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2

91176



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

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SUPERVISOR'S USE ONLY

## 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.**

**Not Achieved**

**TOTAL**

**7**

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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 on electricians vans             | 4000 |      |
|           | Accumulated depreciation on electricians vans |      | 4000 |
|           |   |      |      |

Close the Electrical fees received account.

|           |                          |        |        |
|-----------|--------------------------|--------|--------|
| 31/3/2015 | Electrical fees Received | 680000 |        |
|           | Income Summary           |        | 680000 |
|           |                          |        |        |

- (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                          | 680000 |                   |                   |
| Add other Income                                  |        |                   |                   |
| Interest Received                                 | 2750   |                   |                   |
| Rent Received                                     | 25200  | <del>682750</del> | <del>682750</del> |
| less Expenses                                     |        | <del>2750</del>   | 704950            |
| Electrical <sup>work</sup> Expenses               |        |                   |                   |
| Electricians wages                                | 225000 |                   |                   |
| Electricians vans expenses                        | 46000  |                   |                   |
| Electrical supplies on hand                       | 30000  |                   |                   |
| Depreciation on equipment                         | 6480   |                   |                   |
| Depreciation on buildings                         | 6000   |                   |                   |
| Depreciation on electricians vans                 | 4000   |                   |                   |
| Administrative Expenses                           |        | 317400            |                   |
| Office wages                                      | 101000 |                   |                   |
| Office expenses                                   | 45000  |                   |                   |
| Bad debts   | 1986   |                   |                   |
| Electrical vans insurance                         | 8000   |                   |                   |
| Depreciation on equipment                         | 4320   |                   |                   |
|   |        | 160306            |                   |
| Finance cost                                      |        |                   |                   |
| Interest on Mortgage                              | 6000   | 6000              |                   |
| Total Expenses                                    |        |                   | 498786            |
| <del>Profit loss for the year</del>               |        |                   | <del>183964</del> |
| Profit for the Year                               |        |                   | 209164            |
|   |        |                   |                   |
|   |        |                   |                   |
|   |        |                   |                   |

- (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 |    |
|          | Drawings        | → | 75000 | 583000 | DR |
|          | closing capital |   |       | 583000 | DR |
|          |                 |   |       |        |    |



## QUESTION TWO

ASSESSOR'S  
USE ONLY

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**

Accounts Receivables 1 APRIL 2014 = 45000  
 \* Plus ~~RENT~~ ~~RE~~ Invoices Received 200000  
 less Bad debts 3000  
 less ~~RE~~ Sales Returns 5500  
 less Accounts Receivables 31/3/2015 = 40000

Cash from credit customers \$ 196500

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

| Cooltimes<br>Cash Flow Statement (extract) for the year ended 31 March 2015 |          |    |
|---|----------|----|
|   | \$       | \$ |
| <b>Cash receipts</b>  |          |    |
| Invoices <del>issued</del> Received   | 200000   |    |
| Cash Sales  | 350000   |    |
| Sale of <del>electronics</del> van  | 10000    |    |
| Rent Received   | 38000    |    |
| <del>Share</del> sales of Shares  | 12000    |    |
| <del>Accounts</del>   |          |    |
| <b>Total cash receipts</b>  | \$610000 |    |

- (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.

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

| <b>Cooltimes</b><br><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                            |
| <i>Vans</i>   | <del>6 000</del>  | <del>60 000</del> <sup>3 250</sup> |
| <i>Accumulated depreciation on vans</i>             | 0                 | <del>65 500</del>                  |
| <i>office equipment</i>                             | 60 000            |                                    |
| <i>accumulated depreciation on office equipment</i> | <del>18 000</del> |                                    |
| <b>As at 31 March 2015</b>                          |                   |                                    |
| <i>office equipment</i>                             | 12 300            |                                    |
| <del>Vans</del>                                     |                   | 26 000                             |
| <i>Vans</i>   |                   | <del>138 025</del>                 |

N2



### QUESTION THREE

 ASSESSOR'S  
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*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 \$2000 excluding GST.

|           |                                     |      |      |
|-----------|-------------------------------------|------|------|
| 31/3/2015 |                                     |      |      |
|           | <u>Prepayments</u>                  | 2000 |      |
|           | <del>Rent</del> Accounts Receivable |      | 2000 |

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

|           |   |                 |                 |
|-----------|---|-----------------|-----------------|
| 31/3/2015 | <del>Inventory</del> <u>Accrued expense</u> | 4000            | <del>4000</del> |
|           | <del>Accrued expense</del> Inventory        | <del>4000</del> | 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                                | <del>Balance</del> <u>Depreciation on delivery vans</u> |       |  | 45000               | DR |
|  | <del>Accumulated</del> Depreciation on delivery vans    | 20417 |  | <del>65</del> 20417 | DR |
|  |   |       |  |                     |    |

- (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    | 56200<br><del>58000</del> |    |
| Delivery vans               |      | 290000                    |    |
| Inventory                   |      | 286000                    |    |
| Stationery on hand          |      | 1000                      |    |
| Petty Cash                  |      | 500                       |    |
|                             |      |                           |    |
| <b>Total current assets</b> |      | 633700                    |    |

|                                  | \$    | \$ |
|----------------------------------|-------|----|
| <b>Current liabilities</b>       |       |    |
| Accounts Payable                 | 6000  |    |
| Loan 9%                          | 450   |    |
| <del>Mortgage</del> Mortgage 6%  | 9600  |    |
|                                  |       |    |
|                                  |       |    |
| <b>Total current liabilities</b> | 16050 |    |

**Note 1: Accounts receivable**

|                                   | \$    |
|-----------------------------------|-------|
| Accounts Receivable               | 58000 |
| less allowance for doubtful debts | 1800  |
|                                   | 56200 |

N2

| Not Achieved exemplar for 91176 2015 |             |  | Total Score | 07 |
|--------------------------------------|-------------|--|-------------|----|
| Q                                    | Grade Score | Annotation   |             |    |
| 1                                    | A3          | <p>This candidate showed some processing ability with a general journal entry for depreciation but had the wrong amount for the closing of Electrical fees received. The Capital account did not have a balance indicator for the opening balance and the drawing entry was in the incorrect column and there was no income summary entry. The Income Statement had most of the income and expenses entered with some adjusted correctly. Interest received, Rent received and Bad debts had the incorrect amount and Electrical vans insurance was incorrectly classified. It also had a Foreign item as a result of reporting the Electrical supplies on hand.</p> |             |    |
| 2                                    | N2          | <p>In (a) there was some evidence for a grade for working to be given, it just needed the bad debt and sales return to earn more reward. In (b) the Invoices received was a foreign item as it related to a non cash item. The Cash Flow Statement was also missing the cash from the GST refund, Sanjay's investment and the amount worked out in (a). In the PPE note the candidate provided no evidence towards achievement.</p>  |             |    |
| 3                                    | N2          | <p>The candidate has not shown an ability to process in (a) – (c). There is some evidence of achievement in the Statement of Financial Position extract but not enough. Inventory and the Allowance for doubtful debts were correctly adjusted but many of the other current assets and liabilities required, as per the assessment schedule, were missing.</p>  |             |    |