SUPERVISOR'S USE ONLY

90980



Level 1 Accounting, 2019 90980 Interpret accounting information for sole proprietors

9.30 a.m. Friday 22 November 2019 Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Interpret accounting information for sole proprietors.	Soundly interpret accounting information for sole proprietors.	Comprehensively interpret accounting information for sole proprietors.

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 90980R 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.

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QUESTION ONE

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Refer to Resource Booklet 90980R to answer this question.

(a) Complete the Analysis Measures Chart below for *Mobile World* for the year ended 31 March 2019.

Note: Percentages should be rounded to ONE decimal place.

Analysis Measures Chart for Mobile World				
Analysis measure	2018	2019		
Mark-up %	66.7%			
Gross profit %	40.0%			
Percentage change in sales	+12.6%			

in ONE possible reason for the trend in the mark-up percentage between 201 or <i>Mobile World</i> .

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QUESTION TWO

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Refer to Resources A, B, C, and D in Resource Booklet 90980R to answer this question.

(a) Complete the Analysis Measures Chart below for *Mobile World* for the year ended 31 March 2019.

Note: Percentages should be rounded to ONE decimal place.

Analysis Measures Chart for Mobile World				
Analysis measure	2018	2019		
Distribution cost %	30.0%			
Administrative expenses %	4.0%			
Finance cost %	1.5%			
Profit for the year %	4.5%	-2.3%		

Max is concerned about the loss for the year ended 31 March 2019. However, his accountant has told him not to be concerned and that it should improve next year.

(b) Write a report to Max to explain why he shouldn't be too concerned about the loss in 2019 and how he can ensure *Mobile World* returns to a profit in 2020.

Your report should include:

- the meaning of the distribution cost percentage for 2019
- a possible reason for the trend in the finance cost percentage
- a justified recommendation for Max on how to improve *Mobile World*'s distribution cost percentage that will not negatively impact sales

•	the impact of your recommendation on <i>Mobile World</i> 's profit in 2020.				

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QUESTION THREE

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Refer to Resources A, B, C, and D in Resource Booklet 90980R to answer this question.

(a) Complete the Analysis Measures Chart below for *Mobile World* for the year ended 31 March 2019.

Note: Ratios should be rounded to TWO decimal places.

Analysis Measures Chart for Mobile World			
Analysis measure	2018	2019	
Current ratio	6.25:1		
Liquid ratio	1.63:1		
Equity ratio	0.69:1		

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Max is concerned abo	ut the decrease in ed	quity ratio.	
Justify ONE recommendation			

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

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