3

SUPERVISOR'S USE ONLY

91406



### Level 3 Accounting, 2013

# 91406 Demonstrate understanding of company financial statement preparation

9.30 am Thursday 21 November 2013 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.

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

#### You should attempt ALL the questions in 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 2–11 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

You are advised to spend one hour answering the questions in this booklet.

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Note: Each question in this booklet refers to a resource from Resource Booklet 91406R.

#### **QUESTION ONE**

Refer to **Resource One** to answer this question.

(a) Prepare the general journal entries indicated by the narrations in the general journal below, using the relevant information from Resource One.

### Sorano Healthcare Limited General Journal

		NZ\$000	NZ\$000
01/11/12			
	To record the repurchase of 400 000 sha The shares were originally issued at \$6.0		\$7.00.
31/05/13			
	To record the closing entry for 2012 final	dividend payment	
31/05/13			
	To wood to vice and for the 2012 year		
	To record tax expense for the 2013 year		

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# Sorano Healthcare Limited Statement of Cash Flows for the year ended 31 May 2013

	NZ\$000	NZ\$000
CASH FROM OPERATING ACTIVITIES		
Net cash inflow (outflow) from operating activities		
CASH FROM INVESTING ACTIVITIES		
Net cash inflow (outflow) from investing activities		
CASH FROM FINANCING ACTIVITIES		
Net cash inflow (outflow) from financing activities		
Net cash inflow (outflow) from financing activities		

#### **QUESTION TWO**

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Refer to **Resource Two** in Resource Booklet 91406R to answer this question.

(a) Complete the General Ledger account for retained earnings for the year ended 31 March 2013. The opening balance has been entered for you. Profit for the year **before** taxation was \$185 530.

## Magnificent Air Services Limited General Ledger Retained Earnings

1 April 2012	Balance		145 000	CR

(b)	Explain in detail the disclosure and treatment of <b>Allowance for doubtful debts</b> in the financial statements for <i>Magnificent Air Services Limited</i> .

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(c) Complete the Statement of Financial Position (extract) as at 31 March 2013, showing fully classified liabilities and equity of *Magnificent Air Services Limited*.

## Magnificent Air Services Limited Statement of Financial Position (extract) as at 31 March 2013

	NZ\$	NZ\$
Current Liabilities		

#### **QUESTION THREE**

Refer to **Resource Two** in Resource Booklet 91406R to answer this question.

(a) (i) Complete the note for financial assets.

## Magnificent Air Services Limited Notes to the Financial Statements (extract)

Fin	ancial assets	NZ\$
Finaı	ncial assets:	
(ii)	Explain in detail how an increase in fair value of financial assets w profitability, and how it would be reported in the financial statemen	
	notes.	

(b) Complete the note for contributed equity.

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## Magnificent Air Services Limited Notes to the Financial Statements (extract)

Contributed equity	No. of shares	NZ\$
Balance at 31 March 2013	800 000	2000000

(c) Complete the property, plant and equipment note extract.

## Magnificent Air Services Limited Notes to the Financial Statements (extract)

Property, plant, and equipment		
	Land	Buildings
	NZ\$	NZ\$
For the year ended 31 March 2013		
Opening carrying amount		
Disposals	0	0
As at 31 March 2013		

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