

91177R



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD  
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

## Level 2 Accounting, 2017

### 91177 Interpret accounting information for entities that operate accounting subsystems

9.30 a.m. Thursday 23 November 2017  
Credits: Four

#### RESOURCE BOOKLET

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

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 A: ANALYSIS MEASURES — FORMULAE SHEET**

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/profit for year %	$\frac{\text{Profit for the year}}{\text{Sales}} \times \frac{100}{1}$
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	$\frac{\text{Average accounts receivable}}{\text{Credit sales} \times 1.15} \times \frac{365}{1} = (\text{days})$
Percentage change	$\frac{(\text{This year's figure} - \text{Last year's figure})}{\text{Last year's figure}} \times \frac{100}{1}$

**RESOURCE B**

<i>Pita Delights</i>		
<b>Income Statement Summary for years ended 31 March</b>		
	<b>2016</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Sales (all cash)	313 000	330 000
Cost of goods sold	222 000	225 000
Gross profit	91 000	105 000
Distribution costs	46 000	47 000
Administrative expenses	11 000	13 000
Financial costs	2 750	2 500
Profit for year	31 250	42 500

<b>RESOURCE B CONTINUES ON PAGE 4 &gt;&gt;</b>
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<b><i>Pita Delights</i></b>		
<b>Statement of Financial Position Summary for years ended 31 March</b>		
	<b>2016</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Bank	6 500	15 500
Inventory	1 250	1 300
Prepayments	500	650
Intangibles	5 000	5 000
Property, plant and equipment	138 500	149 000
	<b>151 750</b>	<b>171 450</b>
<b>Liabilities</b>		
Accounts payable	7 600	7 500
Accrued expense	1 200	1 900
GST payable	8 500	8 600
Loan (due 2025)	34 000	26 000
	<b>51 300</b>	<b>44 000</b>
<b>Net assets</b>	<b>100 450</b>	<b>127 450</b>
<b>Equity</b>		
Capital (opening)	100 000	100 450
Profit for year	31 250	42 500
Less Drawings	(30 800)	(15 500)
<b>Closing capital</b>	<b>100 450</b>	<b>127 450</b>

**Note:** Inventory as at 31 March 2015 was \$1 200.