3

SUPERVISOR'S USE ONLY

91406



Level 3 Accounting, 2015

91406 Demonstrate understanding of company financial statement preparation

2.00 p.m. Monday 30 November 2015 Credits: Five

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of company financial statement preparation.	Demonstrate in-depth understanding of company financial statement preparation.	Demonstrate comprehensive understanding of company financial statement preparation.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL parts of all questions in this booklet.

Pull out Resource Booklet 91406R from the centre of this booklet.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–12 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.

TOTAL

QUESTION ONE

ASSESSOR'S USE ONLY

(a) Fashnz Limited, a supplier of designer clothing, has the following equity account balances on 1 April 2014.

Contributed equity (400 000 fully paid shares)	1280000
Retained earnings	230 000

Prepare the General Journal entry to record the payment of the 2014 final dividend of 12 cents per share on 15 May 2014 by *Fashnz Limited*.

Fashnz Limited General Journal

15/5/2014		
	Payment of 2014 final dividend	

(b) The General Journal entry below shows the repurchase of shares by *Fashnz Limited* at a fair value of \$5 per share.

ASSESSOR'S USE ONLY

Fashnz Limited General Journal

19/8/2014	Contributed equity	32000	
	Retained earnings	18000	
	Bank		50 000

Explain the effects of this transaction on both the contributed equity and retained earnings edger accounts. In your answer, explain how the figures were calculated, including the number of shares repurchased by <i>Fashnz Limited</i> .	

(c) On 1 September 2014, Fashnz Limited employed a share broker to manage offering the public 100 000 shares in the company at \$6 per share. On 1 October 2014, the share broker issued the 100 000 shares, and the net proceeds of the share issue were given to Fashnz Limited, after deducting 5% for brokerage fees.

Prepare the journal entry to record this transaction.

Fashnz Limited General Journal

1/10/2014			
	Net proceeds of share issue received from share	e broker	

(d) On balance day, Fashnz Limited's accountants recorded the following general journal entry.

ASSESSOR'S USE ONLY

Fashnz Limited General Journal

31/3/2015	Income summary	140 000	
	Taxation payable		140 000

Additional information

- An interim dividend (2015) of \$73500 was paid on 1 November 2014.
- Profit before tax is \$510000 for the year ended 31 March 2015.
- An independent revaluation of Fashnz Limited's land was received on 31 March 2015 that determined a fair market value for land of \$900 000. The ledger account balance for land at 1 April is \$750 000 DR.
- (i) Complete the General Ledger Retained Earnings account from 1 April 2014 to 31 March 2015, using the General Journal entry and additional information above, and other relevant information from (a), (b), and (c). The opening balance has been entered.

Fashnz Limited General Ledger – Retained Earnings

1/4/2014	Balance		230 000	CR

(ii) Complete the Shareholders' equity section of the Statement of Financial Position (extract) as at 31 March 2015, using the additional information above, and other relevant information from (a), (b), and (c).

Fashnz Limited Statement of Financial Position (extract) as at 31 March 2015

Shareholders' equity		

This page has been deliberately left blank. The examination continues on the following page.

QUESTION TWO

ASSESSOR'S USE ONLY

Refer to Resource A in Resource Booklet 91406R.

(a) Prepare *Green's Green Waste Collection Limited* Statement of Cash Flows for the year ended 31 March 2015 on the next page.

Note:

- The company did not undertake any investing activities during the year.
- Show your working, which may be marked.

WORKING	

Green's Green Waste Collection Limited Statement of Cash Flows for the year ended 31 March 2015

ASSESSOR'S USE ONLY

NZ\$000	NZ\$000	NZ\$000

31 March 2015.		

QUESTION THREE

ASSESSOR'S USE ONLY

Refer to **Resource B** in Resource Booklet 91406R.

(a) Complete the Statement of Comprehensive Income for *Antiques Online Limited* for the year ended 31 March 2015. You are not required to prepare the Notes to this statement.

Antiques Online Limited Statement of Comprehensive Income for the year ended 31 March 2015

NZ\$	NZ\$

(b)	The following totals were report additional information was taken	ted in Antiques Online Limited's financial statements after the	ASSESSOF USE ONL					
	Current assets	\$133760						
	 Current liabilities 	\$26275						
	Non-current assets	\$485080						
	 Non-current liabilities 	\$150000						
	Non-current habilities	\$150,000						
	The company declared a dividend of 5 cents per share from 2015 profits at the Annual General Meeting on 25 June 2015.							
	Explain, using the totals above, how the directors of <i>Antiques Online Limited</i> satisfied either the Liquidity Test OR the Balance Sheet Test requirement of the Solvency Test when making the dividend declaration.							

		Extra sp	ace if req	uired.		ASSESSOR'S USE ONLY
1	Write the			(s) if applic	able.	
QUESTION NUMBER		-	· · · · · · · · · · · · · · · · · · ·	. ,		

Extra space if required.
Write the question number(s) if applicable.

ASSESSOR'S USE ONLY

QUESTION NUMBER		Title the question number(s) is applicable.	
NUMBER	_		