

## Achievement Standard

**Subject Reference** Accounting 1.5

**Title** Interpret accounting information for sole proprietors

**Level** 1      **Credits** 4      **Assessment** External

**Subfield** Accounting

**Domain** Accounting - Generic

**Status** Registered      **Status date** 17 November 2011

**Planned review date** 31 December 2020      **Date version published** 20 November 2014

This achievement standard involves interpreting accounting information for sole proprietors.

### Achievement Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<ul style="list-style-type: none"> <li>Interpret accounting information for sole proprietors.</li> </ul>	<ul style="list-style-type: none"> <li>Soundly interpret accounting information for sole proprietors.</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensively interpret accounting information for sole proprietors.</li> </ul>

### Explanatory Notes

1 This achievement standard is aligned with *The New Zealand Curriculum*, Learning Media, Ministry of Education, 2007, and is related to the material in the *Teaching and Learning Guide for Accounting*, Ministry of Education, 2011 at <http://seniorsecondary.tki.org.nz>.

2 *Interpret accounting information for sole proprietors* means:

- describing the financial performance and financial position by typically:
  - describing analysis measures using elements of the formulae
  - giving reasons for trends.

*Soundly interpret accounting information for sole proprietors* means:

- explaining the financial performance and financial position by typically:
  - explaining analysis measures
  - making recommendations.

*Comprehensively interpret accounting information for sole proprietors* means:

- explaining in detail the financial performance and financial position by typically:
  - fully explaining analysis measures
  - fully explaining reasons for trends
  - explaining interrelationships limited to mark-up/gross profit/expense/profit relationships and the current/liquid ratio relationship
  - justifying a recommendation.

3 The sole proprietor firms are registered for GST on the payments basis and are either:

- service firms and/or
- trading firms that use a periodic inventory system.

4 Analysis measures may be selected from:

- Measures of profitability:
  - percentage change
  - comparison of dollars amounts
  - mark-up/gross profit percentages
  - expense/cost percentages
  - profit percentage.
- Measures of liquidity:
  - current ratio
  - liquid ratio.
- Measure of financial stability:
  - equity ratio.

Note: Formulae will be provided for the analysis measures.

5 *Information* will be selected from:

- analysis measures
- financial information presented in graphical, vertical, narrative, or T-form
- comparative figures from financial statements
- non-financial information.

6 Assessment Specifications for this achievement standard can be accessed through the Accounting Resources page found at <http://www.nzqa.govt.nz/qualifications-standards/qualifications/ncea/ncea-subject-resources/>.

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### Replacement Information

This achievement standard replaced unit standard 7362.

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**Quality Assurance**

- 1 Providers and Industry Training Organisations must have been granted consent to assess by NZQA before they can register credits from assessment against achievement standards.
- 2 Organisations with consent to assess and Industry Training Organisations assessing against achievement standards must engage with the moderation system that applies to those achievement standards.

Consent and Moderation Requirements (CMR) reference

0233