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NEW ZEALAND QUALIFICATIONS AUTHORITY
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QUALIFY FOR THE FUTURE WORLD
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SUPERVISOR'S USE ONLY

Level 1 Accounting, 2018

90980 Interpret accounting information for sole proprietors

9.30 a.m. Thursday 29 November 2018
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.

Pull out Resource Booklet 90980R from the centre of this booklet.

You should attempt ALL the questions in 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 TWO

Refer to **Resources A, B, C, and D** of **Resource Booklet 90980R** to answer this question.

- (a) Complete the Analysis Measures chart below for *Fashionz* for the year ended 31 March 2018.

Note: Percentages should be rounded to the nearest ONE decimal place.

Analysis Measures chart for *Fashionz*

Analysis Measure	2017	2018
Administrative expense %	12.6%	
Finance cost %	3.0%	
Profit for the year %	25.9%	

- (b) Explain what the 2017 administrative expense percentage of 12.6% means for *Fashionz*.

- (c) Fully explain ONE reason for the trend in finance cost percentage from 2017 to 2018 for *Fashionz*.

QUESTION THREE

Refer to **Resources A, B, C, and D** of **Resource Booklet 90980R** to answer this question.

- (a) Complete the Analysis Measures chart below for *Fashionz* for the year ended 31 March 2018.

Note: Ratios should be rounded to TWO decimal places.

Analysis Measures chart for *Fashionz*

Analysis Measure	2017	2018
Current ratio	3.08:1	
Liquid ratio	0.99:1	
Equity ratio	0.70:1	

- (b) Explain what the 2017 equity ratio of 0.70:1 means for *Fashionz*.

- (c) Fully explain ONE possible reason for the trend in liquid ratio from 2017 to 2018 for *Fashionz*.
