NZQA

NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

Level 1 Accounting, 2016

90980 Interpret accounting information for sole proprietors

9.30 a.m. Tuesday 22 November 2016
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.

Pull out Resource Booklet 90980R from the centre of this booklet.

You should attempt ALL the questions in 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.

TOTAL

QUESTION ONE

Refer to **Resource A** and **Resource B** in **Resource Booklet 90980R** to answer this question.

(a) Complete the Analysis Measures chart below for *ARTZ*.
Note: Percentages should be rounded to the nearest whole number.

Analysis Measures chart for *ARTZ*

Analysis Measure	2015	2016
Mark-up %	120%	
Gross profit %	50%	

(b) Explain what the 2015 mark-up percentage of 120% means for *ARTZ*.

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(c) Fully explain ONE possible reason for the trend in the mark-up percentage for *ARTZ*.

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(d) Justify a recommendation that would allow *ARTZ* to continue to improve the gross profit percentage.

Recommendation:

Justification:

QUESTION TWO

Refer to **Resource A** and **Resource B** in **Resource Booklet 90980R** to answer this question.

(a)   Complete the Analysis Measures chart below for *ARTZ*.
Note: Percentages should be rounded to the nearest whole number.

Analysis Measures chart for *ARTZ*

Analysis Measure	2015	2016
Distribution cost %	13%	
Profit for the year %	37%	

(b)   Write a report to Kobe to explain the distribution cost percentage for *ARTZ*.
Your report should include:
- the meaning of the distribution cost percentage for 2016
- a possible reason for the trend in the distribution cost percentage
- a recommendation for how *ARTZ* could improve the distribution cost percentage
- a justification for how your recommendation could improve the distribution cost percentage, and the impact your recommendation would have on the profit for the year percentage.

QUESTION THREE

Refer to **ALL** of **Resource Booklet 90980R** to answer this question.

(a)   Complete the Analysis Measures chart below for *ARTZ*.
      Note: Ratios should be rounded to two decimal places.

Analysis Measures chart for *ARTZ*

Analysis Measure	2015	2016
Current ratio	2.10:1	
Liquid ratio	1.35:1	

(b)   Explain what the 2015 liquid ratio of 1.35:1 means for *ARTZ*.

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(c)   Fully explain ONE possible reason for the trend in the liquid ratio from 2015 to 2016 for *ARTZ*.

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(d) Justify a recommendation that would enable *ARTZ* to improve the liquid ratio, other than Kobe investing cash in *ARTZ*.

Recommendation:

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Justification:

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

QUESTION NUMBER

90980