

91177R



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

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

Courier cost %	$\frac{\text{Courier costs}}{\text{Fees received}} \times 100$
Administrative expense %	$\frac{\text{Administrative expenses}}{\text{Fees received}} \times 100$
Finance cost %	$\frac{\text{Finance costs}}{\text{Fees received}} \times 100$
'Specific' expense %	$\frac{\text{'Specific' expense}}{\text{Fees received}} \times 100$
Net profit / profit for the year %	$\frac{\text{Profit for the year}}{\text{Fees received}} \times 100$
Return on equity %	$\frac{\text{Profit for the year}}{\text{Average equity}} \times 100$
Rate of return on total assets %	$\frac{\text{Profit for the year} + \text{interest}}{\text{Average total assets}} \times 100$
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	$\frac{\text{Equity}}{\text{Total assets}}$
Age of accounts receivable	$\frac{\text{Average accounts receivable}}{(\text{Credit fees received} \times 1.15)} \times 365 = \text{___ (days)}$
Percentage change	$\frac{(\text{This year's figure} - \text{last year's figure})}{\text{Last year's figure}} \times 100$

RESOURCE B

Dan owns *Direct Delivery*, a courier business specialising in quick door-to-door delivery across the city. It operates two different routes (areas) and is growing in popularity. While the majority of customers pay for the courier service in advance, Dan does allow credit fees received to a few, but large value, customers.

In recent years there has been a large increase in online shopping, both new and second-hand. This has increased the demand for courier services. In recent years, NZ Post has reduced its postal services. The major courier companies are dealing with an increase in international and New Zealand-wide courier deliveries.

Direct Delivery owns two courier vans. Both vans are sign-written with the business name and contact details. This is the only promotion needed, other than a website that Dan operates, which is free to run. Dan drives one van and employs an additional driver. His friend will relief-drive if needed so there are always two vans operating daily.

In July 2024, *Direct Delivery* sold one of the petrol vans and replaced it with a second-hand hybrid* van, which cost \$53 000. Even though *Direct Delivery* had to borrow to purchase this van, Dan is happy with his decision, and he enjoys driving the new van.

* Hybrid vans have both a petrol or diesel engine and an electric motor. They require less fuel than a standard van to drive the same distance.

RESOURCE C

Direct Delivery Profitability information for the year ended 31 March

	2024		2025	
	\$	\$	\$	\$
Fees received (courier)		148 000		158 000
Courier costs:				
• Petrol expense	34 000		28 900	
• Insurance	10 000		13 000	
• Drivers' wages	60 000		60 000	
• Other courier costs	<u>4 000</u>	108 000	<u>4 000</u>	105 900
Administrative expenses		6 000		6 000
Finance cost		<u>2 000</u>		<u>4 200</u>
Profit for the year		32 000		41 900

RESOURCE D

Direct Delivery
Liquidity and Financial Stability (assets, liabilities, equity) information
as at 31 March

	2024		2025	
	\$	\$	\$	\$
Bank		2 600		1 300
Accounts receivable		13 800		19 400
Prepayments		300		500
Property, plant, and equipment:				
• Office equipment	7 000		6 800	
• Vans	<u>60 000</u>	67 000	<u>84 000</u>	90 800
Accounts payable		2 280		2 300
GST payable		6 600		1 740
Accrued expenses		500		500
Loan		8 000		24 000
Equity		66 320		83 460

RESOURCE E: for use with Question Three (b) only

Dan has an opportunity to take over a new courier route, which requires an additional van and another driver. The new hybrid van will cost \$42 000 including signwriting. Dan has \$20 000 savings currently earning 3.8% p.a., which he is prepared to invest in *Direct Delivery* to help fund the expansion. The remaining \$22 000 will need to be borrowed at an interest rate of 9.0% p.a.

Dan has made the following estimates if he takes on the new route:

- Fees received should increase by 60%
- Total annual courier costs are expected to be \$187 300, made up of:
 - Petrol \$42 000
 - Insurance \$24 000
 - Drivers' wages \$115 000
 - Other courier costs \$6 300
- An extra \$2 000 for administrative expenses.