

90980



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

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SUPERVISOR'S USE ONLY

Level 1 Accounting, 2013

90980 Interpret accounting information for sole proprietors

2.00 pm Tuesday 12 November 2013

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Interpret accounting information for sole proprietors.	Soundly interpret accounting information for sole proprietors.	Comprehensively interpret accounting information for sole proprietors.

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 90980R from the centre 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.

QUESTION ONE

Refer to Resources One and Two in Resource Booklet 90980R.

Lulu owns a second-hand store for teenagers, *Seconds*. Items for sale in the store include video games, books, and label clothing.

Lulu mostly purchases the items to sell at *Seconds* from people coming into the store with their unwanted goods.

Note: On 25 November 2012, *Seconds* expanded by opening an online store.

- (a) Complete the Analysis Measures chart below for *Seconds* for 2013. Percentages for 2012 are provided.

Note: Percentages are to be rounded to the **nearest whole number**.

Analysis Measures chart for <i>Seconds</i>		
Analysis Measure	2012	2013
% Change in sales	30%	
Mark up %	186%	
Gross profit %	65%	

- (b) Explain what the 2012 **mark-up percentage** of **186%** means for *Seconds*.

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The examination continues on the following page.**

QUESTION THREE

Refer to Resources One and Three in Resource Booklet 90980R.

In November 2012, *Seconds* opened an online store. With the success of the online store, Lulu is thinking about expanding *Seconds* even further, and opening another store in a shopping mall location.

However, to do this, *Seconds* would have to borrow more money from the bank.

- (a) Complete the Analysis Measures chart below for *Seconds* for 2013. Ratios for 2012 are provided.

Note: Ratios are to be rounded to **two decimal places**.

Analysis Measures chart for <i>Seconds</i>		
Analysis Measure	2012	2013
Equity ratio	0.65: 1	
Liquid ratio	2.00: 1	

- (b) Explain what the 2013 **equity ratio** means for *Seconds*.

- (c) Fully explain ONE possible reason for the trend in the **liquid ratio** for *Seconds* from 2012 to 2013.
