

For Supervisor's use only

# 2

## 90221



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA



National Certificate of Educational Achievement  
TAUMATA MĀTAURANGA Ā-MOTU KUA TAEA

## Level 2 Accounting, 2003

### 90221 Process financial information for fixed assets and balance-day adjustments

Credits: Two

9.30 am Thursday 20 November 2003

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 answer ALL the questions in this booklet.

Show ALL working.

If you need more space for any answer, use the pages provided at the back of this booklet and clearly number the question.

Check that this booklet has pages 2–7 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.**

Achievement Criteria			<i>For Assessor's use only</i>		
Achievement		Achievement with Merit		Achievement with Excellence	
Prepare straightforward accounting entries correctly.	<input type="checkbox"/>	Prepare the majority of straightforward and complex accounting entries correctly.	<input type="checkbox"/>	Prepare all or nearly all straightforward and complex accounting entries correctly.	<input type="checkbox"/>
<b>Overall Level of Performance</b>			<input type="checkbox"/>		

You are advised to spend 20 minutes answering the questions in this booklet.

### QUESTION ONE

Fiona Curtis owns *Pet Care Services*, a business providing veterinary care and pet supplies.

The following is an extract from the Trial Balance of *Pet Care Services*.

***Pet Care Services***  
**Trial Balance (extract) as at 31 March 2003**

Accounts Receivable	14 690	GST	2 190
Bad Debts	600	Loan (8% p.a. due 2006)	30 000
Interest on Loan	1 800	Allowance for Doubtful Debts	500
Insurance	5 000	Accumulated Depreciation	
Clinic Vehicle (cost)	15 000	– Clinic Vehicle	5 400
Shares in Telecom	25 000	Dividends Received	600

**Additional information:**

- (a) Dividends owing on balance day \$1 800.
- (b) Three months' interest is owing on the loan.
- (c) The annual insurance premium of \$4 000 (excluding GST) has three months to run at balance day.
- (d) Depreciation on Clinic Vehicle is 20% diminishing value.
- (e) A bad debt of \$90 (including GST) needs to be written off.
- (f) Adjust the Allowance for Doubtful Debts to 5% of Accounts Receivable.

Show how EACH of the balance-day adjustments above would be recorded in the General Journal.

**Narrations are not required.**

**Do not abbreviate account names.**

(a) Dividends owing on balance day \$1 800.

31/3/03			

(b) Three months' interest is owing on the loan.

31/3/03			

(c) The annual insurance premium of \$4 000 (excluding GST) has three months to run at balance day.

31/3/03			

(d) Depreciation on Clinic Vehicle is 20% diminishing value.

31/3/03			

(e) A bad debt of \$90 (including GST) needs to be written off.

31/3/03			

(f) Adjust the Allowance for Doubtful Debts to 5% of Accounts Receivable.

31/3/03			

**QUESTION TWO**

*Kiwi Transport* is a small transporting company owned by Keith West.

On 31 March 2003, Keith traded in *Kiwi Transport's* old truck to *BHT Ltd* for a new truck costing \$45 000 (including GST).

The trade-in allowance was \$7 200 (including GST).

The old truck had originally cost \$20 000 (excluding GST) and had been depreciated at a rate of \$2 000 p.a. for the six years that *Kiwi Transport* had owned it.

- (a) Show the **General Journal** entry to record the purchase of the new truck from *BHT Ltd* for \$45 000 (including GST).  
A narration is not required.

***Kiwi Transport* General Journal**

31/3/03			

- (b) Show the entries to record the disposal of the old truck in the following **General Ledger** account. The first entry has been completed for you.

***Kiwi Transport* General Ledger**

<b>Disposal of Truck (Asset)</b>					
31/03/03	Truck	20 000		20 000	DR

- (c) Show the entries to record the:
- loss or gain on the disposal of the old truck
  - transfer of the loss/gain to the financial performance summary (closing entry)
- in the following **General Ledger** account.

***Kiwi Transport* General Ledger**

<b>Loss/Gain on Disposal of Truck</b>					
31/03/03					

- (d) Show the entries to record the:
- (i) purchase of the new truck for \$45 000 (including GST)
  - (ii) trade-in of the old truck for \$7 200 (including GST)
- in the following **General Ledger** account.

***Kiwi Transport General Ledger***

<b><i>BHT Ltd</i></b>					
31/03/03					



