

91406R



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

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## Level 3 Accounting, 2015

### 91406 Demonstrate understanding of company financial statement preparation

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

#### RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 91406.

Check that this booklet has pages 2–4 in the correct order and that none of these pages is blank.

**YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.**

## RESOURCE A

The following information relates to *Green's Green Waste Collection Limited*. The company operates a green waste collection system, processes the waste collected into garden mulch, and sells it to local councils and garden centres.

***Green's Green Waste Collection Limited***  
**Income Statement (summary) for the year ended 31 March 2015**

	Notes	NZ\$000	NZ\$000
Revenue	1		240 000
Other income	2		3 175
			243 175
Less			
Cost of goods sold		120 000	
Depreciation		9 000	
Doubtful debts		100	
Interest		4 000	
Other expenses		115 575	
Bad debts		500	249 175
Profit/(Loss) for the year			<b>(6 000)</b>

***Green's Green Waste Collection Limited***  
**Statement of Financial Position (summary) as at 31 March 2015**

		2014	2015
	Notes	NZ\$000	NZ\$000
<b>Assets</b>			
Bank		3 700	1 600
Accounts receivable	3	15 100	12 000
Inventories		59 000	60 000
Income accrued – rent received		600	800
Prepayments – other expenses		800	400
Property, plant and equipment		41 000	32 000
<b>Total assets</b>		<b>120 200</b>	<b>106 800</b>
Less			
<b>Liabilities</b>			
Accounts payable		27 700	32 400
Taxation payable		1 000	0
Loan (secured on equipment)		200	0
Mortgage (secured on land and buildings)		0	3 100
<b>Total Liabilities</b>		<b>28 900</b>	<b>35 500</b>
Net assets		<b>91 300</b>	<b>71 300</b>
<b>Equity</b>			
Contributed equity		10 000	15 000
Retained earnings		81 300	56 300
		<b>91 300</b>	<b>71 300</b>

**Extract from *Green's Green Waste Collection Limited***  
**Notes to the Financial Statements**

<b>1. Revenue</b>	<b>2015</b>
	<b>NZ\$000</b>
Sales	240 000

<b>2. Other income</b>	<b>2015</b>
	<b>NZ\$000</b>
Rent received	1 175
Discount received	2 000
	3 175

<b>3. Accounts receivable</b>	<b>2014</b>	<b>2015</b>
	<b>NZ\$000</b>	<b>NZ\$000</b>
Accounts receivable	15 900	12 900
Allowance for doubtful debts	800	900
	15 100	12 000

## RESOURCE B

The following information relates to *Antiques Online Limited*. The company buys and sells antiques online.

**Antiques Online Limited**  
**Trial Balance as at 31 March 2015**

	NZ\$		NZ\$
Accounts receivable	28 000	Accounts payable	15 000
Auditor's remuneration	3 500	Accumulated depreciation – buildings	19 000
Bank	22 000	Accumulated depreciation – equipment	10 600
Buildings	250 000	Allowance for doubtful debts	2 000
Cost of sales	190 000	Contributed equity (100 000 shares)	100 000
Directors fees	25 000	Dividends received	1 500
Electricity	7 400	GST payable	8 400
Equipment	25 000	Loan (7% p.a. due 2020)	150 000
Other expenses	45 550	Retained earnings	84 075
Goodwill	50 000	Sales	586 000
Interest on loan	9 625		
Inventory	64 000		
Land	100 000		
Salaries	75 000		
Shares in <i>Scottish Antiques Limited</i>	15 000		
Provisional tax paid	66 500		
	<b>976 575</b>		<b>976 575</b>

### Additional information

- Salaries owing to employees, \$2 000
- Prepaid other expenses totalled \$600, excluding GST
- One month interest on loan is outstanding
- Allowance for doubtful debts is to be adjusted to 3% of accounts receivable
- The current market value of the shares in *Scottish Antiques Limited* is \$20 000
- Depreciation is to be charged on buildings at 3% cost price and on equipment at 30% on the diminishing value
- An independent valuer, *Best Property Valuers*, values the buildings at a current market value of \$260 000, and land to a current market value of \$165 000
- Income tax expense is \$69 000