

90980R



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

## Level 1 Accounting, 2013

### 90980 Interpret accounting information for sole proprietors

2.00 pm Tuesday 12 November 2013  
Credits: Four

#### RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 90980.

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

**ANALYSIS MEASURES – FORMULAE SHEET**

<b>Mark Up %</b>	$\frac{\text{Gross Profit}}{\text{Cost of Goods Sold}} \times 100$
<b>Gross Profit %</b>	$\frac{\text{Gross Profit}}{\text{Sales}} \times 100$
<b>Distribution Costs %</b>	$\frac{\text{Distribution Costs}}{\text{Sales}} \times 100$
<b>Administrative Expense %</b>	$\frac{\text{Administrative Expenses}}{\text{Sales}} \times 100$
<b>Finance Cost %</b>	$\frac{\text{Finance Costs}}{\text{Sales}} \times 100$
<b>Individual Expense %</b>	$\frac{\text{Individual Expense}}{\text{Sales}} \times 100$
<b>Profit for the Year %</b>	$\frac{\text{Profit for the Year}}{\text{Sales}} \times 100$
<b>Current Ratio</b>	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
<b>Liquid Ratio</b>	$\frac{\text{Current Assets} - (\text{Inventory} + \text{Prepayments})}{\text{Current Liabilities} - \text{Bank Overdraft (secured)}}$
<b>Equity Ratio</b>	$\frac{\text{Equity}}{\text{Total Assets}}$
<b>Percentage Change</b>	$\frac{\text{Year 2} - \text{Year 1}}{\text{Year 1}} \times 100$

**RESOURCE TWO**

<b>Seconds</b>		
<b>Income Statement Summary for the year ended</b>		
	<b>31 March 2012</b>	<b>31 March 2013</b>
<b>Sales</b>	50 000	75 000
Less Cost of Goods Sold	17 500	30 000
Gross Profit	32 500	45 000
<b>Less Expenses</b>		
Distribution Costs	10 000	18 000
Administrative Expenses	5 000	9 000
Finance Costs	1 000	2 250
<b>Profit for the year</b>	<b>16 500</b>	<b>15 750</b>

**Additional Information:**

- From April 2012, *Seconds* made a decision to stock better quality label items.
- In November 2012, Lulu decided to expand *Seconds* to have an online store.
- On 20 November 2012, *Seconds* borrowed an additional \$10 000 to help in the expansion of *Seconds*' online store.
- The online store opened on 25 November 2012.
- The industry averages are provided for some of the figures for 2013.

<b>Industry averages</b>	
Distribution Cost %	14%
Administrative Expense %	15%
Finance Cost %	3%
Profit for the Year %	25%

**RESOURCE THREE***Seconds***Statement of Financial Position Summary as at 31 March 2012**

<b>Assets \$46 000</b>	
<b>Liabilities \$16 000</b>	<b>Equity \$30 000</b>

**Assets include:**

• Bank	\$2 000
• Inventory	\$6 000
• Property, plant and equipment	\$38 000

**Liabilities include:**

• Accounts payable	\$1 000
• Loan	\$15 000

*Seconds***Statement of Financial Position Summary as at 31 March 2013**

<b>Assets \$60 000</b>	
<b>Liabilities \$26 400</b>	<b>Equity \$33 600</b>

**Assets include:**

• Bank	\$1 000
• Inventory	\$11 000
• Property, plant and equipment	\$48 000

**Liabilities include:**

• Accounts payable	\$1 400
• Loan	\$25 000