

Assessment Schedule – 2013

Accounting: Interpret accounting information for sole proprietors (90980)

Evidence Statement

Question	Evidence															
ONE (a)	<table border="1" style="margin: auto;"> <thead> <tr> <th colspan="3" style="text-align: center;">Analysis Measures chart for <i>Seconds</i></th> </tr> <tr> <th style="text-align: center;">Analysis Measure</th> <th style="text-align: center;">2012</th> <th style="text-align: center;">2013</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">% Change in sales</td> <td style="text-align: center;">30%</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="text-align: center;">Mark-up %</td> <td style="text-align: center;">186%</td> <td style="text-align: center;">150%</td> </tr> <tr> <td style="text-align: center;">Gross profit %</td> <td style="text-align: center;">65%</td> <td style="text-align: center;">60%</td> </tr> </tbody> </table>	Analysis Measures chart for <i>Seconds</i>			Analysis Measure	2012	2013	% Change in sales	30%	50%	Mark-up %	186%	150%	Gross profit %	65%	60%
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(b)	<p><i>Seconds</i> added 186% onto the cost price of the goods to get the selling price.</p>															
(c)	<p><i>Seconds</i> decreased mark up or selling price, which attracted more customers, increasing sales, increasing the percentage change in sales</p> <p>OR</p> <p><i>Seconds</i> changed to selling better quality goods, which attracted more customers, increasing sales, increasing the percentage change in sales</p> <p>OR</p> <p><i>Seconds</i> opened an online store. This increased the customer base that <i>Seconds</i> had increasing sales – which increased the percentage change in sales.</p> <p>OR</p> <p><i>Seconds</i> increased their advertising. This increased the amount of awareness for customers that <i>Seconds</i> had increasing sales – which increased the percentage change in sales.</p>															
(d)	<p>The cost of goods sold has increased for <i>Seconds</i>, as they have started to stock better quality items with a higher cost price, which increases the cost of goods sold, and with an unchanged selling price it decreases the mark up percentage, decreasing the gross profit percentage.</p>															

N1	N2	A3	A4	M5	M6	E7	E8
Gives ONE description.	Calculates ONE analysis measure and gives ONE description.	TWO of: <ul style="list-style-type: none"> • calculates analysis measures • describes mark-up percentage • describes a reason for the trend in percentage change in sales. 	<ul style="list-style-type: none"> • Calculates analysis measures • describes mark-up percentage • describes a reason for the trend in percentage change in sales. 	TWO of: <ul style="list-style-type: none"> • explains mark-up percentage • explains a reason for the trend in percentage change in sales • explains a reason for the change in cost of goods sold. 	<ul style="list-style-type: none"> • Explains mark-up • explains a reason for the trend in percentage change in sales • explains a reason for the change in cost of goods sold. 	<ul style="list-style-type: none"> • Fully explains a reason for the change in the cost of goods sold • fully explains a reason for the trend in percentage change in sales. 	<ul style="list-style-type: none"> • Fully explains a reason for the trend in percentage change in sales • fully explains a reason for the change in cost of goods sold • adds link to the selling price.

