SUPERVISOR'S USE ONLY

90980



## Level 1 Accounting, 2018

# 90980 Interpret accounting information for sole proprietors

9.30 a.m. Thursday 29 November 2018 Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Interpret accounting information for sole proprietors.	Soundly interpret accounting information for sole proprietors.	Comprehensively interpret accounting information 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.

Pull out Resource Booklet 90980R from the centre of this booklet.

You should attempt ALL the questions in 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.

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

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#### **QUESTION ONE**

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Refer to Resources A, B, and C in Resource Booklet 90980R to answer this question.

(a) Complete the Analysis Measures chart below for *Fashionz* for the year ended 31 March 2018.

**Note**: Percentages should be rounded to the nearest ONE decimal place.

#### Analysis Measures chart for Fashionz

Analysis Measure	2017	2018
Mark-up %	150.0%	124.0%
Gross profit %	60.0%	
Distribution cost %	18.5%	
Percentage change in sales	7.2%	

(b) Write a report to explain to Tony the change to sales for *Fashionz*.

Your report should include:

- the meaning of the gross profit percentage of 60.0% for 2017
- a possible reason for the trend in sales between 2017 and 2018 (percentage change in sales)

•	a justified recommendation to improve sales next year, taking into consideration everything that has occurred this year.

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#### **QUESTION TWO**

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Refer to Resources A, B, C, and D of Resource Booklet 90980R to answer this question.

(a) Complete the Analysis Measures chart below for *Fashionz* for the year ended 31 March 2018.

**Note**: Percentages should be rounded to the nearest ONE decimal place.

### **Analysis Measures chart for Fashionz**

Analysis Measure	2017	2018
Administrative expense %	12.6%	
Finance cost %	3.0%	
Profit for the year %	25.9%	

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#### **QUESTION THREE**

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Refer to Resources A, B, C, and D of Resource Booklet 90980R to answer this question.

(a) Complete the Analysis Measures chart below for *Fashionz* for the year ended 31 March 2018.

**Note**: Ratios should be rounded to TWO decimal places.

### **Analysis Measures chart for** *Fashionz*

Analysis Measure	2017	2018
Current ratio	3.08:1	
Liquid ratio	0.99:1	
Equity ratio	0.70:1	

b)	Explain what the 2017 equity ratio of 0.70:1 means for Fashionz.
c)	Fully explain ONE possible reason for the trend in liquid ratio from 2017 to 2018 for Fashionz

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	lustify ONE recommendation to improve Fashionz' liquid ratio.

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

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