

Assessment Schedule – 2009**Accounting: Analyse and interpret information for a sole proprietor(s) (90028)****Evidence Statement****Codes used:**

- A** Analyse
I Interpret at recognise level
F Interpret at fully explain level – the depth of the answer

Question	Evidence			Code
ONE (a) (i)				A
	Analysis Measure	2008	2009	
(ii)	Gross profit %	60%	50%	I OR F
	<p>An interpret level answer will make no reference to <i>Sushi Heaven</i> and refers to only one of the cost of goods sold, the mark up or the selling price. eg The business could increase the mark up OR decrease the cost of goods sold. Implied reason accepted for I, eg Find a cheaper supplier / increase the selling price A fully interpret level answer will refer to <i>Sushi Heaven</i> (or Peter) and increase in gross profit percentage and any TWO of:</p> <ul style="list-style-type: none"> • sales • purchases • markup • the cost of goods sold • selling price • a suitable example. <p>4 steps</p> <ol style="list-style-type: none"> 1. eg Peter / <i>Sushi Heaven</i> could 2. increase the mark up, which would 3. increase the selling price, which would 4. increase gross profit percentage <p>eg decrease the cost of goods sold, by looking for a cheaper supplier – this would increase gross profit and increase gross profit percentage OR increase the selling price, which will increase the mark up, leading to an increase in the gross profit percentage.</p>			

Question	Evidence			Code															
ONE (b) (i)	Analysis Measure	2008	2009	A															
	Mark-up %	150%	100%																
(ii)	An interpret level answer will make no reference to the cost of goods sold, the markup and the effect on gross profit, eg The business could have reduced the selling price to encourage more sales OR there has been a change in the sales mix to lower mark up products/sushi OR more discount sales this year/theft of stock has occurred. A fully interpret level answer will refer to <i>Sushi Heaven</i> (or Peter) and decrease the mark-up percentage any TWO of: <ul style="list-style-type: none"> • the cost of goods sold • gross profit • a suitable example. 4 steps <ol style="list-style-type: none"> 1. eg <i>Sushi Heaven</i> could have 2. decreased their mark-up/selling price, by discounting prices which could 3. decrease the gross profit and 4. decrease the mark-up percentage eg increased their cost of goods sold, by costs increasing from a supplier/ freight, and this would increase cost of goods sold and decrease the mark up percentage.			I OR F															
(c) (i)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Analysis Measure</th> <th style="width: 25%;">2008</th> <th style="width: 25%;">2009</th> </tr> </thead> <tbody> <tr> <td>Distribution cost %</td> <td style="text-align: center;">12%</td> <td style="text-align: center;">10%</td> </tr> <tr> <td>Administration expense %</td> <td style="text-align: center;">7%</td> <td style="text-align: center;">7.5%</td> </tr> <tr> <td>Finance cost %</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">17.5%</td> </tr> <tr> <td>Net profit %</td> <td style="text-align: center;">26%</td> <td style="text-align: center;">15%</td> </tr> </tbody> </table>			Analysis Measure	2008	2009	Distribution cost %	12%	10%	Administration expense %	7%	7.5%	Finance cost %	15%	17.5%	Net profit %	26%	15%	A A A
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(ii)	The finance cost percentage of 17.5% means that for every \$1 of sales, 17.5/ 18 cents is spent on finance costs OR 17.5% of sales are spent on finance costs.			I															
(iii)	An interpret level answer will suggest a decrease in a specific expense. eg There has been a decrease in advertising. A fully interpret level answer will give the name <i>Sushi Heaven/Peter</i> . 4 Steps <ol style="list-style-type: none"> 1. <i>Sushi Heaven/Peter</i> has 2. decreased advertising, which 3. decreases distribution costs, which 4. decreases the distribution cost percentage. 			I OR F															
(iv)	An interpret level answer will suggest a valid way to improve the finance cost percentage. eg Refinance at a lower rate of interest/Repay the overdraft (which decreases the finance cost percentage)/Repay the loan (which decreases the finance cost percentage).			I															

Question	Evidence	Code						
<p>ONE (v)</p>	<p>An interpret level answer will suggest a change in a specific item in order to improve profitability, eg increase the mark up/a specific example of how to decrease the expense.</p> <p>A fully interpret level answer will link to <i>Sushi Heaven/Peter</i> and give a reason for the improvement and link to increasing net profit/profitability. eg The increase in mark-up leads to an increase in the profitability the business is able to obtain from each dollar of sale, therefore increases net profit.</p> <p>OR</p> <p>Candidate answer provides for a specific expense: 4 steps</p> <ol style="list-style-type: none"> 1. <i>Sushi Heaven/Peter</i> 2. decrease electricity 3. decreasing expenses 4. increasing the profitability/ net profit. 	<p>I</p> <p>OR</p> <p>F</p>						
(d) (i)	<table border="1" data-bbox="339 891 1066 969"> <thead> <tr> <th data-bbox="339 891 608 925">Analysis Measure</th> <th data-bbox="608 891 836 925">2008</th> <th data-bbox="836 891 1066 925">2009</th> </tr> </thead> <tbody> <tr> <td data-bbox="339 925 608 969">Return on equity %</td> <td data-bbox="608 925 836 969" style="text-align: center;">24%</td> <td data-bbox="836 925 1066 969" style="text-align: center;">16%</td> </tr> </tbody> </table>	Analysis Measure	2008	2009	Return on equity %	24%	16%	<p>A</p>
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(ii)	<p>An interpret level answer will make no specific reference to 24%/0.24 cents. It is the return/reward/profit on the owner's investment in the business.</p> <p>A fully interpret level answer will make specific reference to the meaning of 24%, eg It tells Peter that for every \$1 invested, he will receive 24 cents return/ reward/profit. <i>For F reference must be to Peter, not Sushi Heaven.</i></p>	<p>I</p> <p>OR</p> <p>F</p>						

