

**Assessment Schedule – 2017****Accounting: Prepare financial statements for sole proprietors (90978)****Evidence – Question ONE**

<b>Surf &amp; Streetwear</b>				
<b>Income Statement for the year ended 31 March 2017</b>				
	\$	\$	\$	
<b>Revenue / Income</b>				
Sales			172 900	<b>M</b>
(less) Sales returns			(340)	<b>V</b>
Net Sales			172 560	
<b>Less Cost of goods sold</b>				
Opening inventory		23 860		<b>V</b>
Add Purchases	81 400			<b>E</b>
(less) Purchase returns	(850)	80 550		<b>V</b>
		104 410		
Customs duty		1 280		<b>V</b>
Freight inwards		2 020		<b>V</b>
Goods available for sale		107 710		
(less) Closing inventory		(18 370)		<b>V</b>
Cost of goods sold			(89 340)	<b>V*</b>
Gross profit			83 220	<b>V*</b>
<b>Other income</b>				
Delivery fees received		5 400		<b>V</b>
Dividends		204	5 604	<b>M</b>
			88 824	
<b>Less expenses</b>				
<b>Distribution costs</b>				
Advertising	4 300			<b>V</b>
Courier expenses	5 730			<b>V</b>
Depreciation on shop fittings	1 472			<b>E</b>
Shop assistants' wages	55 720			<b>M</b>
Shop cleaning	600			<b>V</b>
Telephone and Internet	1 960	69 782		<b>E*</b>
<b>Administrative expenses</b>				
Depreciation on office furniture	800			<b>M</b>
General expenses	11 970			<b>V</b>
Office salary	18 000			<b>V</b>
Office stationery	740			<b>V</b>
Telephone and Internet	840	32 350		<b>*</b>
<b>Finance costs</b>				
Interest on loan		2 730	(104 862)	<b>V</b>

**Note:**

**V:** Correct stem (no abbreviations) correctly classified and correct figure.

**M:** Correct figure, correctly classified, and correct stem (no abbreviations). Award **V** if correctly classified with correct stem and incorrect figure.

**E:** Correct figure, correctly classified, and correct stem (no abbreviations). Award **V** if correctly classified with correct stem and incorrect figure.

**E\*:** Must have both number, classification and stem correct to award **1E**.

**V\*:** Correct **stem** and correct process. COGS (4/6 correct, no extra items), GP (Net Sales – COGS), Loss (Subtotal – TE).

**F:** Foreign Item.

**(ft):** Follow-through.

**Note:** Correctly classified account requires the classification heading to be present, including Revenue at the top of the Income Statement.

<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
6 <b>VME</b>	9 <b>VME</b>	12 <b>VME</b>	15 <b>VME</b>	18 <b>VME</b> , including 3 <b>M/E</b> Max 2 <b>F</b>	21 <b>VME</b> , including 4 <b>M/E</b> Max 1 <b>F</b>	22 <b>VME</b> , including 6 <b>M/E</b> No <b>F</b>	24 <b>VME</b> , including 7 <b>M/E</b> No <b>F</b> <b>No</b> Detracting errors.

**N0** = No response; no relevant evidence.

**Note:** A detracting error includes those errors that limit the accuracy of the financial statements for the entity being examined. This includes % breakdowns as part of the stem for Telephone and Internet, Total Income (after COGS has been deducted), Total Sales as opposed to Net Sales, Abbreviated or incorrect headings (e.g. Office Expenses as opposed to Administration Expenses).

This note also applies to detracting errors in Question Two.

## Question TWO

<b>Surf &amp; Streetwear</b>				
<b>Statement of Financial Position as at 31 March 2017</b>				
	\$	\$	\$	
<b>Assets</b>				
<b>Current assets</b>				
Bank		2 190		<b>V</b>
Inventory		18 370		<b>V</b>
Accrued income		60	20 620	<b>M</b>
<b>Non-current assets</b>				
<b>Investment assets</b>				
Shares in <i>Skaters Ltd</i>		12 400		<b>V</b>
<b>Property, plant and equipment (note 1)</b>				
Total carrying amount		121 532		<b>V(ft)</b>
			133 932	
Total assets			154 552	
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accrued expenses	420			<b>M</b>
Accounts payable	5 658			<b>EE</b>
GST payable	2 542			<b>EE</b>
Income (Revenue) in advance	1300	9 920		<b>M</b>
<b>Non-current liabilities</b>				
Loan (due 2025)		45 000		<b>V</b>
Total liabilities			(54 920)	
<b>Net Assets</b>			\$ 99 632	<b>V*</b>
<b>Equity</b>				
Opening Capital			155 670	<b>V</b>
(less) Drawings			(40 000)	<b>V</b>
(less) Loss for the year			(16 038)	<b>V(ft)</b>
<b>Closing capital</b>			\$ 99 632	<b>V</b>

**Note:**

**V:** Correct stem (no abbreviation) correctly classified and correct figure.

**V\*:** Correct process (TA-TL) and correct stem.

**E:** Correct stem (no abbreviation), correctly classified, and correct figure. Award V if correctly classified with correct stem and incorrect figure.

