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



Mana Tohu Mātauranga o Aotearoa New Zealand Qualifications Authority

Level 1 Accounting 2023

90980 Interpret accounting information for sole proprietors

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.

Do not write in any cross-hatched area (only write in any cross-hatched area will be cut off when the booklet is marked.

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

QUESTION ONE

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

(a) Complete the analysis measures chart below for *Sporting Specialists* for the year ended 31 March 2023. **Note:** Percentages should be rounded to ONE decimal place.

Analysis measures chart for Sporting Specialists

Analysis measure	2022	2023
% change in sales	+ 8.4%	%
Mark up %	86.9%	%
Gross profit %	46.5%	%

(b) Shannon is interested in the impact the change in inventory being sold has had on the profitability of *Sporting Specialists*.

Write a report to fully explain the changes in the sales, mark up, and gross profit percentages from 2022 to 2023 for *Sporting Specialists*.

Your report should include:

- what the 2022 percentage change in sales of 8.4% means for Sporting Specialists
- one reason for the trend in mark up percentage from 2022 to 2023 for Sporting Specialists

•	a justified recommendation to improve the gross profit percentage for Sporting Specialists

QUESTION TWO

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

(a) Complete the analysis measures chart below for *Sporting Specialists* for the year ended 31 March 2023. **Note:** Percentages should be rounded to ONE decimal place.

Analysis measures chart for Sporting Specialists

Analysis measure	2022	2023
Distribution cost %	22.8%	%
Finance cost %	0.9%	%
Profit for the year %	8.2%	%

(b)	Describe the meaning of the 2022 finance cost percentage of 0.9% for <i>Sporting Specialists</i> .
(c)	Fully explain one reason for the trend in distribution cost percentage from 2022 to 2023 for Sporting Specialists.

Justify one recommendation to improve the distribution cost percentage for <i>Sporting Specia</i> Explain the impact this will have on profit for the year. Do not repeat or reverse an answer from Question Two (c).						

QUESTION THREE

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

(a) Complete the analysis measures chart below for *Sporting Specialists* for the year ended 31 March 2023. **Note:** Ratios should be rounded to TWO decimal places.

Analysis measures chart for Sporting Specialists

Analysis measure	2022	2023
Current ratio	8.02:1	
Liquid ratio	0.96:1	0.56:1
Equity ratio	0.46:1	

(b)	Explain the meaning of the equity ratio of 0.46:1 in 2022 for Sporting Specialists.			
(c)	Fully explain one reason for the trend in the current ratio from 2022 to 2023 for <i>Sporting Specialists</i> .			

(d)	Justify one recommendation to improve the liquid ratio for Sporting Specialists.

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

QUESTION NUMBER		 	
NUMBER			