

90028R



## Level 1 Accounting, 2007

### 90028 Analyse and interpret information for a sole proprietor(s)

Credits: Four  
2.00 pm Tuesday 27 November 2007

#### RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 90028.

Check that this booklet has pages 2–3 in the correct order and that none of these pages is blank.

**YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.**

## RESOURCE ONE

### Analysis Ratios – Formulae Sheet

Mark-up %	$\frac{\text{Gross Profit}}{\text{Cost of Goods Sold}} \times \frac{100}{1}$
Gross Profit %	$\frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1}$
Distribution Expense %	$\frac{\text{Distribution Expenses}}{\text{Sales}} \times \frac{100}{1}$
Administration Expense %	$\frac{\text{Administration Expense}}{\text{Sales}} \times \frac{100}{1}$
Finance Cost %	$\frac{\text{Finance Costs}}{\text{Sales}} \times \frac{100}{1}$
Net Profit %	$\frac{\text{Net Profit}}{\text{Sales}} \times \frac{100}{1}$
Return on Average Equity %	$\frac{\text{Net Profit}}{\text{Average Equity}} \times \frac{100}{1}$
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Liquid Ratio	$\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities} - \text{Secured Overdraft}}$
Equity Ratio	$\frac{\text{Owner's Equity}}{\text{Total Assets}}$
Percentage Change	$\frac{\text{Year 2} - \text{Year 1}}{\text{Year 1}} \times \frac{100}{1}$

## RESOURCE TWO

**Barry's Music Store**  
**Assets, Liabilities and Equity**  
**as at 31 March 2007**

What <i>Barry's Music Store</i> Owns			Financed By	
<b>Current Assets</b>			<b>Equity</b>	
Accounts Receivable	5 000		Capital (Barry)	48 000
Inventory	40 000			
			<b>Current Liabilities</b>	
<b>Property Plant and Equipment</b>	75 000		Bank Overdraft (secured)	10 000
			Accounts Payable	20 000
			<b>Non-current Liabilities</b>	42 000
<b>Total Assets</b>	<u>120 000</u>			<u>120 000</u>

