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91176



911760



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

SUPERVISOR'S USE ONLY

Level 2 Accounting, 2014

91176 Prepare financial information for an entity that operates accounting subsystems

2.00 pm Wednesday 26 November 2014

Credits: Five

| Achievement | Achievement with Merit | Achievement with Excellence |
|--|---|--|
| Prepare financial information for an entity that operates accounting subsystems. | Prepare in-depth financial information for an entity that operates accounting subsystems. | Prepare comprehensive financial information for an entity that operates accounting subsystems. |

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 91176R 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.

Not Achieved

TOTAL

6

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QUESTION ONE

Refer to **Resource One** in **Resource Booklet 91176R** when answering this question.

Appliances4U is a retailer of washing machines, dishwashers, and other household appliances. The business is registered for GST on the invoice basis.

Part A

Prepare the Income Statement for *Appliances4U*. Use the expenses headings Distribution costs, Administrative expenses, and Finance costs. Do NOT use abbreviations.

| Appliances4U | | | |
|--|---------|--------|--------|
| Income Statement for the year ended 31 March 2014 | | | |
| | \$ | \$ | \$ |
| Revenue | | | |
| Sales | 950 000 | | |
| Other income | | | |
| Rent Received | 14500 | | |
| office rent | 21000 | | |
| | | | |
| Total Income | | 990500 | |
| Expenses | | | |
| Distribution expense | | | |
| Bad debts | 3150 | | |
| Sale Staff Wages | 210 000 | | |
| Shop electricity | 15000 | | |
| Shop expenses | 30000 | | |
| depreciation on delivery van | 4500 | 262650 | |
| Cost of goods sold | 400 000 | | 662650 |
| Administrative expenses | | | |
| office electricity | 8000 | | |
| office expenses | 40000 | | |
| office wages | 115 000 | | |
| Depreciation on office equipment | 3000 | | |
| Administrative Expenses | 10000 | 176000 | |
| | | | |
| missing doubtful debts | | | |
| Finance Cost | | | |
| interest on mortgage | | 13000 | |
| | | | |
| Total Expenses | | | 838650 |
| | | | |
| Profit for the year | | | 151850 |
| | | | |

Part B

- (a) Prepare the **General Journal** entry to write off the bad debt of \$1 150 including GST.
Note: Narrations are NOT required.

| | | | |
|---------|----------------|------|------|
| 31/3/14 | | | |
| | Balance | | 2000 |
| | Bad debts | | 3150 |
| | income summary | 3150 | - |

not a general journal entry as debits + credits not equal.

- (b) Complete the Doubtful debts **General Ledger** account to show the relevant balance day adjustment and closing entry (if required) for the year ended 31 March 2014.

| Doubtful debts | | | | | |
|----------------|------------------------------|-----|-----|-----|----|
| | | Dr | cr | | |
| 31/3/14 | Balance | | | 400 | cr |
| | Allowance for doubtful debts | 477 | 477 | 877 | |

↑
no understanding of doubtful debts demonstrated.

There is not enough evidence that this candidate can prepare financial information as ^{there is} a lack of classification and not enough additional information is accurately reported or processed.

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QUESTION TWO

Officeworld is owned by Marcus and is a supplier of office equipment to businesses throughout New Zealand.

Refer to **Resource Two Part A** in **Resource Booklet 91176R** when answering Part A.

Note: You are NOT required to account for GST in Part A.

PART A

- (a) Calculate the cash received from credit customers.
Show and **fully label** your workings in the space provided.

| | |
|--|---|
| $17000 + (760000 - 12000) + \cancel{3000} - 8000$ | |
| <p style="color: red;">the working is not labelled - it is not clear how the 17000 was determined and the 8000 was added when it should have been subtracted</p> | |
| <p style="color: red;">no grades awarded</p> | |
| Cash received from credit customers \$ | $\begin{array}{r} 803000 \\ \cancel{803000} \\ \hline 795000 \end{array}$ |

- (b) Prepare the cash receipts section of *Officeworld's* Cash Flow Statement for the year ended 31 March 2014.

| Officeworld | | |
|---|--------|---------|
| Cash Flow Statement (extract) | | |
| for the year ended 31 March 2014 | | |
| | \$ | \$ |
| Cash receipts | | |
| Cash Sales | 400000 | |
| Cash received from credit customers | 803000 | |
| Gain on Sales Abroad Item | 2000 | |
| | | |
| Total cash receipts | | 1205000 |

This is a foreign item.

the business loss and interest of \$2000
are also missing

Refer to **Resource Two Part B** in **Resource Booklet 91176R** when answering Part B.

