# Student Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Class \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**ACCOUNTING**

**ACHIEVEMENT STANDARD 90026**

**Prepare financial statements for sole proprietors**

## Level 1 External Assessment Credits: 4

**Estimated time: 40 minutes**

**Instructions:**

· You should answer ALL the questions in this booklet.

· Use the resource booklet to answer the questions.

· Write in black or blue pen only.

· Do not use twink or correcting fluid.

**Achievement Criteria**

| **Achievement** | | **Achievement with Merit** | | **Achievement with Excellence** | |
| --- | --- | --- | --- | --- | --- |
| Prepare financial statements following good accounting practice. |  | Prepare financial statements, following good accounting practice, with the majority of the additional information correctly treated. |  | Prepare financial statements,  following good accounting  practice, with all or nearly all  additional information correctly  treated. |  |

**Note:**

**A Statement of Financial Position is the same as a Balance Sheet.**

**Statement of Financial Position has been used in this assessment.**

**The rate of GST used in this examination is 12.5%.**

#### Final Grade: \_\_\_\_\_\_\_\_\_\_\_\_\_

QUESTION one: Income Statement

Refer to the Resource Booklet

Use the Trial Balance and additional information in the Resource to complete the following **Income Statement** for *Fabulous Fashions* for the year ended 31 March 2010. **Do not use abbreviations.**

***Fabulous Fashions* Income Statement for the year ended 31 March 2010**

|  |  |  |  |
| --- | --- | --- | --- |
| Sales |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Less Cost of Goods Sold |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Gross Profit** |  |  |  |
| Plus Other Income |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Less Expenses |  |  |  |
| Distribution Costs |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Administrative Expenses |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Finance Costs |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

**QUESTION TWO: BALANCE SHEET.**

Refer to the Resource Booklet

Use the Trial Balance and additional information in the Resource Booklet to answer this question. Prepare a fully classified **Statement of Financial Position** for *Fabulous Fashions* as at 31 March 2010. Also, complete the Note to the Statement of Financial Position.

***Fabulous Fashions* Statement of Financial Position as at 31 March 2010**

|  |  |  |  |
| --- | --- | --- | --- |
| **Current Assets** |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Total Current Assets |  |  |  |
| **Non-current Assets** |  |  |  |
| Property, Plant and Equipment (Note) |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Total Non-current Assets |  |  |  |
| Total Assets |  |  |  |
| Less Liabilities |  |  |  |
| **Current Liabilities** |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Total Current Liabilities |  |  |  |
| **Non-current Liabilities** |  |  |  |
|  |  |  |  |
| Total Liabilities |  |  |  |
| Net Assets |  |  |  |
| **Equity** |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Closing Capital |  |  |  |

**Note to the Statement of Financial Position** – **Property, Plant and Equipment**

|  |  |  |
| --- | --- | --- |
|  | Shop Fittings | **Total $** |
| Cost |  |  |
| Accumulated Depreciation |  |  |
| Carrying Amount |  |  |

**QUESTION THREE: STATEMENT OF CASH FLOWS**

The following information relates to *Fabulous Fashions* for the month of June 2010.

|  |  |
| --- | --- |
| *Fabulous Fashions* had a bank balance of $2 500 in funds on 1 June 2010.  The following transactions occurred during the month of June: | |
| June 7  9  13  14  15  21  24  27  28  30 | Received an invoice for the purchase of jeans, $1,850  Purchased new clothing racks on credit for $2 000, paid $500 deposit.  Owner invested $1,500 cash and a vehicle worth $12,000  Took out a bank loan $10,000  Paid accounts payable of $1,920  Received cash of $1,300 from accounts receivable  Paid Interest on Loan, $300  The owner withdrew $500 cash for personal use  Paid Accountancy Fees, $730  Total sales for the month of June, $3,500 **including** $830 on credit. |
| **Bank statement dated 30 June 2010 shows:**  • direct debit for shop rent, $750.  • direct credit for interest received, $35 | |

**You are required to** select relevant information to prepare a *Fabulous Fashions* **Statement of Cash Flows** for the month of June 2010

Use the space provided on the next page.

