

Assessment Schedule – 2020**Accounting: Interpret accounting information for sole proprietors (90980)****Evidence**

ONE	Evidence		
(a)	Analysis Measure	2020	2/3 = A
	Percentage change in photography fees	+ 23.6%	
	Total expenses %	82.2%	
	Profit for the year %	17.8%	
(b)	<p>This means that in 2020 <i>TTLP</i> has 17.8% of the photography fees received kept in the business as profit after accounting for all expenses.</p> <p>OR</p> <p>For every \$1 photography fees received for <i>TTLP</i>, 17.8 cents is profit after accounting for all expenses.</p>		A (ft)
(c)	<p>The photography fees received have increased from \$110 000 to \$136 000 / by \$26 000. One reason for the increase in photography fees is: (examples, but not limited to)</p> <ul style="list-style-type: none"> • because <i>TTLP</i> purchased a drone, which allowed for a wider range of / videos / more photos to be taken / to be different from their competitors, which increased customers, which increased fees received, which led to an increase in photography fees received of 23.6% compared to 2019 • because Pania had <i>TTLP's</i> car painted with signage, which is advertising as Pania drove around town. This meant that a lot more people became aware of Pania's business and services. This attracted more customers, which increased the fees received, which is shown by the percentage change in fees received being an increase of 23.6% compared to last year. 		A/M/E
(d)	<p>I recommend that Pania increase the prices she charges for her photography services. Even though it will be more expensive, she shouldn't lose many customers because she is qualified and has a good reputation / can charge more for the drone service to cover the increased costs. This will increase <i>TTLP's</i> revenue by increasing the photography fees received, which, as there are no changes to expenses, will increase profit, and therefore increase the profit for the year percentage.</p> <p>OR</p> <p>I recommend that Pania decrease the prices she charges for her photography services because there has been increased competition so she needs to stay competitive / so she doesn't lose customers / by lowering the prices Pania will attract more customers, especially with her quality / the drone. This will increase <i>TTLP's</i> revenue by increasing the photography fees received due to the increase in customers being greater than the decrease in fees which, as there are no changes to expenses, will increase profit, and therefore increase the profit for the year percentage.</p> <p>Not reference to Gross Profit, Inventory</p>		M/E

Achievement	Achievement with Merit	Achievement with Excellence
<p>Calculates 2/3 analysis measures.</p> <p>Describes meaning of the profit percentage.</p> <p>Describes one reason for the increase in photography fees received.</p>	<p>Explains one reason for the \$26 000 increase in photography fees received for <i>TTLP</i>.</p> <p>Makes a recommendation to improve <i>TTLP</i>'s profit percentage in the future by either increasing or decreasing prices to increase revenue with a reason why / how that recommendation is made.</p>	<p>Fully explains one reason for the \$26 000 increase in photography fees received for <i>TTLP</i> by fully explaining the impact on the elements and justifying with the percentage change of +23.6%.</p> <p>Justifies a recommendation to improve the profit percentage for <i>TTLP</i> by increasing or decreasing prices to increase fees received, increasing revenue, increasing profit and a developed reason why linked to customers.</p>

N1	N2	A3	A4	M5	M6	E7	E8
ONE correct analysis measure calculation or partial description.	ONE point (of three) at Achievement level.	TWO points (of three) at Achievement level.	THREE points (of three) at Achievement level.	ONE explanation (of two) at Merit level: One reason for trend explained OR one recommendation to increase or decrease the price for <i>TTLP</i> .	TWO explanations (of two) at Merit level: One reason for trend explained AND one recommendation to increase or decrease the price for <i>TTLP</i> .	ONE explanation (of two) at Excellence level: One reason for the trend fully explained OR one justified recommendation to increase or decrease the price for <i>TTLP</i> .	TWO explanations (of two) at Excellence level: One reason for the trend fully explained AND one justified recommendation to increase or decrease the price for <i>TTLP</i> .

N0 = No response; no relevant evidence.