Question	Evidence			Code
	Analysis Measure	2008	2009	
TWO (a) (i)	Liquid Ratio	1.4:1	.75:1	A
(ii)	<p>An interpret level answer will suggest a change in a component of the current ratio, eg accounts payable has increased/the bank overdraft has increased.</p> <p>A fully interpret level answer will give a reason for the change, decrease in the current asset or increase in the current liability, and the decrease on the current ratio.</p> <p><i>Note: Any reference to the bank must be as an overdraft/as a liability or no F.</i></p> <p>4 Steps</p> <ol style="list-style-type: none"> 1. <i>Sushi Heaven/Peter</i> 2. purchased (fixed asset) using accounts payable, which 3. increased the current liabilities, 4. which decreased the current ratio. <p>eg increase in the secured bank overdraft (borrowed more money) which increases the current liabilities, decreasing the current ratio/ took out a large amount of drawings, which increases the bank overdraft, which increases the current liabilities, decreasing the current ratio.</p>			I OR F
(iii)	<p>An interpret level answer will state whether the business has enough liquid assets to cover the liquid liabilities.</p> <p>eg (<i>The business</i>) has \$1.40 of liquid assets for every \$1 of liquid liabilities.</p> <p>Note: Liquid, immediate, or quick assets are allowed.</p> <p>A fully interpret level answer will apply the 1.40:1 in some way.</p> <p>eg <i>Sushi Heaven</i> has \$1.40 of immediate assets for every \$1 of immediate liabilities and, therefore, the business should be able to meet the immediate debts.</p> <p>OR an interpretation eg <i>Sushi Heaven/Peter</i> should be able to meet their immediate debts (debts within the next 1–3 months).</p>			I OR F
(iv)	<p>An interpret level answer will suggest a change in a component of the ratio: Liquid ratio, eg owner invested more cash into the business/owner took out a business loan/owner sold a fixed asset.</p> <p>Answer includes the result of the transaction on an account OR decrease on liquid liabilities/increase in liquid assets AND reference to Peter or <i>Sushi Heaven</i>, which increases the liquid ratio.</p> <p>4 Steps</p> <ol style="list-style-type: none"> 1. If Peter/ <i>Sushi Heaven</i> 2. generates cash in any way, it must be 3. more than the bank overdraft OR reduce Accounts Payable, which 4. increases the liquid ratio. <p>eg If Peter/ <i>Sushi Heaven</i> sells inventory on credit, which increases Accounts Receivable OR increases liquid assets, which increases the liquid ratio.</p> <p><i>Note: Any reference to the bank must be as an overdraft/as a liability or no F.</i></p>			I OR F

Question	Evidence			Code
	Analysis Measure	2008	2009	
TWO (b) (i)	Equity ratio	0.56:1	0.42:1	A
(ii)	<p>An interpret level answer will suggest a change in a component of the equity ratio, eg Owner has taken more money out of the business/has borrowed more/purchased Property, Plant and Equipment on credit/increased funding from outsiders.</p> <p>A fully interpret level answer will include the result of the transaction on an account OR decrease assets/increases liabilities and reference to Peter or <i>Sushi Heaven</i>, which decreased the equity/equity ratio.</p> <p>4 Steps</p> <ol style="list-style-type: none"> Peter / <i>Sushi Heaven</i> has withdrawn more money out of the business, increasing bank overdraft, which decreases his equity/equity ratio. <p>eg Peter or <i>Sushi Heaven</i> has borrowed some money on a long-term loan, which increased the liabilities, which decreases his equity/equity ratio.</p>			I OR F
(iii)	<p>An interpret level answer will give an action that will increase a component of the equity ratio, eg Owner will need to invest more money/capital into the business/reduce drawings (in 2010)/increase profit for the year.</p> <p>A fully interpret level answer will give an action with the result of the transaction on an account</p> <p>OR increases assets/decreases liabilities and reference to Peter or <i>Sushi Heaven</i>, which increases the equity/equity ratio.</p> <p>4 Steps</p> <ol style="list-style-type: none"> Peter will need to invest more money into the business, which will decrease his liabilities and increase his equity/equity percentage 			I OR F

Judgement Statement

Achievement	Achievement with Merit	Achievement with Excellence
3 A	5 A	5 A
4 I/F	1 F	4 F
	7 other I/F	7 other I/F

Lower case **a**, **m**, **e** may be used throughout the paper to indicate contributing evidence for overall grades for questions.