

Assessment Schedule – 2016

Accounting: Interpret accounting information for sole proprietors (90980)

Evidence

Question	Evidence						
ONE (a)	<table border="1"> <thead> <tr> <th>Analysis Measure</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Mark-up %</td> <td>150%</td> </tr> <tr> <td>Gross profit %</td> <td>60%</td> </tr> </tbody> </table>	Analysis Measure	2016	Mark-up %	150%	Gross profit %	60%
	Analysis Measure	2016					
	Mark-up %	150%					
Gross profit %	60%						
(b)	ARTZ adds 120% onto the cost of the artwork to get the selling price.						
(c)	ARTZ has increased the mark-up on Kobe selling more of his own art, which has no cost of goods sold, due to his parents gifting him his supplies, which increases mark-up, increasing the mark-up percentage.						
(d)	<p>ARTZ could sell more of Kobe's artwork, which has no cost of goods sold, increasing the mark-up, increasing gross profit, increasing the gross profit percentage.</p> <p>OR Kobe could increase the selling price of the art work he sells with the same cost of goods sold, increasing the mark-up, increasing gross profit, increasing the gross profit percentage.</p>						

Not Achieved	N0 No response; no relevant evidence
	N1 Gives ONE description.
	N2 Calculates ONE analysis measure and gives ONE description.
Achievement	<ul style="list-style-type: none"> Calculates analysis measures. Describes mark-up percentage. Describes a reason for the trend in mark-up percentage. <p>A3 TWO of the above A4 ALL of the above</p>
Achievement with Merit	<ul style="list-style-type: none"> Explains a reason for the trend in mark-up percentage. Makes a recommendation to improve the gross profit percentage. <p>M5 ONE of the above M6 BOTH of the above</p>
Achievement with Excellence	<ul style="list-style-type: none"> Fully explains a reason for the trend in mark-up percentage. Justifies a recommendation to improve the gross profit percentage. <p>E7 ONE of the above E8 BOTH of the above</p>

Question	Evidence						
TWO (a)	<table border="1"> <thead> <tr> <th>Analysis Measure</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Distribution cost %</td> <td>20%</td> </tr> <tr> <td>Profit for the year %</td> <td>30%</td> </tr> </tbody> </table>	Analysis Measure	2016	Distribution cost %	20%	Profit for the year %	30%
Analysis Measure	2016						
Distribution cost %	20%						
Profit for the year %	30%						
(b)	<p>In 2016, for every dollar of sales, 20 cents was spent on distribution costs for the year for ARTZ.</p> <p>Reason for the distribution cost percentage trend: <i>ARTZ</i> has sold more art work through the gallery because of the increase in sales, which increases the gallery fee; increasing the gallery expense increases the distribution costs, and, therefore, increasing the distribution cost percentage. Or any other valid reason.</p> <p>Recommendation: <i>ARTZ</i> could reduce/improve the distribution cost percentage by selling less art work through the gallery, and looking at selling it solely through the Internet (or any other relevant recommendation).</p> <p>Justification: Selling through the Internet would decrease or eliminate the gallery fees, decreasing the gallery expenses, the distribution costs, and the distribution cost percentage. This would increase the profit for the year, increasing the profit for the year percentage.</p>						

Not Achieved	N0 No response; no relevant evidence
	N1 Gives ONE description.
	N2 Calculates ONE analysis measure and gives ONE description.
Achievement	<ul style="list-style-type: none"> Calculates analysis measures. Describes the distribution cost percentage. Describes a reason for the trend in distribution cost percentage. <p>A3 TWO of the above (including first bullet) A4 ALL of the above</p>
Achievement with Merit	<ul style="list-style-type: none"> Explains a reason for the trend in distribution cost percentage. Makes a recommendation to improve the distribution cost percentage. <p>M5 ONE of the above M6 BOTH of the above</p>
Achievement with Excellence	<ul style="list-style-type: none"> Fully explains a reason for the trend in distribution cost percentage. Justifies a recommendation to improve/decrease the distribution cost percentage. <p>E7 ONE of the above E8 BOTH of the above</p>

Question	Evidence						
THREE (a)	<table border="1"> <thead> <tr> <th>Analysis measure</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Current ratio</td> <td>1.64:1</td> </tr> <tr> <td>Liquid ratio</td> <td>0.89:1</td> </tr> </tbody> </table>	Analysis measure	2016	Current ratio	1.64:1	Liquid ratio	0.89:1
Analysis measure	2016						
Current ratio	1.64:1						
Liquid ratio	0.89:1						
(b)	The liquid ratio for 2015 means for every dollar of immediate /liquid liabilities, <i>ARTZ</i> had 1.35:1 of immediate /liquid assets. This means that <i>ARTZ</i> could meet its immediate debts.						
(c)	A possible reason for the decrease in the liquid ratio is that on 1 February, <i>ARTZ</i> purchased art work from Kobe's friends for the art exhibition, which decreased bank (or increased accounts payable), which decreased liquid assets (or increased liquid liabilities) – thereby decreasing the liquid ratio. OR any other relevant reason						
(d)	Recommendation: <i>ARTZ</i> could improve the liquid ratio by extending the time on the loan from Kobe's family. Justification: This would change the liquid liability into a non current liability, decreasing the liquid liabilities – which would increase the liquid ratio. (Or any other relevant answer).						

Not Achieved	N0 No response; no relevant evidence
	N1 Gives ONE description.
	N2 Calculates ONE analysis measure and gives ONE description.
Achievement	<ul style="list-style-type: none"> Calculates analysis measures. Describes the liquid ratio. Describes a reason for the trend in liquid ratio. A3 TWO of the above A4 ALL of the above
Achievement with Merit	<ul style="list-style-type: none"> Explains a reason for the trend in liquid ratio. Makes a recommendation to improve the liquid ratio. M5 ONE of the above M6 ALL of the above
Achievement with Excellence	<ul style="list-style-type: none"> Fully explains a reason for the trend in liquid ratio. Justifies a recommendation to improve the liquid ratio. E7 ONE of the above E8 BOTH of the above

Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 6	7 – 12	13 – 18	19 – 24