

Assessment Schedule – 2020**Accounting: Demonstrate understanding of company financial statement preparation (91406)****Assessment Criteria**

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

Evidence**Question ONE**

For a journal to be awarded any marks, the debit must equal the credit.

For a ledger to be awarded any marks, the balance column must be calculated.

(a) (i)

Learning Options Limited General Journal

31/3/20	Land	200 000		C or U
	Land revaluation surplus		200 000	C or U

C Correct stem and figure OR

U Correct stem and a figure

Learning Options Limited General Ledger**Accumulated Depreciation – Buildings**

31/3/20	Balance			100 000	CR	U
	Depreciation – Buildings		45 000	145 000	CR	C or U
	Buildings	145 000		0	CR	C or U

Buildings Revaluation Surplus

31/3/20	Buildings		195 000	195 000	CR	C or U
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C Correct stem, figure, and entry OR

U Correct stem and a figure

(a) (ii)

Equity	NZ\$	
Contributed equity (25 000 fully paid shares)	500 000	
Retained earnings	227 000	
Land revaluation surplus	200 000	C or U
Buildings revaluation surplus	195 000	C or U

C Correct stem and figure OR

U Correct stem and a figure

(b) (i)

Learning Options Limited General Journal

31/05/20	Final dividend (2020)	6 250		C or U
	Bank		6 250	C or U
	<i>To record final dividend of 25 cents per share</i>			

C Correct stem and figure OR

U Correct stem and a figure

Learning Options Limited General Ledger

Final dividend

31/05/20	Bank	6 250		6 250	DR	C or U
31/03/21	Retained earnings		6 250	NIL		C or U

C Correct stem and figures OR

U Correct stem and a figure (in both number columns where applicable)

(b) (ii)

Learning Options Limited General Journal

15/06/20	Bank	96 000		C or U
	Contributed equity		96 000	C or U
	<i>To record cash issue of 5 000 shares at fair value of \$20 less 4% brokerage fee</i>			

C Correct stem and figure OR

U Correct stem and a figure

(c)

U	<ul style="list-style-type: none"> Interim dividends may be paid during the financial year relating to the current year OR proposed final dividends for a year are declared after balance date OR any generic comment that shows some understanding of the nature of dividends.
C	<p><i>AND</i></p> <ul style="list-style-type: none"> LOL has 30 000 shares issued at 30 June 2020, so the interim dividend for the 2020 financial year is $30\,000 \times 0.15 = \\$4\,500$ <p>OR</p> <ul style="list-style-type: none"> LOL declares the final dividend as $30\,000 \times 0.30 = \\$9\,000$ <p><i>AND</i></p> <ul style="list-style-type: none"> The interim dividend will be debited to interim dividend ledger and credited to bank ledger as this payment has occurred during the current financial year. <p>OR</p> <ul style="list-style-type: none"> The final dividend is declared after balance date and is recorded in the Notes to the Financial Statements.
J	<p><i>AND</i></p> <ul style="list-style-type: none"> The interim dividend ledger of \$4 500 will be closed to retained earnings in the equity section of the Statement of Financial Position. <p><i>AND</i></p> <ul style="list-style-type: none"> The current proposed final dividend of \$9 000 is disclosed as a Note to the Financial Statements. <p><i>AND</i> uses appropriate language</p>

Judgement Statement

N1	N2	A3	A4	M5	M6	E7	E8
5 grades	6 grades	Total of 7 grades with a minimum of 5 x C.	Total of 8 grades with a minimum of 6 x C.	Total of 9 grades with a minimum of 7 x C AND at least U from Q1(c).	Total of 10 grades with a minimum of 7 x C AND at least C from Q1(c).	Total of 12 grades with a minimum of 9 x C AND at least C from Q1(c) No foreign items.	Total of 13 grades with a minimum of 11 x C AND J from Q1(c) No foreign items.

