

**Assessment Schedule – 2017**

**Accounting: Interpret accounting information for sole proprietors (90980)**

**Evidence**

Question ONE	Sample Evidence		Achievement	Achievement with Merit	Achievement with Excellence
(a)	<b>Analysis Measure</b>	<b>2017</b>	Calculates 2/3 analysis measures.		
	Percentage change in lesson fees received	34.0%			
	Music lesson cost %	63.4%			
	Music teachers' wages %	51.7%			
(b)	The music lesson cost percentage of 53.0% means that 53 percent (or 53 cents for every \$1) of lesson fees received by <i>Making Music</i> in 2016 was spent on music costs.		Describes meaning of music lesson cost percentage.		
(c)	<p>Music lesson cost percentage has increased from 53% of lesson fees received to 63.4%. Reason for this trend:</p> <p><i>Making Music</i> this year offered singing lessons, which increased the teachers wages by 51.6% / \$16 510 from \$32 000 to \$48 510. The addition of singing lessons increased music teachers' wages, which increased music lesson costs for <i>Making Music</i>, which increased the music lesson cost percentage.</p> <p>OR</p> <p><i>Making Music</i> repainted the practice rooms (or increased cleaning because of the addition of the new room). The painting (cleaning), increased other music expenses, increasing music lesson costs, increasing the music cost percentage.</p>		Describes a reason for the trend in music lesson cost percentage.	Explains a reason for the trend in music lesson cost percentage.	Fully explains a reason for the trend in music lesson cost percentage by fully explaining the impact of the element.
(d)	<p>Recommendation: <i>Making Music</i> should reduce its repainting on the building (or any other relevant expense); this should happen easily because Melody won't have to paint the building next year.</p> <p>Justification: By decreasing repainting on the building, <i>Making Music</i> will decrease the other music expenses, which will decrease the music lesson cost, decreasing music lesson cost percentage.</p> <p>Impact on profit: A decrease in repainting the buildings will decrease the music lesson costs, decrease total expenses, and this will increase <i>Making Music's</i> future profit.</p>			Makes a recommendation to improve the music lesson cost percentage.	Justifies a recommendation to improve the music lesson cost percentage including the impact on future profit.

<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
ONE correct analysis measure calculation or partial description.	Any ONE Achievement description.	Any TWO Achievement descriptions.	All THREE Achievement descriptions.	Any ONE valid reason for trends OR recommendation at Merit level.	ONE valid reason for trends AND ONE recommendation at Merit level.	One trend explanation at Excellence level OR justified recommendation.	One trend explanation at Excellence level AND justified recommendation and impact on profit explained.

**N0** = No response; no relevant evidence.

Question TWO	Sample Evidence		Achievement	Achievement with Merit	Achievement with Excellence
(a)	<b>Analysis measure</b>	<b>2017</b>	Calculates 2/3 analysis measures.		
Administrative expense %	9.7%				
Finance cost %	1.6%				
Profit for the year %	25.3%				
(b)	This means that <i>Making Music</i> has spent 1.6% (or 1.6 cents for every \$1) of its lesson fees received on finance costs.		Describes the finance cost percentage.		
(c)	This means that <i>Making Music</i> has decreased its profit by 3.9% in 2017 compared to 2016.		Describes the percentage change in profit.		
(d)	<p>The profit for the year percentage has decreased from 35.3% to 25.3% from 2016 to 2017.</p> <p>The reason for this trend is that <i>Making Music's</i> expenses increased, resulting in a decrease in profit for the year. One reason for the increase in expenses was the increase in Music Lesson costs – for example, other music expenses increased from \$1 600 to \$6 300 (2.3% to 6.7%). This increase was due to the increased cleaning and repainting of the music rooms. This increased music lesson costs, which increased total expenses, which then decreased both profit and profit for the year percentage / profit as a percentage of lesson fees received.</p> <p>OR</p> <p>One reason for the increase in expenses was an increase in Finance costs from \$100 to \$1 470 due to the interest on overdraft increasing to build the extension / paint the rooms / buy the music equipment. This increased finance costs, which increased total expenses and then decreased profit, which decreased profit for the year percentage / profit as a percentage of lesson fees received.</p> <p>OR</p> <p>Any other relevant expense.</p>		Describes a reason for the trend in profit for the year percentage.	Explains a reason for the trend in profit for the year percentage.	Fully explains a reason for the trend in profit for the year percentage.

