

For Supervisor's use only

# Level 3 Accounting, 2009 <br> 90503 Prepare financial statements for partnerships and companies 

Credits: Six
9.30 am Thursday 26 November 2009

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.
Answer ALL the questions in this booklet.
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.

For Assessor's
use only

## Achievement

Prepare financial statements following generally accepted accounting practice with some additional information correctly treated.

Achievement Criteria
Achievement with Merit

Prepare financial statements following generally accepted accounting practice with the majority of additional information correctly treated.

Achievement with Excellence

Prepare financial statements following generally accepted accounting practice with all or nearly all additional information correctly treated.

Overall Level of Performance $\square$

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

## QUESTION ONE

Refer to Resource One in the Resource Booklet to answer this question.

## PART A

Complete HH Valuations' Profit Distribution Statement. The profit for the period has been entered for you.

Note: Do not use abbreviations.
HH Valuations
Profit Distribution Statement for the year ended 31 March 2009

|  | \$NZ000 | \$NZ000 |
| :--- | ---: | ---: |
| Profit for period |  | 180 |
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## PART B

(a) Complete the Current Liabilities section of the Balance Sheet (extract) for HH Valuations as at 31 March 2009.

HH Valuations
Balance Sheet (extract) as at 31 March 2009

|  | \$NZ000 | \$NZ 000 |
| :--- | :--- | :--- |
| Current liabilities |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| Total |  |  |

(b) Complete the Equity section of the Balance Sheet extract for HH Valuations and the equity note.

The partners' current account balances, after completing closing entries on 31 March 2009, are as follows:

- Hone Norton $\$ 50000 \mathrm{Cr}$
- Hemi Pomare $\$ 20000 \mathrm{Cr}$.

HH Valuations
Balance Sheet (extract) as at 31 March 2009

|  | Note | \$NZ 000 |
| :--- | :---: | :---: |
| Equity | 1 |  |
|  |  |  |
|  |  |  |
|  |  |  |

1. Equity

|  | \$NZ000 | \$NZ000 | \$NZ000 |
| :--- | ---: | ---: | :---: |
|  | Capital | Current | Total |
|  |  |  |  |
|  |  |  |  |
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## QUESTION TWO

Refer to Resource Two in the Resource Booklet to answer this question.
Complete the Statement of Cash Flows on page 5 for Shoe Warehouse Ltd.

## Notes:

- Amounts for cash paid to suppliers and taxation payable have already been entered.
- Show your working in the working box provided below.
- Do NOT use abbreviations.

Working box for Statement of Cash Flows

Shoe Warehouse Ltd
Statement of Cash Flows for the year ended 31 March 2009

|  | \$NZ000 | \$NZ000 |
| :--- | ---: | ---: |
| Cash flows from operating activities |  |  |
| Cash was provided from |  |  |
|  |  |  |
|  |  |  |
| Cash was applied to |  |  |
| Cash paid to suppliers |  |  |
| Cash paid for taxation |  |  |
|  |  |  |
|  |  |  |
| Net cash inflow (outflow) from operating activities |  |  |
| Cash flows from investing activities |  |  |
| Cash was provided from |  |  |
|  |  |  |
|  |  |  |
| Equals bank balance 31 March 2009 |  |  |
| Net cash inflow (outflow) from financing activities |  |  |
| Cash was applied to |  |  |
|  |  |  |
|  |  |  |
| Net cash inflow (outflow) from investing activities |  |  |
| Cash flows from financing activities |  |  |
| Cash was provided from |  |  |
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## QUESTION THREE

Refer to Resource Three in the Resource Booklet to answer this question.
Superior Stationery Ltd prepares its income statement by function.
(a) (i) Select the relevant information from the Trial Balance and accompanying notes in Resource Three to complete the table below, identifying the cost of sales and distribution expenses.
(ii) Total the columns

| Expense Items | Cost of <br> Sales | Distribution <br> Costs |
| :--- | :---: | :---: |
|  | \$NZ000 | \$NZ000 |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| Totals |  |  |

(b) Complete on page 7 the Income Statement by Function and accompanying notes (extract) for Superior Stationery Ltd, using the relevant information from the Trial Balance (extract) in Resource Three and your answer to (a) above.

Additional information for revenue, administrative expenses and income tax have been entered for you.

Accompanying Notes 1, 2 and 5 are not required.

Superior Stationery Ltd
Income Statement for the year ended 31 March 2009

|  | Note | \$NZ000 |
| :--- | :---: | ---: |
| Revenue | 1 | 850 |
| Less cost of sales |  |  |
| Gross profit |  |  |
| Other income | 2 |  |
| Less |  |  |
| Distribution costs |  |  |
| Administrative expenses | 3,4 |  |
| Operating profit before interest and tax | 5 |  |
| Finance costs |  |  |
| Profit before tax |  |  |
| Taxation expense |  |  |
| Profit for the period |  |  |


| Notes to the income statement (extract) |  | \$ NZ 000 |
| :--- | :--- | :--- |
| 3. Operating profit |  |  |
| Operating profit has been determined after taking into account the following: |  |  |
|  |  |  |
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| 4. Classification of expenses by nature |  |  |
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## Superior Stationery Ltd

Trial Balance (extract) as at 31 March 2008

|  | \$NZ000 |  | \$NZ000 |
| :--- | ---: | :--- | ---: |
| Land | 100 | Land revaluation surplus | 20 |
|  |  | Retained earnings | 45 |
|  |  | Contributed equity | 1000 |

## Additional information

- On 1 February 2009, a payment was received from Wealth Sharebrokers from a share issue of Superior Stationery's shares to the public. The issue involved 50000 shares with a fair value of $\$ 2$ each. The brokerage fee was $5 \%$.
- Dividends for the year ending 31 March 2009 totalled $\$ 85000$.
- A valuation report was received on 31 March 2009 from LND Revaluations which determined the fair market value of the land to be $\$ 125000$.
(c) Complete the equity section of Superior Stationery Ltd's Balance Sheet below by filling in the boxes with bold outlines. Only include relevant information from the Trial Balance (extract) and additional information above, and your Income Statement answer on page 7. Some information has already been entered for you.

Note: Show all working for each equity balance in the box below. Working will be marked.

## Working box

$\square$

Superior Stationery Ltd i
Balance Sheet (extract) as at 31 March 2009

| Equity | \$ NZ000 |
| :--- | :---: |
| Retained Earnings |  |
|  |  |
|  |  |

## Extra paper for continuation of answers if required. Clearly number the question.

| Question <br> number |  |
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## Extra paper for continuation of answers if required. Clearly number the question.

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