

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, 2017

91177 Interpret accounting information for entities that operate accounting subsystems

9.30 a.m. Thursday 23 November 2017
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 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 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>Pita Delights</i> | | |
|--|-------------|-------------|
| Income Statement Summary for years ended 31 March | | |
| | 2016 | 2017 |
| | \$ | \$ |
| Sales (all cash) | 313 000 | 330 000 |
| Cost of goods sold | 222 000 | 225 000 |
| Gross profit | 91 000 | 105 000 |
| | | |
| Distribution costs | 46 000 | 47 000 |
| Administrative expenses | 11 000 | 13 000 |
| Financial costs | 2 750 | 2 500 |
| | | |
| Profit for year | 31 250 | 42 500 |

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| RESOURCE B CONTINUES ON PAGE 4 >> |
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| <i>Pita Delights</i> | | |
|---|----------------|----------------|
| Statement of Financial Position Summary for years ended 31 March | | |
| | 2016 | 2017 |
| | \$ | \$ |
| Assets | | |
| Bank | 6 500 | 15 500 |
| Inventory | 1 250 | 1 300 |
| Prepayments | 500 | 650 |
| Intangibles | 5 000 | 5 000 |
| Property, plant and equipment | 138 500 | 149 000 |
| | 151 750 | 171 450 |
| Liabilities | | |
| Accounts payable | 7 600 | 7 500 |
| Accrued expense | 1 200 | 1 900 |
| GST payable | 8 500 | 8 600 |
| Loan (due 2025) | 34 000 | 26 000 |
| | 51 300 | 44 000 |
| Net assets | 100 450 | 127 450 |
| Equity | | |
| Capital (opening) | 100 000 | 100 450 |
| Profit for year | 31 250 | 42 500 |
| Less Drawings | (30 800) | (15 500) |
| Closing capital | 100 450 | 127 450 |

Note: Inventory as at 31 March 2015 was \$1 200.