

Assessment Schedule – 2014**Accounting: Interpret accounting information for entities that operate accounting subsystems (91177)****Evidence Statement****Question One**

(a)

Analysis measure	2014
Percentage change in sales	20%
Gross Profit percentage	50%

- (b) The mark-up percentage of 100% means that Brianna adds 100% (on average) to the cost of chocolates, fudge, etc to get the selling price. The mark-up percentage is unchanged, but the prices will be lower in 2014 because of the 100% mark-up being applied to the lower cost being charged by suppliers. The unchanged mark-up percentage and, therefore, lower prices have been successful, as it has resulted in sales increasing by 20% because the fudge (lollie) prices are lower compared to competitors, making it more appealing to customers to buy *Sweetworld's* fudge etc. The increase in sales has resulted in the profit increasing by \$4 000.

N1	N2	A3	A4	M5	M6	E7	E8
Gives one description.	TWO of: <ul style="list-style-type: none"> calculates analysis measures describes mark-up percentage describes how an unchanged mark-up percentage will affect the price describes how the unchanged mark-up percentage has contributed to the success. 	THREE of: <ul style="list-style-type: none"> calculates analysis measures describes mark-up percentage describes how an unchanged mark-up percentage will affect the price describes how the unchanged mark-up percentage has contributed to the success. 	ALL of: <ul style="list-style-type: none"> calculates analysis measures describes mark-up percentage describes how an unchanged mark-up percentage will affect the price describes how the unchanged mark-up percentage has contributed to the success. 	Explains how the unchanged mark-up percentage has seen lower prices in 2014. This is because the same mark-up percentage has been applied to the lower cost.	Explains how the unchanged mark-up percentage has seen lower prices in 2014. This is because the same mark-up percentage has been applied to the lower cost, resulting in sales growth.	Justifies that the unchanged mark-up percentage has seen lower prices in 2014 compared to competitors . This is because the same mark-up percentage has been applied to the lower cost, which has resulted in sales growth, as customers have responded to the lower prices.	Justifies that the unchanged mark-up percentage has seen lower prices in 2014 compared to competitors . This is because the same mark-up percentage has been applied to the lower cost, which has resulted in 20% sales growth, as customers have responded to the lower prices, which then resulted in a profit growth of \$4 000 .

N0 = No response; no relevant evidence.

Question Two

(a)

Analysis measure	2014
Finance cost percentage	0.6%
Net profit percentage	12.3%

(b)

The trend in the net profit percentage means that *Sweetworld* is earning 1.5 cents less profit from each sales dollar than it was a year ago. The major reason for the trend is that the administrative expense percentage has increased by 2.1%, which is a result of an increase in administrative expenses faster than sales because of the need to hire a new office person. The finance cost percentage has reduced the impact of the increase in administrative expenses because it fell by 0.7% because of less interest being paid on the reduced loan. The lower finance cost percentage means the net profit percentage didn't fall by as much as it might have. It is likely that the trend may not continue as there is no indication that there will be an increase in administrative expenses from office staff, as Brianna has indicated that there won't be a need to hire a new office person to meet the likely office-related tasks generated by the forecast new sales in 2014 market research as indicated for the industry.

N1	N2	A3	A4	M5	M6	E7	E8
Gives one description	TWO of: <ul style="list-style-type: none"> calculates analysis measures describes the meaning of the net profit % trend describes a reason for the trend describes how finance costs impacted on net profit percentage. 	THREE of: <ul style="list-style-type: none"> calculates analysis measures describes the meaning of the net profit % trend describes a reason for the trend describes how finance costs impacted on net profit percentage. 	ALL of: <ul style="list-style-type: none"> calculates analysis measures describes the meaning of the net profit % trend describes a reason for the trend describes how finance costs impacted on net profit percentage. 	ONE of: <ul style="list-style-type: none"> explains a reason for the trend in net profit % based on administrative expenses explains how the finance cost % has fallen. 	BOTH of: <ul style="list-style-type: none"> explains a reason for the trend in net profit % based on administrative expenses explains how the finance cost % has fallen. 	Justifies that Brianna shouldn't be concerned based on the administrative expense % reason for the trend AND an explanation of why the trend is unlikely to continue in 2015.	Justifies that Brianna shouldn't be concerned based on the administrative expense % reason for the trend AND an explanation of why the trend is unlikely to continue in 2015 AND explains how the finance cost % falling reduced the impact of administrative expense %. The Net Profit percentage should therefore continue to improve.

