

90224R



Level 2 Accounting, 2009

90224 Prepare financial statements and related accounting entries for sole proprietors

Credits: Five
2.00 pm Friday 20 November 2009

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 90224.

Check that this booklet has pages 2–4 in the correct order and that none of these pages is blank.

YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.

RESOURCE ONE

Ngaia owns a business called *Read More Books*. Below is a Trial Balance extract and additional information for the business.

Read More Books
Trial Balance (extract) as at 31 March 2009

	\$		\$
Accounts receivable	2 380	Accumulated depreciation on fittings	1 200
Bad debts	120	Allowance for doubtful debts	20
Bank	5 000	Accounts payable	1 300
Interest on loan	600	GST	440
Fittings	8 000	Loan (8% pa)	10 000

Additional Information

- Interest is owing on the loan based on an interest rate of 8% pa
- Additional bad debts to be written off amounted to \$180 including GST.
- Allowance for doubtful debts is to be adjusted to 2% of accounts receivable.
- Depreciation on fittings is at 20% using the diminishing value method.

RESOURCE TWO

Andy owns the garden shop *Kahikatea Nurseries*, which sells native plants and gardening accessories. *Kahikatea Nurseries* is registered for GST on the invoice basis.

Kahikatea Nurseries Trial Balance as at 31 March 2009

	\$		\$
Accounts receivable	15 450	Accounts payable	27 000
Advertising	4 600	Accumulated depreciation on buildings	12 000
Bad debts	800	Accumulated depreciation on shop equipment	8 000
Buildings	200 000	Allowance for doubtful debts	500
Cost of goods sold	122 000	Bank	6 000
Drawings	32 000	Capital	200 600
Insurance	3 400	Dividends received	300
Interest on mortgage	8 000	GST	1 250
Inventory	52 000	Mortgage (7% pa due 1/5/15)	110 000
Land	85 000	Sales	290 000
Office salaries	38 000		
Rates	1 600		
Shares in Big Trees Ltd	4 800		
Shop equipment	25 000		
Shop wages	63 000		
	\$655 650		\$655 650

Additional Information

- Office salaries owing on balance sheet day were \$500.
- Additional bad debts to be written off amounted to \$450 including GST.
- Allowance for doubtful debts is to be adjusted to 5% of accounts receivable.
- Dividends are owing on the shares of \$300.
- Depreciation on buildings is to be calculated at 2% using the straight-line method.
- Depreciation on shop equipment is at 10% using the diminishing value method.
- During the year, the business sold some shop equipment with a cost of \$8 000 excluding GST and with a carrying amount of \$4 000 and purchased new equipment costing \$12 000 excluding GST. This information has been recorded in the Trial Balance on balance sheet day.

RESOURCE THREE

Jonah owns the electronics store *More Gadgets*. Jonah has collated the following information relating to transactions that occurred during February 2009.

Balance amounts:	\$
Accounts receivable 1 February 2009	7 800
Accounts payable 1 February 2009	10 500
Bank 1 February 2009	1 280 Dr
Accounts receivable 28 February 2009	6 900
Accounts payable 28 February 2009	11 200

During the month:	\$
Invoices issued to credit customers	47 000
Invoices received from suppliers	22 000
Depreciation on shop equipment	1 400
Bank transfers for staff wages	4 000
Automatic payments for shop lease	5 000
Credit notes issued by suppliers	800
Direct credit for dividends received	350
Bad debts written off	540
Drawings of stock by Jonah	700
Direct debits for loan repayments	8 300