N0 = No response; no relevant evidence

Question TWO (a) (See Appendix for workings)

Boomrok Limited**Statement of Cash Flows for the year ended 31 March 2020**

	NZ\$000	NZ\$000	NZ\$000	
Cash from operating activities				
<i>Cash was received from:</i>				
Accounts receivable / cash from customers		22 875		CC or U
Rent received (Other Income \$2 685) CC		2 600		C
Interest received		85	25 560	C
<i>Cash was applied to:</i>				
Accounts payable / cash paid to suppliers		10 100		CC
Insurance		145		C or U
Salaries		5 000		C or U
General expenses (or 145 + 5 000 + 1 920 = 7 065) CCU		1 920		U
Interest expense (Finance Cost)		50		U
Taxation		2 770	19 985	C or U
Net cash inflow from operating activities			5 575	
Cash from investing activities				
<i>Cash was applied to:</i>				
Purchase of shares in <i>Next Generation Limited</i>		50		U
Purchase of land and buildings		50		U
Purchase of vehicles		100		CC
Net cash outflow from investing activities			(200)	
Cash from financing activities				
<i>Cash was received from:</i>				
Share issue	1 000			U
Additional loan	100	1 100		C or U
<i>Cash was applied to:</i>				
Dividends paid		8 200		C
Net cash outflow from financing activities			(7 100)	
Net decrease in cash held			(1 725)	
Opening bank balance			1 065	
Closing bank balance			(660)	C*
	Maximum 19 grades (13 x C, 5 x U, 1 x C*)			

CC Correct stem and figure – award **C** for a correct stem **and a** figure

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

U only Correct stem and figure

C* Correct process and appropriate stems

F Foreign item i.e. that does not belong in this financial statement

Note: Insurance, salaries and general expenses can be shown as one figure of 7 065 and labelled as Expenses paid.

Insurance = \$145 Salaries = \$5 000 General Expenses = \$1 920 Total \$7 065 CCU

Question TWO

(b)

U	Investing activities are the purchase and sale of property, plant and equipment (non-current assets). OR Depreciation on vehicles is a non-cash item and therefore does not appear in the Cash Flow Statement. OR The purchase price for the vehicle is less the trade in value. Includes no calculation or contextual number links to the case study material.
C	The disposed vehicle generated a trade-in allowance of \$10,000. This was deducted from the purchase price of the new vehicle, \$110 000; therefore the cash purchase for the new vehicle was \$100 000. (correct figures)
J	Investing activities are the purchase and sale of property, plant and equipment (non-current assets). AND The disposed vehicle generated a trade-in allowance of \$10 000. This was deducted from the purchase price of the new vehicle, \$110 000; therefore the cash purchase for the new vehicle was \$100 000. AND Depreciation on vehicles is a non-cash item and therefore does not appear in the Cash Flow Statement.

Judgement Statement

N1	N2	A3	A4	M5	M6	E7	E8
7 grades	9 grades	11 grades	13 grades	Total of 13 grades with a minimum of 9 x C AND at least U from Q2(b). Max 2 foreign items.	Total of 14 grades with a minimum of 10 x C AND at least C from Q2(b). Max 2 foreign items.	Total of 15 grades with a minimum of 10 x C AND C* AND at least C from Q2(b). No foreign items.	Total of 16 grades with a minimum of 12 x C AND C* AND J from Q2(b). No foreign items.

N0 = No response; no relevant evidence.

Question THREE

(a)

G9 Investments Limited			
Statement of Financial Position			
as at 31 March 2020			
	NZ\$000	NZ\$000	NZ\$000
CURRENT ASSETS			
Bank		20 000	U
Shares in <i>Knowledge Limited</i>		300	C
Accounts receivable		13 000	U
Accrued income		25	C
			33,325
NON-CURRENT ASSETS			
Property, plant and equipment		315 000	
Intangible assets			
Goodwill		1 500	U
			316 500
Total assets			349 825
Less liabilities			
CURRENT LIABILITIES			
Accounts payable	5 260		C
GST payable	140		C
Accrued expenses	1 500		C
Income in advance	800		C
Income tax payable	409		C
		8 109	
NON-CURRENT LIABILITIES			
Mortgage (5%, due 2040)		750	U
Total liabilities			8 859
Net assets			340 966
EQUITY			
Contributed equity	328 000		U
Retained earnings	12 966		CC
Total equity			340 966
Maximum 14 grades (9 x C, 5 x U)			

CC Correct stem and correct figure – award **C** for \$18.966m (profit after tax has been added to opening retained earnings balance OR \$7m where dividends has been subtracted from opening retained earnings balance).