**Do not use abbreviations**

*Fabulous Fashions*

**Statement of Cash Flows**

for the month of June 2010

|  |  |  |
| --- | --- | --- |
| Receipts |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| Less Payments |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| Net increase / decrease in cash |  |  |
| Add bank balance at beginning |  |  |
| Equals bank balance at end |  |  |

# ACCOUNTING

**ACHIEVEMENT STANDARD 90026**

**Prepare financial statements for sole proprietors**

**Note: The rate of GST used in this Resource is 12.5%.**

**RESOURCE BOOKLET**

Frances is the owner of *Fabulous Fashions* a retail store that sells clothing and accessories.

*Fabulous Fashions* Trial Balance as at 31 March 2010

|  |  |  |  |
| --- | --- | --- | --- |
| Accounts Receivable | 3,600 | Accounts Payable | 8,700 |
| Advertising | 8,500 | Accumulated Depreciation - shop fittings | 5,200 |
| Bank | 32,670 | Capital | 140,000 |
| Drawings | 62,000 | GST Payable | 1,850 |
| Freight inwards | 3,700 | Loan (7.2% due 2013) | 55,000 |
| Insurance | 2,950 | Sales | 250,850 |
| Interest on loan | 3,500 | Dividends Received | 1,300 |
| Inventory 1 April 2009 | 55,230 |  |  |
| Office expenses | 4,700 |  |  |
| Petty cash | 200 |  |  |
| Purchases | 180,000 |  |  |
| Sales returns | 1,000 |  |  |
| Shop Rent | 12,400 |  |  |
| Shop Fittings | 48,500 |  |  |
| Shares in DenimCo Ltd | 28,200 |  |  |
| Wages - shop | 15,750 |  |  |
|  |  |  |  |
|  |  |  |  |
|  | 462,900 |  | 462,900 |
|  |  |  |  |

|  |  |
| --- | --- |
|  | Adjustments: |
| 1 | Inventory is $38,000 at 31 March 2010. |
| 2 | Interest on the loan of $460 is owing. |
| 3 | Advertising of $800 has been paid in advance. |
| 4 | Dividends owing from DenimCo Ltd $620 |
| 5 | An invoice dated 30March 2010 was received for purchases of $4,500 including GST. |
| 6 | Depreciation on Shop Fittings is based on an expected useful life of 10 years and a residual value of $500. |

**AS 90026: ASSESSMENT SCHEDULE**

QUESTION one: Income Statement

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Fabulous Fashions*** |  |  |  |  |
| **Income Statement** |  |  |  |  |
| **for the year ended 31 March 2010** |  |  |  |  |
| Sales |  |  | 250,850 | **V** |
| Less Sales Returns |  |  | 1,000 | **V** |
| Net Sales |  |  | 249,850 |  |
| Less Cost of Goods Sold |  |  |  |  |
| Opening inventory |  | 55,230 |  | **S** |
| Add Purchases |  | 184,000 |  | **C** |
| Add Freight inwards |  | 3,700 |  | **V** |
| Goods available for sale |  | 242,930 |  |  |
| Less Closing inventory |  | 38,000 |  | **S** |
| Cost of goods sold |  |  | 204,930 |  |
| **Gross Profit** |  |  | 44,920 |  |
| Plus Other Income |  |  |  |  |
| Dividends Received |  |  | 1,920 | **S** |
|  |  |  | 46,840 |  |
| Less Expenses |  |  |  |  |
| **Distribution Expenses** |  |  |  |  |
| Advertising | 7,700 |  |  | **S** |
| Shop rent | 12,400 |  |  | **V** |
| Wages - shop | 15,750 |  |  | **V** |
| Depreciation – Shop Fittings | 4,800 | 40,650 |  | **C** |
| **Administrative Expenses** |  |  |  |  |
| Insurance | 2,950 |  |  | **V** |
| Office expenses | 4,700 | 7,650 |  | **V** |
|  |  |  |  |  |
| **Finance Costs** |  |  |  |  |
| Interest on Loan |  | 3,960 |  | **S** |
|  |  |  |  |  |
| Total Expenses |  |  | 52,260 |  |
|  |  |  |  |  |
| Loss for the year |  |  | 5,420 | **P** |
|  |  |  |  |  |

