

**Assessment Schedule – 2012**

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

**Evidence Statement**

Question	Evidence															
<p><b>ONE</b> (a)</p>	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" data-bbox="304 421 1126 521"><b>Analysis measures chart for <i>Skaters</i></b></th> </tr> <tr> <th data-bbox="304 521 667 600"><b>Analysis measure</b></th> <th data-bbox="667 521 932 600"><b>2011</b></th> <th data-bbox="932 521 1126 600"><b>2012</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="304 600 667 689">% Change in sales</td> <td data-bbox="667 600 932 689" style="text-align: center;">10 %</td> <td data-bbox="932 600 1126 689" style="text-align: center;">20 %</td> </tr> <tr> <td data-bbox="304 689 667 779">Mark-up %</td> <td data-bbox="667 689 932 779" style="text-align: center;">33 %</td> <td data-bbox="932 689 1126 779" style="text-align: center;"><b>25 %</b></td> </tr> <tr> <td data-bbox="304 779 667 869">Gross profit %</td> <td data-bbox="667 779 932 869" style="text-align: center;">25 %</td> <td data-bbox="932 779 1126 869" style="text-align: center;"><b>20 %</b></td> </tr> </tbody> </table>	<b>Analysis measures chart for <i>Skaters</i></b>			<b>Analysis measure</b>	<b>2011</b>	<b>2012</b>	% Change in sales	10 %	20 %	Mark-up %	33 %	<b>25 %</b>	Gross profit %	25 %	<b>20 %</b>
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(b)	<p><b><i>Skaters</i></b>’ sales have increased by 20 % from <b>2011 to 2012</b></p>															
(c)	<p><i>Skaters</i> has <b>decreased its mark-up percentage</b>, which decreases its selling price – meaning customers are more attracted to <i>Skaters</i>’ prices and purchase more (<i>Skaters</i>’ mark-up percentage is now lower than the industry average), increasing sales and increasing percentage change in sales.</p> <p>OR</p> <p><i>Skaters</i> has <b>increased its advertising</b>, which will attract more customers, generating more sales and increasing its percentage change in sales.</p>															
(d)	<p>Recommendation: <i>Skaters</i> could <b>increase its mark-up percentage</b>.</p> <p>Justification: By increasing mark-up percentage (without affecting the demand), <i>Skaters</i> would be able to generate more profit from each sale, increasing the selling price – but keeping the cost of goods sold the same, thereby increasing the gross profit percentage.</p> <p>OR</p> <p>Recommendation: <i>Skaters</i> could <b>source its skates / roller blades / skateboards from a cheaper supplier</b>.</p> <p>Justification: By sourcing its skates / roller blades / skateboards from a cheaper supplier, and keeping its selling price the same, this would decrease the cost of goods sold, and increase <i>Skaters</i>’ mark-up and gross profit percentage, WHILE not affecting the quality of the goods.</p>															

**Judgement Statement – Question One**

N1	N2	A3	A4	M5	M6	E7	E8
<ul style="list-style-type: none"> <li>gives ONE description.</li> </ul>	<ul style="list-style-type: none"> <li>calculates ONE analysis measure and gives ONE description.</li> </ul>	<p>TWO of:</p> <ul style="list-style-type: none"> <li>calculates analysis measures</li> <li>describes percentage change in sales</li> <li>describes a reason for the trend in percentage change in sales.</li> </ul>	<ul style="list-style-type: none"> <li>calculates analysis measures</li> <li>describes percentage change in sales</li> <li>describes a reason for the trend in percentage change in sales.</li> </ul>	<p>TWO of:</p> <ul style="list-style-type: none"> <li>explains the percentage change in sales</li> <li>explains a reason for the trend in percentage change in sales</li> <li>makes a recommendation for improving gross profit percentage.</li> </ul>	<ul style="list-style-type: none"> <li>explains a reason for the trend in percentage change in sales</li> <li>makes a recommendation for improving gross profit percentage.</li> </ul>	<ul style="list-style-type: none"> <li>fully explains a reason for the trend in percentage change in sales</li> <li>justifies a recommendation for improving gross profit percentage.</li> </ul>	<ul style="list-style-type: none"> <li>fully explains a reason for the trend in percentage change in sales</li> <li>justifies a recommendation for improving gross profit percentage</li> <li>fully explains percentage change in sales by reference to the industry average in (b) or (c).</li> </ul>

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

Question	Evidence															
<p><b>TWO</b> (a)</p>	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="3" data-bbox="304 293 1414 367"><b>Analysis measures chart for <i>Skaters</i></b></th> </tr> <tr> <th data-bbox="304 367 670 450"><b>Analysis measure</b></th> <th data-bbox="670 367 1045 450"><b>2011</b></th> <th data-bbox="1045 367 1414 450"><b>2012</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="304 450 670 539">Distribution costs %</td> <td data-bbox="670 450 1045 539">12 %</td> <td data-bbox="1045 450 1414 539">14 %</td> </tr> <tr> <td data-bbox="304 539 670 622">Administrative expense %</td> <td data-bbox="670 539 1045 622">7 %</td> <td data-bbox="1045 539 1414 622">3 %</td> </tr> <tr> <td data-bbox="304 622 670 696">Profit for the year %</td> <td data-bbox="670 622 1045 696">5 %</td> <td data-bbox="1045 622 1414 696">3 %</td> </tr> </tbody> </table>	<b>Analysis measures chart for <i>Skaters</i></b>			<b>Analysis measure</b>	<b>2011</b>	<b>2012</b>	Distribution costs %	12 %	14 %	Administrative expense %	7 %	3 %	Profit for the year %	5 %	3 %
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Distribution costs %	12 %	14 %														
Administrative expense %	7 %	3 %														
Profit for the year %	5 %	3 %														
(b)	<p>For every dollar of sales <b>7 cents</b> is an administrative expense for <i>Skaters</i>.  OR  <b>7 percent</b> of <i>Skaters</i>' sales have been spent on administrative expenses, eg telephone.</p>															
(c)	<p><i>Skaters</i> could have <b>increased its advertising to encourage more sales, or to increase its customer base</b>, which would have caused advertising expense percentage to increase, <i>decreasing profit</i>.</p> <p><i>Skaters</i> could have <b>decreased the usage of its internet, or changed to a cheaper supplier, or changed their plan by decreasing its data allowance</b>, which decreases <i>Skaters</i>' internet expense, <i>increasing profit</i>.</p>															
(d)	<p>Recommendation: <i>Skaters</i> needs to spend less on shop rent <b>by negotiating a better rent or moving to cheaper premises</b> (or any relevant distribution cost).</p> <p>Justification: Moving to cheaper premises decreases shop rent (or any relevant distribution cost), distribution cost percentage and increases profit percentage.</p>															