TWO	Evidence		
(a)	Analysis measure	2020	2/3 = A
	Photography cost %	72.1%	
	Administrative expense %	6.6%	
	Finance cost %	3.5%	
(b)	<p>The finance cost percentage tells Pania that <i>TTLP</i> has spent 3.1 cents of every \$1 of photography fees received on finance costs, e.g. interest on loan.</p> <p>OR</p> <p>The finance cost percentage tells Pania that <i>TTLP</i> has spent 3.1% photography fees received on finance costs, e.g. interest on loan.</p>		A
(c)	<p><i>TTLP</i>'s photography cost percentage has increased from 65.5% in 2019 to 72.1% in 2020 due to the photography costs increasing by 36.2% (from \$72 000 to \$98 056), being greater than the 23.6% increase in fees received (from \$110 000 to \$136 000/ by \$26 000). Specifically, the photography expenses increased because (examples, but not limited to):</p> <ul style="list-style-type: none"> • Pania had the car sign-written with the business name, contact details and services available. This increased <i>TTLP</i>'s advertising, which increased photography costs, and increased photography cost percentage. • Pania had to employ and train an assistant to operate the new drone. This increased <i>TTLP</i>'s photography wages and training expenses, which increased photography costs, and increased photography cost percentage. <p>Any other relevant photography expense linked to the changes made by <i>TTLP</i>: e.g. insurance on the drone, increased petrol for more jobs, explained to the same level as above.</p> <p>Not: Purchased Drone – This is a PPE asset. It must be clear that this is not an expense but contributes to new / increased photography expenses if the new drone is used.</p>		A/M/E (ft)
(d)	<p><i>TTLP</i> needs to reduce its photography costs in 2020 to improve the photography cost percentage (and in turn its profit). In order to do this Pania could (examples, but not limited to, and not a reverse of (c) above):</p> <ul style="list-style-type: none"> • Decrease the staff training, as the drone operator has already been upskilled no additional training should be needed. This will reduce staff training expenses / (staff wages) and decrease the photography costs and therefore the photography costs as a percentage of sales. The decrease in expenses, while not decreasing photography fees received, will lead to an increase in profit in the next year. • Reduce travel / petrol costs by opening a new studio at home / purchasing an electric car / cheaper petrol supplier. This will reduce the travel expenses (petrol), which decreases photography costs and total expenses, therefore increasing the profit • Any other appropriate photography expense (not advertising due to the resource, fire the drone operator) explained to the same level as above: e.g. cheaper photography equipment insurance provider. 		M/E

Achievement	Achievement with Merit	Achievement with Excellence
<p>Calculates 2/3 analysis measures.</p> <p>Describes meaning of the finance cost percentage.</p> <p>Describes a reason for the trend in photography cost percentage.</p>	<p>Explains a reason for the increasing trend in photography cost percentage for <i>TTLP</i>.</p> <p>Makes a valid recommendation for improving photography cost percentage for <i>TTLP</i> by explaining how a relevant photography cost can be decreased.</p>	<p>Fully explains the reason for the trend in photography cost percentage for <i>TTLP</i>.</p> <p>Justifies a recommendation for improving the photography cost percentage for <i>TTLP</i> by explaining how a relevant photography cost account will decrease, with a specific detailed example linked to decreasing PCs, decreasing total expenses, increasing profit.</p>

N1	N2	A3	A4	M5	M6	E7	E8
ONE analysis measure calculated correctly, or trend identified.	ONE point (of three) at Achievement level.	TWO points (of three) at Achievement level.	THREE points (of three) at Achievement level.	ONE explanation (of two) at Merit level: One reason for trend explained OR one recommendation detailed for <i>TTLP</i> .	TWO explanations (of two) at Merit level: One reason for trend explained AND one recommendation detailed for <i>TTLP</i> .	ONE explanation (of two) at Excellence level: Reason for trend fully explained OR justified recommendation for <i>TTLP</i> .	TWO explanations (of two) at Excellence level: Reason for trend fully explained AND justified recommendation for <i>TTLP</i> .

N0 = No response; no relevant evidence.

Achievement	Achievement with Merit	Achievement with Excellence
<p>Calculates 2/2 analysis measures.</p> <p>Describes meaning of the current ratio.</p> <p>Describes a reason for the trend in Equity Ratio beyond solely referring to the words in the formulae.</p>	<p>Explains the meaning of the current ratio with inability to meet short term debts.</p> <p>Makes a valid recommendation for improving <i>TTLP's</i> current ratio by explaining how a specific CL can be decreased or CA increased.</p> <p>Explains a reason for the trend in Equity ratio for <i>TTLP</i>.</p>	<p>Justifies a recommendation for improving the current ratio for <i>TTLP</i> with a specific detailed example detailing the impact on account(s) and 2/3 classifications.</p> <p>Impact on liquid ratio explained / justified linking to the \$2 400 to improve liquid ratio (unless repaying accounts payable) and detailing the impact on account(s) and 2/3 classifications.</p> <p>Fully explains the reason for the trend in equity ratio for <i>TTLP</i> using \$ and specific details, detailing the impact on account(s) and 2/3 classifications.</p>

N1	N2	A3	A4	M5	M6	E7	E8
ONE analysis measure calculated correctly, or trend identified.	ONE point (of three) at Achievement level.	TWO points (of three) at Achievement level.	THREE points (of three) at Achievement level. OR Two theory descriptions and one correct calc.	ONE explanation (of three) at Merit level, including: Explaining the meaning of current ratio 2020 OR one reason for trend OR one recommendation detailed for <i>TTLP</i> .	TWO explanations (of three) at Merit level, including: Explaining the meaning of current ratio 2020 OR one reason for trend OR one recommendation detailed for <i>TTLP</i> .	ONE explanation (of three) at Excellence level, including: Fully explaining reason for trend OR justified recommendation for <i>TTLP</i> OR impact of recommendation on liquid ratio fully explained for <i>TTLP</i> .	TWO explanations (of three) at Excellence level, including: Fully explaining reason for trend OR justified recommendation for <i>TTLP</i> OR impact of recommendation on liquid ratio fully explained for <i>TTLP</i> .

N0 = No response; no relevant evidence.

Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 7	8 – 13	14 – 18	19 – 24