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2

91176



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

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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.**

Merit

TOTAL

16

ASSESSOR'S USE ONLY

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	4,000	
	Accumulated Depreciation electricians Vans		4,000

Close the Electrical fees received account.

		Electrical fees received	681,100
31/3/2015	<del>Electrical fees received</del>	<del>681,100</del>	<del>681,100</del>
	<del>Income Summary</del>	<del>681,100</del>	
	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			
	\$	\$	\$
Income Revenue			
<del>Revenue</del> Electrical fees Received			681,200
plus other income			
Interest Received		3,000	
Rent Received		25,200	28,200
<u>Gross profit</u>			<u>709,400</u>
Less: Expenses			
Electrical Work Expenses			
Electrical Supplies used	45,000		
Electricians Vans expenses	46,000		
Electricians Vans insurance	8,000		
Electricians wages	225,000		
Depreciation buildings	6,000		
Depreciation Electricians vans	4,000		
Depreciation Equipment	6,480	340,480	
Administrative Expenses			
Bad Debt	2,000		
Office Expenses	45,000		
Office wages	101,000	168,000	
Finance Costs	4,320	152,320	
Interest on mortgage	<del>8,000</del>	6,000	
Total Expenses			498,800
Net profit			210,600

- (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
	plus: Net profit		210,600	868,600	Cr
	less: Drawings	75,000		793,600	Cr

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

- |                |  |         |         |
|----------------|--|---------|---------|
| <b>WORKING</b> | Accounts Receivable opening balance      | 48,000  |         |
|                | plus Invoices issued                     | 450,000 |         |
|                | less Accounts Receivable closing balance | 40,000  | 458,000 |

less: non cash items

Sales Returns	\$, 500	
Bad debt	3,000	
Discount allowed	2,000	10,500

Cash from credit customers \$ 444,500

- | Cooltimes  |         |         |
|--|---------|---------|
| Cash Flow Statement (extract) for the year ended 31 March 2015 |         |         |
|  | \$      | \$      |
| Cash receipts  |         |         |
| Cash sales   | 350,000 |         |
| Van  | 10,000  |         |
| Capital  | 10,000  |         |
| Tax Refund   | 8,000   |         |
| Cash from credit customers                                     | 444,500 |         |
|  |         |         |
|  |         |         |
| Total cash receipts  |         | 822,500 |



- (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
Vans	155 000	Accumulated depreciation – vans	55 000

**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	—	63,250
less : disposals	0	6,000
less : depreciation	3,000	10,000
closing carrying amount	42,000	147,250
<b>As at 31 March 2015</b>		
Cost	60,000	173,250
Accumulated Depreciation	18,000	26 000
total carrying amount	42,000	147,250

### 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	<del>2,000</del>	2,000
	Income in advance	2,000	<del>2,000</del>

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

31/3/2015	Cost of goods sold	4,000	
	Inventory		4,000

- (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			45,000	CR
	Depreciation Delivery van		20,000	65,000	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	1	42,000	
Gst		3,679	
Inventory		285,000	
petty cash		500	
stationery on hand		1,000	
<u>Income in advance</u>		<u>2,000</u>	
<b>Total current assets</b>			<b>335,179</b>

	\$	\$
<b>Current liabilities</b>		
Accounts payable	3,539	
Bank Overdraft	7,000	
Accrued expense	9,600	
<b>Total current liabilities</b>		<b>20,139</b>

**Note 1: Accounts receivable**

	\$
Accounts Receivable opening balance	60,000
less: allowance for doubtful debt	18,000
	<b>42,000</b>

A4

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.		



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High Merit

TOTAL

18

ASSESSOR'S USE ONLY

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ASSESSOR'S  
USE ONLY

### 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 on electricians vans	4 000	
	<del>Accumulated Depreciation</del> accumulated depreciation on electricians vans.		4 000
	<del>Income Summary</del>		

Close the Electrical fees received account.

31/3/2015	<del>Income Summary</del> Income Summary	68 100	
	electrical fees Received		68 100

- (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.)

