

Assessment Schedule – 2021**Accounting: Demonstrate understanding of company financial statement preparation (91406)****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) ***Hasta Mañana Limited General Journal***

31/3/2021	Contributed equity	200 000		C or U
	Bank		270 000	C or U
	Retained earnings	70 000		C or U
	<i>To record share repurchase of 20 000 shares at \$13.50 each</i>			

C Correct stem and figure OR

U Correct stem and a figure

(a) (ii)

Hasta Mañana Limited General Ledger**Retained earnings**

31/3/2021	Balance			578 440	CR	U
	Income summary		384 480	962 920	CR	C or U
	Dividends (interim/2021)	22 500		940 420	CR	C or U
	Bank	70 000		870 420	CR	C or U

C Correct stem, figure, and entry OR

U Correct stem and a figure

(a) (iii)

Contributed equity	Number of shares	NZ\$	
Balance 1 April 2020	150 000	1 500 000	C or U
Shares issued	NIL	NIL	
Shares repurchased	(20 000)	(200 000)	C or U
Balance 31 March 2021	130 000	1 300 000	C or U
Distributions	Cents per share	NZ\$	
(Interim) dividend	15 c	22 500	C or U
Total dividends	15 c	22 500	U
Share repurchase		270 000	C or U
Total distributions		292 500	C or U

C Correct stem and figure OR

U Correct stem and a figure

(b)

Hasta Mañana Limited General Journal

31/03/2021	Taxation expense/ income summary	149 520		U
	Taxation payable		149 520	U
	<i>To record income tax expense for the year</i>			
31/3/2021	Taxation payable	130 000		U
	Provisional tax paid		130 000	U
	<i>To close the provisional tax paid account to the income tax payable account</i>			

U Correct stem and figure

(c)

U	<ul style="list-style-type: none"> Any generic comment that shows some understanding of the nature of issuing shares. Any generic comment that shows some understanding of the nature of dividends being paid to any shareholder who owns shares on the date the dividend is paid.
C	<p>AND</p> <ul style="list-style-type: none"> HML issuing 50,000 shares will increase both the bank and contributed equity by \$600 000. <p>AND</p> <ul style="list-style-type: none"> Issuing shares will affect the Statement of Financial Position / Statement of Cash Flow. <p>AND</p> <ul style="list-style-type: none"> When HML pays the dividend in (November 2021), the additional 50 000 shares will be included in the calculation of dividends per share and be paid out to all shareholders on that date of payment / the proposed dividend will be shown as a note / dividends paid will increase (DR) dividends and decrease (CR) bank / dividends paid will decrease (DR) retained earnings. <ul style="list-style-type: none"> Note: <i>If the dividend is referred to as an expense, C is not able to be awarded.</i>
J	<ul style="list-style-type: none"> The impact on the financial statements will increase the bank current asset balance (DR) by \$600 000, increasing net assets in the statement of financial position. It will increase contributed equity (CR) by \$600 000 in the equity section of the statement of financial position. <p>AND</p> <ul style="list-style-type: none"> The proposed dividend will be shown as a note, in the Statement of Financial Position, outlining the dividend details / dividends paid will increase (DR) dividends and decrease (CR) bank (on balance day dividends are closed to retained earnings). <p>AND</p> <ul style="list-style-type: none"> Uses appropriate language. <p>Notes:</p> <ol style="list-style-type: none"> <i>If the dividend is referred to as an expense, J is not able to be awarded.</i> <i>If dividends paid is explained using ONLY a debit to retained earnings, then J cannot be awarded.</i>

Judgement Statement

N1	N2	A3	A4	M5	M6	E7	E8
8 grades	9 grades	Total of 10 grades with a minimum of 6 x C	Total of 11 grades with a minimum of 7 x C	Total of 12 grades with a minimum of 8 x C AND at least U from Q1(c)	Total of 13 grades with a minimum of 8 x C AND at least C from Q1(c)	Total of 15 grades with a minimum of 10 x C AND at least C from Q1(c) No foreign items.	Total of 16 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)

Waterloo War Games Limited
Statement of Cash Flows for the year ended 31 March 2021

