

91177



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

2

SUPERVISOR'S USE ONLY

## Level 2 Accounting, 2013

### 91177 Interpret accounting information for entities that operate accounting subsystems

9.30 am Friday 29 November 2013

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Interpret accounting information for entities that operate accounting subsystems.	Interpret accounting information in depth for entities that operate accounting subsystems.	Interpret accounting information comprehensively for entities that operate accounting subsystems.

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 91177R 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 2–12 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.**

TOTAL

ASSESSOR'S USE ONLY

You are advised to spend one hour answering the questions in this booklet.

Refer to **Resource Booklet 91177R** to complete all the questions in this booklet.

### QUESTION ONE

Carl owns *Carl's Furniture*, which is a retail business specialising in selling high-quality, custom-made furniture.

- (a) Refer to **Resources One and Two** to complete the table of analysis measures below for *Carl's Furniture*. Round your answer to one decimal place if necessary.

Analysis Measure	2012	2013
Percentage change in sales	5%	54.7%
Gross profit percentage	37.9%	_____ %
Distribution cost percentage	15.2%	_____ %
Finance cost percentage	0.8%	2.8%
Net profit percentage	5.7%	3.3%

#### Working space

- (b) (i) Describe the meaning of the **finance** cost percentage in **2013**.

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- (b) Refer to **Resources One, Two, and Three** to complete the table below for *Carl's Furniture*.

Analysis Measure	2012	2013
Rate of return on total assets	14.2%	_____ %

**Working space**

Refer to **Resources Two, Three, and Four** to answer part (c).

- (c) (i) Describe the meaning of a rate of return on total assets of 14.2%.

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- (ii) Justify to Carl why he should NOT be disappointed with the trend on the rate of return on total assets percentage.

Include in your answer:

- an explanation of how the diary information from 27 April and 7 June contributed to the trend in the rate of return on total assets percentage
- how the diary information on 27 April and 7 June could also indicate that the rate of return on total assets percentage will possibly improve in **2014**.

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**QUESTION THREE**

Credit sales in 2013 were 80% of total sales.

- (a) Refer to **Resources One, Two, and Three**, and the credit sales information above, to complete the table below for *Carl's Furniture*.

Analysis Measure	2012	2013
Age of accounts receivable	20 days	_____ days

**Working space**

Refer to **Resources One, Three, and Four** to answer parts (b) and (c).

Carl is concerned about the trend in *Carl's Furniture's* age of accounts receivable, and the impact this is having on cash flow.

- (b) (i) Explain the meaning of *Carl's Furniture's* age of accounts receivable figure of **20 days** for 2012.

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- (ii) Explain ONE possible reason for the trend in *Carl's Furniture's* age of accounts receivable. Make specific reference to information from **Resource Four** in your answer.

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- (iii) Explain how the trend in *Carl's Furniture's* age of accounts receivable has contributed to the business having a bank overdraft in 2013.

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Question Three (c) is on page 10 ►

- (c) (i) Describe a recommendation Carl could make to Bill that would improve *Carl's Furniture's* age of accounts receivable.

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- (ii) Justify how the recommendation will improve the age of accounts receivable, and *Carl's Furniture's* cash flow.

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