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="347 293 1353 360">Analysis Measures chart for Seconds</th> </tr> <tr> <th data-bbox="347 365 820 432">Analysis Measure</th> <th data-bbox="823 365 1050 432">2012</th> <th data-bbox="1053 365 1353 432">2013</th> </tr> </thead> <tbody> <tr> <td data-bbox="347 436 820 481">Distribution Cost %</td> <td data-bbox="823 436 1050 481">20%</td> <td data-bbox="1053 436 1353 481">24%</td> </tr> <tr> <td data-bbox="347 486 820 530">Administrative Expense %</td> <td data-bbox="823 486 1050 530">10%</td> <td data-bbox="1053 486 1353 530">12%</td> </tr> <tr> <td data-bbox="347 535 820 580">Finance Cost %</td> <td data-bbox="823 535 1050 580">2%</td> <td data-bbox="1053 535 1353 580">3%</td> </tr> <tr> <td data-bbox="347 584 820 629">Profit for the year %</td> <td data-bbox="823 584 1050 629">33%</td> <td data-bbox="1053 584 1353 629">21%</td> </tr> </tbody> </table>							Analysis Measures chart for Seconds			Analysis Measure	2012	2013	Distribution Cost %	20%	24%	Administrative Expense %	10%	12%	Finance Cost %	2%	3%	Profit for the year %	33%	21%
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<p>(b)</p>	<p>In 2013, for every dollar of sales 21 cents is profit for the year for <i>Seconds</i></p> <p><u>Reason for the profit for the period trend:</u></p> <p>The administrative expense percentage has increased because the internet usage has increased (due to the additional online store). This increases internet costs, increasing the administrative percentage, decreasing profit for the year and decreasing profit for the year percentage for <i>Seconds</i></p> <p>OR</p> <p>The distribution cost percentage has increased due to the promotion of the online store which increases advertising, increasing the distribution cost percentage, decreasing profit for the year and decreasing profit for the year percentage for the year for <i>Seconds</i></p> <p>OR</p> <p>The finance cost percentage has increased due to the additional borrowing which increases interest, increasing the finance cost percentage, decreasing profit for the year and decreasing profit for the year percentage for <i>Seconds</i></p> <p>OR</p> <p>The decrease in mark up from an increase in COGS through the purchasing of more high quality items, which decreases gross profit for the year and decreasing profit for the year percentage for <i>Seconds</i></p> <p><u>Recommendation:</u> <i>Seconds</i> could improve the profit for the year percentage by paying off some of the additional loan/ find a cheaper internet supplier/ advertise more effectively/ increase the markup by increasing the selling price (or any other relevant recommendation)</p> <p><u>Justification:</u> Paying off the additional loan decreases interest on loan, decreases the finance cost and increases the profit for the year percentage</p>																								
N1	N2	A3	A4	M5	M6	E7	E8																		
<p>Gives ONE description.</p>	<p>Calculates ONE analysis measure and gives ONE description.</p>	<p>Calculates THREE analysis measures AND ONE of:</p> <ul style="list-style-type: none"> • describes the profit for the year percentage • describes a reason for the trend in profit for the year percentage. 	<p>Calculates THREE analysis measures AND</p> <ul style="list-style-type: none"> • describes the profit for the year percentage • describes a reason for the trend in profit for the year percentage. 	<p>ONE of:</p> <ul style="list-style-type: none"> • explains a reason for the trend in profit for the year percentage • makes a recommendation for improving profit for the year percentage. 	<ul style="list-style-type: none"> • Explains a reason for the trend in profit for the year percentage • makes a recommendation for improving profit for the year percentage. 	<ul style="list-style-type: none"> • Fully explains a reason for the trend in profit for the year percentage • justifies a recommendation for improving profit for the year percentage. 	<ul style="list-style-type: none"> • Fully explains a reason for the trend in profit for the year percentage • justifies a recommendation for improving profit for the year percentage • makes reference to the industry average. 																		

Question	Evidence		
THREE (a)	Ratio	2012	2013
	Equity Ratio	0.65: 1	0.56: 1
	Liquid Ratio	2.00: 1	0.71: 1
(b)	The equity ratio for 2013 means for every dollar of total assets for <i>Seconds</i> , Lulu has contributed 56 cents. This means that Lulu has contributed more than outsiders.		
(c)	<p>A possible reason for the decrease in the liquid ratio is that <i>Seconds</i> has purchased inventory (or Property Plant and Equipment) which decreases bank (or accounts payable) which decreases liquid assets, decreasing the liquid ratio.</p> <p>OR</p> <p>Lulu has withdrawn extra cash from the business for personal use, which decreases bank, decreases liquid assets, decreasing the liquid ratio</p>		
(d)	<p><i>Recommendation:</i> <i>Seconds</i> could improve the equity ratio if Lulu invested more cash into the business.</p> <p><i>Justification:</i> Which increases equity, increasing the equity ratio. This means that Lulu would be able to improve the equity ratio in order to apply for more borrowing from the bank.</p>		

N1	N2	A3	A4	M5	M6	E7	E8
Gives ONE description.	Calculates analysis measure and gives ONE description.	TWO of: <ul style="list-style-type: none"> Calculates analysis measure describes the equity ratio describes a reason for the trend in liquid ratio. 	<ul style="list-style-type: none"> Calculates analysis measure describes the equity ratio describes a reason for the trend in liquid ratio. 	TWO of: <ul style="list-style-type: none"> explains the equity ratio makes a recommendation for improving the equity ratio explains a reason for the trend in liquid ratio. 	<ul style="list-style-type: none"> Explains the equity ratio makes a recommendation for improving the equity ratio explains a reason for the trend in liquid ratio. 	<ul style="list-style-type: none"> Fully explains the trend in the liquid ratio justifies a recommendation for improving the equity ratio. 	<ul style="list-style-type: none"> Fully explains the trend in the liquid ratio justifies a recommendation for improving the equity ratio. Makes reference to additional borrowing

N0 = No response; no relevant evidence.

Judgement Statement

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score range	0 – 7	8 – 13	14 – 18	19 – 24