

Assessment Schedule – 2013**Accounting: Demonstrate understanding of company financial statement preparation (91406)****Assessment Criteria**

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding involves applying company accounting elements to the preparation of financial statements that are fit for purpose.	Demonstrate in-depth understanding involves explaining the application of company accounting elements to the preparation of financial statements that are fit for purpose.	Demonstrate comprehensive understanding involves justifying the application of company accounting elements to the preparation of financial statements that are fit for purpose.

Evidence Statement**Question One**

(a)

Sorano Healthcare Limited
General Journal

		\$000	\$000	
01/11/12	Contributed equity	2 400		C
	Retained earnings	400		C
	Bank		2 800	C
	<i>To record the repurchase of 400 000 shares at a fair value of \$7 per share</i>			
31/05/13	Retained earnings	12 000		I
	Final dividend 2012		12 000	I
	<i>To record the closing entry for 2012 final dividend payment.</i>			
31/05/13	Taxation expense / Income summary	4 200		I
	Taxation payable		4 200	I
	<i>To record tax expense for the 2013 year</i>			

***Note:** The final dividend stem may be Dividend or Dividend Paid (the year is not required but if it is included, it should be correct).

General Journal

C Correct stem and correct figure and correct entry – award **U** if correct stem and a figure

I Correct stem and correct figure and correct entry – award **U** if correct stem and a figure

(Debits must equal Credits for grades to be given in each journal entry)

Question One

(b)

<p>The Loss on sale of equipment is:</p> <ul style="list-style-type: none"> • non-cash item • the amount of cash received from sale of equipment is the actual cash banked from the sale / cash flow shows only cash received from the sale / selling price for equipment is the cash received • loss on sale is the difference between the carrying amount and the actual cash banked from the sale • loss on sale is a book entry adjusting the depreciation allocated over the life of the asset to the market value on date of sale. 	<p>I C</p>
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I Non-cash item

C Any other **explanation** from the other 3 bullet points

Question One

(c)

Sorano Healthcare Limited
Statement of Cash Flows for the year ended 31 May 2013

	NZ\$000	NZ\$000	
CASH FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from customers	205 500		C
<i>Cash was applied to:</i>			
Payments to suppliers	(36 500)		CC
Payments for other expenses	(8 900)		C
Payments for wages and salaries	(114 900)		C
(Payment for wages and salaries and other expenses can be combined, with (123 800))			
Interest paid	(5 000)		U
Taxation paid	(4 400)		C
Net cash inflow from operating activities		35 800	
CASH FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Sale of old equipment	2 000		C
<i>Cash was applied to:</i>			
Additional buildings	(2 200)		C
Additional equipment	(15 000)		C
Net cash outflow from investing activities		(15 200)	
CASH FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Additional loan drawn down	4 000		I
<i>Cash was applied to:</i>			
Shares repurchased	(2 800)		I
Dividends	(25 800)		CC
Net cash outflow from financing activities		(24 600)	
NET CASH OUTFLOW		(4 000)	C*
Opening Bank Balance		11 100	
Closing Bank Balance		7 100	

General Journal

- CC** Correct stem and correct figure – award **C** if one error in working
C Correct stem and correct figure - award **U** if correct stem and a figure
I Correct stem and correct figure - award **U** if correct stem and a figure
U Correct stem and correct figure
C* Correct process and appropriate stems
F Foreign items, ie they do not belong in this financial statement

Workings for Question One (a) and (c)**Note:**

- Any labelled working or abbreviated identifiable 3-column or T-ledger accounts can be used for assessing working where required. Any unlabelled accounts or numbers cannot be assessed.
- Candidates are not expected to provide workings for straightforward calculations such as the increase in the land revaluation surplus.

Contributed equity				
Balance			16 400	Cr
Bank	2 400		20 700	Cr

Retained earnings				
Balance			14 200	Cr
Profit for the period		27 900	42 100	Cr
Bank (repurchase)	400		41 700	Cr
Final dividend 2012	12 000		29 700	Cr
Interim dividend 2013	13 800		15 900	Cr

Accounts receivable				
Balance			11 100	Dr
Sales	206 400		217 500	Dr
Cash		205 500	12 000	Dr

Inventory				
Balance			7 000	Dr
Cost of goods sold		36 000	29 000	Cr
Accounts Payable	34 600		5 600	Dr

Accounts payable				
Balance			21 800	Cr
Inventory		34 600	56 400	Cr
Cash	36 500		19 900	Cr

Tax payable				
Balance			800	Cr
Tax expense		4 200	5 000	Cr
Cash	4 400		600	Cr

Accrued wages				
Balance			800	Cr
Wages expense		115 200	116 000	Cr
Cash	114 900		1 100	Cr

Pre-payments – other expenses				
Balance			1 200	Dr
Other expenses		9 100	7 900	Cr
Cash	8 900		1 000	Dr

Plant and equipment				
Balance			46 000	Dr
Disposal		4 600	41 400	Dr
Cash	15 000		56 400	Dr

Disposal				
Plant and equipment	4 600		4 600	Dr
Accumulated depreciation		2 200	2 400	Dr
Bank		2 000	400	Dr
Loss on sale		400	NIL	

Accumulated depreciation on plant and equipment				
Balance			22 900	Cr
Disposal	2 200		20 700	Cr
Depreciation		7 300	28 000	Cr

