

**Assessment Schedule – 2018****Accounting: Demonstrate understanding of company financial statement preparation (91406)****Assessment Criteria**

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

**Evidence****Question One (a)(i)**

**Plus One Limited  
General Journal**

15/05/2017	(Final) Dividend	27 500		I
	Bank		27 500	I
<i>To record final dividend paid for 2017 financial year.</i>				

- I Correct stem, figure, and entry OR  
 U Correct stem and a figure  
 (Debits must equal credits for grades to be given in each journal entry).

**Question One (a)(ii)**

**Plus One Limited  
General Journal**

30/06/2017	Bank	59 100		I
	Contributed equity		59 100	I
<i>To record issue of 20 000 shares less brokerage fees.</i>				

- I Correct stem, figure, and entry OR  
 U Correct stem and a figure  
 (Debits must equal credits for grades to be given in each journal entry).

**Question One (a)(iii)**

**Plus One Limited  
General Ledger  
Dividend**

15/5/2017	Bank	27 500		27 500	Dr	I
8/10/2017	Bank	29 900		57 400	Dr	I
31/3/2018	Retained earnings		57 400	NIL		I

- I Correct stem, figure, and entry OR  
 U Correct stem and any figure AND correct treatment of debit / credit entry

## Question One (b)

**Plus One Limited****Distributions Note to the Financial Statements for the year ended 31 March 2018**

Distributions	Cents per share	NZ\$	
Dividend (final for 2017)	5.50	27 500	I
Dividend (interim for 2018)	5.75	29 900	I
Total dividend		57 400	I
Share repurchase		175 000	I
Total distributions		232 400	I
<b>Dividends declared after reporting date</b>			<b>C</b>
On 28 March 2018 the directors proposed a final dividend for 2018 of 6 cents per share, totalling \$28 200 to be paid on 31 May 2018.			

- I Correct stem and both figures (cents per share and NZ\$ columns) OR  
 U Correct stem and some figure/s (in both number columns where applicable, excluding share repurchase)  
 C Correct general wording with dates AND correct figures  
 Award U for correct general wording with dates and any figure

## Question One (c)

This revaluation of shares will increase the fair value of financial assets/shares to \$38 000 OR by \$6 000.	<b>U</b>
This revaluation of shares will increase the fair value of financial assets of <i>Plus One Limited</i> by \$6 000 (to \$38 000) <i>AND</i> Gain in Fair Value of Financial Assets will be reported in the Statement of Comprehensive Income as Other Income <i>OR</i> Shares (in <i>Great Games Limited</i> ) will be reported in the Statement of Financial Position as an asset. <b>Student must identify ONE of the ledger accounts and state how it is reported in an identified appropriate financial statement</b>	<b>C</b>
This revaluation of shares will increase the fair value of financial assets to \$38 000 and will be reported as financial assets in the asset section of the Statement of Financial Position for <i>Plus One Limited</i> . It also increases the 'Gain in Fair Value of Financial Assets' to \$6 000 which is reported as other income in the Statement of Comprehensive Income for <i>Plus One Limited</i> . <b>Student must identify BOTH ledger accounts and state how it is reported in an identified appropriate financial statement</b>	<b>J</b>

## Judgement Statement – Question One

N1	N2	A3	A4	M5	M6	E7	E8
4 grades	6 grades	Total of 7 grades with a minimum of 2 I Note: <b>C</b> from (b) can be used for an I	Total of 8 grades with a minimum of 6 I / <b>C</b> Note: <b>C</b> from (b) can be used for an I	Total of 8 grades with a minimum of 6 I <i>AND</i> at least <b>U</b> from Q1(c)	Total of 10 grades with a minimum of 8 I <i>AND</i> at least <b>C</b> from Q1(c)	Total of 11 grades with a minimum of 9 I <i>AND</i> at least <b>C</b> from Q1	Total of 11 grades with a minimum of 10 I <i>AND</i> <b>J</b> from Q1(c)
Note: I is the higher grade for Q1(a) and (b). They can be used to compensate for a lack of U's. Exception is Q1 (c)							

