

# 1

90978



NEW ZEALAND QUALIFICATIONS AUTHORITY  
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## Level 1 Accounting, 2016

### 90978 Prepare financial statements for sole proprietors

9.30 a.m. Tuesday 22 November 2016  
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.

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

You should attempt ALL the questions in 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.

On the opposite page, prepare a fully classified Income Statement for *Otago Outdoors* for the year ended 31 March 2016.

Use the following expense headings:

- Distribution costs
- Administrative expenses
- Finance costs.

**Note:** Do NOT use abbreviations.





	\$	\$	\$

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### Note to the Statement of Financial Position

#### 1. Property, plant and equipment

				<b>Total</b>
	\$	\$	\$	\$
<b>Cost</b>				
<b>Accumulated depreciation</b>				
<b>Carrying amount</b>				

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

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### QUESTION THREE: CASH BUDGET

From the information provided below, prepare the cash budget for *Otago Outdoors* for the month ended 31 August 2016.

Circle the word **surplus** or **deficit** on the table to match the result.

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

Estimated information for August 2016:

- Electronic transfer for accountancy fees to be made, \$1 050
- GST payment to be made, \$2 100
- Cash sales on average are \$2 800 per week
- Sienna's cash drawings per week, \$400
- Invoice to be received for purchases, \$1 300
- Sienna will invest \$4 000 cash, and an office desk that cost \$150
- Telephone and Internet, \$150 to be paid by automatic payment
- New shop counter to be purchased costing \$2 000, 20% deposit to be paid and the rest on credit
- Depreciation on shop fittings is \$950 per year
- Salespeople's wages are to be paid by automatic payment, \$800 per week
- Sienna will take home a new outdoor umbrella to use at home, cost \$500
- Old shop counter to be sold for \$200 cash
- Invoices to be sent to clients for sales, \$2 300
- Rent received is \$1 000 per fortnight
- Purchases to be paid by direct debit, \$3 800
- Bank balance at 1 August 2016, \$980.

**Otago Outdoors**  
**Cash Budget for the month ended 31 August 2016**

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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>		

