

90978R



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD  
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

## Level 1 Accounting 2020

### 90978 Prepare financial statements for sole proprietors

9.30 a.m. Tuesday 1 December 2020  
Credits: Five

#### RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 90978.

Check that this booklet has pages 2–3 in the correct order and that none of these pages is blank.

**YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.**

**RESOURCE**

*Home Hobbies* is owned by Hope. *Home Hobbies* sells a wide range of games, toys, and craft activities. Hope imports much of the inventory.

*Home Hobbies* has a retail store selling direct to the public and schools, as well as a lot of sales from its website, which generates the internet and telephone costs.

The following Trial Balance and additional information relate to *Home Hobbies* for the year ended 31 March 2020.

***Home Hobbies***  
**Trial Balance as at 31 March 2020**

Accountancy fees	3 500	Accumulated depreciation – Office equipment	1 800
Advertising	6 440	Accumulated depreciation – Shop furniture	7 200
Bank	5 390	Capital	135 280
Customs duty	4 500	Delivery fees received	12 000
Delivery expenses	16 700	GST payable	4 200
Drawings	44 800	Mortgage (due 2032)	164 000
Electricity	2 800	Purchase returns	7 400
General expenses	8 320	Sales	278 600
Goodwill	4 000		
Interest on mortgage	8 200		
Internet & phone	1 800		
Inventory (1 April 2019)	19 800		
Office equipment	6 000		
Office salary	10 000		
Petty cash	80		
Purchases	130 600		
Sales returns	3 200		
Shop assistants' wages	74 200		
Shop building	236 000		
Shop cleaning	3 650		
Shop furniture	18 300		
Shop rates	2 200		
	\$610 480		\$610 480

**Additional information**

- Inventory on hand at 31 March 2020: \$21 640.
- Shop assistants' wages owing on balance day: \$3 400.
- Advertising paid in advance: \$600 excluding GST.
- Sales received in advance: \$2 200 excluding GST.
- Electricity is to be split: 75% distribution costs and 25% administrative expenses.
- Depreciation on office equipment is charged at 8% p.a. on the straight-line basis.
- Depreciation on shop furniture is \$2 745 this year on the straight-line basis.
- Invoice received on 31 March 2020 for purchases: \$851 including GST.
- Invoice received on 31 March 2020 for new shop furniture: \$4 600 including GST.

