

# 1

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## Level 1 Accounting, 2015

### 90980 Interpret accounting information for sole proprietors

9.30 a.m. Tuesday 1 December 2015  
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.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–8 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

**QUESTION ONE: PERCENTAGE CHANGE IN FEES**

Refer to Resource A and Resource B in Resource Booklet 90980R to answer this question.

- (a) Complete the Analysis Measures chart below for *Grace's Gardening*, calculating the percentage change in fees for 2015.

Note: Percentages should be rounded to the nearest whole number.

**Analysis Measures chart for *Grace's Gardening***

<b>Analysis Measure</b>	<b>2014</b>	<b>2015</b>
Percentage change in fees	20%	

- (b) Explain what the 2015 percentage change in fees means for *Grace's Gardening*.

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- (c) Fully explain ONE possible reason for the trend in the percentage change in fees from 2014 to 2015 for *Grace's Gardening*.

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(d) Justify a recommendation that would allow *Grace's Gardening* to continue to improve the percentage change in fees.

Recommendation:

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Justification:

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**QUESTION TWO: EXPENSES AND PROFIT**

Refer to Resource A and Resource C in Resource Booklet 90980R to answer this question.

- (a) Complete the Analysis Measures chart below for *Grace's Gardening*.  
Note: Percentages should be rounded to the nearest whole number.

**Analysis Measures chart for *Grace's Gardening***

Analysis Measure	2014	2015
Gardening cost %	75%	80%
Administrative expense %	5%	4%
Finance cost %	1%	
Total expense %	80%	
Profit for the year %	20%	

- (b) Write a report to explain to Grace the total expense percentage for *Grace's Gardening*.  
Your report should include:

- the meaning of the total expense percentage for 2014
- a possible reason for the trend in the administrative expense percentage
- a recommendation for how *Grace's Gardening* could improve the total expense percentage
- a justification for how your recommendation could improve the total expense percentage, including the impact on the profit for the year percentage.

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**QUESTION THREE: RATIOS**

Refer to Resource A and Resource D in Resource Booklet 90980R to answer this question.

- (a) Complete the Analysis Measures chart below for *Grace's Gardening*.  
Note: Ratios should be rounded to two decimal places.

**Analysis Measures chart for *Grace's Gardening***

<b>Analysis Measure</b>	<b>2014</b>	<b>2015</b>
Current ratio	2.50 : 1	
Equity ratio	0.40 : 1	

- (b) Explain what the 2014 equity ratio of 0.40 : 1 means for *Grace's Gardening*.

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- (c) Fully explain ONE possible reason for the trend in the current ratio from 2014 to 2015 for *Grace's Gardening*.

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**Extra space if required.  
Write the question number(s) if applicable.**

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NUMBER

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