial Statements
Note 1: Accounts Receivable

	$
Accounts Receivable	17,725
Less: Allowance for Doubtful Debts	500
	17,225

(c) Prepare the **Cleaning Equipment** section of the Property, Plant and Equipment note for *Cleverclean*.

Note 2: Property, Plant and Equipment note (extract)

	Cleaning equipment
	$
For the year ended 31 March 2016	
Opening carrying amount	121 000
Additions	6 000
Disposals	(7)00
Depreciation	3000
Closing Carrying Amount	117,000
As at March 2016	
Cost	1 50 000
Less: Accumulated Depreciation	33,000
Carrying Amount	117,000

(d) Prepare the **General Journal** entry to record depreciation on **computers** for the year ended 31 March 2016. (A narration is not required.)

31/3/2016	Depreciation on Computers	2400	
	Accumulated Depreciation on Computers		2400

M5

QUESTION NUMBER	Extra space if required. Write the question number(s) if applicable.	ASSESSOR'S USE ONLY

Achievement exemplar 2016

Subject:	Accounting		Standard:	91176	Total score:	13

Q	Grade score	Annotation
1	A4	The candidate provides enough evidence for A4 in this question because the majority of the unadjusted income and expenses are correctly reported. The adjustments for office wages and shop rent, using additional information from the figures provided, are correctly completed. It doesn't reach M5 because not enough of the detailed additional information is correctly reported. E.g. the office wages of $46 200 need to be closed to income summary, and the depreciation on equipment is not reported.
2	A4	The candidate provides enough evidence for A4 in this question because they correctly identify four of the cash payments, the balance for bad debts, and have earned follow through from their journal entry for the Accrued income ledger account. To have earned Merit, Drawings needed to be closed correctly (Dr Capital; Cr Drawings); Drawings of $49 000 reported in the cash payments; and Bad debts needed to be debited $1 100 (with the stem Accounts receivable) for the bad debt to be written off.
3	M5	This answer demonstrates that some of the detailed additional information has been correctly reported (Accounts payable, Additions and Depreciation on computers). To have earned a higher Merit grade, all of the current liabilities needed to be reported and the profit for year figure needed to be an amount that saw net assets equal to equity.