

90503



905030



NEW ZEALAND QUALIFICATIONS AUTHORITY
 MANA TOHU MĀTAURANGA O AOTEAROA

For Supervisor's use only

Level 3 Accounting, 2007

90503 Prepare financial statements for partnerships and companies

Credits: Six

2.00 pm Tuesday 27 November 2007

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 90503R from the centre of this booklet to answer all THREE questions.

You should answer ALL the questions in this booklet.

Show ALL working.

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 2–10 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 generally accepted accounting practice with some additional information correctly treated.	<input type="checkbox"/>	Prepare financial statements following generally accepted accounting practice with the majority of additional information correctly treated.	<input type="checkbox"/>
Overall Level of Performance			<input type="checkbox"/>

You are advised to spend 60 minutes answering the questions in this booklet.

QUESTION ONE

Refer to **RESOURCE ONE** in Resource Booklet 90503R to answer all parts of this question.

PART A

Refer to the trial balance (extract) and the additional information for *Moana Avenue Lawyers* in **Part A** of RESOURCE ONE. Complete the Income Statement (extract) below after adjusting for the relevant information.

Moana Avenue Lawyers
Income Statement (extract)
for the year ended 31 March 2007

Expenses	\$
Accountancy Fees	
Rates and Insurance	
Bad Debts	
Doubtful Debts	
Interest on Loan	

PART B

Refer to the Trial Balance (extract) and additional information for *Moana Avenue Lawyers* in **Part B** of RESOURCE ONE in the Resource Booklet.

Complete the extract from the Equipment note below using the information provided. Complete the **boxes with bold outlines** with appropriate terms or figures. **Do not write in the shaded boxes.**

Equipment	
	\$
For the year ended 31 March 2007	
Opening carrying amount	
Additions	
Disposals	
Depreciation	
As at 31 March 2007	
Cost	
Accumulated depreciation	

PART C

Refer to the information and balances for *Moana Avenue Lawyers* in **Part C** of RESOURCE ONE.

Complete the Profit Distribution Statement for *Moana Avenue Lawyers* for the year ended 31 March 2007. Profit for the year has been entered for you.

Moana Avenue Lawyers
Profit Distribution Statement
for the year ended 31 March 2007

Profit for the year		195 000

QUESTION TWOAssessor's
use only

Refer to the income statement and balance sheet for *Collective Wholesalers Ltd* in **RESOURCE TWO** in Resource Booklet 90503R to answer this question.

You are required to complete the Cash Flow Statement extract on page 5, showing cash flows from operating activities. Include the **correct heading** in the spaces provided.

Do not use abbreviations.

Show your working in the box provided below.

	\$NZ000	\$NZ000
Cash Flows from Operating Activities		
<i>Cash was provided from</i>		
<i>Cash was applied to</i>		
Net cash inflow/outflow from operating activities		

QUESTION THREE

Refer to the information for *Just Rollin' Ltd* in **RESOURCE THREE** in the Resource Booklet 90503R to answer this question.

Just Rollin' Ltd prepares its income statement by function.

You are required to:

- (a) Select relevant information from the **Trial Balance (extract)** and accompanying notes in **RESOURCE THREE** to complete the table below, identifying the distribution costs and administrative expenses. General expenses has been done for you as an example.

Total the columns.

Expense Items	Distribution Costs	Administrative Expenses
	\$NZ000	\$NZ000
General expenses	21	11
Totals		

- (b) Complete on page 7 the **Income Statement by function** and accompanying **Notes (extract)** for *Just Rollin' Ltd*, using relevant information from the Trial Balance (extract) in **RESOURCE THREE** and your answer to (a) above.

Additional figures for Revenue, Cost of Sales and Income Tax have been entered for you. Notes 1, 4 and 5 are NOT required.

Just Rollin' Ltd Income Statement for year ended 31 March 2007		
	Notes	\$NZ000
Revenue	1	380
Less Cost of Sales		120
Gross Profit		260
Add Other income	2	
Less		
Distribution costs		
Administrative expenses		
Operating profit	3, 4	
Less Finance costs	5	
Profit before tax		
Income Tax expense		40
Profit for the period		

Notes (extract) to accompany the Income Statement:

	\$NZ000
2. Other income	
3. Operating profit	
<i>Operating profit has been determined after taking into account the following</i>	

- (c) Show how the investments held by *Just Rollin' Ltd* would appear in the asset section in the Balance Sheet. A **classification heading** is required. Notes are NOT required.

Just Rollin' Ltd
Balance Sheet (extract)
as at 31 March 2007

	\$NZ000

- (d) Complete an Accounting Policy statement for ***Investments held for trading*** in the Statement of Accounting Policies.

You should refer to:

- (i) the **purpose of acquisition**
- (ii) how the asset will be **recognised at acquisition**
- (iii) and how it will be carried in the balance sheet in **subsequent periods**,
in your answer.

Just Rollin' Ltd
Statement of Accounting Policies (extract)

Investments held for trading

- (e) Show how the Equity section of *Just Rollin' Ltd* would appear in the Balance Sheet, by including any relevant information from the **Trial Balance** in RESOURCE THREE, the **Income Statement** you have prepared in (b), and the following **additional information**, to determine the closing balances for equity items.

Additional information

Land is to be re-valued to \$200 000.

Note:

Contributed Equity has been entered for you. You are NOT required to total the equity section.

Show your working required to establish equity account balances in the box below. **Working will be marked.**

Working box

Working box

Just Rollin' Ltd
Balance Sheet (extract)
as at 31 March 2007

Equity	\$NZ000
Contributed Equity	535

90503