

91177R



Level 2 Accounting, 2013

91177 Interpret accounting information for entities that operate accounting subsystems

9.30 am Friday 29 November 2013
Credits: Four

RESOURCE BOOKLET

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

Check that this booklet has pages 2–5 in the correct order and that none of these pages is blank.

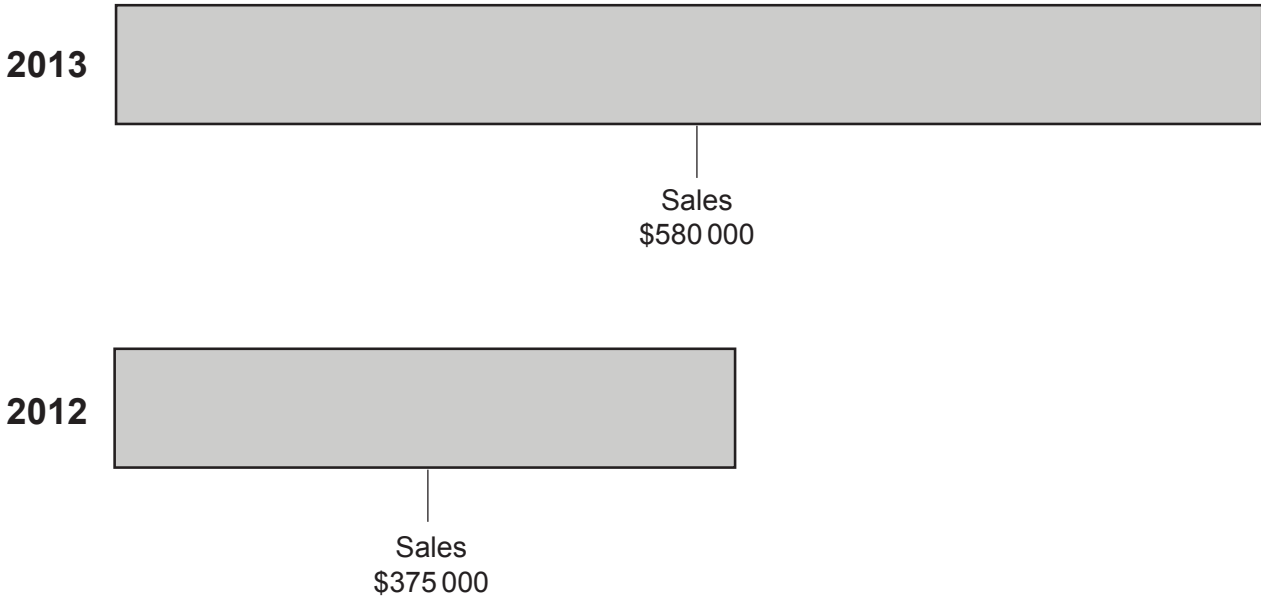
YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.

