

**Assessment Schedule – 2007**

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

**Evidence Statement**

Question	Evidence		Code
<b>ONE PART A</b>	<b>Moana Avenue Lawyers Income Statement (extract) for the year ended 31 March 2007</b>		
	<b>Expenses</b>	<b>\$NZ</b>	
	Accountancy Fees	9 000	<b>C</b>
	Rates and Insurance	15 600	<b>C</b>
	Bad Debts	1 100	<b>C</b>
	Doubtful Debts	200	<b>C</b>
	Interest on Loan	960	<b>C</b>

<b>PART B</b>			Code
	<b>Equipment</b>	<b>\$NZ</b>	
<b>For the year ended 31 March 2007</b>			
Opening carrying amount	56 000		<b>C</b>
Additions	22 000		<b>S</b>
Disposals	18 000		<b>S</b>
Depreciation	6 000		<b>C</b>
Closing Carrying Amount	54 000		
<b>As at 31 March 2007</b>			
Cost	85 000		<b>S</b>
Accumulated depreciation	31 000		<b>C#</b>
Closing Carrying Amount	54 000		<b>S* C*</b>
<p><b>C</b> or <b>S</b> for correct figures only.  <b>C#</b> ft error depreciation + \$25,000.  <b>S*</b> for carrying amount written twice.  <b>C*</b> for the <b>same</b> carrying amount entered twice – each section <b>MUST</b> balance.</p>			

Question	Evidence			Code	
<b>ONE PART C</b>	<b>Moana Road Lawyers Profit Distribution Statement for the year ended 31 March 2007</b>				
	Profit for the year		195 000		
	Add Interest on Drawings			<b>C</b>	
	Tyron		1 500		
			196 500		
	Less Salaries				
	Tyron	50 000		<b>S for both</b>	
	Simone	35 000	85 000		
			111 500		
	Less Interest in Capital				
	Tyron	15 000		<b>C</b>	
	Simone	9 500	24 500	<b>C</b>	
			87 000		
	Less Interest on Current				
	Tyron	(100)		<b>C</b>	
	Simone	600	500	<b>C</b>	
			86 500		
	Less Share of Profit				
	Tyron	43 250		<b>Sft for both</b>	
	Simone	43 250	86 500		
				<b>C*</b>	
	<p><b>S</b> or <b>C</b> for correct classification, partners' name(s), correct figure, correctly treated (note Interest on current for Tyron may be added separately for correct treatment).                      Order is not important except for share of profit, which must be last.  <b>Sft</b> 50/50 split of residual must have partners' names, and be correctly treated.  <b>C*</b> Bonus for no omissions or additions  <b>F</b> foreign items (eg Drawings)</p>				

15 Cs and 6 Ss

**QUESTION TWO**

**Note:** Working **Cs** can be awarded for the following two items and **ONLY** if the working is actually provided – it may be in any acceptable form – T-form or 3-column ledger or logical flow.

<i>Accounts receivable</i>				
Balance			90	Dr
Sales	1 450		1 540	Dr
Bad debts		5	1 535	Dr
Cash		1 425	110	Dr

1 **C** can be awarded for some valid working for accounts receivable, eg correct treatment of open balance / sales / close balance (no bad debts)

OR

sales and bad debts correctly included but uses net open / close balances (both must be net) and must be treated correctly.

<i>Inventory</i>				
Balance			94	Dr
Cost of Goods Sold		750	656	Cr
Accounts Payable	780		124	Dr
<i>Accounts Payable</i>				
Balance			68	Cr
Purchases		780	848	Cr
Discount received	25		823	Cr
Cash	744		79	Cr

Award 1 working **C** if one account correct, eg inventory correct but other not.

Award 2 working **Cs** if both inventory and accounts payable correct, except discount received omitted.

<b>Collective Wholesalers Ltd</b>			<b>Code</b>
<b>Cash Flow Statement (extract)</b>			<b>S*</b>
<b>for the year ended 31 March 2007</b>			
	<b>\$NZ000</b>	<b>\$NZ000</b>	
<b>Cash Flows from Operating Activities</b>			
<i>Cash was provided from</i>			
Cash from customers	1 425		<b>S C C</b>
Dividends received	130	1 555	<b>S</b>
<i>Cash was applied to</i>			
Cash (paid) to suppliers	744		<b>S C C C</b>
(Cash) expenses	214		<b>S C</b>
Tax (Paid)	176		<b>S C</b>
Interest (Paid)	28	1 162	<b>S C</b>
<b>Net cash inflow / outflow from operating activities</b>		393	<b>S#</b>
<p><b>S*</b> for title – all <b>three</b> components (does not need to have “extract”) can be Statement of Cash Flows instead of Cash Flow Statement</p> <p><b>S</b> – for an appropriate stem and a figure</p> <p><b>C</b> – for a correct figure against appropriate stem for customers and suppliers the correct figure is awarded 2 / 3 <b>C</b> (working not required)</p> <p><b>S#</b> – inflow or outflow clearly indicated with a figure</p> <p><b>F</b> – indicates foreign items as those that do not belong in the relevant statement, not misclassified items.</p>			

