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91176



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NEW ZEALAND QUALIFICATIONS AUTHORITY
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SUPERVISOR'S USE ONLY

Level 2 Accounting, 2016

91176 Prepare financial information for an entity that operates accounting subsystems

2.00 p.m. Tuesday 22 November 2016
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

18

ASSESSOR'S USE ONLY

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

ASSESSOR'S
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QUESTION ONE

Gymtime is a retailer selling gym equipment, workout clothing, and health supplements. The business uses a perpetual inventory system and is registered for GST on the invoice basis.

- (a) Using **Resource A**, prepare the **General Journal** entry to close the Office wages account. (The narration is NOT required.)

31/3/2016	Balance office wages	44,200	
	accrued expense income summary	45,000	46,200
	income summary	1,200	46,200

income summary 46,200

office wages

46,200

- (b) Using **Resource A**, complete the **Inventory General Ledger** account for the year ended 31 March 2016.

Inventory					
31/3/2016	Balance			250 000	Dr
	Cost of goods sold		3 000	247,000	Dr
	income summary		247,000		

- (c) Using **Resource A**, prepare the **Income Statement** for *Gymtime* on page 3. Group expenses under the following headings: Distribution costs, Administrative expenses, and Finance costs. (Do NOT use abbreviations.)

Gymtime

Income Statement for the year ended 31 March 2016

Revenues	\$	\$	\$
Sales			995,000
less: sales returns			<u>5,000</u>
net sales			990,000
less: cost of goods sold			<u>503,000</u>
gross profit.			487,000
add: other income			
discount received			<u>2,500</u>
			489,500
less: expenses			
administration expenses			
bad debts	7,500		
office expenses	16,000		
office wages	<u>46,200</u>		
depreciation equipment	3,000		
building repairs	<u>(500)</u>		
		68,200	
		<u>67,000</u>	
distribution cost			
advertising	25,000		
delivery van insurance	8,000		
Sales staff wages	120,000		
shop electricity	18,000		
shop van	56,000		
depreciation equipment	7,000		
depreciation delivery van	<u>76,000</u>		
		314,000	
Finance cost			
interest on loan		2,000	
total expenses			<u>384,200</u>
profit for the year			105,300

M6

QUESTION TWO

ASSESSOR'S
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Tentplanet is a retailer in Taupo that sells tents and other camping gear.

- (a) Using **Resource B**, calculate **cash paid** to suppliers (accounts payable). Ignore GST. Show and fully label your working in the space below.

WORKING

opening balance: 25,000
 add: invoices received: 550,000
 less: closing balance: 23,000
 less: new cash items
 discount received: 8000
 credit notes: 5000

Cash paid to suppliers \$ 579,000

- (b) Using **Resource B**, prepare the cash payments section of *Tentplanet's* Cash Flow Statement (extract) for the year ended 31 March 2016. Ignore GST.

Tentplanet		
Cash Flow Statement (extract) for the year ended 31 March 2016		
	\$	\$
Cash payments		
cash paid to suppliers		579,000
shop fittings		1200
the cash drawings		69,000
office expenses		35,000
rent		70,000
wages		225,000
Total cash payments		869,200

Tentplanet is registered for GST on the invoice basis.

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USE ONLY

- (c) Using **Resource B**, prepare the **General Journal** entries to record the following balance day information for *Tentplanet*. (Narrations are NOT required.)

One month's interest is owing to *Tentplanet* on the term deposit.

31/3/2016	accrued interest	250	
	interest received		250

Close the **Drawings** account.

31/3/2016	capital	50,000	
	drawings		50,000

- (d) Using **Resource B**, complete the **General Ledger** accounts below for *Tentplanet* to show the relevant **balance day adjustments** and **closing entries** (if required) for the year ended 31 March 2016.

Bad debts					
31/3/2016	Balance			1700	Dr
	accounts receivable	1100		2600	Dr
	income summary		2600	-	-

Accrued income					
31/3/2016	interest received	250		250	Dr
	income summary		250	-	-

E7

QUESTION THREE

ASSESSOR'S
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Cleverclean provides cleaning services to businesses. It is registered for GST on the invoice basis.

- (a) Using **Resource C**, complete *Cleverclean's* fully classified **Statement of Financial Position**. The **assets** have been entered for you. (Do NOT use abbreviations.)

Cleverclean Statement of Financial Position as at 31 March 2016				
	Note		\$	\$
Current assets				
Accounts receivable	1	17 225		
Cleaning supplies on hand		7 000		
			24 225	
Non-current assets				
Property, plant and equipment	2		768 600	
Total assets				792 825
Liabilities				
Current liabilities				
accounts payable		21,400		
bank		7000		
gst		6375		
accrued expense		600		
income in advance		3000		
			33,875	
Non-current liabilities				
loan	3		80,000	
				113,875
Net assets				678,950
Equity				
opening capital				500,000
add: profit for the year				19,400
less: drawings				75,000
Closing capital				444,400

- (b) Prepare the Accounts Receivable note for *Cleverclean*.

Notes to the Financial Statements
Note 1: Accounts Receivable

	\$
accounts receivable	14,275
less: allowance for doubtful debts	500
	13,775

- (c) Prepare the **Cleaning Equipment** section of the Property, Plant and Equipment note for *Cleverclean*.

Note 2: Property, Plant and Equipment note (extract)

	Cleaning equipment
	\$
For the year ended 31 March 2016	
Opening carrying amount	121 000
Additions	
deposits	(7 000)
depreciation	3 000
closing carrying amount	123 000
As at March 2016	
cost	156,000
accumulated depreciation	33,000
closing carrying amount	123,000

- (d) Prepare the **General Journal** entry to record depreciation on **computers** for the year ended 31 March 2016. (A narration is not required.)

31/3/2016	depreciation computers	2400	
	accumulated depreciation computers		2400

ASSESSOR'S
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M5

Extra space if required.
Write the question number(s) if applicable.

ASSESSOR'S
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QUESTION
NUMBER

91176

Merit exemplar 2016

Subject:	Accounting	Standard:	91176	Total score:	18
Q	Grade score	Annotation			
1	M6	To get to Excellence the candidate needs to subtract the doubtful debts from the other administrative expenses and correctly calculate the depreciation on delivery vans, \$2 800, as both adjustments involve complex additional information.			
2	E7	The candidate demonstrates Excellence but to earn E8 they need to know which accounts to close. I.e. Accrued Income should not be closed.			
3	M5	This answer demonstrates that some of the detailed additional information was correctly reported (Accounts payable, all current liabilities there and Depreciation on computers). To earn a higher Merit grade all of the Additions and Disposals need to be reported and the profit for year figure needs to be an amount that sees net assets equal to equity.			