**QUESTION TWO: Statement of Financial Position**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Fabulous Fashions* |  |  |  |  |
| Statement of Financial Position as at 31 March 2010 |  |  |  |  |
|  |  |  |  |  |
| **Current Assets** |  |  |  |  |
| Accounts receivable | 3600 |  |  | **V** |
| Bank | 32670 |  |  | **V** |
| Petty Cash | 200 |  |  | **V** |
| Prepayments | 800 |  |  | **S** |
| Accrued Income | 620 |  |  | **S** |
| Inventory | 38000 |  |  | **V** |
| **Total Current Assets** |  | 75890 |  |  |
| **Non-current Assets** |  |  |  |  |
| Property, Plant and Equipment (Note) |  |  |  |  |
| Total Carrying Amount | 38500 |  |  | **V** |
| Investment Assets |  |  |  |  |
| Shares in DenimCo Ltd | 28200 |  |  | **V** |
| **Total Non-current Assets** |  | 66,700 |  |  |
| **Total Assets** |  |  | 142590 |  |
| **Less Liabilities** |  |  |  |  |
| **Current Liabilities** |  |  |  |  |
| Accounts payable | 13200 |  |  | **C** |
| GST Payable | 1350 |  |  | **C** |
| Accrued expenses | 460 |  |  | **S** |
| **Total Current Liabilities** |  | 15010 |  |  |
| **Non-current Liabilities** |  |  |  |  |
| Loan ( 7.2% due 2013) |  | 55000 |  | **V** |
| **Total Liabilities** |  |  | 70010 |  |
| **Net Assets** |  |  | 72,580 |  |
| **Equity** |  |  |  |  |
| Opening Capital |  |  | 140000 | **V** |
| Less Loss for the year |  |  | 5420 | **V\*** |
|  |  |  | 134580 |  |
| Less Drawings |  |  | 62000 | **V** |
| **Closing Capital** |  |  | 72,580 | **P** |
|  |  |  |  |  |
|  | Shop Fittings |  | **Total $** |  |
| Cost | 48500 |  | 48500 |  |
| Accumulated Depreciation | 10000 |  | 10000 | **C** |
| Carrying Amount | 38500 |  | 38500 |  |

**Judgement Statement for Questions ONE and TWO**

|  |  |  |
| --- | --- | --- |
| **Achieved** | **Merit** | **Excellence** |
| **13 V/S/C** | **11V & 8S/C**  Maximum 2 foreign items (F)  Maximum 2 abbreviations (Ab) | **11V & 4C & 7 other S/C & 1P**  No foreign items (F)  No abbreviations (Ab) |

**QUESTION THREE: STATEMENT OF CASH FLOWS**

*Fabulous Fashions* Cash Flow Statement for the month ended 30th June 2010

|  |  |  |  |
| --- | --- | --- | --- |
| **Receipts** |  |  |  |
| Capital | 1,500 |  | **VC** |
| Loan | 10,000 |  | **V** |
| Accounts Receivable | 1,300 |  | **V** |
| Interest Received | 35 |  | **V** |
| Sales | 2,670 |  | **VC** |
| Total Receipts |  | 15,505 |  |
| **Less Payments** |  |  |  |
| Deposit on Shop Fittings | 500 |  | **VC** |
| Accounts Payable | 1,920 |  | **V** |
| Interest on Loan | 300 |  | **V** |
| Drawings | 500 |  | **V** |
| Accountancy Fees | 730 |  | **V** |
| Shop rent | 750 |  | **V** |
| Total payments |  | 4,700 |  |
| **Net increase in cash** |  | 10,805 | **C\*** |
| Add bank balance at beginning |  | 2,500 |  |
| Equals bank balance at end |  | 13,305 |  |

**Notes:**

* V for correct stem and figure (correct if no C) correctly classified
* C for the correct figure if correctly classified
* C\* correct processing over all 3 areas (net increase, bank balance at beginning and bank balance at end)

Deposit on clothing racks – F for foreign item if $2,000 used

Capital – F for foreign item if $13,500 used

**Judgement Statement for Questions THREE**

|  |  |  |
| --- | --- | --- |
| **Achieved** | **Merit** | **Excellence** |
| **6 V** | **7V & 2C**  Maximum 1 foreign item (F) | **8V & 3C**  No foreign items (F) |

**Sufficiency statement**

|  |  |  |
| --- | --- | --- |
| **Achieved** | **Merit** | **Excellence** |
| **2A** | **2M** | **2E** |