

Assessment Schedule – 2017**Accounting: Demonstrate understanding of management accounting to inform decision-making (91408)****Evidence**

Q ONE	Sample evidence		
(a)	Rice as a variable cost: <ul style="list-style-type: none"> • for <i>Haiku Sushi</i> a variable cost is one which increases as production increases • rice is a variable cost for <i>Haiku Sushi</i> because every time a pack of sushi is produced, the quantity of rice needed increases. Therefore more is spent on rice. 	Describe	Dc
		Explain	E
(b) (i)	Contribution margin = Selling price – Variable costs = \$9 – \$1.50 = \$7.50 per pack of sushi		C for correct figure
(b) (ii)	For <i>Haiku Sushi</i> , the contribution margin is the difference between the selling price and the variable cost per pack of sushi. For <i>Haiku Sushi</i> , the contribution margin of \$7.50 tells Mr and Mrs Nakamura how much of the selling price per pack of sushi remains, and can go towards fixed costs and to generate a profit.	Describe	Dc
		Explain	E
(b) (iii)	Break-even = Fixed costs / Contribution margin = \$285 000 / \$7.50 = 38 000 packs per annum at \$9.00 per pack = \$342 000		C for correct figure
(b) (iv)	Margin of safety = current sales – break-even sales = 39 000 – 38 000 = 1 000 packs of sushi		C for correct figure
(c)	For <i>Haiku Sushi</i> , routine decisions are made on a day-to-day / daily / weekly / regular basis / no impact on future accounting periods. For example: <ul style="list-style-type: none"> • What resources do we need to purchase to produce the product? • How many hours are staff going to work? OR Break-even is defined as the selling point in dollars of packs of sushi beyond which all costs are covered by sales / where all costs are covered by total revenue / where no profit or loss is made. OR Margin of safety is defined as the level of sales above break-even, which can be expressed as number of packs of sushi sold or in dollars or as a percentage / break-even will not be reached until sales fall by 1 000 packs. To get “Explain” the student needs to apply the routine decision to the concept of break-even and margin of safety. For example: <i>Haiku Sushi</i> decide to find a cheaper supplier of rice / fish. This will reduce the break-even point and increase the margin of safety. Justification involves linking information AND connecting with effective business decisions AND what impact these will have on the business. For example: <ul style="list-style-type: none"> • <i>Haiku Sushi</i> to find a cheaper supplier – will increase the contribution margin and therefore reduce the break-even point and increase the margin of safety. So <i>Haiku Sushi</i> will be less concerned about their current situation in regard to the Council’s plans affecting their sales of sushi. 	Describe	Dc
		Explain	E
		Justify	J

Haiku Sushi consider reducing staff hours due to potential reduced customers; that will reduce variable costs, decrease the break-even point and increase the margin of safety. So *Haiku Sushi* will be less concerned about their current situation in regards the Council's plans affecting sales.

N0	No response; no relevant evidence.	
N1	Any TWO answers – need not be in context.	
N2	Any THREE answers – need not be in context.	
A3	ONE correct calculation from (b) AND Describes in context (Dc) TWO management accounting elements from (a), (b) (ii), or (c)	C × 1 Dc × 2
A4	TWO correct calculations from (b) AND Describes in context (Dc) ONE management accounting element from (a), (b) (ii), or (c) AND Explains ONE management accounting element in context from (a), (b) (ii), or (c)	C × 2 Dc × 1 E × 1
M5	TWO correct calculations from (b) AND Explains TWO management accounting elements in context from (a), (b) (ii), or (c)	C × 2 E × 2
M6	THREE correct calculations from (b) AND Describes in context (Dc) ONE management accounting element from (a), (b), (ii) or (c) AND Explains TWO management accounting elements in context from (a), (b) (ii), or (c)	C × 3 Dc × 1 E × 2
E7	THREE correct calculations from (b) AND Describes in context (Dc) ONE management accounting element from (a), (b), (ii) or (c) AND Explains TWO management accounting elements in context from (a), (b) (ii), or (c) AND Justifies: makes links about effectiveness of decision making (J) to break-even AND margin of safety, supported with evidence from the case study and wider knowledge of decision making for small entities.	C × 3 Dc × 1 E × 2 J
E8	THREE correct calculations from (b) AND Explains ALL management accounting elements in context from (a), (b) (ii), or (c) AND Justifies: makes links about effectiveness of decision making (J) to break-even AND margin of safety, supported with evidence from the case study and wider knowledge of decision making for small entities. AND The candidate's explanation is well-balanced, logical, and perceptively linked to the realities of the case study scenario.	C × 3 E × 3 J

