

91177



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Level 2 Accounting 2020

91177 Interpret accounting information for entities that operate accounting subsystems

2.00 p.m. Thursday 19 November 2020
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Interpret accounting information for entities that operate accounting subsystems.	Interpret accounting information in depth for entities that operate accounting subsystems.	Interpret accounting information comprehensively for entities that operate accounting subsystems.

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 91177R 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

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Refer to **Resource Booklet 91177R** when answering the questions in this booklet.

QUESTION ONE

Refer to **Resources A and B** to answer this question.

The following analysis measures were extracted from *Reka's* financial statements relating to the year ended 31 March 2020.

Analysis measures	2019	2020
Equity ratio	0.6:1	0.7:1
Percentage increase in sales	5%	15%
Distribution cost percentage	11%	9%
Return on total assets	8%	10%

(a) Explain how the trend in the equity ratio shows that Ana has invested more money in *Reka*.

(b) Justify how *Reka's* growing popularity and Ana's decision to invest \$20 000 in *Reka* to make the switch to solar energy for the ice cream shop have increased *Reka's* profitability.

In your answer, explain:

- a reason for the increase in sales growth (percentage increase in sales)
- a reason for the decrease in the distribution cost percentage
- a reason for the increase in the return on assets percentage
- how the trend in sales and the investment in solar energy have improved the profitability of *Reka* in 2020.

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Assessor's box.

QUESTION TWO

Refer to **Resources A** and **C** to answer this question.

Justify how Kim's idea could help *First Fruit* to improve its cash position (bank balance) without the need for its restaurant clients to pay their accounts faster.

In your answer, explain in detail:

- the impact of the increasing minimum wage on *First Fruit*'s bank balance
- how the trend in the age of accounts receivable provides evidence that the restaurants are taking longer to pay their accounts
- the impact of the trend in the age of accounts receivable on *First Fruit*'s bank balance
- how Kim's idea could help *First Fruit* improve its cash position and return its bank balance to be in funds.



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QUESTION THREE



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Refer to **Resources A** and **D** to answer this question.

The following mark-up percentages can be determined from the cost and selling price information provided for drink, popcorn, and movie tickets.

	Drink	Popcorn	Movie ticket
Mark-up percentage	200%	400%	50%

(a) Justify why the mark-up percentage is different for each item sold.

In your answer, explain:

- the meaning of the mark-up percentage for movie tickets
- why the drink and popcorn have a higher mark-up percentage than the movie tickets
- the impact of offering the combo deal on the average mark-up percentage for drink and popcorn.
