

Assessment Schedule – 2012

Accounting: Interpret accounting information for sole proprietors (90980)

Evidence Statement

Question	Evidence															
<p>ONE (a)</p>	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" data-bbox="304 421 1126 519">Analysis measures chart for <i>Skaters</i></th> </tr> <tr> <th data-bbox="304 519 667 595">Analysis measure</th> <th data-bbox="667 519 932 595">2011</th> <th data-bbox="932 519 1126 595">2012</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 595 667 689">% Change in sales</td> <td data-bbox="667 595 932 689" style="text-align: center;">10 %</td> <td data-bbox="932 595 1126 689" style="text-align: center;">20 %</td> </tr> <tr> <td data-bbox="304 689 667 779">Mark-up %</td> <td data-bbox="667 689 932 779" style="text-align: center;">33 %</td> <td data-bbox="932 689 1126 779" style="text-align: center;">25 %</td> </tr> <tr> <td data-bbox="304 779 667 869">Gross profit %</td> <td data-bbox="667 779 932 869" style="text-align: center;">25 %</td> <td data-bbox="932 779 1126 869" style="text-align: center;">20 %</td> </tr> </tbody> </table>	Analysis measures chart for <i>Skaters</i>			Analysis measure	2011	2012	% Change in sales	10 %	20 %	Mark-up %	33 %	25 %	Gross profit %	25 %	20 %
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% Change in sales	10 %	20 %														
Mark-up %	33 %	25 %														
Gross profit %	25 %	20 %														
(b)	<p><i>Skaters</i>’ sales have increased by 20 % from 2011 to 2012</p>															
(c)	<p><i>Skaters</i> has decreased its mark-up percentage, which decreases its selling price – meaning customers are more attracted to <i>Skaters</i>’ prices and purchase more (<i>Skaters</i>’ mark-up percentage is now lower than the industry average), increasing sales and increasing percentage change in sales.</p> <p>OR</p> <p><i>Skaters</i> has increased its advertising, which will attract more customers, generating more sales and increasing its percentage change in sales.</p>															
(d)	<p>Recommendation: <i>Skaters</i> could increase its mark-up percentage.</p> <p>Justification: By increasing mark-up percentage (without affecting the demand), <i>Skaters</i> would be able to generate more profit from each sale, increasing the selling price – but keeping the cost of goods sold the same, thereby increasing the gross profit percentage.</p> <p>OR</p> <p>Recommendation: <i>Skaters</i> could source its skates / roller blades / skateboards from a cheaper supplier.</p> <p>Justification: By sourcing its skates / roller blades / skateboards from a cheaper supplier, and keeping its selling price the same, this would decrease the cost of goods sold, and increase <i>Skaters</i>’ mark-up and gross profit percentage, WHILE not affecting the quality of the goods.</p>															

Judgement Statement – Question One

N1	N2	A3	A4	M5	M6	E7	E8
<ul style="list-style-type: none"> gives ONE description. 	<ul style="list-style-type: none"> calculates ONE analysis measure and gives ONE description. 	<p>TWO of:</p> <ul style="list-style-type: none"> calculates analysis measures describes percentage change in sales describes a reason for the trend in percentage change in sales. 	<ul style="list-style-type: none"> calculates analysis measures describes percentage change in sales describes a reason for the trend in percentage change in sales. 	<p>TWO of:</p> <ul style="list-style-type: none"> explains the percentage change in sales explains a reason for the trend in percentage change in sales makes a recommendation for improving gross profit percentage. 	<ul style="list-style-type: none"> explains a reason for the trend in percentage change in sales makes a recommendation for improving gross profit percentage. 	<ul style="list-style-type: none"> fully explains a reason for the trend in percentage change in sales justifies a recommendation for improving gross profit percentage. 	<ul style="list-style-type: none"> fully explains a reason for the trend in percentage change in sales justifies a recommendation for improving gross profit percentage fully explains percentage change in sales by reference to the industry average in (b) or (c).

N0 = No response; no relevant evidence.

