

Assessment Schedule – 2021**Accounting: Interpret accounting information for entities that operate accounting subsystems (91177)****Evidence**

Question ONE	Evidence
(a)	<p>The gross profit percentage for T-shirts decreased from 30% to 25%. This indicates a reduction in mark-up, as each dollar of sales generated less gross profit (25c compared to 30c).</p> <p>This means a lower percentage had been added to cost to determine the selling price (mark-up), which is therefore a reduction in selling price (from the same cost).</p> <p>Note that (while not required), candidates could determine the mark-up percentage (it would have been 43% in 2020 and 33% in 2021) and include it in their explanation.</p>
(b)	<p>The inventory turnover for puzzles increased from 4 times p.a. to 6 times p.a.</p> <p>The inventory turnover for 2021 means inventory of puzzles turned over 6 times (on average) during the year, or all of the puzzle inventory was sold every two months on average during the year.</p> <p>This was an increase from 4 times during the 2020 year, so a much faster turnover of puzzles means they were selling faster and being produced/supplied at a faster rate. This indicates that they had become very popular during the various levels of COVID-19 lockdown. This could be because people had to stay home and wanted something to do.</p>

N1	N2	A3	A4	M5	M6	E7	E8
One description.	Two descriptions.	One explanation. Some context.	Two explanations. Some context.	One explanation in context.	Two explanations in context.	One justification integrating context. One part of the justification may be weaker.	Two justifications integrating context.

N0 = No response; no relevant evidence.

Question TWO	Evidence
(a)	<p>More orders would increase delivery costs / packaging / courier fees. These are included in distribution costs, so distribution costs would increase. More orders, with proportionately more over \$100, would increase total sales. If the increase in distribution costs is a greater percentage than the increase in sales, distribution cost percentage will increase. If the increase in distribution costs is a lower percentage than the increase in sales, distribution cost percentage will decrease (even though distribution costs increased).</p>
(b)	<p>With more orders over \$100, there would be a decrease in other income from delivery fees received.</p> <p>This would result in a decrease in profit for the year if the increase in total sales from more orders, including proportionately more orders over \$100, did not offset the decrease in income from delivery fees and/or increase in delivery costs.</p> <p><i>OR</i></p> <p>More orders over \$100 would increase sales by more than the decrease in other income, which is only \$6 or \$10 per order, so there would be an increase in profit for the year unless distribution costs increased by more than the net increase in sales plus other income.</p>

N1	N2	A3	A4	M5	M6	E7	E8
One description.	Two descriptions.	One explanation. Some context.	Two explanations. Some context.	One explanation in context.	Two explanations in context.	One justification integrating context. One part of the justification may be weaker.	Two justifications integrating context.

N0 = No response; no relevant evidence.

Question THREE	Evidence
(a)	<p>The equity ratio, which has decreased from 0.57:1 to 0.46:1, shows that <i>Puzzling</i> has less equity compared to total assets. 46c in the \$1 of total assets is now financed by Andy, compared to 57c in the \$1 of total assets in 2020.</p> <p>Raising an additional \$12 000 in loan finance/ extending the loan from \$22 000 to \$34 000 to fund the purchase of machinery will have increased assets (machinery) and increased liabilities loan, without increasing equity, decreasing the equity ratio.</p> <p>In 2020, Andy had financed more than half the total assets (57%), so <i>Puzzling</i> would be considered financially stable. In 2021, Andy has financed less than half the total assets (46%), which may be considered to be less financially stable as outsiders/creditors/external parties have funded more than half the total assets of <i>Puzzling</i>.</p>
(b)	<p>The liquid ratio has decreased from 1.1:1, indicating ability to meet liquid/immediate debts due in the next 1–2 months to only 0.45:1. This indicates that <i>Puzzling</i> is now having difficulty meeting monthly supplier payments, as there is only 45c of liquid assets to pay for every \$1 of liquid liabilities.</p> <p>Purchasing more inventory on credit would increase inventory (from \$23 000 to \$35 000), which is not included in the liquid assets, and increase accounts payable (from \$10 000 to \$20 000), which is included in liquid liabilities, causing a decrease in the liquid ratio.</p>

N1	N2	A3	A4	M5	M6	E7	E8
One description. (Does not have to be the correct ratio.)	Two descriptions. (Do not have to be the correct ratios.)	One explanation. Some context.	Two explanations. Some context.	One explanation in context.	Two explanations in context.	One justification integrating context. One part of the justification may be weaker.	Two justifications integrating context.

N0 = No response; no relevant evidence.

Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 8	9 – 14	15 – 19	20 – 24