	NZ\$000	NZ\$000	NZ\$000	
Cash from operating activities				
<i>Cash was received from:</i>				
Accounts receivable / cash from customers		24 755		CC or C
Dividends received		120	24 875	C or U
<i>Cash was applied to:</i>				
Accounts payable / cash paid to suppliers		13 130		CC or C
Taxation		4 905		C or U
Advertising*		190		C or U
General expenses*		460		U
Wages & salaries*		600		U
Interest expense (finance costs)		20	19 305	C or U
Net cash inflow from operating activities			5 570	
Cash from investing activities				
<i>Cash was applied to:</i>				
Purchase of shares in <i>Voulez Vous Limited</i>		200		U
Purchase of equipment		20		CC or C
Net cash outflow from investing activities			(220)	
Cash from financing activities				
<i>Cash was received from:</i>				
Additional loan		6 130		C or U
<i>Cash was applied to:</i>				
Dividends paid		12 580		C or U
Net cash outflow from financing activities			(6 450)	
Net decrease in cash held			(1 100)	
Opening bank balance			2 000	
Closing bank balance			900	Cp
	Maximum 16 grades (12 x C, 3 x U, 1 x Cp)			

- 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
- CUU** \$1 250 (combined all cash expenses)
- Cp** Correct process and appropriate stems
- F** Foreign item i.e. that does not belong in this financial statement

Question TWO

(b)

Answer	
U	<p>Cash from accounts receivable is an operating activity because it relates to cash received during that accounting period from customers.</p> <p><i>OR</i></p> <p>Doubtful debts or bad debts is a non-cash item and therefore does not appear in the cash flow statement.</p>
C	<p>Cash from accounts receivable is calculated by adding sales to the opening balance of accounts receivable. Discount Allowed and Bad Debts are deducted along with the closing balance of accounts receivable. This figure is the cash from Accounts Receivable / Customers.</p> <p>Note: <i>If figures are referred to they do not need to be accurate.</i></p>
J	<p>Operating activities are the cash received and paid for revenue and expenses during the current accounting period.</p> <p><i>AND</i></p> <p>Cash from accounts receivable / debtors is calculated by adding the sales of \$32 million (\$32 000 000) to the opening balance of accounts receivable of \$8 million (\$8 000 000).</p> <p>Discount Allowed of \$95 000 and Bad Debts of \$150 000 are deducted, because it reduces the amount received from accounts receivable. The closing balance of accounts receivable \$15 million (\$15 000 000) is deducted, as it will be received in the next accounting period. This leaves total cash from accounts receivable / customers of \$24.775 million (\$24 775 000).</p> <p><i>AND</i></p> <p>Doubtful debts are a non-cash item and therefore do not appear in the cash flow statement.</p> <p>Note: <i>All figures referred to must be accurate.</i></p>

Judgement Statement

N1	N2	A3	A4	M5	M6	E7	E8
6 grades	8 grades	9 grades	11 grades	<p>Total of 11 grades with a minimum of 8 x C</p> <p><i>AND</i></p> <p>at least U from Q2(b)</p> <p>Max 2 foreign items.</p>	<p>Total of 12 grades with a minimum of 9 x C</p> <p><i>AND</i></p> <p>at least C from Q2(b)</p> <p>Max 2 foreign items.</p>	<p>Total of 14 grades with a minimum of 9 x C</p> <p><i>AND</i></p> <p>Cp</p> <p><i>AND</i></p> <p>at least C from Q2(b)</p> <p>No foreign items.</p>	<p>Total of 16 grades with a minimum of 11 x C</p> <p><i>AND</i></p> <p>Cp</p> <p><i>AND</i></p> <p>J from Q2(b)</p> <p>No foreign items.</p>

N0 = No response; no relevant evidence.

Question THREE

(a)

Fernando Limited			
Statement of Financial Position			
as at 31 March 2021			
	NZ\$	NZ\$	NZ\$000
Total assets			711 900
Less liabilities			
CURRENT LIABILITIES			
Bank	92 000		U
Income in advance	2 000		C or U
Accounts payable	67 600		C or U
Accrued expenses	7 500		C or U
GST payable	8 800		CC, C or U
Income tax payable	5 000		C or U
		182 900	
NON-CURRENT LIABILITIES			
Mortgage (3%, due 2060)		10 500	U
Total liabilities			193 400
Net assets			518 500
EQUITY			
Contributed equity	500 000		U
Retained earnings	14 500		CC, C or U
Land & buildings revaluation surplus	4 000		U
Total equity			518 500
Maximum 12 grades (8 x C, 4 x U)			

- CC** Correct stem and correct figure – award **C** for some correct calculation – award **U** for recognition with any figure
 (CC for GST Payable $\$8\,800 = \$8\,500 - 600 + 900$, C if figure is $\$7\,900$ or $\$9\,400$, U for stem and any number)
 (CC for Retained earnings $\$14\,500 = \$2\,500 + \$18\,000 - \$6\,000$, C if figure is $\$21\,500$ or $\$20\,500$, U for stem and any number)

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.

