

90980R



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD  
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

## Level 1 Accounting 2022

### 90980 Interpret accounting information for sole proprietors

Credits: Four

## RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 90980.

Check that this booklet has pages 2 and 3 in the correct order and that neither of these pages is blank.

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

**RESOURCE A: Formulae Sheet – Analysis Measures**

<b>Mini golf expense %</b>	$\frac{\text{Mini golf expenses}}{\text{Fees received}} \times 100$
<b>Administrative expense %</b>	$\frac{\text{Administrative expenses}}{\text{Fees received}} \times 100$
<b>Finance cost %</b>	$\frac{\text{Finance costs}}{\text{Fees received}} \times 100$
<b>Profit for the year %</b>	$\frac{\text{Profit for the year}}{\text{Fees received}} \times 100$
<b>Current ratio</b>	$\frac{\text{Current assets}}{\text{Current liabilities}}$
<b>Liquid ratio</b>	$\frac{\text{Current assets} - (\text{Inventory} + \text{Prepayments})}{\text{Current liabilities} - \text{Secured bank overdraft}}$
<b>Equity ratio</b>	$\frac{\text{Owner's equity}}{\text{Total assets}}$
<b>Percentage change</b>	$\frac{\text{Year 2} - \text{Year 1}}{\text{Year 1}} \times 100$

**RESOURCE B**

Matiu owns *Magic Mini Golf*, a popular outdoor activity for people of all ages. *Magic Mini Golf* rents a mini golf course and a building.

In January 2022 *Magic Mini Golf* decided to use some of the building to host birthday parties. *Magic Mini Golf* purchased new tables, chairs, and party supplies to run the parties. The feedback from customers who have had birthday parties at *Magic Mini Golf* has been very positive. A lot of parties are already booked for next year.

Matiu has not invested capital into the business over the past two years.

**RESOURCE C**

*Magic Mini Golf*  
**Income and Expenses for the years ending 31 March 2021 and 31 March 2022**

	2021		2022	
	\$	\$	\$	\$
Fees received		112 500		126 000
Mini golf expenses				
Advertising	3 200		3 200	
Birthday party expenses	0		12 000	
Golf course maintenance	21 500		21 500	
Other mini golf expenses	<u>31 550</u>	56 250	<u>30 800</u>	67 500
Administrative expenses		27 750		29 250
Finance costs		<u>1 725</u>		<u>2 175</u>
Profit for the year		26 775		27 075

**RESOURCE D**

*Magic Mini Golf*  
**Assets, Liabilities, and Equity as at 31 March 2021  
and 31 March 2022**

	2021	2022
	\$	\$
Accounts receivable	450	700
Supplies on hand	2 200	5 000
Bank	500	800
Prepayments	800	1 200
Golf equipment	38 000	36 000
Other equipment and furniture	<u>6 500</u>	<u>10 725</u>
	<b>48 450</b>	<b>54 425</b>
Accounts payable	350	740
Accrued expenses	310	300
GST payable	900	920
Loan (@ 7.5%, due 2028)	23 000	29 000
Equity	<u>23 890</u>	<u>23 465</u>
	<b>48 450</b>	<b>54 425</b>

