

90225R



Level 2 Accounting, 2008

90225 Analyse and interpret information and make recommendation(s) for a sole proprietor

Credits: Four
9.30 am Thursday 27 November 2008

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Accounting 90225.

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.

Analysis measures formulae

Analysis measure	Formula
Mark-up percentage	$\frac{\text{Gross profit}}{\text{Cost of goods sold}} \times 100$
Café expense percentage	$\frac{\text{Café expenses}}{\text{Sales}} \times 100$
Net profit percentage	$\frac{\text{Profit for the year}}{\text{Sales}} \times 100$
Return on total assets percentage	$\frac{\text{Profit for the year} + \text{Interest}}{\text{Average total assets}} \times 100$
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Liquid ratio	$\frac{\text{Current assets less inventory}}{\text{Current liabilities less secured bank overdraft}}$
Inventory turnover	$\frac{\text{Cost of goods sold}}{\text{Average inventory}}$
Age of accounts receivable	$\frac{\text{Average accounts receivable} \times 365}{\text{Credit sales} \times 1.125}$

RESOURCE ONE

Full of Beanz, owned by Amali, is a café specialising in providing breakfast and lunch to cash customers. *Full of Beanz* also provides catered lunches for local businesses, which are able to operate credit accounts.

The following information was extracted from *Full of Beanz*' annual financial statements for the year ended 31 March 2008.

Full of Beanz
Income Statement (extract)
 for the year ended 31 March 2008

Sales (10% on credit)	\$400 000
Cost of goods sold	125 000
Gross profit	275 000
Café expenses	130 000
Administrative expenses	60 000
Finance costs (interest)	25 000
Profit for the year	60 000

Full of Beanz
Balance sheet (extract)

as at 31 March	2007	2008
Current assets		
Bank	2 000	—
Accounts receivable	800	900
Inventory	5 000	4 800
Non-current assets		
Property, plant and equipment		
Total carrying amount	220 000	260 000
Current liabilities		
Bank overdraft (secured limit \$10 000)	—	8 000
Accounts payable	2 300	2 800
GST	700	500