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90978



NEW ZEALAND QUALIFICATIONS AUTHORITY
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QUALIFY FOR THE FUTURE WORLD
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Tick this box if you
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Level 1 Accounting 2021

90978 Prepare financial statements for sole proprietors

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 the 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.

Do not write in any cross-hatched area (XXXX). This area may be cut off when the booklet is marked.

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

QUESTION ONE: Income statement

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

Prepare a fully classified Income Statement for *George’s Garden World* for the year ended 31 March 2021.

Classify the expenses as:

- Distribution costs
- Administrative expenses
- Finance costs

Note: Do NOT use abbreviations.

***George’s Garden World*
Income Statement for the year ended 31 March 2021**

	\$	\$	\$

Note to the Statement of Financial Position
1. Property, plant, and equipment

			Total
As at 31 March 2021	\$	\$	\$
Cost			

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

QUESTION THREE: Cash budget

From the information provided below, prepare the Cash Budget for *George's Garden World* for the month of February 2022.

Ensure that you calculate and label the **cash surplus** or **deficit** for February.

Note: Assume that four weeks equals one month.

On 1 February, the bank balance is expected to be \$2 180 overdrawn.

George knows that the following transactions happen for *George's Garden World* regularly during the year:

- Monthly internet transfer payments include:
 - Rent \$1600
 - Electricity \$240
 - Office salary \$875
 - Internet and telephone plan \$140
- Weekly automatic payments for radio advertising: \$150
- Shop wages are paid based on 30 hours a week at \$22.80/hr (ignore tax)
- George takes regular cash for personal use each fortnight: \$800
- Donate a gardening pack to the local school fundraiser, valued at \$90
- Loan repayments each fortnight: \$940
- Inventory is purchased and paid for in the same month

George is aware that his business is quite seasonal. He expects the following cash sales and repair fees to happen over the year.

Weekly	January to April	May to August	September to December
Sales	\$4 600 each week	\$900 each week	\$6 500 each week
Repair fees received	\$80 each week	\$900 each week	\$700 each week

In addition to the regular transactions, George expects the following events to take place in February:

Annual insurance paid in full for the upcoming year \$2484.

George to invest \$10 000 cash and an office computer \$1400 by the end of the month.

Purchases of inventory for February total \$6400.

Sell some shares to help the bank balance. Expect to receive \$3200.

George to take home weed trimmer to give his nephew for his 21st birthday valued at \$180.

Arrange to buy a delivery vehicle \$12000. Pay 60% now and the rest by the end of April.

Extra space if required.
Write the question number(s) if applicable.

QUESTION
NUMBER

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