Dc = described in context

Q ONE	Sample evidence			
(a)	Haiku Sushi Cash Budget			
		February	March	
	Receipts			
	Cash sales	25 200	18 900	M
	Cash from Accounts Receivable	0	10 800	M
	Total receipts	25 200	29 700	
	Less payments			
	Wages and salaries	8 000	8 000	V
	Shop rental	2 000	2 000	V
	Other expenses [If \$14 000 and \$12 000 then award V and F as candidate has included depreciation as a cash payment]	12 500	10 500	M
	Cost of supplies	4 050	2 880	E
	Drawings	4 000	4 000	V
	Loan repayments	1 500	1 500	V
	Income taxation instalment	12 000		V
	Total payments	44 050	28 880	
	Surplus / (deficit) of cash	(18 850)	820	
Opening bank balance	9 500	(9 350)		
Closing bank balance	(9 350)	(8 530)	E for correct number and process OR M for a number and correct process	

(b)	<p>D could be obtained from supporting evidence from second and / or third bullet points.</p> <p>J = Linking the 'explain' to overall impact on the budget AND its consequence on the business.</p> <p>NOTE: Reference to 'profit', 'income', 'expenses' and 'revenue' are limited to 'describe' only for bullet point one and two.</p> <p>Examples only:</p> <p><u>First bullet point:</u></p> <p>The cash budget allows a business to plan receipts and payments for a period. We can see the effect of the Council plans in February and March as the number of packs of sushi that must be made has dropped significantly in these two months in order to meet expected sales.</p> <p>The cash budget shows total sales increased from February to March due to increased credit sales to schools (as the year commences in February). However, cash sales are decreasing from the retail outlet (a drop from \$25 200 in February to \$18 900 in March). Trend could continue for several months.</p> <p><u>Second bullet point:</u></p> <p>Mr and Mrs Nakamura could reduce staff wages and salaries by reducing casual staff hours and working more hours in the shop themselves /</p> <p>this will reduce wages and salaries cash payments for the budget period to improve / reduce the cash deficit.</p> <p>OR</p> <p>Mr and Mrs Nakamura could look for premises which are unaffected by the Council plans /</p> <p>although a new location may initially affect sales, the impact would not be as high as staying in the old location, which will be affected by the Council's plans.</p> <p>OR</p> <p>Mr and Mrs Nakamura should arrange a temporary overdraft with the bank /</p> <p>to ensure adequate funds over the period of the disruption by the Council to maintain a budget surplus.</p> <p><u>Third bullet point:</u></p> <p>(NB: A discussion on the budgeted income statement could include profit, income, expenses and revenue.)</p> <p>A difference between actual data and budgeted data can mean a number of things. The budget could have been based on incorrect assumptions. Circumstances may have changed. E.g., the disruption may not be as significant as first thought, or the disruption may not last as long as first thought. Therefore, actual cash receipts may not be impacted as much as predicted.</p> <p>Actual results may mean they revise the decisions made to ensure they had a cash surplus. E.g., less overdraft is required from the bank OR casual staff hours are not reduced by as much.</p> <p>When preparing future cash budgets (budgeted income statements), forecast figures are adjusted in order to make these future statements realistic to the situation.</p>	
		D
		E
		E
		J
		E
		J
		E
		J
		E
	J	
N0	No response; no relevant evidence.	
N1	3 grades	
N2	4 grades	
A3	5 V, M or E	
A4	6 V, M or E AND Describes any relevant information in (b)	
M5	7 V, M or E AND NO F AND Explains ONE aspect of relevant information in (b)	
M6	8 V, M or E AND NO F AND Explains TWO aspects of relevant information in (b)	

E7	<p>9 V, M or E AND NO F AND must include M or E for closing bank balance</p> <p>Explains THREE aspects of relevant information in (b), including ONE justification</p>
E8	<p>10 V, M and E AND NO F</p> <p>Explains THREE aspects of any relevant information in (b) AND includes TWO justifications linking consequences for the business of the Council's plans.</p> <p>The candidate's explanation is well-balanced, logical, and perceptively linked to the realities of the case study scenario.</p>