N0 = No response; no relevant evidence.

Question Three

(a)

Analysis measure	2014
Equity ratio	0.85:1

- (b) The 0.85:1 equity ratio indicates that Brianna has financed 85% of the assets of *Sweetworld*. Brianna has cashed in \$23 000 of the investment, and she has used it to pay off the loan as it has reduced by \$35 000 meaning that the proportion of assets she has financed has increased. An equity ratio as high as 0.85:1 will benefit Brianna, as she will be able to more easily attract loan finance from external sources, as there is less risk associated with lending to her with a ratio so high, as there would be more security for lenders. Thus, she would more easily be able to borrow to finance the expansion of her shop.

N1	N2	A3	A4	M5	M6	E7	E8
Gives one description.	TWO of: <ul style="list-style-type: none"> calculates analysis measure describes the meaning of equity ratio describes how Brianna influenced the equity ratio describes how the equity ratio will benefit Brianna in 2015. 	THREE of: <ul style="list-style-type: none"> calculates analysis measure describes the meaning of equity ratio describes how Brianna influenced the equity ratio describes how the equity ratio will benefit Brianna in 2015. 	ALL of: <ul style="list-style-type: none"> calculates analysis measure describes the meaning of equity ratio describes how Brianna influenced the equity ratio describes how the equity ratio will benefit Brianna in 2015. 	Explains the meaning of equity ratio with a link to what Brianna did to influence the trend.	<ul style="list-style-type: none"> Explains the meaning of equity ratio with a detailed link to Brianna cashing in the investment to reduce the loan. 	Justifies that <i>Sweetworld</i> is financially stable in the context of expanding the shop in 2015.	Justifies in detail that <i>Sweetworld</i> is financially stable in the context of expanding the shop in 2015.

N0 = No response; no relevant evidence.

Question Four

- (a) An inventory turnover of 36.9 times means on average the entire inventory of *Sweetworld* is sold 36.9 times in the year. The trend in inventory turnover is improving (up 6.1 times), which means it is being sold more quickly which is likely due to the lower prices *Sweetworld* has charged in 2014. It is expected that a shop like *Sweetworld* has a turnover of at least 30 times per year as the product such as the fudge needs to be quite fresh, so it needs to sell often, so that freshness is maintained.
- (b) The current ratio of 1.89:1 means that *Sweetworld* has \$1.89 of current assets to pay each dollar of current liabilities, which means the business should be able to pay its current debts as they fall due. The inventory turnover enhances this as even though the ratio has fallen, the higher turnover means the inventory that is part of the ratio is turned into cash more quickly than last year, meaning there is cash available to pay the current debts.

N1	N2	A3	A4	M5	M6	E7	E8
Gives one description.	ONE of: <ul style="list-style-type: none"> describes the meaning of inventory turnover describes the trend in inventory turnover describes the meaning of current ratio. 	TWO of: <ul style="list-style-type: none"> describes the meaning of inventory turnover describes the trend in inventory turnover describes the meaning of current ratio. 	ALL of: <ul style="list-style-type: none"> describes the meaning of inventory turnover describes the trend in inventory turnover describes the meaning of current ratio. 	ONE of: <ul style="list-style-type: none"> explains the meaning of inventory turnover with the reason for trend explains the meaning of the current ratio in the context of <i>Sweetworld</i>. 	BOTH of: <ul style="list-style-type: none"> explains the meaning of inventory turnover with the reason for trend explains the meaning of the current ratio in the context of <i>Sweetworld</i> and recognises that even though the ratio has fallen, it is still in a good position. 	Justifies <i>Sweetworld</i> inventory turnover in the context that the turnover is at a level that would be expected. OR justifies how the trend improves the liquidity of <i>Sweetworld</i> .	Justifies <i>Sweetworld</i> inventory turnover in the context that the turnover is at a level that would be expected AND makes it clear how the trend improves the liquidity of <i>Sweetworld</i> .

N0 = No response; no relevant evidence.

Cut Scores

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score Range	0 – 10	11 – 17	18 – 24	25 – 32