**Judgement Statement – Question Two**

N1	N2	A3	A4	M5	M6	E7	E8
<ul style="list-style-type: none"> <li>• Gives ONE description.</li> </ul>	<ul style="list-style-type: none"> <li>• Calculates ONE analysis measure and gives ONE description.</li> </ul>	<p>Calculates TWO analysis measures</p> <p>AND</p> <p>TWO of:</p> <ul style="list-style-type: none"> <li>• describes the administrative expense percentage</li> <li>• describes a reason for the trend in advertising percentage</li> <li>• describes a reason for the trend in the internet expense percentage.</li> </ul>	<p>Calculates TWO analysis measures</p> <p>AND</p> <ul style="list-style-type: none"> <li>• describes a reason for the trend in advertising percentage</li> <li>• describes a reason for the trend in the internet expense percentage.</li> </ul>	<p>THREE of:</p> <ul style="list-style-type: none"> <li>• explains the administrative expense percentage</li> <li>• explains a reason for the trend in advertising expense percentage</li> <li>• explains a reason for the trend in internet expense percentage</li> <li>• makes a recommendation for improving distribution cost percentage.</li> </ul>	<ul style="list-style-type: none"> <li>• Explains a reason for the trend in advertising expense percentage</li> <li>• explains a reason for the trend in internet expense percentage</li> <li>• makes a recommendation for improving distribution cost percentage.</li> </ul>	<p>TWO of:</p> <ul style="list-style-type: none"> <li>• fully explains a reason for the trend in advertising expense percentage by linking to relevant expense group percentage</li> <li>• fully explains a reason for the trend in the internet expense percentage</li> <li>• justifies a recommendation for improving distribution cost percentage.</li> </ul>	<ul style="list-style-type: none"> <li>• Fully explains a reason for the trend in advertising expense percentage by linking to relevant expense group percentage</li> <li>• fully explains a reason for the trend in the internet expense percentage</li> <li>• justifies a recommendation for improving distribution cost percentage.</li> </ul>

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

Question	Evidence		
<b>THREE</b> (a)	<b>Ratio</b>	<b>2011</b>	<b>2012</b>
	Current Ratio	0.90:1	1.25:1
	Liquid Ratio	0.60:1	0.20:1
	Equity Ratio	0.55:1	0.42:1
(b)	For every <b>\$1</b> of current liabilities, <i>Skaters</i> has <b>90 cents</b> of current assets, which means that <i>Skaters</i> may not be able to meet its current / short-term debts.		
(c)	A reason for the low liquid ratio is that <i>Skaters</i> is carrying a large amount of inventory. This increases the current assets and current ratio, but means that as inventory is not liquid – it creates a low liquid ratio.		
(d)	Recommendation: <b>Wiremu could invest cash and/or assets</b> into the business Justification: Wiremu investing cash and/or assets, which increases equity, which would increase the equity ratio.		

**Judgement Statement – Question Three**

N1	N2	A3	A4	M5	M6	E7	E8
<ul style="list-style-type: none"> <li>• Gives ONE description.</li> </ul>	<ul style="list-style-type: none"> <li>• Calculates ONE analysis measure and gives ONE description.</li> </ul>	Calculates ONE analysis measure AND ONE of: <ul style="list-style-type: none"> <li>• describes the current ratio by referring to current assets / current liabilities</li> <li>• describes a reason for the low liquid ratio.</li> </ul>	Calculates ONE analysis measure AND <ul style="list-style-type: none"> <li>• describes the current ratio by referring to current assets / current liabilities</li> <li>• describes a reason for the low liquid ratio.</li> </ul>	THREE of: <ul style="list-style-type: none"> <li>• calculates TWO analysis measures</li> <li>• explains the current ratio</li> <li>• makes a recommendation for improving the equity ratio</li> <li>• explains a reason for the low liquid ratio.</li> </ul>	<ul style="list-style-type: none"> <li>• Explains the current ratio</li> <li>• makes a recommendation for improving the equity ratio</li> <li>• explains a reason for the low liquid ratio.</li> </ul>	<ul style="list-style-type: none"> <li>• Fully explains the interrelationship between current ratio and liquid ratio by explaining that inventory is not part of the liquid ratio</li> <li>• justifies a recommendation for improving the equity ratio.</li> </ul>	<ul style="list-style-type: none"> <li>• Fully explains the interrelationship between current ratio and liquid ratio by explaining that inventory is not part of the liquid ratio</li> <li>• justifies a recommendation for improving the equity ratio (states how the recommendation affects both parts of the ratio).</li> </ul>

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

**Judgement Statement**

	<b>Not Achieved</b>	<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
<b>Score range</b>	0 – 7	8 – 14	15 – 18	19 – 24