

**Assessment Schedule**

**Accounting: Prepare financial statements for companies and partnerships (90503)**

**Evidence Statement**

All foreign items in statements are indicated by an F –foreign items are those which do not belong in that statement, not misclassified items.

<b>1 A</b>	<b>Rockmusic</b>			<b>S</b>
	<b>Profit Distribution / Appropriation Statement / Account</b>			<b>S</b>
	<b>for the year ended 31 March 2006 or 31/03/06 or 31/03/2006</b>			<b>S</b>
	Net Profit		112 000	<b>S f</b>
	<b>Less salaries</b>			
	Charlie Rivers	40 000		<b>S both</b>
	Holly Todman	30 000	70 000	
			42 000	
	<b>Add interest on drawings</b>			
	Holly Todman	2 000	2 000	<b>SC#</b>
			44 000	
	<b>Add interest on debit current</b>			
	Charlie Rivers	300	300	<b>SC</b>
			44 300	
	<b>Less interest on credit current</b>			
	Holly Todman	1700	1 700	<b>SC</b>
			42 600	
	<b>Less interest on capitals</b>			
	Charlie Rivers	12 500		<b>SC</b>
	Holly Todman	12 000	24 500	<b>SC</b>
		18 100		
<b>Less share of residual</b>				
Charlie Rivers	9 050		<b>S*</b>	
Holly Todman	9 050	18 100		
		0		

Shaded boxes are not marked

**Judgement** – award as follows:

**S** correct stem, **correct treatment**, and a figure (correct for the two salaries)

**Not** period instead of year; must have Statement or Account

**C** correct figure – only if S is given

**C#** correct figure for Holly **and** nothing / 0 for Charlie

**S\*** equal split of the residual correctly treated with no foreign items.

<b>1 B</b>	<b>Rockmusic Balance Sheet (extract) as at 31 March 2006</b>			
	<b>Current assets</b>			
	Bank		6 700	<b>S</b>
	Accounts receivable <sup>1</sup>	9 000		<b>SC</b>
	Less allowance for doubtful debts	180	8 820	<b>S*C*</b>
	Inventory / Music supplies on hand		7 000	<b>S</b>
	Total current assets		22 520	<b>S#</b>
<b>Current liabilities</b>				
Accounts payable	10 750		<b>SC</b>	
GST	16 770		<b>SC</b>	
Accrued expense	5 700		<b>SC</b>	
Revenue in advance	4 000		<b>SC</b>	
Total current liabilities		37 220	<b>S#</b>	

**Judgement** – award as follows:

**S** correct stem, correct classification, and a figure (correct for bank and inventory) Can have alternatives for Accrued Expense and Revenue Received in Advance.

Accrued Expense can be split into

Accrued Wages 3200

Accrued Interest 2500

for **one SC**

**S\*C\*** only awarded if a result is given from subtracting allowance for doubtful debts

**C** correct figure against appropriate stem

**S#** award if total provided and **all** items included (for accounts receivable there must be an estimated realisable value shown) with **no others** (figures ignored).

<sup>1</sup>Accounts receivable and allowance for doubtful debts alternatives:

Accounts Receivable Note X	8,820	SS CC
Accounts Receivable	8,820	S . CC
Accounts Receivable Note X	X ≠ 8,820	SS ..
Accounts Receivable	X ≠ 8,820	S ...

There is no S for the note reference if a superscript is used as in Accounts receivable<sup>1</sup>.

1 B	<b>Rockmusic</b>				
	<b>Notes to the financial statements (extract)</b>				
	<b>1. Accounting policies</b>				
	<b>Entity</b>				
	These financial statements are prepared for <i>Rockmusic</i> , a partnership (owned by Charlie and Holly) <b>Note</b> the S is not awarded for the above sentence if it starts these financial statements are prepared for Charlie and Holly...  <i>Rockmusic</i> provides lessons for guitar and drums / music lessons / a recording studio <b>Note</b> must be in the context of the question – does not need all bits / cannot be just a retail shop			S  S	
	<b>Specific accounting policies</b>				
<b>Receivables</b>					
Receivables are stated at <b>estimated</b> realisable value after allowing for debts where collection is doubtful. Bad debts are written off during the period in which they are identified. 1 <sup>st</sup> sentence NOT net realisable value or realisable value on its own			S S		
<b>2. Equity</b>					
		<b>Capitals</b>	<b>Currents</b>	<b>Totals</b>	
	Charlie Rivers	140 000	18 250	158 250	SS
	Holly Todman	125 000	7 750	132 750	SS
		265 000	<b>26 000</b>	291 000	S#
Shaded boxes are not marked <b>Judgement</b> – award as follows: <b>S</b> for correct sentence or correct stem and correct figure <b>S#</b> for totals row and column completed, with total 26,000 for currents correct					

**Judgement Statement – Question One**

Achievement	Merit	Excellence
15 × S plus 5 × C	21 × S plus 7 × C or 20 × S plus 8 × C Maximum 2 × F	26 × S plus 9 × C No F

<b>Working box for Statement of Cash Flows extract</b>			
<b>Vehicles</b>			
Balance			80
cost of sold		30	50
purchase	40		90
Vehicle purchase cost	40		
less trade-in allowance	15		
Cash for vehicle	25		
<b>Retained Earnings</b>			
Balance			195
Bank (repurchase amount)	20		175
profit for the period		153	328
Dividends	70		258
Other workings do not attract grades.			