Question	Evidence															
<p>TWO (a)</p>	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="3" data-bbox="304 293 1414 367">Analysis measures chart for <i>Skaters</i></th> </tr> <tr> <th data-bbox="304 367 670 450">Analysis measure</th> <th data-bbox="670 367 1045 450">2011</th> <th data-bbox="1045 367 1414 450">2012</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 450 670 539">Distribution costs %</td> <td data-bbox="670 450 1045 539">12 %</td> <td data-bbox="1045 450 1414 539">14 %</td> </tr> <tr> <td data-bbox="304 539 670 622">Administrative expense %</td> <td data-bbox="670 539 1045 622">7 %</td> <td data-bbox="1045 539 1414 622">3 %</td> </tr> <tr> <td data-bbox="304 622 670 696">Profit for the year %</td> <td data-bbox="670 622 1045 696">5 %</td> <td data-bbox="1045 622 1414 696">3 %</td> </tr> </tbody> </table>	Analysis measures chart for <i>Skaters</i>			Analysis measure	2011	2012	Distribution costs %	12 %	14 %	Administrative expense %	7 %	3 %	Profit for the year %	5 %	3 %
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Distribution costs %	12 %	14 %														
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Profit for the year %	5 %	3 %														
(b)	<p>For every dollar of sales 7 cents is an administrative expense for <i>Skaters</i>. OR 7 percent of <i>Skaters</i>' sales have been spent on administrative expenses, eg telephone.</p>															
(c)	<p><i>Skaters</i> could have increased its advertising to encourage more sales, or to increase its customer base, which would have caused advertising expense percentage to increase, <i>decreasing profit</i>.</p> <p><i>Skaters</i> could have decreased the usage of its internet, or changed to a cheaper supplier, or changed their plan by decreasing its data allowance, which decreases <i>Skaters</i>' internet expense, <i>increasing profit</i>.</p>															
(d)	<p>Recommendation: <i>Skaters</i> needs to spend less on shop rent by negotiating a better rent or moving to cheaper premises (or any relevant distribution cost).</p> <p>Justification: Moving to cheaper premises decreases shop rent (or any relevant distribution cost), distribution cost percentage and increases profit percentage.</p>															

Judgement Statement – Question Two

N1	N2	A3	A4	M5	M6	E7	E8
<ul style="list-style-type: none"> • Gives ONE description. 	<ul style="list-style-type: none"> • Calculates ONE analysis measure and gives ONE description. 	<p>Calculates TWO analysis measures</p> <p>AND</p> <p>TWO of:</p> <ul style="list-style-type: none"> • describes the administrative expense percentage • describes a reason for the trend in advertising percentage • describes a reason for the trend in the internet expense percentage. 	<p>Calculates TWO analysis measures</p> <p>AND</p> <ul style="list-style-type: none"> • describes a reason for the trend in advertising percentage • describes a reason for the trend in the internet expense percentage. 	<p>THREE of:</p> <ul style="list-style-type: none"> • explains the administrative expense percentage • explains a reason for the trend in advertising expense percentage • explains a reason for the trend in internet expense percentage • makes a recommendation for improving distribution cost percentage. 	<ul style="list-style-type: none"> • Explains a reason for the trend in advertising expense percentage • explains a reason for the trend in internet expense percentage • makes a recommendation for improving distribution cost percentage. 	<p>TWO of:</p> <ul style="list-style-type: none"> • fully explains a reason for the trend in advertising expense percentage by linking to relevant expense group percentage • fully explains a reason for the trend in the internet expense percentage • justifies a recommendation for improving distribution cost percentage. 	<ul style="list-style-type: none"> • Fully explains a reason for the trend in advertising expense percentage by linking to relevant expense group percentage • fully explains a reason for the trend in the internet expense percentage • justifies a recommendation for improving distribution cost percentage.

N0 = No response; no relevant evidence.

Question	Evidence		
THREE (a)	Ratio	2011	2012
	Current Ratio	0.90:1	1.25:1
	Liquid Ratio	0.60:1	0.20:1
	Equity Ratio	0.55:1	0.42:1
(b)	For every \$1 of current liabilities, <i>Skaters</i> has 90 cents of current assets, which means that <i>Skaters</i> may not be able to meet its current / short-term debts.		
(c)	A reason for the low liquid ratio is that <i>Skaters</i> is carrying a large amount of inventory. This increases the current assets and current ratio, but means that as inventory is not liquid – it creates a low liquid ratio.		
(d)	Recommendation: Wiremu could invest cash and/or assets into the business Justification: Wiremu investing cash and/or assets, which increases equity, which would increase the equity ratio.		

Judgement Statement – Question Three

N1	N2	A3	A4	M5	M6	E7	E8
<ul style="list-style-type: none"> • Gives ONE description. 	<ul style="list-style-type: none"> • Calculates ONE analysis measure and gives ONE description. 	Calculates ONE analysis measure AND ONE of: <ul style="list-style-type: none"> • describes the current ratio by referring to current assets / current liabilities • describes a reason for the low liquid ratio. 	Calculates ONE analysis measure AND <ul style="list-style-type: none"> • describes the current ratio by referring to current assets / current liabilities • describes a reason for the low liquid ratio. 	THREE of: <ul style="list-style-type: none"> • calculates TWO analysis measures • explains the current ratio • makes a recommendation for improving the equity ratio • explains a reason for the low liquid ratio. 	<ul style="list-style-type: none"> • Explains the current ratio • makes a recommendation for improving the equity ratio • explains a reason for the low liquid ratio. 	<ul style="list-style-type: none"> • Fully explains the interrelationship between current ratio and liquid ratio by explaining that inventory is not part of the liquid ratio • justifies a recommendation for improving the equity ratio. 	<ul style="list-style-type: none"> • Fully explains the interrelationship between current ratio and liquid ratio by explaining that inventory is not part of the liquid ratio • justifies a recommendation for improving the equity ratio (states how the recommendation affects both parts of the ratio).

N0 = No response; no relevant evidence.

Judgement Statement

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score range	0 – 7	8 – 14	15 – 18	19 – 24