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91406



Draw a cross through the box (X) if you have NOT written in this booklet

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Mana Tohu Mātauranga o Aotearoa  
New Zealand Qualifications Authority

## Level 3 Accounting 2024

### 91406 Demonstrate understanding of company financial statement preparation

Credits: Five

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of company financial statement preparation.	Demonstrate in-depth understanding of company financial statement preparation.	Demonstrate comprehensive understanding of company financial statement preparation.

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 91406R 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 2–11 in the correct order and that none of these pages is blank.

Do not write in the margins (// // //). This area will be cut off when the booklet is marked.

**YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.**

**Achievement**

**TOTAL 12**

Do not use abbreviations in your answers except for particulars in general ledger accounts.

### QUESTION ONE

Refer to **Resource A** in the resource booklet to answer this question.

- (a) Complete the following accounting entries for *Maleai Limited* at 31 March 2024.

#### General Journal

31/03/24	Land	22000	
	Land revaluation surplus		22000
	Record gain on revaluation of land		
31/03/24	Final dividend		72000
	Bank	72000	
	Record the closing entry for the final dividend 2023		

#### General Ledger Buildings

31/03/24	Balance			150000	Dr
	Accumulated Depreciation <sup>Buildings</sup> on	17000	133000		Dr
	Gain on building revaluation	7000	140000		Dr

- (b) Complete the following extract from *Maleai Limited's* property, plant, and equipment note for the year ended 31 March 2024.

#### *Maleai Limited* Notes to the financial statements (extract)

##### Property, plant, and equipment (extract)

	Land	Buildings	Boats and equipment
<b>For the year ended 31 March 2024</b>			
Opening carrying amount	228000	136000	594000
Depreciation		(3000)	(54000)
Revaluation	22000	7000	
Closing carrying amount	250000	140000	540000



- (c) Complete the non-current assets section of *Maleai Limited*'s statement of financial position as at 31 March 2024. Include the total for non-current assets.

**Maleai Limited**  
**Statement of Financial Position (extract) as at 31 March 2024**

**Non-current assets**

Boats and equipment	540000
Buildings	140000
Land	250000
Interest on mortgage	18000
	948000

- (d) Explain the different treatment of the interim dividend (2024) \$30 000 and the interim dividend of 12.5c per share received from *MVK Limited* in *Maleai Limited*'s financial statements for the year ended 31 March 2024.

In your answer:

- use relevant figures
- include the impact on profit for the year and retained earnings in equity.

The interim dividend does not appear directly in either the income statement or the statement of financial position for Maleai Limited. Instead, it will be found in ~~that~~ the distribution note to the statement of financial position, showing cents per share and the amount of shares.

The interim dividend decreases retained earnings, decreasing the profit for the year.

12.5c M

(5)



## QUESTION TWO

Refer to **Resource A** in the resource booklet to answer this question.

- (a) Complete the following accounting entries for *Maleai Limited*, including any closing entries at 31 March 2024.

### General Journal

31/03/24	Profit for the year	177200	
	Retained earnings		177200
	<del>Income summary</del>		
Closing entry for profit for the year \$177200			

### General Ledger Retained earnings

31/03/24	Balance			165000	Cr
	Profit for the year		177200	342200	Cr
	Final dividend (2023)	72000		270200	Cr
	Interim dividend (2024)	30000		240200	Cr

- (b) Complete the current liabilities and equity sections of *Maleai Limited*'s statement of financial position as at 31 March 2024. Include the sub-total for each section.

### Maleai Limited Statement of Financial Position (extract) as at 31 March 2024

<b>Current liabilities</b>		
Accounts payable	31000	
GST	7200	
Accrued expense	500	
Income in advance	18000	
Tax payable	20300	
<b>Total current liabilities</b>	<b>77000</b>	



**Maleai Limited**  
**Statement of Financial Position (extract) as at 31 March 2024**

Equity		
Contributed equity	440000	a
Retained earnings	165000	b
Total equity	605000	

- (c) Explain the impact of the share repurchase on *Maleai Limited's* financial statements at 31 March 2024.  
 In your answer use relevant figures to explain the impact on current assets, contributed equity, retained earnings, and total equity.

The share repurchase of 5000 shares at \$2.80 per share, totalling \$14000, causes contributed equity to increase from \$426000 to \$440000, increasing total equity. The share repurchase increases current assets because the financial assets increased from \$50000 to \$250000. It decreases retained earnings.

10.

(4)

### QUESTION THREE

Refer to **Resource B** in the resource booklet to answer this question.

- (a) Complete the operating and investing activity sections of *Waiata Tunes Limited's* statement of cash flows for the year ended 31 March 2024.

Show your working in the space below. This may be used for marking purposes.

#### WORKING

opening Acc Rec	15000
+ sales	1920000
- discount allowed	7000
- closing Acc Rec	12000
Cash from customers	1916000

opening acc pay	32000
+ inventory	956000
- closing acc <del>pay</del> pay	48000
Cash paid to suppliers	980000



**Waiata Tunes Limited**  
**Statement of Cash Flows for the year ended 31 March 2024**

	\$000	\$000	\$000
<b>Operating activities</b>			
Cash was provided from			
Cash from Customers	1916		CC
Lesson income	102		A
Total Cash was provided from		2018	
Cash was applied to			
Cash paid to suppliers	940		a
General expenses	259		g
Wages	504		C
Tax payable	27000		a
Net cash from operating activities			
<b>Investing activities</b>			
Cash was provided from			
ta			
Cash was applied to			
Net cash from investing activities			

Question Three continues on page 8 ➤

Refer to **Resource B** and the following additional information to answer parts (b) and (c).

During the year ended 31 March 2024, the following transactions with shareholders took place:

- 15 April 2023: Payment of the final dividend of 14c per share on 250 000 shares for the year ended 31 March 2023.
- 1 October 2023: Issue of 50 000 additional shares through a sharebroker who charged a 7.5% brokerage fee.
- 15 December 2023: Payment of an interim dividend for the year ended 31 March 2024.

(b) Complete the following accounting entries for *Waiata Tunes Limited* in the general journal.

**General Journal**

15/12/23			
	Payment of interim dividend (2024)		
31/03/24	Shares in GHL	5000	
	Increase in fair value of financial assets		5000
	Increase in fair value of financial assets		

7  
+2



(c) Explain in detail the reporting of the share issue in *Waiata Tunes Limited*'s statement of cash flows for the year ended 31 March 2024.

In your answer, use relevant figures and:

- identify the activity section the share issue will be reported in
- explain the impact of the share issue on the closing bank balance.

The share issue will be reported in the Investing activities section of the cash flow statement. //

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**Subject:** Accounting

**Standard:** 91406

**Total score:** 12

Q	Grade score	Marker commentary
One	M5	The candidate accurately recorded the general journal entry for land revaluation and completed most aspects of the property, plant and equipment table. The explanation for the interim dividends needed to address the interim dividend received and include relevant figures.
Two	A4	The processing was correct for most of the entries the candidate made, but they did not relate the share repurchase to the financial statements.
Three	A3	The statement of cash flow was not completed, and some adjustments were not accounted for. The candidate accurately completed the general journal entry for the gain in fair value of financial assets. The correct activity section was not identified for the share issue.