

90224



902240



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

For Supervisor's use only

Level 2 Accounting, 2008

90224 Prepare financial statements and related accounting entries for sole proprietors

Credits: Five

9.30 am Thursday 27 November 2008

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

Pull out Resource Booklet 90224R from the centre of this booklet.

You should answer ALL the questions in this booklet.

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>	Achievement Criteria		
Achievement	Achievement with Merit	Achievement with Excellence	
Prepare financial statements following good accounting practice, with some additional information correctly treated. <input type="checkbox"/>	Prepare financial statements following good accounting practice, with the majority of additional information correctly treated. <input type="checkbox"/>	Prepare financial statements following good accounting practice, with all or nearly all additional information correctly treated. <input type="checkbox"/>	
Prepare accounting entries for balance sheet day adjustments. <input type="checkbox"/>	Prepare a range of accounting entries for balance sheet day adjustments following good accounting practice. <input type="checkbox"/>	Prepare a wide range of accounting entries for balance sheet day adjustments consistently following good accounting practice. <input type="checkbox"/>	
Overall Level of Performance (all criteria within a column are met)			<input type="checkbox"/>

You are advised to spend 50 minutes answering the questions in this booklet.

QUESTION ONE

Refer to Resource One in Resource Booklet 90224R to answer this question.

You are NOT required to account for GST in this question.

- (a) Calculate the total of the bank transfers made to suppliers (cash paid to accounts payable) for July, using relevant information. Show and **fully label your working** in the space provided below. Record your answer in the space provided.

WORKING for total of bank transfers to suppliers.

NOTE: working will be assessed.

Total bank transfers to suppliers: \$ _____

- (b) Complete the **payments** section of *Stick Sports'* Cash Flow Statement for July 2008, using your answer to (a) and other relevant information. Show the **total** of your payments on the total payments line.

<i>Stick Sports</i> Cash Flow Statement (extract) for July 2008		
Payments		
Total payments		

QUESTION TWOAssessor's
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Refer to Resource Two in Resource Booklet 90224R to answer this question.
You **MUST** account for GST in this question.

- (a) Show the General Journal entries for the selected balance sheet date adjustments and closing entry as indicated by the narrations in the General Journal.

Stick Sports General Journal			
31/03/08			
	<i>Sales wages owing \$2 000.</i>		
31/03/08			
	<i>Shop rent is \$1 500 excluding GST per month. Two months' rent has been paid in advance.</i>		
31/03/08			
	<i>Write off additional bad debts of \$450 including GST.</i>		
31/03/08			
	<i>Close drawings to capital.</i>		

For questions (b), (c) and (d) below, complete the following **general ledger** accounts as instructed.

Assessor's
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- (b) In the Accounts Receivable ledger account, show the entry to record additional bad debts written off. The balance has been entered for you.

Accounts Receivable					
31/03/08	Balance			8450	Dr

- (c) In the Depreciation on Office Equipment ledger account, show the entries to record:
- the depreciation expense for the year – depreciation on office equipment is 10% p.a. straight line
 - the closing entry.

Depreciation on Office Equipment					
31/03/08					

- (d) In the Prepayments ledger account, show the entries to record:
- the two months' rent paid in advance for shop rent on 31 March 2008
 - the reversing entry on 1 April 2008.

Prepayments					
31/03/08					
01/04/08					

QUESTION THREE

Refer to Resource Two in Resource Booklet 90224R to answer this question.

You MUST account for GST in this question.

- (a) Complete *Stick Sports'* Income Statement for the year ended 31 March 2008, using relevant information. Sales, cost of goods sold and other income have been entered for you. Do NOT use abbreviations.

<i>Stick Sports</i> Income Statement for the year ended 31 March 2008			
Sales			345 000
Less cost of goods sold			145 000
Gross profit			200 000
Add other income			
Gain on sale shop fittings			100
			200 100
Less expenses			
Distribution costs			
Administrative expenses			
Finance costs			
Profit for the year			

- (b) Complete the following two statements found in *Stick Sports'* Statement of Accounting Policies, using relevant information from Resource Two.

Stick Sports
Statement of Accounting Policies (extract)

Name and nature:

Inventory:

- (c) Complete the current liabilities section of *Stick Sports'* Balance Sheet as at 31 March 2008, using relevant information from Resource Two.

Show the total of your current liabilities on the total current liabilities line.
Do NOT use abbreviations.

Stick Sports
Balance Sheet (extract) as at 31 March 2008

Current liabilities		
Total current liabilities		

- (d) (i) Complete the accounts receivable note to *Stick Sports'* Balance Sheet as at 31 March 2008, using relevant information from Resource Two.
Do NOT use abbreviations.

Stick Sports

Notes to the Balance Sheet (extract) as at 31 March 2008

Note One – Accounts receivable

- (ii) Complete the property, plant and equipment note to *Stick Sports'* Balance Sheet as at 31 March 2008, using relevant information from Resource Two.

ALL boxes with **bold** outlines **must** be completed, with appropriate terms or numbers. The opening carrying amount of shop fittings and the depreciation rates have been provided for you.

Do NOT use abbreviations.

Do NOT write in shaded boxes.

Note Two – Property, plant and equipment

	Shop fittings	Office equipment
For year ended 31 March 2008		
Opening carrying amount	65 000	
Additions		
Disposals		
Depreciation		
Closing carrying amount		
As at 31 March 2008		

Depreciation is calculated as follows:

- Shop fittings 15% p.a. diminishing value
- Office equipment 10% p.a. straight line.

