

90023



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

*For Supervisor's use only*

## Level 1 Accounting, 2007

### 90023 Describe a method of processing financial information and analyse transactions

Credits: Three

2.00 pm Tuesday 27 November 2007

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 answer ALL the questions in this booklet.

Show ALL working.

If you need more space for any answer, use the page(s) provided at the back of this booklet and clearly number the question.

Check that this booklet has pages 2–8 in the correct order and that none of these pages is blank.

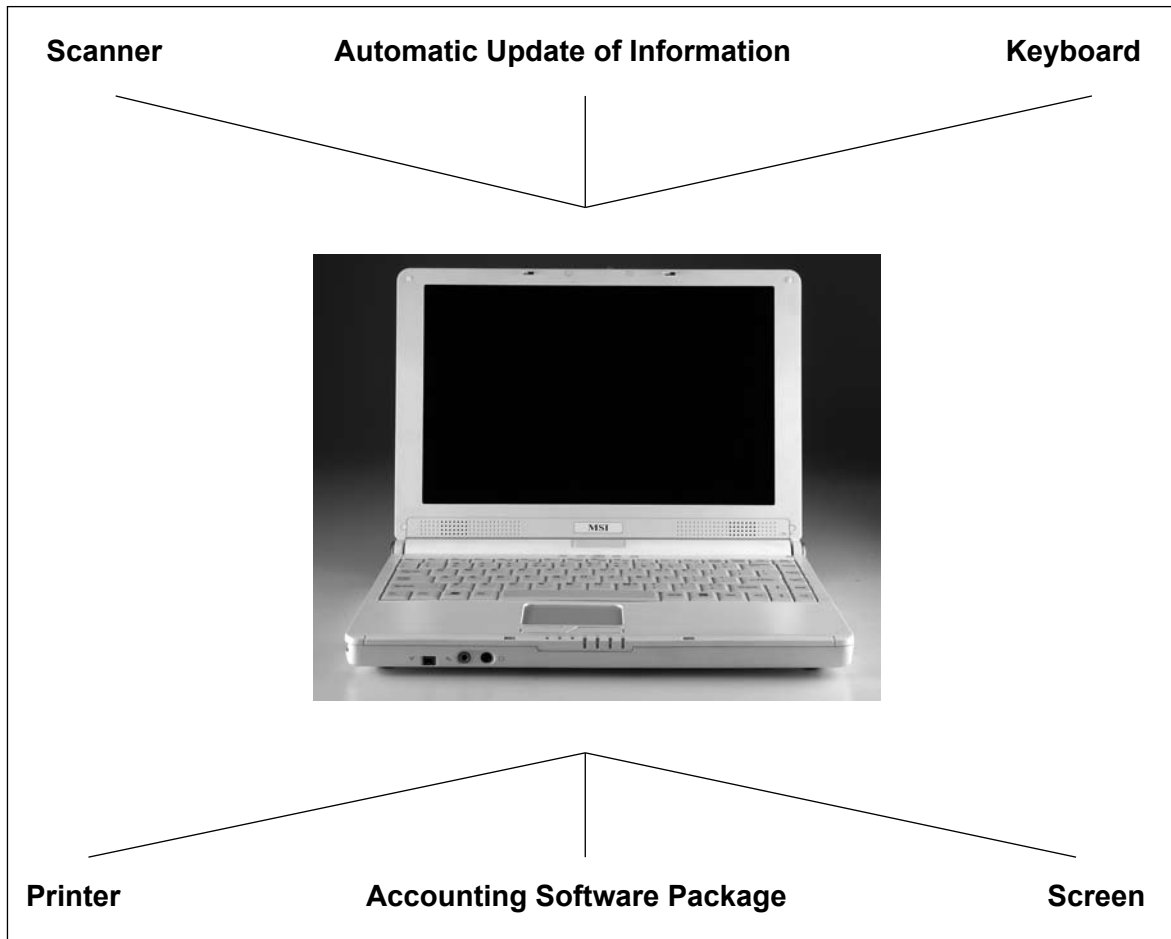
**YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.**

<i>For Assessor's use only</i>		<b>Achievement Criteria</b>			
<b>Achievement</b>	<input type="checkbox"/>	<b>Achievement with Merit</b>	<input type="checkbox"/>	<b>Achievement with Excellence</b>	<input type="checkbox"/>
Describe an accounting data-processing system(s).	<input type="checkbox"/>	Describe an accounting data-processing system(s).	<input type="checkbox"/>	Fully describe accounting data-processing systems.	<input type="checkbox"/>
Describe and/or analyse transactions correctly.	<input type="checkbox"/>	Describe and/or analyse a range of transactions correctly.	<input type="checkbox"/>	Describe and/or analyse a wide range of transactions correctly.	<input type="checkbox"/>
Prepare general journal entries for straightforward balance-day adjustment(s).	<input type="checkbox"/>	Prepare general journal entries for straightforward and complex balance-day adjustments.	<input type="checkbox"/>	Prepare general journal entries for all or nearly all balance-day adjustments.	<input type="checkbox"/>
<b>Overall Level of Performance (all criteria within a column are met)</b>					<input type="checkbox"/>

You are advised to spend 30 minutes answering the questions in this booklet.

