

91406R



Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 3 Accounting 2023

91406 Demonstrate understanding of company financial statement preparation

Credits: Five

RESOURCE BOOKLET

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

Check that this booklet has pages 2–6 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

Smart Packaging Limited specialises in the supply of sustainable, new and used cardboard boxes and cartons. The following trial balance and additional information relates to *Smart Packaging Limited*.

Smart Packaging Limited
Trial Balance as at 31 March 2023

Accounts receivable	24 000	Accounts payable	10 800
Buildings	600 000	Accumulated depreciation – buildings	18 000
Cost of goods sold	300 500		
Final dividend (2022)	42 000	Accumulated depreciation – plant and equipment	33 000
Goodwill	15 000		
GST	4 300	Allowance for doubtful debts	900
Interest on loan	19 800	Building revaluation surplus	23 000
Interim dividend (2023)	52 500	Contributed equity (300 000 shares)	540 000
Inventory	95 000		
Land	200 000	Dividends received	5 000
Other expenses	141 500	Bank	7 000
Plant and equipment	230 000	Land revaluation surplus	10 000
Provisional tax paid	35 000	Loan (9% due 2040)	240 000
Shares in <i>SNZ Limited</i>	120 000	Retained earnings	303 800
Wages and salaries	210 400	Sales	898 500
	2 090 000		2 090 000

Additional information

- Interest is owing on the loan.
- *Smart Packaging Limited* owns 100 000 shares in *SNZ Limited*. The shares are held for trading. The market value of the shares, considered to be fair value, on 31 March 2023 is \$1.23 per share.
- *SNZ Limited* announced a final dividend of 7.5c per share on 28 February 2023 to be paid to shareholders on 30 April 2023. This has not yet been recorded.
- Adjust the allowance for doubtful debts to 2.5% of accounts receivable.
- The following straight line depreciation rates are employed by *Smart Packaging Limited*:
 - 10% p.a. on plant and equipment
 - 2% p.a. on buildings.
- On 31 March 2023, an independent valuer determined the current fair value of land and buildings as follows:
 - Land: \$240 000
 - Buildings: \$602 000.
- The income tax expense for the year is \$57 000.
- On 20 March 2023, *Smart Packaging Limited* repurchased 50 000 shares at a fair value of \$2 each. The shares were originally issued at \$1.80 each. This transaction has been recorded and included in the balances in the Trial Balance as at 31 March 2023.

RESOURCE B

Daffodil Field Limited is a flower grower that sells daffodil bulbs in autumn and cut daffodil flowers in spring.

Daffodil Field Limited
Income Statement for the year ended 31 March 2023

	\$000	\$000
Revenue (note 1)	614	
Other income (note 2)	11	
Total income		625
Less expenses		
Cost of goods sold	202	
General expenses	83	
Wages	124	
Discount allowed	3	
Bad debts	1	
Depreciation	65	
Loss on trade-in tractor	2	
Finance costs (note 3)	12	
Total expenses		492
Profit before tax		133
Tax expense		37
Profit for the year		96

Daffodil Field Limited
Statement of Financial Position as at 31 March 2023

	2022	2023
	\$000	\$000
Assets		
Bank	4	11
Accounts receivable	34	36
Inventory	7	15
Accrued income (dividends received)	2	4
Prepayments (general expenses)	13	17
Financial assets	55	60
Property, plant, and equipment (note 4)	375	440
Total assets	490	583
Liabilities		
Accounts payable	18	22
Accrued expenses (wages)	8	11
Taxation payable	12	7
Debentures	100	115
Equity		
Contributed equity	260	310
Retained earnings	92	118
Total liabilities plus equity	490	583

Daffodil Field Limited
Notes to the financial statements

	2023
	\$000
1. Revenue	
Sales	614
2. Other Income	
Increase in fair value of financial assets	5
Dividends received	6
	11
3. Finance costs	
Interest on debentures	12

4. Property, plant, and equipment (note extract)

	Equipment	Tractors	Total
	\$000	\$000	\$000
As at 31 March 2022			
Cost or valuation	350	190	540
Accumulated depreciation	(105)	(60)	(165)
Carrying amount	245	130	375
As at 31 March 2023			
Cost or valuation	410	220	630
Accumulated depreciation	(150)	(40)	(190)
Carrying amount	260	180	440

Additional information

- A tractor, which cost \$60 000 with a carrying amount of \$20 000, was traded-in on a new tractor.
- Cash was received for a share issue on 30 November 2022.

