

90224



902240



NEW ZEALAND QUALIFICATIONS AUTHORITY
 MANA TOHU MĀTAURANGA O AOTEAROA

For Supervisor's use only

Level 2 Accounting, 2009

90224 Prepare financial statements and related accounting entries for sole proprietors

Credits: Five

2.00 pm Friday 20 November 2009

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.

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 2–11 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	<input type="checkbox"/>	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 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"/>
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: ACCOUNTING ENTRIES FOR BALANCE SHEET DAY ADJUSTMENTS

Refer to Resource One in the Resource Booklet to record the following General Journal and General Ledger entries for *Read More Books*.

(a) Prepare the **General Journal entries** to record the following entries on balance sheet day.

(i) Record **interest owing** on balance sheet day.

31/03/09			
Interest on loan owing on balance sheet day			

(ii) Record **additional bad debts** of \$180 including GST to be written off.

31/03/09			
Bad debts of \$180 including GST to be written off			

(iii) Record the **adjustment** to the allowance for doubtful debts to 2% of accounts receivable.

31/03/09			
Allowance for doubtful debts to 2% of accounts receivable			

(iv) Record the **depreciation** on fittings, calculated at 20% using the diminishing value method.

31/03/09			
Depreciation on fittings at 20% using the diminishing value method			

- (b) Complete the general ledger accounts below to show the relevant transactions for **balance sheet day** and the **first day of the next financial year** if required.

Note: You must include correct dates.

- (i) Prepare the **Interest on Loan** ledger account by:
- entering the **opening balance**
 - recording the **interest owing** on balance sheet day
 - recording the **closing entry**
 - recording the **reversing entry**.

Interest on Loan

31/03/09	Balance				

- (ii) Prepare the **Accrued Expenses** ledger account by:
- recording the **interest owing** on balance sheet day
 - recording the **reversing entry**.

Accrued Expenses

- (iii) Prepare the **Accumulated Depreciation on Fittings** ledger account by:
- entering the **opening balance**
 - recording the **depreciation expense** for the year.

Accumulated Depreciation on Fittings

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QUESTION TWO: FINANCIAL STATEMENTSAssessor's
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- (a) Use the information provided in Resource Two of the Resource Booklet to prepare the following **Income Statement extract** for *Kahikatea Nurseries*.

Kahikatea Nurseries
Income Statement (extract) for the year ended 31 March 2009

	\$	\$
Administrative expenses		

- (b) (i) Use the information provided in Resource Two of the Resource Booklet to prepare the **Balance Sheet and Notes (extract)**.

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Kahikatea Nurseries
Balance Sheet as at 31 March 2009

	\$	\$	\$
Current assets			
Non-current assets			
Investments			
Property, plant and equipment			
Total carrying amount (Note 2)			
Total assets			
Less liabilities			
Current liabilities			
Non-current liabilities			
Mortgage (7% pa due 1/5/15)		110 000	
Net assets			
Equity			

Notes to the Balance Sheet (extract)

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(ii) Note 1 – Accounts receivable

	\$	\$

(iii) Complete the extract from the Property, plant and equipment note below using the information provided. Complete the boxes with **bold** outlines, using appropriate terms or numbers.**Notes:**

- Do NOT use abbreviations.
- Do NOT write in shaded boxes.

Note 2 – Property, plant and equipment

	Land \$	Buildings \$	Shop equipment \$
For the year ended 31 March 2009			
Opening carrying amount			9 000
+ Additions			
– Disposals			
– Depreciation			
Closing carrying amount			
As at 31 March 2009			

Note: Depreciation is calculated as follows:

- Buildings – 2% pa straight line
- Shop equipment – 10% pa diminishing value.

QUESTION THREE: CASH FLOW STATEMENTAssessor's
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Refer to Resource Three in the Resource Booklet to answer parts (a)–(c).

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

- (a) Calculate **Cash from Credit Customers** (Accounts Receivable).
Show and **fully label your workings** in the space provided below.

Note: Workings will be assessed.

Cash from Customers: \$ _____

- (b) Calculate **Cash to Suppliers** (Accounts Payable).
Show and **fully label your workings** in the space provided below.

Note: Workings will be assessed.

Cash to Suppliers: \$ _____

- (c) Prepare a **Statement of Cash Flows** for the month of February.

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More Gadgets
Statement of Cash Flows for the month ended February 2009

	\$	\$
Receipts		
Payments		
Net increase/decrease in cash		
Opening bank balance		
Closing bank balance		

90224