

90980



NEW ZEALAND QUALIFICATIONS AUTHORITY
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Tick this box if you
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Level 1 Accounting 2022

90980 Interpret accounting information for sole proprietors

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.

You should attempt ALL the questions in this booklet.

Pull out Resource Booklet 90980R from the centre of 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.

Do not write in any cross-hatched area (XXXX). This area may be cut off when the booklet is marked.

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

QUESTION ONE

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

- (a) Complete the Analysis measures chart below for *Magic Mini Golf* for the year ended 31 March 2022. **Note:** Percentages should be rounded to the nearest ONE decimal place.

Analysis measures chart for *Magic Mini Golf*

Analysis measure	2021	2022
Mini golf expense %	50.0%	%
% change in fees received	+ 3.0%	%

- (b) Describe the meaning of the 2021 percentage change in fees received of 3% for *Magic Mini Golf*.

- (c) Fully explain ONE reason for the trend in the mini golf expense percentage from 2021 to 2022 for *Magic Mini Golf*.

(d) Justify ONE recommendation to further improve the percentage change in fees received for *Magic Mini Golf*.

QUESTION TWO

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

- (a) Complete the Analysis measures chart below for *Magic Mini Golf* for the year ended 31 March 2022. **Note:** Percentages should be rounded to the nearest ONE decimal place.

Analysis measures chart for *Magic Mini Golf*

Analysis measure	2021	2022
Administrative expense %	24.7%	%
Finance cost %	1.5%	%
Profit for the year %	23.8%	%

- (b) Matiu is concerned about the financial impact introducing the birthday parties has had on *Magic Mini Golf*.

Write a report to help Matiu better understand the effect the birthday parties have had on the expense and profit percentages for *Magic Mini Golf*. Do not repeat or reverse an answer from Question One.

Your report should fully explain:

- the meaning of *Magic Mini Golf's* 2021 administrative expense percentage of 24.7%
- ONE possible reason for the trend in finance cost percentage from 2021 to 2022 for *Magic Mini Golf*
- a justified recommendation to improve the profit for the year percentage without impacting on administrative expenses for *Magic Mini Golf*.

QUESTION THREE

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

- (a) Complete the Analysis measures chart below for *Magic Mini Golf* as at 31 March 2022.
Note: Ratios should be rounded to TWO decimal places.

Analysis measures chart for *Magic Mini Golf*

Analysis measure	2021	2022
Current ratio	2.53:1	:1
Liquid ratio	0.61:1	0.77:1
Equity ratio	0.49:1	:1

- (b) Explain the meaning of the current ratio of 2.53:1 in 2021 for *Magic Mini Golf*.

- (c) Fully explain ONE reason for the trend in the equity ratio from 2021 to 2022 for *Magic Mini Golf*.

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

QUESTION
NUMBER

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