RESOURCE ONE

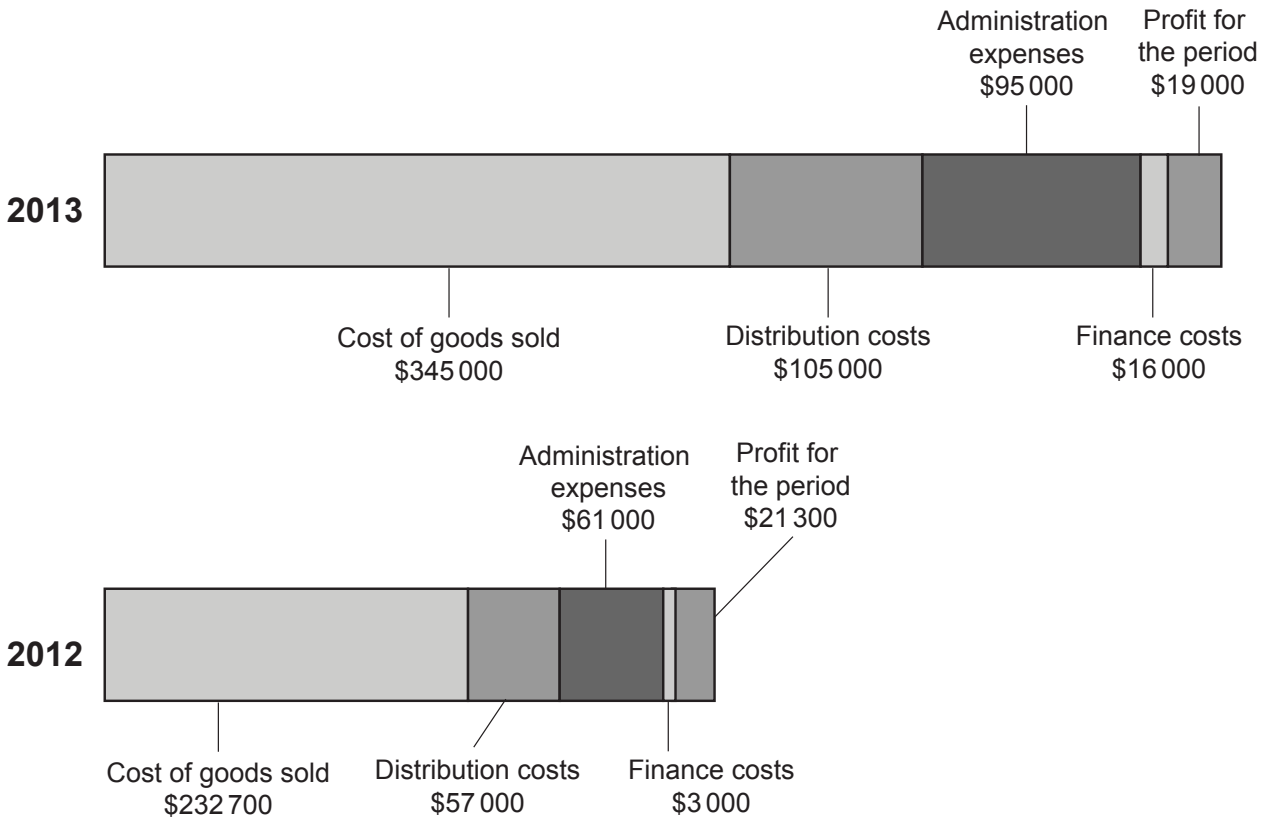
Analysis Measures and Formulae	
Mark-up %	$\frac{\text{Gross profit}}{\text{Cost of goods sold}} \times \frac{100}{1}$
Gross profit %	$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$
Distribution cost %	$\frac{\text{Distribution costs}}{\text{Sales}} \times \frac{100}{1}$
Administrative 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 %	$\frac{\text{Profit for the year} + \text{Interest}}{\text{Average total assets}} \times \frac{100}{1}$
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	$\frac{\text{Average accounts receivable}}{\text{Credit sales} \times 1.15} \times \frac{365}{1} \quad (\text{days})$
Percentage change	$\frac{(\text{this year's figure} - \text{last year's figure})}{\text{last year's figure}} \times \frac{100}{1}$

RESOURCE TWO

Carl's Furniture – Revenue



Carl's Furniture – Distribution of revenue



RESOURCE THREE

Summary of Carl's Furniture Statement of Financial Position		
	2012	2013
Assets	\$	\$
Bank	1 300	0
Inventory	27 000	58 000
Accounts Receivable	22 000	60 000
Prepayments	1 000	2 000
Property, Plant & Equipment	125 000	332 000
TOTAL Assets	176 300	452 000
Liabilities		
Accounts Payable	18 000	34 000
GST Payable	6 000	9 700
Bank Overdraft	0	27 000
Bank Loan (due 2018)	8 000	7 000
Mortgage (7% due 2030)	45 000	201 000
TOTAL Liabilities	77 000	278 700
Equity	99 300	173 300

Information extracted from Property, Plant and Equipment

	2012	2013
Buildings (cost)	\$100 000	\$250 000

RESOURCE FOUR

Diary extracts of events for *Carl's Furniture* for the financial year ended 31 March 2013.

April 2012
27 Friday

Need to meet with the builder to discuss noise and dust from the work on the new salesroom space. Customers have complained.

May 2012
14 Monday

Remember to ring the bank manager to thank her for her help with the mortgage financing of the new salesroom space.

May 2012
15 Tuesday

Book full-page advertisements in local paper for next three Saturdays, and confirm new radio advertisements.

June 2012
7 Thursday

Opening new salesroom space today. Customers should enjoy the new shopping experience!

December 2012
12 Wednesday

Need to talk to Bill, the new accounts clerk, about making improvements to managing the business accounts receivable. Cash Flow seems to be becoming a problem, despite our increase in sales. Need to explain to Bill that we aim to operate a payment term of 15 days for credit sales.

