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91176



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NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
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SUPERVISOR'S USE ONLY

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.

Excellence

TOTAL

2%

ASSESSOR'S USE ONLY

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

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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	Accrued Expenses Office Wages	46,200	1,200
	Income Summary		46,200

- (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
	Inventory Loss Cost of Goods Sold		3,000	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.)

QUESTION TWO

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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	23,000	25,000
Less discount received	(8,000)	
Opening accounts payable	25,000	
Add Purchases	550,000	
Less Purchases Returns	(5,000)	
Less Discount Received	(8,000)	
Less Closing balance	(23,000)	

Cash paid to suppliers \$ 539,000

- (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		
Invoices Cash Paid to Suppliers	539,000	
Cash Drawings	49,000	
Office Expenses	35,000	
Rent	20,000	
Wages	225,000	
Shop Fittings	1,200	
Total cash payments		\$869,200

Tentplanet is registered for GST on the invoice basis.

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- (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	250	
	Interest on Term Deposit		250

Close the **Drawings** account.

31/3/2016	Capital	50,000	
	Drawings		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			1,500	Dr
	Accounts Receivable	1,100		2,600	Dr
	Income Summary		2,600	0	-

Accrued income					
31/3/2016	Interest on Term Deposit	250		250	Dr
	Balance Sheet		250	0	-

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.)

Cleverclean Statement of Financial Position as at 31 March 2016				
	Note		\$	\$
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
<u>Current Liabilities:</u>				
Accounts Payable		21,900		
Bank		2,000		
GST		6,600		
Accrued Expenses		600		
			31,100	
<u>Non Current Liabilities:</u>				
Loan (9% p.a., due 2025)			80,000	
Total Liabilities				111,100
Net Assets				\$681,725
<u>Owner's Equity:</u>				
Capital		500,000	500,000	
Less Drawings			(75,000)	
Plus Profit for the Year			256,725	
				\$681,725

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

Notes to the Financial Statements
Note 1: Accounts Receivable

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	\$
Opening Accounts Receivable	16,000 ^{17,225}
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
Less Disposals	(1,000)
Less Depreciation	(3,000)
Closing Carrying Amount	123,000
As at March 2016	
Cost Prices	156,000
Accumulated Depreciation	(33,000)
Closing Carrying Amount	123,000

- (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	2,400	
	Accumulated Depreciation on Computers		2,400

E7

Extra space if required.
Write the question number(s) if applicable.

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QUESTION
NUMBER

91176

Excellence exemplar 2016

Subject:	Accounting	Standard:	91176	Total score:	21
Q	Grade score	Annotation			
1	M6	To get to Excellence and demonstrate comprehensive understanding, the candidate needs to produce a complete Income Statement. Sales returns and Discount received need to be reported.			
2	E8	The candidate demonstrates Excellence. The working for cash paid to suppliers is correct and all cash payments have been correctly reported. Bad debts has been closed correctly and the candidate has crossed out the closing of Accrued Income to demonstrate they understand which accounts to close.			
3	E7	The candidate needs the correct figure for GST, \$6 825, and Income in advance, \$3 000, to earn E8.			