<del>electrical fees received</del>	<del>Income Summary</del>	<del>12 65</del>	
<del>Finance costs</del>	<del>Received</del>		11 00
<del>GST</del>			165



Electrical Times			
Income Statement for the year ended 31 March 2015			
	\$	\$	\$
Revenue			
electrical fees received	681100		
<del>Interest received</del> <sup>add other income</sup>			
Interest Received	8000		
Rent received	25200		
Total Income			709300
less expenses			
electrical work expenses			
electrical supplies used	45000		
electrical van expenses	46000		
electrical van insurance	8000		
electrical wages	225000		
Depreciation on equipment	6480		
Depreciation on Buildings	6000		
Depreciation on <del>electrical</del> vans	4000	340680	
Administrative expense			
Bad Debts	2000		
Office expense	45000		
Office wages	101000		
Depreciation on equipment	4320	152320	
Finance costs			
Interest on mortgage		6000	
total expenses			498800
profit for the year			210500

- (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			658000	CR
	Income Summary	<del>210500</del>	201500	868500	CR
	Capital Drawings	65000		803500	DR
	<del>drawings</del>				

M5

## QUESTION TWO

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*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 position amount	45000	
Plus Invoice Received	200000	245000
less Bad Debts and Discount allowed	(5000)	
less <del>Capital</del> Sales Returns	(5500)	
less closing opening amount	40000	
= Cash from credit customers		194500
Cash from credit customers \$		

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

<b>Cooltimes</b> Cash Flow Statement (extract) for the year ended 31 March 2015		
	\$	\$
<b>Cash receipts</b>		
Cash Received from credit customers	1945000	
Cash Sales	350000	
Sale of van	10000	
Share in the warehouse	12000	
Gst tax refund	8000	
Capital	10000	
<b>Total cash receipts</b>		2335000



- (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
Vans	155 000	Accumulated depreciation – vans	55 000

#### Additional information

- The van sold during the year had a cost of \$45 000 excluding GST, and a carrying amount of \$6 000. *add = 6000 - = de*
- A new van was also purchased during the year that cost \$63 250 including GST. *add*
- 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	<del>5000</del> <i>5000</i>	55 000
less Disposals	<del>0</del> <i>0</i>	6 000
less Depreciation	3 000	10 000
Closing carrying amount	47 000	<del>145 000</del> <i>145 000</i>
<b>As at 31 March 2015</b>		
<del>carrying amount</del> Cost	65 000	<del>205 000</del> <i>205 000</i>
accumulated Depreciation	18 000	26 000
Closing carrying amount	47 000	<del>179 000</del> <i>179 000</i>

### 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	Balance			45000	CR
	depreciation delivery vans		20000	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	1	58200	
Inventory		286000	
Petty cash		500	
Prepaid		1000	
accrued income		6900	
Stationery on hand.		1000	
GST		4129	
<b>Total current assets</b>			<del>353600</del> 357729

	\$	\$
<b>Current liabilities</b>		
Accounts payable	6989	
income in advance	2000	
Bank	7000	
Loan (9% p.a due July 2015)	5000	
<b>Total current liabilities</b>		20949

**Note 1: Accounts receivable**

	\$
accounts Receivable	60000
allowance for Doubtful debt	1800
	58200

E7

Merit exemplar for 91176 2015			Total Score	18
Q	Grade Score	Annotation		
1	M5	This candidate was not able to produce their general journal entries accurately. The word Vans needed to be added to the depreciation entry in (a) and they needed to Debit Electrical fees received to close it. Their Income Statement was accurate apart from the Rent received amount being incorrect. In the Capital account ledger the Drawings amount was incorrect.		
2	M6	This candidate has produced a very good Cash Flow extract but used the wrong invoice in their workings for cash from credit customers. In (b) they haven't used the figure they calculated in (a). In the PPE note the cost amount for the Vans is incorrect and the candidate has added it to the accumulated depreciation.		
3	E7	The candidate has demonstrated excellent processing knowledge but the Prepayment amount and the introduction of Accrued income to current assets is incorrect. The Accrued expense for the interest on mortgage owing is also missing from current liabilities.		