## Question Two (a)

**Smileyface The Dentists Limited**  
**Statement of Cash Flows for the year ended 31 March 2018**

	NZ\$000	NZ\$000	NZ\$000	
<b>Cash from operating activities</b>				
<i>Cash was received from:</i>				
Accounts receivable	365 000			<b>CC</b>
Rent received	26 000	391 000		<b>C</b>
<i>Cash was applied to:</i>				
Accounts payable	256 500			<b>CC</b>
Expenses paid	71 500			<b>CC</b>
Interest paid	3 500			<b>I</b>
Taxation	9 000	340 500		<b>C</b>
<b>Net cash inflow from operating activities</b>			50 500	
<b>Cash from investing activities</b>				
<i>Cash was applied to:</i>				
Purchase of equipment		(50 000)		
<b>Net cash outflow from investing activities</b>			(50 000)	
<b>Cash from financing activities</b>				
<i>Cash was received from:</i>				
Share issue		200 000		<b>C</b>
<i>Cash was applied to:</i>				
Loan repayment		(20 000)		<b>C</b>
Dividends paid		(126 000)		<b>CC</b>
<b>Net cash inflow from financing activities</b>			54 000	
<b>Net increase in cash held</b>			54 500	
<b>Opening bank balance</b>			13 000	
<b>Closing bank balance</b>			<b>67 500</b>	<b>C*</b>

Codes	Award
<b>CC</b>	<b>CC</b> awarded for acceptable stem AND correct figure. <b>C</b> awarded for acceptable stem and ANY figure
<b>C</b>	For acceptable stem AND correct figure
<b>I</b>	For acceptable stem AND correct figure (interest paid only)
<b>C*</b>	For correct process AND appropriate stems
<b>F</b>	Foreign item. An item that does not belong in this financial statement

Acceptable Stem includes correct classification in the operating, investing, and financing sections of the cash flow statement AND correctly classified as an inflow/outflow within those sections

**Workings for Question Two (a)****Note:**

- Any labelled working or abbreviated identifiable three-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 decrease in loan or purchase of equipment.

<b>Accounts receivable: NZ\$000</b>				
Balance			6 000	Dr
Income summary	370 000		376 000	Dr
Bad debts		1 000	375 000	Dr
Bank		365 000	10 000	Dr

<b>Income in advance (Rent received): NZ\$000</b>				
Balance			8 000	Cr
Income summary	28 000		20 000	Dr
Bank		26 000	6 000	Cr

<b>Accrued expenses (Wages and salaries): NZ\$000</b>				
Balance			1 000	Cr
Income summary		70 000	71 000	Cr
Bank	68 500		2 500	Cr

<b>Inventory: NZ\$000</b>				
Balance			14 000	Dr
Cost of surgery expenses		258 000	244 000	Cr
Accounts payable	260 000		16 000	Dr

<b>Accounts payable: NZ\$000</b>				
Balance			4 000	Cr
Inventory		260 000	264 000	Cr
Bank	256 500		7 500	Cr

<b>Tax payable: NZ\$000</b>				
Balance			3 000	Cr
Income summary		14 000	17 000	Cr
Bank	9 000		8 000	Cr

Loan repaid = \$82 000 – \$62 000 = \$20 000

<b>Retained earnings: NZ\$000</b>				
Balance			224 500	Cr
Income summary		36 000	260 500	Cr
Dividends	126 000		134 500	Cr

**Question Two (b)**

<p>In the Income Statement rent received is reported as \$28 000 000. In the Cash Flow statement the rent received is reported as \$26 000 000.</p>	<b>U</b>
<p>The SDL Income Statement figure of \$28 000 000 for rent received does not represent the actual cash received from rent received for 2018. In the SDL Cash Flow Statement the \$26 000 000 represents the actual cash received from rent received for 2018. <b>Context required AND accept the omission of (000's).</b></p>	<b>I</b>
<p>The SDL Income Statement figure of \$28 000 000 for rent received does not represent the actual cash received from rent received for 2018. In the SDL Cash Flow Statement the \$26 000 000 represents the actual cash received from rent received for 2018. <i>AND EITHER:</i> The income in advance for 2017 of \$8 000 000 was received in the previous year so is deducted from the rent received income. <i>OR</i> The income in advance for 2018 of \$6 000 000 is added to rent received because it is cash received in that year. <b>Context required AND accept the omission of (000's).</b></p>	<b>C</b>
<p>The SDL Income Statement figure of \$28 000 000 for rent received does not represent the actual cash received from rent received for 2018. In the SDL Cash Flow Statement the \$26 000 000 represents the actual cash received from rent received for 2018. The income in advance for 2017 of \$8 000 000 was received in the previous year so is deducted from the rent received income. <i>AND</i> The income in advance for 2018 of \$6 000 000 is added to rent received because it is cash received in that year. <b>Context required.</b></p>	<b>J</b>

