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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.

Merit

TOTAL 15

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

General Ledger Buildings

31/03/24	Buildings		150 000	Dr
	Building revaluation surplus	7000	157 000	Dr
	Accumulated depreciation on buildings	17 000	140 000	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
For the year ended 31 March 2024			
Opening carrying amount	228 000	133 000	4 62 000
Depreciation	(0)	(0)	(54 000)
Revaluation	22 000	7 000	(0)
Closing carrying amount	250 000	140 000	4 08 000

- (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

Property, plant, equipment	
Carrying amount	798 000
Intangible assets	
goodwill	29 000
	827 000

- (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 (2024) of \$30 000 is ~~what~~ the amount of dividends Maleai Limited is paying out to shareholders. The interim dividend of 12.5c per share received is what MVK Limited is investing to Maleai Limited shares. ~~(20 000 × 0.125 = 25 000)~~ pays to Maleai Limited as Maleai Limited owns 20 000 shares in MVK Limited. $(20\,000 \times 0.125 = \$2\,500)$. This will increase dividends received which is classified as other income. This will therefore increase revenue and profit for the year. The interim dividend will decrease retained earnings.

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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	Income summary	177 200	
	contributed equity		177 200
	Closing entry for profit for the year \$177 200		

General Ledger Retained earnings

31/03/24	Balance			165 000	Cr
	Profit for the year		177 200	342 200	Cr
	Final dividend	72 000		270 200	Cr
	Interim dividend	30 000		240 200	Cr
	Share repurchase		14 000	254 200	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

Current liabilities		
Accounts payable	31 000	
GST	7 200	
Tax payable	20 300	
Accrued expense	1 500	
Income in advance	18 000	
Total current liabilities		78 000

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

Equity		
Contributed equity	440 000	a
Retained earnings	165 000	b
(Share repurchase)	(14 000)	b
Building revaluation surplus	7 000	a
Land revaluation surplus	22 000	a
Total equity		620 000

- (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.

Maleai repurchased 5000 shares at a fair value of \$2.80 ($5000 \times 2.80 = \14000).

~~This will decrease~~ The share repurchase will decrease contributed equity and retained earnings. and therefore decrease total equity. M

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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.

CASH received from customers		WORKING	
OB	15	Accrued expense	
Sales	1920	OB	18
(Dis allowed)	(7)	Wages	508
(CB)	(12)	(CB)	(22)
	<u>1916</u>		<u>504</u>
Inventory		Land purchased	
CB	137	CB	1000 800
COGS	947	(OB)	(800)
(OB)	(128)		<u>200</u>
	<u>956</u>	Trade in	
Payment to Suppliers		C/A	16
OB	32	(loss)	(5)
Inv	956 48		<u>11</u>
(dis rec)	(10)	lesson equipment	
(CB)	(48)	Purchased with trade in	
	<u>930</u>	CB	165
Taxation		HC	25
OB	62	(OB)	(175)
expense	35	(trade in)	(11)
(CB)	(0)		<u>4</u>
	<u>27</u>	Shop fittings sold	
Prepayment		C/A	12
CB	33	Shop fittings purchased	
general et	317	CB	600
(OB)	(25)	HC	30
	<u>325</u>	(OB)	(580)
Income in ad			<u>50</u>
CB	20		
lesson income	70		
(OB)	(72)		
	<u>78</u>		

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

	\$000	\$000	\$000
Operating activities			
Cash was provided from			
Cash received from customers	1916		
Lesson income	78		
Dividends received	7	2001	
Cash was applied to			
Payment to suppliers	930		
Tatation	97 97		
General expenses pre payment	325		
Wages	504		
Finance costs	18	1874	
Net cash from operating activities			127
Investing activities			
Cash was provided from			
Save of shop fittings		12	
Cash was applied to			
Land purchased	200		
Equipment purchased	4		
Shop fittings purchased	50	254	
Net cash from investing activities			(242)

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. **35 000**
- 1 October 2023: Issue of 50 000 additional shares through a sharebroker who charged a 7.5% brokerage fee. **375 00**
- 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	Interim dividend		
	Bank		
	Payment of interim dividend (2024)		
31/03/24	Shares in GHL	5	
	Increase in fair value of financial assets		5
	Increase in fair value of financial assets		

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- (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.

Shares issued would be reported in the financing activities section in cash received from as it is an inflow.

The calculation for Shares issued is ~~closing~~ balance contributed equity minus opening balance contributed equity ($1130 - 945 = 185$)

Since Share issue is an inflow, it will increase cash received from for financing activities and therefore increase the closing bank balance

(5)

Subject: Accounting

Standard: 91406

Total score: 15

Q	Grade score	Marker commentary
One	M6	The candidate accurately completed the general journal entries, ledger, and PPE extract. They provided an explanation of the treatments for the interim dividends, but the answer contained inconsistencies and omissions, such as how retained earnings is impacted for each case.
Two	A4	The general journal was incorrect, but the candidate completed most parts of the ledger and financial statement extracts. The explanation of the accounting process lacked details, such as changes to dollar amounts and the impact on total equity.
Three	M5	The statement of cash flow was mostly accurate with one foreign item. The explanation of the accounting process was correct but lacked most of the relevant figures.