

Assessment Schedule 2006

Accounting: Process financial information for partnerships and companies (90501)

Evidence Statement

Q	Evidence				Code								
1 (a)	General Journal												
	01/01/06	Bank	20 000		S								
		Capital – Charlie Rivers		20 000	S								
		<i>Charlie's contribution</i>											
	31/03/06	Current – Charlie Rivers	300		S	C							
		Profit Distribution Statement ¹		300	S								
		<i>Transfer Charlie's interest on current</i>											
<p>Important Note: NOTHING is awarded to any entry (no s or c for any part of the entry) where the capital or current account is not named – minimum name is Charlie or Rivers or C Rivers.</p> <p>Alternatives are acceptable such as Interest on Current or other, provided the Current account (named) is debited.</p> <p>Judgement Provided Capital or Current account is named, award as follows: S for correct stem and correct figure in correct debit / credit column;</p>													
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">S</td> <td style="width: 10%;"></td> <td rowspan="2" style="width: 10%; text-align: center;">C</td> <td style="width: 70%;"> S for correct stem, correct debit / credit column and a figure </td> </tr> <tr> <td style="text-align: center;">S</td> <td></td> <td> C ONLY awarded if both S given, then for correct figure </td> </tr> </table>							S		C	S for correct stem, correct debit / credit column and a figure	S		C ONLY awarded if both S given, then for correct figure
S		C	S for correct stem, correct debit / credit column and a figure										
S			C ONLY awarded if both S given, then for correct figure										

(b)	Current – Holly Todman						Code
	1/4/05	Balance			17 000	Cr	SC
1/10/05	Capital – Holly Todman	10 000		7 000	Cr	SC	
31/3/05	Salary		30 000	37 000	Cr	S	
	Interest on current		1 700	38 700	Cr	SC	
	Interest on capital		12 000	50 700	Cr	SC	
	Interest on drawings	2 000		48 700	Cr	SC	
	Share of residual profit		9 050	57 750	Cr	S	
	Drawings	50 000		7 750	Cr	S C#	

Judgement – award as follows:

S for appropriate stem with figure in **correct** debit / credit column followed by correct treatment in balance column;

C for correct figure against appropriate stem in **correct** debit / credit column;

C# for the final balance based on 6 out of 7 entries correctly entered in terms of debits / credits ignoring figures, correct indicator with the balance.

(c)	This clause is to discourage partners from taking more money from the business than their agreed salary.	
<p>Judgement – award both S and C:</p> <ul style="list-style-type: none"> just says to discourage excessive / too much drawings / more money <p>Not just to discourage drawings by itself</p> <p>or</p> <ul style="list-style-type: none"> links it to the salary – ie discourage extra drawings above salary. 		<p>S* or S*C*</p>

(d)	Bonus of 10% of drum lesson revenue to Charlie Rivers.	S* or
<p>Judgement – award both S and C:</p> <ul style="list-style-type: none"> just says Charlie receives a percentage of drum lesson revenue; <p>or</p> <p>written as a clause with references to an (appropriate) percentage, drum lesson revenue and Charlie.</p>		S*C*

Overall Judgement for partnerships

Achievement	Merit	Excellence
8 × S or total 11 × S or C	9 × S plus 5 × C or total 16 × S or C	1 × C* plus 11 × S plus 6 more C or total 20 × S or C

Question 2

Note if figures include zeros mark correct provided consistent within a journal entry / set of journal entries or a ledger account.

(a)		Aria Music Ltd General Journal				
			\$000	\$000		
	31/10/05	Bank	420			S
		Contributed Equity*		420		S

S for correct stem and correct figure in correct debit / credit column

* Alternatives acceptable **eg:** Issued Shares/Paid in Capital but **not** with 100,000 shares and **not** share issue.

(b)		Final Dividend (2005)					
			\$000	\$000	\$000		
	17/8/05	Bank	280		280	Dr	SC
	30/6/06	Retained Earnings		280	0		Sf

Note final dividend account must have a date and be closed by a credit entry

S for bank, a figure in the debit and a debit balance

C for 280 figure

Sf for correct closing entry with date – must close the account, must have the correct date, must have zero balance.

(c)		Retained Earnings					
			\$000	\$000	\$000		
	1/7/05	Balance			2 150	Cr	
	30/6/06	Income summary*		670	2 820	Cr	S
		(Final) Dividend	280		2 540	Cr	Sf C#

* Alternatives acceptable **eg:** (Net) Profit / NPAT / Performance summary / Income statement / Performance statement / (Net) Surplus / NSAT

S for appropriate stem, correct figure, column and treatment

Sf correct stem, correct column, correct figure or ft from (b)

C# \$2 540 Cr balance ONLY

2 (d)	Aria Music Ltd General Journal					
	30/06/06	Depreciation buildings	19		S	C
		Accumulated depreciation buildings		19	S	
		<i>Depreciation expense on buildings</i>				
	30/06/06	Accumulated depreciation buildings	57		S	C
		Buildings		57	S	
		<i>Transfer accumulated depreciation on buildings</i>				
	30/06/06	Buildings	97		S	C
		Buildings Revaluation Reserve		97	S	
		<i>Revalue buildings</i>				

Note Depreciation and Accumulated Depreciation must include buildings.

Must have Reserve with Buildings Revaluation.

S	C	S for correct stem, correct debit / credit column and a figure.
s		C ONLY awarded if both S given, then for correct figure.

(e)	<ul style="list-style-type: none"> NZIAS 16 requires an independent valuer to carry out the valuation to fair value. So that the financial statements fairly present the financial position – are not biased. So Buildings is recorded at its fair value (without bias). Gives reliable measure of future economic benefit of the land. Gives probable measure of future economic benefit of the land. <p>Judgement – award S and C: NZIAS / legal requirement or the revaluation / assets will be free from bias / reliable / true and fair But not just “the amount is free from bias” Not overstate / over value / understate / under value OR answer includes buildings / financial statements and fair presentation / true and fair view / fair value / no bias / reliable measure.</p>	<p>S*</p> <p>or</p> <p>S*C</p>
(f)	<ul style="list-style-type: none"> so that the amount contributed directly by shareholders is kept separate from the retained profit to aid users in making decisions about the financial position of the business the two amounts may be material and require separate disclosure NZIAS 1 requires separate disclosure of components of equity. <p>Judgement – Valid Response.</p>	<p>S*C*</p>

Overall Judgement for Companies

Achievement	Achievement with Merit	Achievement with Excellence
8 × S	9 × S plus 4 × C	1 × C* plus 11 × S plus 5 more C
<i>or</i>	<i>or</i>	<i>or</i>
total 10 × S or C	total 15 × S or C	total 19 × S or C

Overall Judgement

Achievement	Achievement with Merit	Achievement with Excellence
2 × A <i>or</i> 1 × M / E plus 6 × S <i>or</i> 1 × A <i>plus</i> 7 × S	2 × M	2 × E