Judgement Statement – Question One

N1	N2	A3	A4	M5	M6	E7	E8
6 grades	9 grades	11 grades including 7 I or C	13 grades including 9 I or C	15 grades Including 14 I or C <i>AND</i> At least one I from (b)	17 grades Including 16 I or C <i>AND</i> At least one I from (b)	19 grades Including 12 C <i>AND</i> At least one C from (b)	21 grades Including 14 C <i>AND</i> At least one C from (b)
		Max 3 foreign items	Max 3 foreign items	Max 1 foreign item	Max 1 foreign item	No foreign items	No foreign items

Question Two

(c)

Magnificent Air Services Limited
Statement of Financial Position (extract)
as at 31 March 2013

	\$NZ	\$NZ	
Current liabilities			
Accrued expenses	127 500		I
Accounts payable	65 650		C
Income in advance	40 000		C
Bank	4 500		U
Loan (due October 2013)	50 000		I
GST	112 800		C
Taxation payable	5 000		C
Non-current liabilities			
Loan	555 000		I
Equity			
Contributed equity	2 000 000		I
Buildings revaluation surplus	52 330		C
Land revaluation surplus	150 000		C
Retained earnings	149 030		Uf

Statement of Financial Position

- C** Correct stem and correct figure - award **U** if correct stem and a figure
I Correct stem and correct figure - award **U** if correct stem and a figure
U Correct stem and correct figure
Uf Correct stem and figure correctly carried through from (a)
F Foreign items, ie they do not belong in this financial statement

Judgement Statement – Question Two

N1	N2	A3	A4	M5	M6	E7	E8
4 grades	6 grades	8 grades including 4 I/C	10 grades including 6 I/C	11 grades Including 8 I/C <i>AND</i> At least one I from (b)	13 grades Including 10 I/C <i>AND</i> At least one I from (b)	14 grades Including 7 C <i>AND</i> At least one C from (b)	16 grades Including 8 C <i>AND</i> At least one C from (b)
		Max 3 foreign items	Max 3 foreign items	Max 1 foreign item	Max 1 foreign item	No foreign items	No foreign items

Question Three

- (a)
(i)

Magnificent Air Services Limited
Notes to the Financial Statements (extract)

Financial assets	\$NZ	
Opening balance	125 000	U
Increase in fair value of financial assets recognised in profit / loss	5 000	C
Balance at end of year	130 000	U
Financial assets comprise shares in Air New Zealand Limited.		C

Notes to the Financial Statements

- U** Appropriate stem and correct figure
C Appropriate stem and correct figure correctly treated – Award U for Appropriate stem and a figure correctly Treated

Question Three

- (a)
(ii)

<ul style="list-style-type: none"> • Increases profit for the year by \$5 000 • Treated as Other Income • Detail provided in Notes to the Income Statement where a detailed list of Other Income is provided for users of the financial statements • Detail provided in the financial assets note to the Statement of Financial Position 	I C
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- I** I is awarded for detailing that the increase in fair value of financial assets increases profit
C Any other **explanation** from the other 3 bullet points

Question Three

- (b)

Magnificent Air Services Limited
Notes to the Financial Statements (extract)

Contributed Equity	No. of shares	\$NZ	
Balance at 1 April 2012	770 000	1 846 250	I
Shares issued	50 000	213 750	C
Shares repurchased	(20 000)	(60 000)	C
Balance at 31 March 2013	800 000	2 000 000	

Notes to the Financial Statements

- I** Appropriate stem and correct figures, correctly treated– award U if appropriate stem and figures
C Appropriate stem and correct figures, correctly treated– award U if appropriate stem and figures

Question Three

(c)

Magnificent Air Services Limited
Notes to the Financial Statements (extract)
Property, plant and equipment

	Land	Buildings	
	NZ\$	NZ\$	
For the year ended 31 March 2013			
Opening carrying amount	425 000	410 780	C#C#
Additions	75 000	0	C
Disposals	0	0	
Depreciation	0	(13 110)	C
Revaluation	150 000	52 330	CC
Closing carrying amount	650 000	450 000	
As at 31 March 2013			
Cost or valuation	650 000	450 000	CC
Accumulated depreciation	0	0	C
Closing carrying amount	650 000	450 000	U*U*

Property, Plant, and Equipment Note**C#C#** Correct Figure for opening carrying amounts**C** Appropriate stem and correct figure correctly treated – award U for appropriate stem and a figure correctly treated**CC** Appropriate stem and correct figures correctly treated – award U for appropriate stem and any figures correctly treated**U*U*** Appropriate stem for both closing carrying amounts and both carrying amounts equal

Judgement Statement – Question Three

N1	N2	A3	A4	M5	M6	E7	E8
4 grades	6 grades	8 grades including 4 I/C	10 grades including 6 I/C	12 grades Including 8 I/C <i>AND</i> At least one I or C from (a)(ii)	14 grades Including 10 I/C <i>AND</i> At least one I or C from (a)(ii)	16 grades Including 11 C <i>AND</i> At least one C from (a)(ii)	18 grades Including 12 C <i>AND</i> At least one C from (a)(ii)

Overall Judgement Statement

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score range	0 – 7	8 – 13	14 – 19	20 – 24