

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** 30 November 2010

Planned review date 31 December 2014 **Date version published** 22 February 2011

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"> Interpret accounting information for sole proprietors. 	<ul style="list-style-type: none"> Soundly interpret accounting information for sole proprietors. 	<ul style="list-style-type: none"> Comprehensively interpret accounting information for sole proprietors.

Explanatory Notes

Version 1 of this achievement standard was republished to clarify the step up in quality between the grades. Minor amendments were made to each grade definition in explanatory note 2.

- This achievement standard is aligned with *The New Zealand Curriculum*, Learning Media, Ministry of Education, 2007.
- Interpret accounting information for sole proprietors means:
 - describing the financial performance and financial position by typically:
 - describing analysis measures using elements of the formulae
 - describing trends.

Soundly interpret accounting information for sole proprietors means:

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

Quality Assurance

- 1 Providers and Industry Training Organisations must be accredited by NZQA before they can register credits from assessment against achievement standards.
- 2 Accredited providers and Industry Training Organisations assessing against achievement standards must engage with the moderation system that applies to those achievement standards.

Accreditation and Moderation Action Plan (AMAP) reference

0233