C only Correct stem and correct figure – award **U** for correct stem and a figure.

U only Correct stem and figure.

F Foreign item i.e. does not belong in this financial statement.

(b)

U	<p>A share repurchase affects the contributed equity, retained earnings and bank ledgers.</p> <p>OR</p> <p>The shares are a current asset because they are held for trading.</p> <p>OR</p> <p>The increase in the share value increases the fair value of financial assets.</p>
C	<p>The contributed equity ledger is debited by \$17.5m, retained earnings is debited by \$2.5m and we credit the bank \$20m.</p> <p>OR</p> <p>The increase in fair value of financial assets of \$50 000 reports the increase in value of shares in <i>Knowledge Limited</i>.</p> <p>Discusses appropriate ledger accounts and process (may use debit / credit language but increase / decrease will do).</p>
J	<p>J7</p> <p>To gain J7, candidates must make reference to the impact on the Statement of Financial Position by stating THREE of the following four bullet points:</p> <ul style="list-style-type: none"> • Retained earnings is decreased by \$2.5 million in the Statement of Financial Position. • Contributed equity is decreased by \$17.5m in the Statement of Financial Position. • The bank is decreased by \$20 million which will impact on current assets in the Statement of Financial Position. • The current asset Shares in <i>Knowledge Limited</i> will be increased by \$50 000 AND / OR is reported as \$300 000 in the Statement of Financial Position. <p>J8</p> <p>To gain J8, candidates must state ALL FOUR bullet points in J7 AND contrast the impact on the Statement of Financial Position using appropriate language and thorough follow-through explanation for both financial statements.</p> <p>For example:</p> <p>The shares in <i>Knowledge Limited</i> are an asset / investment for <i>G9 Investments Limited</i> (which represents monies spent) whereas the shares issued / contributed equity are their own shares (which represents money received from shareholders).</p>

Judgement Statement

N1	N2	A3	A4	M5	M6	E7	E8
4 grades	5 grades	7 grades	8 grades including 4 x C	Total of 10 grades with a minimum of 5 x C AND at least U from (b) Max 2 foreign items.	Total of 11 grades with a minimum of 6 x C AND C from (b) Max 1 foreign item.	Total of 12 grades with a minimum of 7 x C AND J7 or J8 from (b) (see note above) No foreign items.	Total of 14 grades with minimum of 9 x C AND J8 from (b) (see note above) No foreign items.

N0 = No response; no relevant evidence.

Cut Scores

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

Appendix: Workings for Question TWO (a)

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 loan.

Accounts receivable				
Balance			5 000	DR
Sales	25 000		30 000	DR
Discount allowed		25	29 975	DR
Bad debts		100	29 875	DR
Bank		22 875	7 000	DR

Accrued income (interest received)				
Balance			10	DR
Income summary	80		90	DR
Bank		85	5	DR

Income in advance (rent received)				
Balance			200	CR
Income summary	2 400		2 200	DR
Bank		2 600	400	CR

Accrued expenses (salaries)				
Balance			20	CR
Income summary		5 050	5 070	CR
Bank	5 000		70	CR

Prepayments (insurance)				
Balance			25	DR
Income summary		160	135	CR
Bank	145		10	DR

Taxation payable				
Balance			20	CR
Income summary		2 800	2 820	CR
Bank	2 770		50	CR

Inventory				
Balance			500	DR
Cost of sales		10 000	9 500	CR
Accounts payable	9 950		450	DR

Accounts payable				
Balance			250	CR
Inventory		9 950	10 200	CR
Bank	10 100		100	CR

Vehicles				
Balance			80	DR
Disposal		40	40	DR
Bank	110		150	DR

Disposal				
Vehicle	40		40	DR
Accumulated depreciation		20	20	DR
Loss on sale		10	10	DR
Bank		10	NIL	

Additional Loan = \$800 – \$700 = \$100

Contributed equity = \$4 000 – \$3 000 = \$1 000

Retained earnings				
Balance			3 000	CR
Income summary		7 200	10 200	CR
Dividends	8 200		2 000	CR

Accumulated depreciation - vehicle				
Balance			40	CR
Disposal	20		20	CR
Depreciation		25	45	CR