**Judgement** – award as follows:

**C** for appropriate stem and correct figure;

**CC**: two **C** for correct figure with appropriate stem or **CW** if some **valid** working shown.

Sale of vehicle and purchase of land are marked F in this statement.

**Notes on stems**

Equipment **can** be plant and equipment.

Extension to buildings **can** be purchase buildings.

Mortgage ad Debentres **cannot** be loan.

Dividends **cannot** be retained earnings.

2	<b>Tune In Ltd</b> <b>Statement of Cash Flows (extract)</b> <b>for the year ended 31 March 2006</b>		
		\$NZ000	
Item	<b>Cash flows from investing activities</b>		
	<i>Cash was provided from</i>		
1	(Sale of plant and) <b>equipment</b>	22	<b>C</b>
	<i>Cash was applied to</i>		
2	Purchase of <b>equipment</b>	60	<b>C</b>
3	Purchase of <b>vehicle</b>	25	<b>CC</b>
4	Extension to <b>building</b>	16	<b>C</b>
	Net cash inflow (outflow) from investing activities	(79)	
	<b>Cash flows from financing activities</b>		
	<i>Cash was provided from</i>		
5	<b>Mortgage</b> raised	20	<b>C</b>
	<i>Cash was applied to</i>		
6	<b>Debentures</b> repaid	15	<b>C</b>
7	<b>Share repurchase</b> /Share buy back	50	<b>C</b>
8	<b>Dividends</b> paid	70	<b>CC</b>
	Net cash inflow (outflow) from financing activities	(115)	

**Judgement Statement – Question Two**

Achievement	Achievement with Merit	Achievement with Excellence
3 × C <i>plus</i> ONE more item correctly labelled and classified Maximum 2 × F	7 × C Maximum 1 × F	9 × C No F

<b>3 (a)</b>	<b><i>Aria Music Limited</i></b>				
	<b>Statement of Changes in equity for the year ended 30 June 2006</b>				
		<b>Contributed Equity</b>	<b>Buildings Revaluation Reserve</b>	Retained Earnings	<b>St St</b>
		\$NZ000	\$NZ000	\$NZ000	
	Balance at 1 July 2005	3 240	151	2 150	<b>S<sup>1/3</sup> C<sup>3/3</sup></b>
	Changes in equity for 2006				
	Gain on revaluation		97		<b>C</b>
	Net income recognised directly in equity		97		<b>Sf</b>
	(Net)Profit (after tax / for the year / period)			670	<b>St S</b>
	<b>Total recognised income/revenue and expenses</b>		97	670	<b>St Sf both</b>
	Proceeds from share issue	420			<b>C</b>
	Distributions/Dividends			-280	<b>St C</b>
	Balance at 30 June 2006	3 660	248	2 540	<b>S<sup>1/3</sup> C<sup>2/3</sup> C<sup>3/3</sup></b>
<b>Judgement</b> for Question Three (a): <b>St</b> correct stem <b>S</b> correct figure(s) <b>Sf</b> correct / follow-through figure(s) <b>C</b> correct figure(s) Note: for opening and closing balances award both <b>S</b> and <b>C</b> <sup>1/3</sup> means one out of the three etc.					

<b>3</b> <b>b</b>	<b>Aria Music Ltd</b>			
	<b>Notes to the Financial Statements (extract)</b>			
	<b>1. Property, plant and equipment (extract)</b>			
		Buildings		
		\$NZ000		
	For the year ended 30 June 2006			
	Opening carrying amount	912		<b>C</b>
	Depreciation	-19		<b>C</b>
	Revaluation	97		<b>Cf</b>
	<b>Carrying amount</b>	990		
	As at 30 June 2006			
	Cost or valuation	990		<b>C</b>
	Accumulated depreciation			<b>S</b>
	<b>Carrying amount</b>	990		<b>St</b>
Had buildings not been revalued the carrying amount under the cost model would be \$748,000. Note must be this sentence as is			<b>S</b>	

**Judgement**

**C** for correct figure

**Cf** for follow through figure from 3(a)

**S** for nothing (or 0) entered for accumulated depreciation / sentence in full

**St** for 'carrying amount' with a figure twice with the same figure and same stem

<b>c</b>	<b>2. Dividends declared after balance date</b> On 31 July 2006 directors proposed / declared a final dividend for 2006 of 30c per share totalling \$450 000 to be paid on 16 August 2006.	<b>S C</b>
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**Judgement**

**S** for 31 July 2006 and 30c per share

**C** for total \$450 000 and 16 August 2006

**Judgement Statement – Question Three**

<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
6 × S plus 3 × C or 11 × S plus C	10 × S plus 7 × C or 18 × S plus C	12 × S plus 9 × C or 22 × S plus C

**Overall Judgement Statement**

<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
Any 2 × A	Any 2 × M plus 1 × A	Any 2 × E plus 1 × M