### QUESTION ONE: ACCOUNTING DATA PROCESSING

Kahu owns *PARTYZ*, a party hire service business providing lighting, music and venues. Kahu is considering changing his current manual system of accounting to a computerised accounting system.



- (a) Refer to the six terms in the diagram above and **complete the table** below by inserting all the terms under the appropriate heading. One of the terms has been entered for you.

Input	Process	Output
	Automatic update of information	

- (b) **Complete the table** below to describe Kahu's current **manual data-processing system**. An example has been entered for you.

<b>Summary Table for Manual Data-processing System</b>	
(i) <b>State ONE</b> more example of <b>input</b> .	(1) Invoice
	(2) _____
(ii) <b>Describe TWO</b> examples of how accounting information is <b>processed</b> .	(1) _____ _____ _____
	(2) _____ _____ _____
	(iii) <b>State TWO</b> examples of <b>output</b> .
	(1) _____
(iii) <b>State TWO</b> examples of <b>output</b> .	(2) _____
	(iv) <b>State ONE</b> example of <b>storage</b> .
(iv) <b>State ONE</b> example of <b>storage</b> .	(1) _____

- (c) **Describe** an example of how storage is an advantage when using a computerised accounting system.

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- (d) **Describe ONE** other advantage a computer system has over a manual system.

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**QUESTION TWO: THE ACCOUNTING EQUATION****Part A: Analyse transactions****Ignore GST in this question.**

Kahu's business, *PARTYZ*, provides a party hire service including lighting, music and venues. The following transactions relate to *PARTYZ*.

A	Received \$500 from a cash customer for party services provided
B	Took out a bank loan of \$5 000 for the business
C	Kahu invested \$1 000 cash into the business
D	Purchased new speakers, \$1 800, paying a deposit of 10% with the rest on credit
E	Paid \$1 350 on Accounts Payable in full settlement of an account and received a \$50 discount
F	Kahu sold some lighting equipment, with a cost price of \$500, for \$300 cash

**Show the effects** of the above transactions on the *PARTYZ* accounting equation below. You are not required to show totals. You must show the dollar amounts, increases with a plus sign (+) and decreases with a minus sign (-). The first transaction has been completed for you.

***PARTYZ***  
***Accounting Equation***

	<b>Bank</b>	<b>Accounts Receivable</b>	<b>Vehicle</b>	<b>Party Equipment</b>	<b>Accounts Payable</b>	<b>Loan</b>	<b>Equity</b>
A	+500						+500
B							
C							
D							
E							
F							

**Part B: Describe transactions**

**Ignore GST in this question.**

The following Accounting Equation shows transactions that relate to *PARTYZ* a month later.

***PARTYZ***  
**Accounting Equation**

	Bank	Accounts Receivable	Party Equipment	Expenses	Accounts Payable	Loan	Equity	Income
A	+95							+95
B		+200						+200
C	-120			+120				
D			+250		+250			
E	-400		-150				-550	
F	-350			+50		-300		

Study the transactions shown in the accounting equation above and **fully describe** each one. Ensure you use an appropriate **example** for **asset**, **expense**, and **income** accounts and state **dollar amounts** in your answers. Transaction A has been described for you as an example.

A Received \$95 for party services provided.

B \_\_\_\_\_  
\_\_\_\_\_

C \_\_\_\_\_  
\_\_\_\_\_

D \_\_\_\_\_  
\_\_\_\_\_

E \_\_\_\_\_  
\_\_\_\_\_

F \_\_\_\_\_  
\_\_\_\_\_

**QUESTION THREE: GENERAL JOURNAL ENTRIES**

You **MUST** account for GST in this question.

On 31 March 2007, Kahu began preparing the financial statements for *PARTYZ*.

***PARTYZ***  
**Trial Balance (extract) for year ended 31 March 2007**

	Dr	Cr
Wages	8 500	
Rates	1 500	
Party Equipment	2 400	
Vehicle (cost)	8 000	
Interest Received		300
Party Hire Fees		60 000

The following adjustments are required before the Income Statement and Balance Sheet can be prepared.

Show the general journal entries Kahu will prepare for each of the adjustments in the spaces provided below and on page 7.

**Narrations are not required. Do not abbreviate account names.**

- (a) \$250 is owing for wages.

Date	Particulars	Debit	Credit
31/03/07			

- (b) Rates paid in advance \$300.

Date	Particulars	Debit	Credit
31/03/07			

- (c) \$150 is owing to the business for interest received.

Date	Particulars	Debit	Credit
31/03/07			

- (d) On 30 March, an invoice totalling \$270, including GST, was sent to a client for party hire fees. Payment has not yet been received.

Date	Particulars	Debit	Credit
31/03/07			

Party Supplies Newlands Place TAUPO		TAX INVOICE	
To <i>PARTYZ</i> PO Box 52, TAUPO		GST No. 12-345-678 Date: 25 March 2007	
<b>Item purchased:</b>	<b>1 disco light</b>		160
		GST	20
		Total due	180

- (e) The invoice above from Party Supplies for a disco light, purchased during March and costing \$180, including GST, has been received but not yet paid.

Date	Particulars	Debit	Credit
31/03/07			

- (f) Depreciation of vehicle (cost \$8 000) is 10% per annum on cost.

Date	Particulars	Debit	Credit
31/03/07			