(e)	<p>Recommendation: <i>Making Music</i> could improve the finance cost percentage by reducing the amount of interest on the overdraft by refinancing the overdraft to a cheaper loan / repaying the overdraft from funds invested by the owner / bank loan.</p> <p>Justification: Melody's decreasing the bank overdraft would result in a decrease in the interest on the overdraft, which would decrease the finance costs and also decrease the finance costs as a percentage of lesson fees received.</p>		<p>Makes a recommendation for improving finance cost percentage, linked to decreasing interest on overdraft.</p>	<p>Justifies a recommendation for improving finance cost percentage.</p>
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N1	N2	A3	A4	M5	M6	E7	E8
ONE description or one analysis measure calculated correctly, or trend identified.	Any TWO Achievement descriptions.	Any THREE Achievement descriptions.	Any FOUR Achievement descriptions.	ONE explanation at Merit level OR recommendation.	ONE explanation at Merit level AND recommendation.	ONE explanation at Excellence level OR justified recommendation.	ONE explanation at Excellence level AND justified recommendation.

**N0** = No response; no relevant evidence.

Question THREE	Sample Evidence		Achievement	Achievement with Merit	Achievement with Excellence
(a)	<b>Analysis measure</b>	<b>2017</b>	Calculates one analysis measure correctly.		
	Liquid Ratio	0.48:1			
	Equity Ratio	0.86:1			
(b)	The current ratio for 2017 means that <i>Making Music</i> has 9 cents of current assets to repay for every \$1 of current liabilities. This means that <i>Making Music</i> might be unable to repay its short-term debts (current liabilities).		Describes the current ratio.	Explains the current ratio.	
(c)	A possible reason for the decrease in the current ratio for <i>Making Music</i> from 1.01:1 to 0.09:1 is that <i>Making Music</i> decreased their current asset bank \$450 to become a current liability bank overdraft of \$13 000 to pay for the extension / musical equipment / renovate the buildings. This change in bank decreased current assets and increased the current liabilities, which decreased the current ratio.		Describes a reason for the trend in the current ratio.	Explains a reason for the trend in the current ratio.	Fully explains a reason for the trend in the current ratio.
(d)	Recommendation: <i>Making Music</i> could improve both the current and liquid ratios if Melody invested more money into the business (of at least \$13 070) (OR take out a long-term loan repay the overdraft). Justification: to ensure that the current assets are greater than the current liabilities. This decreases the bank overdraft and will create a bank asset, increasing the current assets also. This will increase both liquid and current assets and decrease the current liabilities, which increases the current and liquid ratios.			Makes a recommendation for improving the current ratio.  NOT a repeat of Q2 (e).	Justifies a recommendation for improving the current ratio.  NOT a repeat of Q2 (e).

N1	N2	A3	A4	M5	M6	E7	E8
ONE analysis measure or partial description of meaning / trend.	ONE analysis measure AND partial description of meaning / trend.	Two of the Achievement descriptions met.	Three of the Achievement descriptions met.	TWO explanations and / or recommendation at Merit level.	THREE explanations and / or recommendation at Merit level. (No repeat of Q2e.)	ONE explanation at Excellence level OR ONE justified recommendation (no repeat of Q2 (e)).	ONE explanation at Excellence level AND ONE justified recommendation (no repeat of Q2 (e)).

**N0** = No response; no relevant evidence.

### Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0–7	8–12	13–18	19–24