

91177R



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

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

Level 2 Accounting, 2015

91177 Interpret accounting information for entities that operate accounting subsystems

2.00 p.m. Friday 20 November 2015
Credits: Four

RESOURCE BOOKLET

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

Check that this booklet has pages 2–3 in the correct order and that none of these pages is blank.

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

RESOURCE A: ANALYSIS MEASURES – FORMULAE SHEET

Mark-up %	$\frac{\text{Gross profit}}{\text{Cost of goods sold}} \times \frac{100}{1}$
Gross profit %	$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$
Distribution cost %	$\frac{\text{Distribution costs}}{\text{Sales}} \times \frac{100}{1}$
Administrative expense %	$\frac{\text{Administrative expenses}}{\text{Sales}} \times \frac{100}{1}$
Finance cost %	$\frac{\text{Finance costs}}{\text{Sales}} \times \frac{100}{1}$
Net profit/profit for the year %	$\frac{\text{Profit for the year}}{\text{Sales}} \times \frac{100}{1}$
Return on equity %	$\frac{\text{Profit for the year}}{\text{Average equity}} \times \frac{100}{1}$
Rate of return on total assets %	$\frac{\text{Profit for the year} + \text{Interest}}{\text{Average total assets}} \times \frac{100}{1}$
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	$\frac{\text{Cost of goods sold}}{\text{Average inventory}} = (\text{times per year})$
Age of accounts receivable	$\frac{\text{Average accounts receivable}}{\text{Credit sales} \times 1.15} \times \frac{365}{1} = (\text{days})$
Percentage change	$\frac{(\text{This year's figure} - \text{Last year's figure})}{\text{Last year's figure}} \times \frac{100}{1}$

RESOURCE B

<i>Perfect Pies</i> Statement of Cash Flows (extract)		
	2014	2015
	\$	\$
Cash payments		
Kitchen equipment	3 000	32 000
Dining furniture	500	10 000
Advertising	10 000	18 000
Office wages	80 000	80 000

RESOURCE C

Perfect Pies Income Statement Summary		
	2014	2015
	\$	\$
Sales (40% are credit)	780 000	910 000
Cost of goods sold	600 000	700 000
Gross profit	180 000	210 000
Total expenses	158 000	169 500
Net profit	22 000	40 500

Perfect Pies Statement of Financial Position (extract)		
	2014	2015
	\$	\$
Current assets		
Bank	12 000	14 000
Accounts receivable	30 000	35 000
Inventory	15 000	16 000
Non-current assets	226 000	268 000
Total assets	283 000	333 000
Liabilities		
GST payable	2 000	3 500
Accounts payable	14 000	14 500
Accrued expense	2 000	1 500
Loan (due 2020)	50 000	45 000
Total liabilities	68 000	64 500
Equity	215 000	268 500