Q THREE	Sample evidence																		
	<p>Marking codes:</p> <p>i = idea</p> <p>J = a Justified link to the information in context</p> <p>F = financial Information</p> <p>NF = Non-financial Information</p> <p>Fi and NFi are awarded to candidates who provide evidence of ideas only (Not Achieved or Achievement grades).</p> <p>Restating the facts from the resource material does not constitute a financial or non-financial idea.</p> <p>FJ and NFJ are awarded to candidates who provide evidence of links to data, additional calculations using case study material, use of ideas outside the case study material, consequences on business.</p> <table border="1" style="margin: 10px auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Stay</th> <th style="text-align: center;">Go</th> </tr> </thead> <tbody> <tr> <td>Fixed costs</td> <td style="text-align: center;">285 000</td> <td style="text-align: center;">295 200</td> </tr> <tr> <td>Variable costs</td> <td style="text-align: center;">1.5</td> <td style="text-align: center;">1.8</td> </tr> <tr> <td>Contribution margin</td> <td style="text-align: center;">7.5</td> <td style="text-align: center;">7.2</td> </tr> <tr> <td>Break-even in packs</td> <td style="text-align: center;">38 000</td> <td style="text-align: center;">41 000</td> </tr> <tr> <td>Break-even in dollars of sales</td> <td style="text-align: center;">342 000</td> <td style="text-align: center;">369 000</td> </tr> </tbody> </table> <p>Should stay where they are in the small city, sitting out the Council plans</p> <p>Financial information: (F)</p> <ul style="list-style-type: none"> • Additional costs faced in nearby small shopping centre are fixed costs increasing. E.g. rent, one-off inspection costs and the rent penalty (\$3 200 for two months). • Variable costs increasing (vehicle expenses to get to fresh fish and wholesale warehouse) and a potential increase in drawings as the family home rent increases from \$400 to \$600 per week. • Decrease in the contribution margin from 7.5 to 7.2, therefore break-even increases. <p>Non-financial information: (NF)</p> <ul style="list-style-type: none"> • Stress associated with setting up in new premises. • Possibility that old customers will not travel to new location. • Roadworks projected to last two months, theoretically may not be long term. <p>Should move to nearby small shopping centre which has same rent but no parking fees and already has updated cabling</p> <p>Financial information: (F)</p> <ul style="list-style-type: none"> • By moving to new premises, sales will not predominantly be affected by Council plans (different location) therefore increasing sales compared to sales in the previous location. • Need for increased break-even sales should be achievable with no disruption in new premises. • The cash deficit in the old location forces some sort of decision, and much of the business can still be carried out in the new small shopping centre. <p>Non-financial information: (NF)</p>		Stay	Go	Fixed costs	285 000	295 200	Variable costs	1.5	1.8	Contribution margin	7.5	7.2	Break-even in packs	38 000	41 000	Break-even in dollars of sales	342 000	369 000
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	<ul style="list-style-type: none"> Existing customers likely to continue to purchase from <i>Haiku Sushi</i>, as it is still close by. Free parking, so this will encourage customers to come to the new location. No forecasted Council plans to upgrade as it has already been completed. <p>Example of 'justified' answer, linked to the impact on the business</p> <p>We can see that if we move to the new location then the break-even point increases from 38 000 to 48 000 packs. The large increase required to break-even is an unlikely target because they only had a 1 000 pack margin of safety currently, and the new location is in a small shopping centre.</p> <p>Other answers are possible.</p>
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N0	No response; no relevant evidence.
N1	Describes a recommendation but lacks context. Attempts examples but demonstrates no real understanding of the problem posed in the case study.
N2	Describes a recommendation but lacks context. States a reason for recommendation.
A3	Describes a recommendation in context. States ideas but does not explain them. Uses ONE example that shows an understanding of financial OR non-financial information.
A4	Describes a recommendation in context. States ideas but does not explain them. Uses TWO examples that show an understanding of financial AND non-financial information.
M5	Explains a recommendation in context. Uses examples, in context, that show an understanding of financial AND non-financial information. Links (J) at least TWO financial OR non-financial items of information to informed decision-making. Provides relevant supporting evidence using data from case study and/or own calculations, e.g. break-even.
M6	Explains a recommendation in context. Uses examples that show an understanding of financial AND non-financial information. Links (J) at least TWO explanations, including at least ONE financial AND ONE non-financial item of information, to informed decision-making. Provides relevant supporting evidence using data from case study and own calculations, e.g. break-even, that shows broad understanding of the case study context.
E7	Explains a recommendation in context. Uses examples that show an understanding of financial AND non-financial information. Links (J) at least THREE explanations, either financial OR non-financial items of information, to informed decision-making. Provides relevant supporting evidence using data from case study and/or candidate calculations, e.g. break-even.
E8	Explains a recommendation in context. Uses examples that show an understanding of financial AND non-financial information. Links (J) at least THREE explanations, including at least ONE financial AND ONE non-financial item of information. Provides relevant supporting evidence using data from case study. Makes appropriate additional calculations to provide supporting evidence, e.g. calculation of new contribution margin, break-even, etc. Uses report format and produces material that has a high level of literacy with well-developed, linked paragraphs.

Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0–8	9–13	14–18	19–24