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93203R



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Scholarship 2013 Accounting

2.00 pm Wednesday 20 November 2013

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Scholarship Accounting 93203.

Check that this booklet has pages 2–8 in the correct order and that none of these pages is blank.

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

RESOURCES

RESOURCE ONE

The information for *Powersailor Limited* provided below applies to Question One and Question Two.

The following information has been extracted from the financial records of <i>Powersailor Limited</i> for the reporting period ending 31 March 2013		
	\$	\$
Advertising expenses	187 380	
Bank charges	1 250	
Sales		2 839 380
Commission received		33 120
Interest paid on term loan	99 440	
Depreciation – Property, plant and equipment	88 990	
Purchases	1 109 300	
Wages and salaries	685 580	
Auditor’s remuneration – Audit fees	66 240	
Contributed equity (2 500 000 ordinary shares)		1 330 100
Retained earnings – 1 April 2012		354 400
Revaluation surplus – 1 April 2012		742 610
Cash	79 490	
Accounts receivable	482 160	
Accounts payable		279 230
Inventory – 1 April 2012	94 070	
Term loan		1 356 000
Land	2 662 420	
Buildings	1 258 560	
Buildings – accumulated depreciation – 1 April 2012		214 560
Property, plant and equipment – at cost	615 710	
Property, plant and equipment – accumulated depreciation – 31 March 2013		330 870
Dividends paid	49 680	
	7 480 270	7 480 270

The following additional information is available:

- (a) On 1 December 2012, an administration building that originally cost \$138 240 (accumulated depreciation at 1 April 2012 – \$24 500) was destroyed by flooding. No adjustment has been made to write off this building.
- (b) Buildings are depreciated on the straight-line basis at 5% per annum, while property, plant and equipment are depreciated on the diminishing balance basis at 10% per annum. Depreciation has not been provided for on buildings.
- (c) When reviewing the amounts owed by the debtors, the accountant discovered that a debtor who owed *Powersailor Limited* \$19 760 at the reporting date of 31 March 2013 had been declared insolvent. The directors do not expect to recover any amount from this debtor. As a result of the insolvent debtor, the directors of *Powersailor Limited* decide to create an allowance for doubtful debts of \$22 960.
- (d) The term loan of \$1 356 000 is due for repayment in full on 31 December 2020. The interest rate is fixed at 8% per annum. The loan is secured by a floating charge over the company's land and buildings. At the reporting date, one month's interest of \$9 040 owing on the term loan has not been accounted for.
- (e) The directors wish to accrue an amount of \$4 200 for auditor's remuneration (tax advisory services) in respect of the reporting period ending 31 March 2013.
- (f) *Powersailor Limited's* freehold land was revalued by *Russell Cully NZIV*, an independent registered valuer, on 24 March 2013. This valuation, based on the fair value of the surrounding properties, showed a value on that date of \$2 600 000. The effects of this adjustment have yet to be recorded.
- (g) Inventory on hand at 31 March 2013 amounted to \$82 000.
- (h) The tax expense for the year is \$105 534. The amount has been correctly calculated.

RESOURCE TWO

20 Dec 2012

NZX

Market release

Director reduces stake in Xero

Xero Limited (XRO) advises that *Xero* director Sam Morgan sold 1 million ...

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after *Xero's* share appreciation in 2012."

Source (adapted): www.findata.co.nz/Markets/NZX/66854/Director_reduces_stake_in_Xero.htm

RESOURCE THREE

***Xero* buys payroll provider to boost Australian growth**

Wellington's *Xero* has bought Melbourne online payroll startup *Paycycle* for ...

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... will see them give small-to medium-sized businesses digital addresses and delivery services.

Source (adapted): Claire Rogers, *Dominion Post*, page 1, 22 July 2011, Edition 2.

RESOURCE FOUR***Xero's bigger \$7.9m loss due to aggressive growth, says founder***

As online accounting software developer *Xero* widened its loss for the ...

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... between 100 and 150 people in the next 12 months.

Source (adapted): Hamish Fletcher, *New Zealand Herald*, B015, 26 May 2012.

RESOURCE FIVE**Shareholders enthusiastic about prospects for Xero**

Xero is a very, very different company. Some 400 people queued patiently ...

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... by the end of the financial year, with revenues rising by 5.3% to \$41.7m, and to \$72.3m by 2014.

Source (adapted): *Dominion Post*, page 4, 6 August 2012, Edition 1.

RESOURCE SIX***Xero fields NZX query after surge in shares last month***

A surge in the price of shares in *Xero* in December was so strong ...

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... please advise *NZX* whether *Xero Limited* continues to comply with [continuous disclosure rules]," Ms Young said.

Source (adapted): *Waikato Times*, page 11, 3 January 2011, Edition 1.

RESOURCE SEVEN***Xero shares near high as sales double***

Xero shares surged to within sight of its highest level yesterday after the ...

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... for the period at \$38.7m, up from \$18m a year ago.

Source (adapted): Jason Krupp, *Dominion Post*, page 3, 3 October 2012, Edition 1.

RESOURCE EIGHT***Xero shares hit record high as \$60m is raised***

Xero shares leapt 6.8%, to a record high of \$6.88, after the company ...

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... still remained Xero's biggest market, with 57 300 customers.

Source (Adapted): Tom Pullar-Strecker, *Southland Times*, page 14, 1 December 2012, Edition 1.