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)	This means that in 2020 TTLP has 17.8% of the photogous business as profit after accounting for all expenses.	graphy fees red	ceived kept in the	A (ft)			
	OR						
	For every \$1 photography fees received for <i>TTLP</i> , 17.8 cents is profit after accounting for all expenses.						
(c)	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)						
	 because TTLP 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</i> 's 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.						
(d)	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</i> 's 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.						
	OR						
	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</i> 's 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.						
	Not reference to Gross Profit, Inventory						

Achievement	Achievement with Merit	Achievement with Excellence
Calculates 2/3 analysis measures. Describes meaning of the profit percentage. Describes one reason for the increase in photography fees received.	Explains one reason for the \$26 000 increase in photography fees received for <i>TTLP</i> . 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.	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%. 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.

N1	N2	А3	A 4	M5	М6	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 TTLP.	TWO explanations (of two) at Merit level: One reason for trend explained AND one recommendation to increase or decrease the price for TTLP.	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 TTLP.	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 TTLP.

N0 = No response; no relevant evidence.

TWO	E	vidence				
(a)	Analysis measure	2020		2/3 = A		
	Photography cost %	72.1%				
	Administrative expense %	6.6%				
	Finance cost %	3.5%				
(b)	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. OR					
	The finance cost percentage tells Pania tha on finance costs, e.g. interest on loan.	t TTLP has spent 3.1% p	onotograpny tees received			
(c)	TTLP'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):					
	Pania had the car sign-written with the business name, contact details and services available. This increased <i>TTLP's</i> 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 TTLP's photography wages and training expenses, which increased photography costs, and increased photography cost percentage. 					
	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.					
	Not: Purchased Drone – This is a PPE a but contributes to new / increased photog					
(d)	TTLP needs to reduce its photography cost percentage (and in turn its profit). In order to and not a reverse of (c) above):			M/E		
	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 experdrone operator) explained to the same level equipment insurance provider.					

Achievement	Achievement with Merit	Achievement with Excellence
Calculates 2/3 analysis measures.	Explains a reason for the increasing trend in photography cost percentage for <i>TTLP</i> .	Fully explains the reason for the trend in photography cost percentage for <i>TTLP</i> .
Describes meaning of the finance cost percentage.		
Describes a reason for the trend in photography cost percentage.	Makes a valid recommendation for improving photography cost percentage for <i>TTLP</i> by explaining how a relevant photography cost can be decreased.	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.

N1	N2	А3	A 4	M5	М6	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 TTLP.	TWO explanations (of two) at Merit level: One reason for trend explained AND one recommendation detailed for TTLP.	ONE explanation (of two) at Excellence level: Reason for trend fully explained OR justified recommendation for TTLP.	TWO explanations (of two) at Excellence level: Reason for trend fully explained AND justified recommendation for TTLP.

N0 = No response; no relevant evidence.

THREE		Evide	nce		
(a)	Analysis measure	2020		2/3 = A	
	Liquid Ratio	0.95 :1			
	Equity Ratio	0.76 :1			
(b)	The current ratio for 2020 current liability.	means that TTLP ha	s 46 cents current assets to repay every \$1	A	
	AND This means that in 2020 <i>T</i> term/current debts in the	•	s unlikely to be able to repay its short - siness/as they fall due.	М	
	Must have a clear transaction/event happening that increases a specific CA or decreases a specific CL, then the recommendation is justified. TTLP could improve the current ratio by (examples, but not limited to): Pania investing more cash into the business to decrease bank overdraft / pay back accounts payable. Increasing the long-term loan to ensure that the bank returns to being a current asset / pay back accounts payable. Selling off any older / unused photography equipment for cash to increase bank / decrease bank overdraft / pay back accounts payable. AND (depending on the recommendation made)				
	 invested, this will increase This will decrease the curatio as current assets h The impact on the liquid rate Providing the amount invested 	se the current asset urrent liability accour aven't changed. atio for TTLP is: vested is greater tha	verdraft, and if more than \$2 400 is bank, which will increase the current ratio. Its payable, which will increase the current and \$2 400, this will also increase the liquid		
	changing liquid liabilities If less than \$2 400, the liquid liabilities won't cha If using the cash investe	s, which increases liquid ratio will not change, and no change of to pay off and theres, and no increase to	ange; because the overdraft isn't liquid the	Е	
	 (examples, but not limited TTLP increased its loathe total liabilities and liabilities have funded capital), which decreased TTLP's bank account an overdraft of \$2 400 liabilities and the total 	to): an by \$6 000 in order the total assets, while an increased percer sed the equity ratio. has decreased by \$7 due to the purchase assets, while no increased	ry ratio for <i>TTLP</i> from 0.91:1 to 0.76:1 is to purchase the new drone. This increased the no increase in capital. This meant that stage of total assets (and no change in a contract of the new drone. This increased the total rease in capital. This meant that liabilities esets (and no change in capital), which	M/E	

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

N1	N2	А3	A 4	M5	M6	E7	E8
ONE analysis measure calculated correctly, or	ONE point (of three) at Achievement level.	TWO points (of three) at Achievement level.	THREE points (of three) at Achievement level.	ONE explanation (of three) at Merit level, including:	TWO explanations (of three) at Merit level, including:	ONE explanation (of three) at Excellence level, including:	TWO explanations (of three) at Excellence level, including:
trend identified.			OR Two theory descriptions and one correct calc.	Explaining the meaning of current ratio 2020 OR one reason for trend OR one recommendation detailed for TTLP.	Explaining the meaning of current ratio 2020 OR one reason for trend OR one recommendation detailed for TTLP.	Fully explaining reason for trend OR justified recommendation for TTLP OR impact of recommendation on liquid ratio fully explained for TTLP.	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