2

91177R

Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 2 Accounting 2026

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.

© New Zealand Qualifications Authority, 2026. All rights reserved.
No part of this publication may be reproduced by any means without the prior permission of the New Zealand Qualifications Authority.

RESOURCE A

Pippa owns *Party Right*, a retail shop that sells a wide range of affordable party costumes and accessories, most of which are imported. Pippa has been operating her business for several years, and started it by investing $40 000 personal cash and borrowing a business bank loan for the same amount.

Party Right employs three part-time employees at minimum wage, which was $23.15 in the financial year ended March 2025, increased to $23.50 for the following year, and is now $23.95 for the upcoming year.

In the past two years, Pippa has noticed an increase in party costumes and accesories being available from overseas websites direct to customers.

The following tables provide a range of financial information from the last two years.

Party Right
Profitability information for the year ended 31 March

	2025		**2026**	
	$	**$**	**$**	**$**
Sales		340 200		334 430
Cost of goods sold		168 000		158 500
Gross profit		172 200		175 930
Distribution costs:				
• Advertising	7 500		5 500	
• Shop rent	18 000		21 000	
• Wages	73 000		74 880	
• Other selling expenses	5 450	103 950	5 680	107 060
Administrative expenses:				
• Internet and phone	2 400		3 600	
• Office expenses	3 750		5 200	
• Office salary	18 000	24 150	18 600	27 400
Finance cost		3 930		3 340
Profit for the year		40 170		38 130

Party Right

Assets, Liabilities, and Equity information as at 31 March

	2025	**2026**
	$	**$**
Bank	1 500	1 830
Inventory	21 650	22 400
Prepayments	280	320
Property, plant, and equipment	86 000	86 400
Accounts payable	2 300	2 480
GST payable	5 290	5 060
Accrued expenses	860	860
Loan	35 600	28 400
Equity	65 380	74 150

Additional note:

- Pippa hasn't invested any further capital and doesn't have any spare savings to do so in the next financial year.

The formulae sheet is on the next page ➤

RESOURCE B: Analysis measures – formulae sheet

Mark-up %	$\frac{\text{Gross profit}}{\text{Cost of goods sold}} \times 100$
Gross profit %	$\frac{\text{Gross profit}}{\text{Sales}} \times 100$
Distribution cost %	$\frac{\text{Distribution costs}}{\text{Sales}} \times 100$
Administrative expense %	$\frac{\text{Administrative expenses}}{\text{Sales}} \times 100$
Finance cost %	$\frac{\text{Finance costs}}{\text{Sales}} \times 100$
Total expense %	$\frac{\text{Total expenses}}{\text{Sales}} \times 100$
Net profit / profit for the year %	$\frac{\text{Profit for the year}}{\text{Sales}} \times 100$
Return on equity %	$\frac{\text{Profit for the year}}{\text{Average equity}} \times 100$
Rate of return on total assets %	$\frac{\text{Profit for the year + interest}}{\text{Average total assets}} \times 100$
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Liquid ratio	$\frac{\text{Current assets – (inventory + prepayments)}}{\text{Current liabilities – secured overdraft}}$
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$
Inventory turnover	$\frac{\text{Cost of goods sold}}{\text{Average inventory}}$ = (times per year)
Age of accounts receivable	$\frac{\text{Average accounts receivable}}{\text{Credit sales} \times 1.15} \times 365$ = (days)
Percentage change	$\frac{\text{(This year's figure – last year's figure)}}{\text{Last year's figure}} \times 100$