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Part B

- (a) Prepare **General Journal** entries to record the following balance day information for *Officeworld*.

Note: Narrations are NOT required.

Office wages \$1 200 are owing

| | | | |
|---------|-----------------|------|------|
| 31/3/14 | | Dr | Cr |
| | office wages | | 1200 |
| | Accrued expense | 1200 | |

debits and credits not equal AND office wages should be debited and accrued expense credited.

Van depreciation is 10% diminishing value p.a.

| | | | |
|---------|---------------------------------|------|------|
| 31/3/14 | | Dr | Cr |
| | Van depreciation | 8100 | |
| | Accumulated depreciation on Van | | 8100 |

Close the Office wages expense account

| | | | |
|---------|----------------|-------|-------|
| 31/3/14 | | Dr | Cr |
| | Income Summary | 86800 | |
| | Office wages | | 86800 |

Incorrect figure.

- (b) Complete the **General Ledger** accounts below for *Officeworld* to show the relevant **balance day adjustments** and **closing entries** (if required) for the year ended 31 March 2014.

| Advertising | | Dr | Cr | | |
|-------------|-------------|----|------|-------|----|
| 31/3/14 | Balance | | | 30000 | Dr |
| | Prepayments | | 2000 | 28000 | Cr |

not closed and changed balance indicator

| Prepayments | | Dr | Cr | | |
|-------------|-------------|------|----|------|----|
| 31/3/14 | Balance | | | - | |
| | Advertising | 2000 | | 2000 | Dr |

| Drawings | | Dr | Cr | | |
|----------|----------|-------|----|-------|----|
| 31/3/14 | Balance | | | 50000 | Dr |
| | Drawings | 45000 | | 5000 | Dr |

incorrect amount and particulars.

N2

QUESTION THREE

Refer to **Resource Three** in **Resource Booklet 91176R** when answering this question.

Sportstime supplies sports gear to clubs and schools throughout New Zealand. The business is registered for GST on the invoice basis.

Prepare the Statement of Financial Position (extract) and Notes to the Financial Statements for *Sportstime*.

Note: Do NOT use abbreviations.

| Sportstime | | | | |
|--|------|-------|---------------|--------------------------|
| Statement of Financial Position (extract) | | | | |
| as at 31 March 2014 | | | | |
| | Note | \$ | \$ | \$ |
| Current assets | | | | |
| Accounts receivable | 1 | 24500 | | |
| Bank | | 12000 | | |
| GST | | 3000 | | → not adjusted |
| Prepayment | | 2500 | | |
| Goodwill | | 15000 | | → miss classified |
| | | | | |
| | | | | ← missing current assets |
| Non-current assets | | | | |
| Property, Plant & equipment | 3 | 63175 | | ← not figure from note. |
| Shares in Booktime Ltd | 2 | 23000 | | |
| Good | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total assets | | | 141175 | |

Notes to the Financial Statements

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Note 1: Accounts receivable

| | \$ |
|------------------------------|-------|
| Accounts receivable | 25000 |
| Allowance for doubtful debts | 500 |
| Accounts Receivable | 24500 |

Note 2: Investments

Shares in Boottime Ltd had a ~~net~~^{market} value of \$24000 but was recorded at it's historical cost of \$23000

need to know when this market value was determined.

Note 3: Property, plant and equipment

Note: You are NOT required to complete the shaded areas.

| | Office Equipment | Shop Equipment | |
|------------------------------|---------------------|----------------|----------|
| | \$ | \$ | |
| For year ended 31 March 2014 | | | |
| Opening carrying amount | 60000 | 48000 | |
| Plus additions | (45000) (2000) | - | |
| depreciation | 1000 | 2000 | |
| Accumulated depreciation | 200 2000 | 12000 | Total \$ |
| total | 21000 | 36000 | 57000 |
| As at 31 March 2014 | | | |
| Starting | 60000 | 48000 | |
| Accumulated | 39000 | 12000 | Total \$ |
| Closing carrying amount | 21000 | 36000 | 57000 |

Incorrect figures or missing information numbers + signs.

incorrect figure.

Needs to be cost.

needs to be clear its accumulated depreciation

This candidate has some understanding but doesn't demonstrate enough of it to clearly show they can process + report additional information.

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