

90978



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Draw a cross through the box (X) if you have NOT written in this booklet

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Mana Tohu Mātauranga o Aotearoa

New Zealand Qualifications Authority

Level 1 Accounting 2023

90978 Prepare financial statements for sole proprietors

Credits: Five

Achievement	Achievement with Merit	Achievement with Excellence
Prepare financial statements for sole proprietors.	Prepare in-depth financial statements for sole proprietors.	Prepare comprehensive financial statements for sole proprietors.

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 the questions in this booklet.

Pull out Resource Booklet 90978R 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 2–8 in the correct order and that none of these pages is blank.

Do not write in any cross-hatched area (). This area will be cut off when the booklet is marked.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

QUESTION ONE: Income Statement

Refer to **Resource Booklet 90978R** to answer this question.

Prepare a fully classified Income Statement for *Changing Times Accountancy Services* for the year ended 31 March 2023.

Classify the expenses as:

- Accountancy costs
- Administrative expenses
- Finance costs.

Note: Do NOT use abbreviations.

Changing Times Accountancy Services **Income Statement for the year ended 31 March 2023**

	\$	\$	\$

Refer to **Resource Booklet 90978R** to answer this question.

Note: Do NOT use abbreviations. Some of the note is completed for you. Do not write in the shaded boxes.

[illegible]

	\$	\$	\$

Note to the Statement of Financial Position

1. Property, plant, and equipment

	Land and buildings	Computer system		Total
As at 31 March 2023	\$	\$	\$	\$
Cost	790 000	36 000		
Less Accumulated depreciation	0			
Carrying amount	790 000			

Depreciation is calculated on a straight-line basis at the following rates:

- _____
- _____
- _____
- _____

QUESTION THREE: Cash Budget

From the information provided below, prepare the Cash Budget for *Changing Times Accountancy Services* for the month of December 2023.

Ensure that you **calculate** and **label** the **cash surplus** or **deficit** for December.

Note: Assume that four weeks equals one month.

On 1 December, the bank balance is expected to be \$2 820 overdrawn.

Pele knows the following transactions happen regularly throughout the year:

- Accountants' salaries are paid fortnightly: \$7 780.
- Electronic transfers are set up for the following monthly expenses:
 - Cleaning: \$1 050
 - Computer expenses: \$550.
- Monthly automatic payment for mortgage payments: \$7 820, which includes interest on mortgage: \$1 320.
- Rates of \$1 700 are paid quarterly in June, September, December, and March.
- Depreciation on computer system: \$1 000.
- Average weekly cash accountancy fees received: \$13 550.
- Pele transfers \$2 500 cash drawings each week.
- The lawyer who rents one room pays a total of \$3 100 each month.

The following transactions are also expected to happen in December:

December is a busy month. Office workers are expected to work 176 hours and are paid \$38 per hour.

December 6: Internet transfer of \$4 000 for new advertising campaign that will run for six months.

Pele plans to take an extra \$1 500 cash drawings the week before Christmas.

Donate a services voucher to the value of \$250 to the annual Christmas Appeal.

Other office expenses expected to total \$800. These are paid by the end of the month.

Selling old office equipment on *Buy/sell*. Expect to receive \$250.

Purchase new office equipment: \$3 200. Pay 40% deposit with the rest due in February.

Changing Times Accountancy Services
Cash Budget for the month of December 2023

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

QUESTION
NUMBER

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