**M:** Correct stem (no abbreviation), correctly classified, and correct figure. Award V if correctly classified with correct stem and incorrect figure.

**EE:** GST Payable: Correct stem (no abbreviation), correctly classified, and correct figure.  
Award 1E for \$2 590 or \$3 232. Accounts Payable award 1E for \$5 290 or \$368.

**F:** Foreign Item.

**(ft):** Follow-through.

**Note to the Statement of Financial Position**

**1. Property, plant and equipment**

	<b>Buildings</b>	<b>Shop fittings</b>	<b>Office furniture</b>	<b>Total</b>
As at 31 March 2017	\$	\$	\$	\$
Cost	96 000 <b>V</b>	18 400 <b>V</b>	12 720 <b>E</b>	127 120
Less accumulated depreciation	0	3 488 <b>E</b>	2 100 <b>M</b>	(5 588)
Carrying amount	96 000	14 912	10 620	121 532 <b>V*</b>

Depreciation is calculated on a straight-line basis at the following rates:

- Shop fittings 8% per year (p.a.) or \$1 472 p.a. **V#**
- Office furniture \$800 per year **V#**

**Note:**

**E:** Correct stem (the PPE item) and correct figure. Award **V** if correctly classified with correct stem and incorrect figure (for Accumulated Depreciation, must be greater than or equal to Trial Balance number and less than the cost).

**M:** Correct stem (the PPE item) and correct figure. Award **V** if correct except for figure, and the figure provided must be greater than or equal to Trial Balance number and less than the cost.

**V:** Correct stem (the PPE item) and correct figure.

**V\*:** Correct carrying amount technique for all.

**V#:** Correct stem/description (must include per year/p.a. reference).

<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
6 <b>VME</b>	9 <b>VME</b>	11 <b>VME</b>	15 <b>VME</b>	18 <b>VME</b> , including 3 <b>M/E</b> Max 1 <b>F</b>	21 <b>VME</b> , including 4 <b>M/E</b> Max 1 <b>F</b>	23 <b>VME</b> , including 8 <b>M/E</b> No <b>F</b>	25 <b>VME</b> , including 10 <b>M/E</b> No <b>F</b> <b>No</b> Detracting errors.

**N0** = No response; no relevant evidence.

**Note:** See page two for information about detracting errors.

**Question THREE**

<b>Surf &amp; Streetwear</b>			
<b>Cash Budget for the month of November 2017</b>			
	\$	\$	
<b>Estimated cash receipts</b>			
Delivery fees		340	<b>V</b>
Dividends		65	<b>V</b>
Office furniture / desk		90	<b>V</b>
Sales		14 200	<b>C</b>
Total estimated receipts		14 695	
<b>Estimated payments</b>			
Drawings	3 120		<b>C</b>
Insurance	165		<b>C</b>
Interest on loan	120		<b>V</b>
Loan	900		<b>V</b>
Purchases	5 600		<b>C</b>
Shelves / shop fittings (deposit)	1 312		<b>C</b>
Telephone and Internet	225		<b>V</b>
Wages	4 600		<b>C</b>
GST	2 890		<b>V</b>
Total estimated payments		(18 932)	
<b>Cash deficit / Decrease in cash</b>		(4 237)	<b>P</b>
<b>Opening bank balance</b>		3 390	<b>V</b>
<b>Closing bank balance</b>		(847)	<b>P</b>

**Note:**

To receive credit, candidate must have the **correct stem** (no abbreviations, no sentences, no payment methods), under the **correct heading**:

**C:** Appropriate stem and correct figure. Award **V** if correct stem and incorrect figure.  
Award **VF** if correct stem but \$ includes a foreign element.

**V:** Appropriate stem and correct figure (figure provided).

**P:** Correct process and correct stem – allow follow-through on numbers.

**F:** Foreign Item

<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
3 <b>VCP</b>	5 <b>VCP</b>	7 <b>VCP</b>	9 <b>VCP</b>	11 <b>VCP</b> , including 4 <b>C</b> Max 1 <b>F</b>	13 <b>VCP</b> , including 5 <b>C</b> and 1 <b>P</b> Max 1 <b>F</b>	14 <b>VCP</b> , including 6 <b>C</b> and 1 <b>P</b> No <b>F</b>	15 <b>VCP</b> , including 6 <b>C</b> and 2 <b>P</b> No <b>F</b>  <b>Must be</b> correct bank balance (\$847)

**N0** = No response; no relevant evidence.

**Cut Scores**

<b>Not Achieved</b>	<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
0–8	9–14	15–20	21–24