

90978



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

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SUPERVISOR'S USE ONLY

## Level 1 Accounting, 2014

### 90978 Prepare financial statements for sole proprietors

2.00 pm Thursday 13 November 2014

Credits: Five

| Achievement  | Achievement with Merit                                      | Achievement with Excellence                                      |
|--|---|--|
| Prepare financial statements for sole proprietors. | Prepare in-depth financial statements for sole proprietors. | Prepare comprehensive financial statements for sole proprietors. |

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

**You should attempt ALL questions in this booklet.**

Pull out Resource Booklet 90978R from the centre of this booklet.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–8 in the correct order and that none of these pages is blank.

**YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.**

**TOTAL**

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**QUESTION ONE: INCOME STATEMENT**

Refer to **Resource Booklet 90978R** to answer this question.

Prepare the Income Statement for *Mighty Mechanics* for the year ended 31 March 2014.

Use the following expense headings:

- workshop expenses
- administrative expenses
- finance costs.

**Note:** Do NOT use abbreviations.





**Note to the Statement of Financial Position**ASSESSOR'S  
USE ONLY**1. Property, plant and equipment**

|  | <b>Land and building</b> | <b>Office equipment</b> | <b>Workshop equipment</b> | <b>Total</b> |
|--|--------------------------|-------------------------|---------------------------|--------------|
|  | \$                       | \$                      | \$                        | \$           |
|  |                          |                         |                           |              |
|  |                          |                         |                           |              |
|  |                          |                         |                           |              |

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

Office equipment:

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Workshop equipment:

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**QUESTION THREE: CASH BUDGET**

From the information provided below, prepare the cash budget for *Mighty Mechanics* for the month ended 31 August 2014. Circle the word **surplus** or **deficit** on the table, which matches the result.

**Note:** Assume that four weeks equals one month.

The estimated information for August 2014:

- workshop fees to be received in cash for the month \$9 300
- invoices to be received for workshop supplies \$800
- rent of \$300 for two months to be received by direct credit
- \$790 to be paid to accounts payable for workshop supplies
- telephone and internet of \$180 will be paid during the month
- Matiu has fixed his own car and used workshop supplies that cost \$400
- interest on loan is paid by automatic payment every fortnight \$60
- Matiu's drawings per week \$1 200
- invoice to be received for the monthly dry cleaning of overalls of \$500
- Georgia, the apprentice, is paid weekly by automatic payment \$600
- old workshop equipment to be sold for \$500 cash
- new workshop equipment costing \$1 200 to be purchased. 50% deposit to be paid and the rest on credit
- dividends of \$50 will be received
- bank balance at 1 August 2014 \$9 100.

***Mighty Mechanics***  
**Cash Budget for the month ended 31 August 2014**

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|                                      | \$ | \$ |
|--------------------------------------|----|----|
| <b>Estimated cash receipts</b>       |    |    |
|                                      |    |    |
|                                      |    |    |
|                                      |    |    |
|                                      |    |    |
|                                      |    |    |
|                                      |    |    |
| <b>Total estimated cash receipts</b> |    |    |
| <b>Estimated cash payments</b>       |    |    |
|                                      |    |    |
|                                      |    |    |
|                                      |    |    |
|                                      |    |    |
|                                      |    |    |
|                                      |    |    |
|                                      |    |    |
|                                      |    |    |
| <b>Total estimated cash payments</b> |    |    |
|                                      |    |    |
| <b>Surplus/deficit of cash</b>       |    |    |
| <b>Opening bank balance</b>          |    |    |
| <b>Closing bank balance</b>          |    |    |