**Judgement Statement – Question Two**

<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
4 grades	6 grades	8 grades	9 grades	11 grades <i>AND</i> at least <b>I</b> from (b)  Max 2 foreign items	12 grades <i>AND</i> at least <b>C</b> from (b)  Max 1 foreign item	13 grades Including <b>C*</b> <i>AND</i> <b>J</b> from (b) No foreign items	14 grades Including <b>C*</b> <i>AND</i> <b>J</b> from (b) No foreign items

## Question Three (a)

**Rangimarie Retirement Village Limited**  
**Statement of Comprehensive Income for the year ended 31 March 2018**

	NZ\$000	NZ\$000	
Revenue		173 000	I
Other income		3 000	I
<b>Total income</b>		176 000	
<b>Less Expenses</b>			
Auditors' remuneration	500		I
Communication expenses	3 100		C
Cost of sales	38 000		I
Directors' fees	600		I
Donations	500		I
General expenses	18 200		I
Finance costs	2 625		C
Marketing & promotion	3 500		C
Wages & salaries	45 000		I
Depreciation – buildings      Note	4 500		C
Depreciation – equipment      Note	9 300		C
<b>Total expenses</b>		125 825	
<b>Profit before tax</b>		50 175	
Income tax expense		14 049	I
<b>Profit for the year</b>		36 126	C*
<b>Other Comprehensive Income</b>			
Gain on revaluation of land	50		C
Gain on revaluation of buildings	250		CC
<b>Other comprehensive income for the year</b>		300	
<b>Total comprehensive income for the year</b>		36 426	C*

Codes	Award
<b>CC</b>	<b>CC</b> awarded for correct stem AND correct figure for applicable transactions. <b>C</b> awarded for correct stem and ANY figure.
<b>C</b>	<b>C</b> awarded for correct stem AND correct figure. <b>U</b> awarded for correct stem and ANY figure.
<b>I</b>	<b>I</b> awarded for correct stem AND correct figure.
<b>C*</b>	<b>C</b> awarded for correct process AND appropriate stem.
<b>F</b>	<b>F</b> Foreign item. An item that does not belong in this financial statement, e.g. Revaluation <b>Surplus</b> .
* Correct stem will be classified correctly within statement. * <b>U</b> only awarded for those transactions coded <b>C</b> . * Acceptable to combine depreciation: Depreciation (on property, plant and equipment) \$13 800.	

## Question Three (b)

**Rangimarie Retirement Village Limited**  
**Statement of Financial Position (extract) as at 31 March 2018**

Current assets	\$NZ 000	
Accounts receivable	9 000	I
Bank	2 900	I
GST receivable (2500 + 90)	2 590	C
Inventory	12 000	I
Prepayments	1 500	C

Codes	Award
C	Award if correct stem AND correct figure
I	Award if correct stem AND correct figure
U	Award if correct stem and ANY figure
F	Foreign item. An item that does not belong in this financial statement.

## Question Three (c)

Retained earnings is part of Equity (and as such has a credit balance) AND at least ONE component of the retained ledger is identified: for example, profit for the year is added to the opening balance and the final dividend and/or interim dividend is subtracted to calculate closing balance.	U
The opening balance of (\$63 million) is a credit. Income Summary/Profit for the year of (\$36 126 000) (f/t) is credited/added as profit increases equity. The final dividend (\$775 000) and interim dividend (\$825 000) paid are debited/deducted. This gives a closing balance of (\$97 526 000). <b>Accept the omission of (000's)</b>	C
The opening balance of \$63 million is a credit. Income Summary/Profit for the year of \$36 126 000 (f/t) is credited/added as profit increases equity. The final dividend \$775 000 and interim dividend \$825 000 paid are debited/deducted. This gives a closing balance of \$97 526 000. <i>AND</i> The closing balance of Retained earnings represents the amount generated over the life of the company through profits earned, which have not been distributed and are available for distribution in future accounting periods and / or on wind-up of <i>Rangimarie Retirement Village Limited</i> .	J

## Judgement Statement – Question Three

N1	N2	A3	A4	M5	M6	E7	E8
8 grades	10 grades	12 grades	14 grades including 5 C	16 grades including 6 C <i>AND</i> at least U from (c)  Max 2 foreign items	16 grades including 8 C <i>AND</i> at least C from (c)  Max 1 foreign item	19 grades including 9 C <i>AND</i> at least C from (c)  No foreign items	21 grades including 10 C <i>AND</i> J from (c)  No foreign items

## Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 8	9 – 14	15 – 19	20 – 24