

91177



Draw a cross through the box (☒)
if you have NOT written in this booklet

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Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 2 Accounting 2025

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 the margins (///). This area will be cut off when the booklet is marked.

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

Refer to **Resources A, B, and C** in **Resource Booklet 91177R** to answer Question One.

The information in the tables in this question was extracted from *Direct Delivery's* financial statements relating to the financial years ended 31 March.

Analysis measure	2024	2025
Percentage change in fees received	+4.2%	+6.8%

- (a) Discuss the change in fees received. In your answer explain:
- the meaning of the percentage change in fees received of 6.8% in 2025
 - one reason for this result that is not related to the purchase of the new van.

Dan enjoys driving his new van, but wants to know if it was a good financial decision.

Analysis measure	2024	2025
Courier cost %	73.0%	67.0%
Petrol expense %	23.0%	18.3%
Profit for the year %	21.6%	26.5%

Refer to **Resources A, B, C, and D** in the resource booklet to answer Question Two.

Dan is concerned about the increase in *Direct Delivery's* age of accounts receivable to 67 days in 2025.

(a) Discuss the impact of the age of accounts receivable on *Direct Delivery*. In your answer, explain:

- the meaning of the age of accounts receivable of 46 days in 2024
- one reason for the trend in the age of accounts receivable from 2024 to 2025
- one recommendation Dan could take to improve the age of accounts receivable and its likely impact on profit for the year ended 31 March 2026.

Analysis measure	2024	2025
Liquid ratio	1.75:1	4.56:1

Dan is pleased with the increase in *Direct Delivery*'s liquid ratio from 2024 to 2025.

(b) Justify why Dan should be cautious about his optimism regarding *Direct Delivery's* ability to repay its immediate debts. In your answer explain:

- what the 2025 liquid ratio of 4.56:1 means for *Direct Delivery*
- why this result is misleading given the age of accounts receivable
- one potential consequence for *Direct Delivery* if it doesn't collect its money from accounts receivable faster.

Refer to **Resources A, B, C, and D** in the resource booklet to answer part (a).

Analysis measure	2024	2025
Finance costs %	1.4%	2.7%
Equity ratio	0.79:1	0.75:1

(a) Evaluate *Direct Delivery*'s financial stability in 2025. In your answer include:

- what the equity ratio of 0.75:1 for 2025 means
- how the finance cost % increasing and the equity ratio decreasing are linked to the purchase of the hybrid van.

(b) Justify whether or not Dan should expand by adding the new courier route.

- state a clear recommendation, either: YES expand or NO keep the business as it is
- explain three reasons, at least one being an analysis measure, to justify your recommendation
- include dollar and analysis figures.

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

QUESTION
NUMBER

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