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91176



NEW ZEALAND QUALIFICATIONS AUTHORITY  
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## Level 2 Accounting, 2015

### 91176 Prepare financial information for an entity that operates accounting subsystems

2.00 p.m. Friday 20 November 2015  
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.**

Excellence

TOTAL

22

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Refer to **Resources A, B, and C** in **Resource Booklet 91176R** when answering the questions.

### QUESTION ONE

*Electrical Times* is a business specialising in providing electrical work for new houses and renovations. The business is registered for GST on the invoice basis.

- (a) Prepare **General Journal** entries to record the following balance day information for *Electrical Times* using **Resource A**. (Narrations are NOT required.)

Depreciation on electricians vans is \$4 000 p.a.

31/3/2015	Depreciation - Electricians Vans	4000	
	Accumulated Depreciation -		
	Electricians Van		4000

Close the Electrical fees received account.

31/3/2015	Electrical Fees Received	681,100	
	Income Summary		681,100

- (b) Prepare the **Income Statement** for *Electrical Times* on page 3, using **Resource A**. Classify the income, and use the expense headings Electrical work expenses, Administrative expenses, and Finance costs. (Do NOT use abbreviations.)



Electrical Times			
Income Statement for the year ended 31 March 2015			
	\$	\$	\$
Revenue			
Electrical Fees Received		681,100	
Add: Other Income			
Interest Received	3000		
Rent Received	21 600		
		24,600	
Gross Revenue			705,700
Less: Expenses			
Electrical Work Expenses			
Electrical Supplies Used	45 000		
Electricians Van Expenses	46 000		
Electricians Wages	225 000		
Depreciation - Electricians Van	10,000		
Depreciation - Buildings	6,000		
Depreciation - Equipment	6 480		
		338 480	
Administrative Expenses			
Bad Debts	2000		
Electricians Van Insurance	8000		
Office Expenses	45 000		
Office Wages	101 000		
Depreciation - Equipment	4 320		
		160 320	
Finance Costs			
Interest on Mortgage		6 000	
			504,800
Net Profit			\$ 200,900

- (c) Complete the **Capital General Ledger** account for the year ended 31 March 2015 using relevant information from the Income Statement and Trial Balance.

Capital					
1/4/2014	Balance			658 000	Cr
	Drawings	75 000		583 000	Cr
	Net Profit		200 900	783 900	Cr

## QUESTION TWO

Cooltimes is a business owned by Sanjay that sells and installs air conditioner units.

- (a) Calculate **cash from credit customers** (accounts receivable), using **Resource B**. (Ignore GST.) Show and fully label your working in the space below.

### WORKING

Opening: Accounts Receivable	45000
Add: Invoices Issued	450,000
Less: Sales Returns	5500
Closing: Accounts Receivable	<u>40,000</u>
	449500
Less: Non-Cash items	
Bad debts	3000
Discount Allowed	<u>2000</u>
Cash from Customers	444500

Cash from credit customers \$ 444 500

- (b) Prepare the **cash receipts** section of Cooltimes Cash Flow Statement for the year ended 31 March 2015, using **Resource B**. (Ignore GST.)

Cooltimes		
Cash Flow Statement (extract) for the year ended 31 March 2015		
	\$	\$
<b>Cash receipts</b>		
Cash from Credit Customers	444 500	
Cash Sales	350,000	
Sales of Vat	10,000	
Capital	10,000	
GST	2000	
Sale of Shares in The Warehouse	<u>12,000</u>	
<b>Total cash receipts</b>		834 500



- (c) Prepare the Property, Plant and Equipment note (extract) for *Cooltimes*, using relevant information from the Other information section of **Resource B**, and the information below.

Note: the Trial Balance (extract) is from the START OF THE YEAR.

<b>Cooltimes</b> <b>Trial Balance (extract) as at 1 April 2014</b>			
	\$		\$
Office equipment	60 000	Accumulated depreciation – office equipment	15 000 <del>18 000</del>
Vans	155 000	Accumulated depreciation – vans	55 000 <del>65 000</del>

#### Additional information

- The van sold during the year had a cost of \$45 000 excluding GST, and a carrying amount of \$6 000.
- A new van was also purchased during the year that cost \$63 250 including GST.
- Depreciation for the year ended 31 March 2015 was \$3 000 on office equipment, and \$10 000 on vans.

#### Note: Property, Plant and Equipment (extract)

	Office equipment	Vans
	\$	\$
<b>For the year ended 31 March 2015</b>		
Opening carrying amount	45 000	100 000
Plus: Additions	10,000	55 000
Less: Disposals	0	6 000
Less: Depreciation for the year	3 000	10,000
<del>Total</del> <sup>Closing</sup> Carrying Amount	52 000	139 000
<b>As at 31 March 2015</b>		
Cost	70 000	165 000
Less: Accumulated Depreciation	18 000	26 000
Total Carrying Amount	52 000	139 000

ASSESSOR'S  
USE ONLY

E7

### QUESTION THREE

*Homeware* is a retailer specialising in providing hardware for home owners. The business is registered for GST on the invoice basis.

- (a) Prepare **General Journal** entries to record the following balance day information for *Homeware*, using **Resource C**. (Narrations are NOT required.)

Rent received in advance \$2 000 excluding GST.

31/3/2015	Rent Received	2000	
	Income In Advance		2000

Inventory that cost \$18 000 excluding GST has a net realisable value of \$14 000 excluding GST.

31/3/2015	Cost of goods Sold	4000	
	Inventory		4000

- (b) Complete the **General Ledger** account below for *Homeware* for the year ended 31 March 2015, using **Resource C**.

Accumulated depreciation – delivery vans					
31/3/2015	Opening Balance			45000	Cr
	Depreciation - Delivery Vans		20,000	65000	Cr



- (c) Prepare the Statement of Financial Position (extract) and Accounts Receivable Note for Homeware, using **Resource C**.

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	Note	\$	\$
<b>Current assets</b>			
Accounts Receivable <del>(note 1)</del>	1	58200	
GST		4129	
Inventory		286000	
Debt Cash		800	
Stationery on hand		1000	
Prepayments		750	
<b>Total current assets</b>			350579

	\$	\$
<b>Current liabilities</b>		
Accounts Payable	6989	
Bank	7000	
Income In Advance	2000	
Accrued <u>Income</u>	800	
Loan (9%, due July 2015)	5000	
<b>Total current liabilities</b>		21789

**Note 1: Accounts receivable**

	\$
opening \$	
Accounts Receivable	60000
less: Allowance for Doubtful Debts	1800
Closing Accounts Receivable	58200

F8

Excellence exemplar for 91176 2015			Total Score	22
Q	Grade Score	Annotation		
1	E7	This is an E7 because the candidate has made a classification error with the Electrician vans insurance and by incorrectly calculating Depreciation on the electricians van. Overall this is an excellent answer as the candidate has clearly demonstrated comprehensive understanding of the processing involved with balance day and has produced an Income Statement that is fit for purpose.		
2	E7	In the property, plant and equipment note the candidate has added the \$10,000 cash Sanjay invested into the business not the \$5,000 of equipment. The \$70,000 they have recorded as cost as at 31 March 2015 is incorrect. It should be \$65,000. The candidate has demonstrated Excellence in the preparation of the Cash Flow extract as they have correctly calculated the Cash from credit customers and have recognised, with correct stems, the other sources of cash inflow for the year.		
3	E8	An almost perfect answer. The only error was to record the accrued expense of \$800 as accrued income of \$800. This candidate clearly demonstrates Excellence in this question as they have understood the link between the processing in the journals and the note to the financial statement with the Statement of Financial Position extract.		