

Achievement Standard

Subject Reference Accounting 2.6

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

Level 2 **Credits** 4 **Assessment** External

Subfield Accounting

Domain Accounting - Generic

Status Expiring **Status date** 17 November 2011

This achievement standard is expiring. Assessment against the standard must take place before the expiry date set out below.

Expiry date 31 December 2011 **Date version published** 17 November 2011

This achievement standard involves analysing and interpreting analysis measures and other information for a sole proprietor business, and making recommendation(s).

Achievement Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<ul style="list-style-type: none"> • Analyse financial information. • Interpret information and make recommendation(s). 	<ul style="list-style-type: none"> • Analyse a range of financial information. • Interpret a range of information and make recommendation(s). 	<ul style="list-style-type: none"> • Analyse a wide range of financial information. • Interpret a wide range of information and make justified recommendation(s).

Explanatory Notes

- 1 This achievement standard is related to *Accounting Curriculum for New Zealand Schools*, Ceta Resources and Curriculum Services, New Zealand Commerce and Economics Teachers' Association (NZCETA), 1998, (revision #1, Dec 1999); Level 2 Decision Making strand, pp. 34–36.
- 2 A *wide range* would typically involve nearly all of explanatory notes 3 and 6. A *recommendation* details a strategy that will improve an identified weakness. A *justified recommendation* explains how the recommendation will improve the identified weakness.

- 3 *Analyse financial information* means calculate analysis measures selected from:
- measures of profitability
 - mark-up percentage
 - gross profit percentage
 - expenses percentages
 - net profit percentage
 - return on equity percentage
 - rate of return on total assets percentage
 - measures of liquidity
 - working capital
 - current ratio/working capital ratio
 - liquid ratio/quick asset ratio
 - measures of financial stability
 - equity ratio
 - measures of management effectiveness
 - inventory turnover
 - age of accounts receivable.
- 4 Formulae will be provided for analysis measures.
- 5 *Information* will be selected from:
- analysis measures
 - financial information presented as graphs, tables or financial statements
 - comparative figures
 - non-financial information.
- 6 *Interpret information* will include using the context to:
- explain the analysis ratios
 - explain possible reasons for trends
 - explain possible consequences of a continued trend
 - provide links between analysis measures and other information
 - provide links between related analysis measures
 - validly comment on an entity's financial performance, and/or financial position, and/or cash flows, using comparative figures (including industry averages) and results of analysis
 - compare the financial and/or non-financial information relating to the business, or to two sole proprietor businesses.

Replacement Information

This achievement standard has been replaced by AS91177.

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

0226