**8 Cs and 8 Ss**

Question	Evidence		
<b>THREE</b> (a)		<b>Distribution costs</b>	<b>Administrative expenses</b>
		<b>\$NZ000</b>	<b>\$NZ000</b>
	General expenses	21	11
	Employee Benefits expense	30	15
	Auditors' Fees		5
	Bad Debts		4
	Depreciation expense	6	10
	Directors' Fees		17
	<b>Totals</b>	57	62
		<b>S</b>	<b>S</b>
<p><b>3 S all correct with no additional information</b></p> <p><b>2 S one wrong of stem or column or extra account added</b></p> <p><b>1 S two wrong of stem or column or extra account added</b></p>			

Question	Evidence			Code
(b)	<b>Just Rollin' Ltd Income Statement for year ended 31 March 2007</b>			
		<b>Notes</b>	<b>\$NZ000</b>	
	Revenue	1	380	
	Less Cost of Sales		120	
	Gross Profit		260	
	Add Other income	2	20	<b>S ft if = notes</b>
			280	
	Less			
	Distribution costs		57	<b>S ft from (a)</b>
	Administrative Expenses		62	<b>for both</b>
	Operating profit	3, 4	161	
	Less Finance costs	5	12	<b>S</b>
	Profit before tax		149	
	Income tax expense		40	
	Profit for the period		109	<b>C ft if all working completed</b>

**Notes (extract) to accompany the Income Statement**

	<b>\$NZ000</b>	<b>Code</b>
<b>2. Other income</b>		
Dividends Received	3	<b>S</b>
Increase in fair value of investments held for trading	17	<b>C* C</b>
<b>S for one part or C if both parts correct with a figure</b>		
<b>3 Operating profit</b>		
<i>Operating profit has been determined after taking into account the following</i>		
Auditors' Remuneration		
Audit fee	3	<b>S C (for both)</b>
Tax advice	2	
	5	
Directors' Fees	17	
	<b>less S for each extra included in Note 2 or 3 (max 2S)</b>	
<b>C*</b> For correct stem. <b>S</b> awarded if partial correct.		

Question	Evidence		Code
<b>THREE</b> (c)	<b>Just Rollin' Ltd</b> <b>Balance Sheet (extract)</b> <b>as at 31 March 2007</b>		
		<b>\$NZ000</b>	
	<b>Current Assets</b>		<b>C</b>
	Investments held for trading	85	<b>C</b>
	<b>C</b> for Current Assets heading <b>C</b> for correct stem under Current Assets with correct figure Or <b>S</b> for correct stem but 68 under Current Assets		

**(d) Investments held for trading**

Award up to 3 **S** as indicated.

An investment is classified as held for trading if it was acquired primarily for the purpose of **selling in the short term (S)** or if management designates them as held for trading.

Investments held for trading are recognised at their **(historical) cost (S)** at the date of acquisition.

Investments held for trading are subsequently carried at **fair value (S)**.

**Working Box (Part(e))**

<i>Retained Earnings</i>				
Balance			37	Cr
Profit / income summary		109	146	Cr
Final Dividend (2007)	6		140	Cr
Interim Dividend (2007)	33		107	Cr

Award working (box) **C** for retained earnings (may be shown in T-form or as a logic flow) that includes the balance 37, profit follow-through from (b), and either one or both or a total for dividends.

Question	Evidence		Code
<b>(e)</b>	<b>Just Rollin' Ltd</b> <b>Balance Sheet (extract)</b> <b>as at 31 March 2007</b>		
	<b>Equity</b>	<b>\$NZ000</b>	
	Contributed Equity	535	
	Retained Earnings	107	<b>S CC</b>
	Revaluation Surplus – Land	60	<b>S C</b>
			<b>Sf</b>
<b>S</b> for correct stem <b>Sf</b> for no extra items included <b>C</b> or <b>CC</b> for correct amount Award one working <b>C</b> for some correct working shown for retained earnings provided it is shown. Retained earnings workings includes balance 37 + profit 109 (or ft from (b)) – dividends total 39 = 107.			

9 **Cs** and 14 **Ss**

**Overall Judgement Statement:  
using holistic approach**

**32 Cs (17 C in companies – 15 C in partnerships)**

**28 Ss (22 S in companies – 6 S in partnerships)**

<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
30 <b>S or Cs</b> <i>At least:</i> 9 <b>S or Cs</b> from Q1	21 <b>Cs</b> in a total of 40 <b>S or Cs</b> <i>At least:</i> 12 <b>S or Cs</b> from Q1	26 <b>Cs</b> in total of 50 <b>Ss</b>