Answers using the '000' scale were only accepted if the student consistently used that scale throughout their answer.

(b)

U	<p>Recognises that the prepayment impacts on advertising.</p> <p>OR</p> <p>Recognises that an invoice issued impacts on accounts receivable and performance fees.</p> <p>Note: <i>In at least one answer two ledger accounts must be outlined.</i></p>
C	<p>Advertising involves a prepayment where four months of the contract falls beyond balance date and therefore belongs in the income statement of the following year OR the prepayment belongs in the Statement of Financial Position.</p> <p>OR</p> <p>The invoice issued to the local school relates to transactions impacting on profit in the current accounting period, and must therefore be added to performance fees received (credited) in the income statement. In the Statement of Financial Position, Accounts Receivable (a current asset) is increased (debited) and GST is also increased (credited).</p> <p>Notes:</p> <ol style="list-style-type: none"> <i>Figures may be used but do not need to be accurate.</i> <i>At least ONE impact on a financial statement is explained in either example used.</i>
J	<p>Prepayments of \$32 000 will be deducted (credited) from advertising in the income statement and reported in the statement of financial position as a current asset. This will increase profit in the income statement or increase retained earnings, which increases equity in the statement of financial position.</p> <p>AND</p> <p>The prepayment is reported as a current asset, which increases assets in the statement of financial position, because FL has paid for an advertising service which will be provided in the following year.</p> <p>OR Accounts Receivable of \$6 900 will be created (debited) because an invoice has been generated for performance fees.</p> <p>GST Payable is increased by \$900 (credited), which increases current liabilities in the Statement of Financial Position.</p> <p>Performance Fees are increased by \$6 000 and reported in the income statement, increasing profit or retained earnings, in the Statement of Financial Position.</p> <p>AND</p> <p>Accounts Receivable is recognised as a current asset because the cash for performance fees will be received in the following year.</p> <p>Note: <i>To be awarded J, all the adjusted figures must be correct.</i></p>

Judgement Statement

N1	N2	A3	A4	M5	M6	E7	E8
3 grades	4 grades	5 grades	6 grades including 3 x C	Total of 10 grades with a minimum of 4 x C AND at least U from (b) Max 2 foreign items.	Total of 11 grades with a minimum of 5 x C AND C from (b) Max 1 foreign item.	Total of 12 grades with a minimum of 6 x C AND J from (b) No foreign items.	Total of 13 grades with minimum of 7 x C AND J from (b) 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)**Notes:**

- 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			8 000	DR
Sales	32 000		40 000	DR
Discount allowed		95	39 905	DR
Bad debts		150	39 755	DR
Bank		24 755	15 000	DR

Accrued expenses (Interest)				
Balance			15	CR
Income summary		45	60	CR
Bank	20		40	CR

Prepayments (Advertising)				
Balance			80	DR
Income summary		250	170	CR
Bank	190		20	DR

Taxation payable				
Balance			15	CR
Income summary		4 900	4 915	CR
Bank	4 905		10	CR

Inventory				
Balance			300	DR
Cost of sales		12 800	12 500	CR
Accounts payable	13 200		700	DR
Accounts payable				
Balance			80	CR
Inventory		13 200	13 280	CR
Bank	13 130		150	CR

Equipment				
Balance			350	DR
Disposal		160	190	DR
Purchase	210		400	DR

Disposal				
Equipment	160		160	DR
Accumulated depreciation		140	20	DR
Gain on sale	170		190	DR
Trade in		190	NIL	

Purchase of equipment = \$210 – \$190 = \$20

Additional loan = \$9 955 – \$3 825 = \$6 130

Retained earnings				
Balance			85	CR
Income summary		12 600	12 685	CR
Dividends	12 580		105	CR

Accumulated depreciation – equipment				
Balance			160	CR
Disposal	140		20	CR
Depreciation		40	60	CR