

91177R



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Level 2 Accounting, 2012

91177 Interpret accounting information for entities that operate accounting subsystems

9.30 am Friday 30 November 2012
Credits: Four

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 91177.

Check that this booklet has pages 2–4 in the correct order and that none of these pages is blank.

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

RESOURCE ONE

K D Carpets Summary of Income and Expenses

	2011	2012
	\$NZ	\$NZ
Carpet sales	960 000	800 000
Cost of goods sold	418 000	320 000
Gross profit	542 000	480 000
Distribution costs	310 000	248 000
Administrative expenses	142 000	160 000
Finance costs	6 000	12 000

K D Carpets Summary of Assets, Liabilities and Equity

	2011	2012
	\$NZ	\$NZ
Assets		
Bank	26 500	1 000
Inventory	50 000	61 000
Accounts receivable	45 000	41 000
Prepayments	1 700	3 400
Property, plant & equipment	354 800	418 600
Total assets	478 000	525 000
Liabilities		
Accounts payable	33 000	49 500
GST payable	9 000	6 500
Bank loan (due 2020)	80 000	119 000
Total liabilities	122 000	175 000
Equity		
Opening capital	309 000	356 000
Plus profit for the year	84 000	60 000
Less drawings	37 000	66 000
Closing capital	356 000	350 000

RESOURCE TWO

Below are copies of some of the many sticky notes stuck to Karina's notice board in the office of *K D Carpets*.

Need to do something about replacing regional television advertising that I didn't renew at the start of the year

Check out the new competitor – prices, layout of store, products available, quality and service

Must get that quote finished for fitting a carpet in the new furniture retailer

Customer complaint about poor fitting service – must check on the training programme for our apprentice carpet fitter

Ask Mike about the special offer on creating a jingle to go on the local radio

RESOURCE THREE

Analysis Measures and Formulae

Mark-up %	$\frac{\text{Gross profit}}{\text{Cost of goods sold}} \times 100$
Gross profit %	$\frac{\text{Gross profit}}{\text{Sales}} \times 100$
Distribution costs %	$\frac{\text{Distribution costs}}{\text{Sales}} \times 100$
Administrative expense %	$\frac{\text{Administrative expenses}}{\text{Sales}} \times 100$
Finance costs %	$\frac{\text{Finance costs}}{\text{Sales}} \times 100$
Net profit/profit for the year %	$\frac{\text{Profit for the year}}{\text{Sales}} \times 100$
Return on average equity %	$\frac{\text{Profit for the year}}{\text{Average equity}} \times 100$
Rate of return on total assets %	$\frac{\text{Profit for the year} + \text{interest}}{\text{Average total assets}} \times 100$
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Liquid ratio	$\frac{\text{Current assets} - (\text{inventory} + \text{prepayments})}{\text{Current liabilities} - \text{secured overdraft}}$
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$
Inventory turnover	$\frac{\text{Cost of goods sold}}{\text{Average inventory}}$
Age of accounts receivable	$\frac{\text{Average accounts receivable}}{\text{Credit sales} \times 1.15} \times 365$
Percentage change	$\frac{\text{This year's figure} - \text{last year's figure}}{\text{Last year's figure}} \times 100$