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91177R

NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Level 2 Accounting, 2014

91177 Interpret accounting information for entities that operate accounting subsystems

2.00 pm Wednesday 26 November 2014
Credits: Four

RESOURCE BOOKLET

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

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.

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RESOURCE ONE

ANALYSIS MEASURES – FORMULAE SHEET

Analysis Measures and Formulae	
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 %	$\frac{\text{Profit for the year}}{\text{Sales}} \times \frac{100}{1}$
Return on equity %	$\frac{\text{Profit for the year}}{\text{Average equity}} \times \frac{100}{1}$
Rate of return on total assets %	$\frac{\text{Profit for the year + Interest}}{\text{Average total assets}} \times \frac{100}{1}$
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Liquid ratio	$\frac{\text{Current assets – (Inventory + Prepayments)}}{\text{Current liabilities – Secured overdraft}}$
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$
Inventory turnover	$\frac{\text{Cost of goods sold}}{\text{Average inventory}} =$ (times per year)
Age of accounts receivable	$\frac{\text{Average accounts receivable}}{\text{Credit sales} \times 1.15} \times \frac{365}{1} =$ (days)
Percentage change	$\frac{\text{(This year's figure – Last year's figure)}}{\text{Last year's figure}} \times \frac{100}{1}$

RESOURCE TWO

***Sweetworld*'s Financial Information**		
	2013	**2014**
	$	**$**
Sales	400 000	480 000
Cost of goods sold	200 000	240 000
Gross profit	200 000	240 000
Distribution costs	40 000	48 000
Administrative expenses	100 000	130 000
Finance costs	5 000	3 000
Profit	55 000	59 000
Assets		
Accounts receivable	20 000	25 000
Bank	10 000	3 500
Inventory	7 000	6 000
Prepayment	1 000	1 500
Property, plant and equipment	425 000	425 000
Investments	45 000	22 000
Total assets	**508 000**	**483 000**
Liabilities		
Accounts payable	10 000	12 000
Accrued expense	2 000	2 500
GST	6 000	4 500
Loan	90 000	55 000
Total liabilities	**108 000**	**74 000**
Equity	**400 000**	**409 000**

RESOURCE THREE

The following is taken from a conversation that took place between Brianna and her dad about *Sweetworld*.

Dad: “I see you employed an extra permanent office staff person this year.”

Brianna: “Yes, I had to. There were important office-related tasks not being completed. I am confident I won’t have to hire any more office staff in the next few years, as I now have enough staff to handle the increased office-related tasks from the forecast sales growth market research has indicated”.