

91177



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Level 2 Accounting 2022

91177 Interpret accounting information for entities that operate accounting subsystems

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.

Do not write in any cross-hatched area (///). This area may be cut off when the booklet is marked.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

QUESTION THREE

Refer to **Resources A** and **E** to answer this question. **Note:** a **quarter** is three months.

The following analysis measures and financial information were extracted from *Laki's Landscaping's* accounts.

Analysis Measures and Financial Information for the quarter ended		
	31 March 2022	30 June 2022
Equity ratio	0.64:1	0.40:1
Return on total assets	18.9%	14.8%
Fees received	\$50 000	\$56 000
Profit for the quarter	\$5 600	\$6 400

Laki is surprised by the financial results above, especially considering the increase in fees received and profit.

- (a) Justify how and why the purchase of the new truck has impacted *Laki's Landscaping's* financial stability. In your answer explain:
- the meaning of the equity ratio of 0.40:1 on 30 June 2022
 - the impact of the new truck purchase on the equity ratio and financial stability.

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

QUESTION
NUMBER

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