

**Assessment Schedule – 2022****Accounting: Interpret accounting****information for sole proprietors (90980)****Evidence**

ONE	Evidence		
(a)	<b>Analysis Measure</b>	<b>2022</b>	<b>2/2 = A*</b>
	Mini golf expense %	53.6 %	
	Percentage change in fees received	+12 %	
(b)	<p>This means that <i>Magic Mini Golf</i> received 3% more for fees in 2021 than they did in 2020 / 3% increase in fees received from last year / fees received have increased by 3% / increased by \$3277 from \$109 233.</p> <p>Or</p> <p>This means that for every \$1 fees received in 2020, <i>Magic Mini Golf</i> received \$1.03 / 3cents more in 2021.</p> <p><b>Not Sales.</b></p>		<b>A</b>
(c)	<p>The mini golf expense % has increased from 50% in 2021 to 53.6% in 2022 for <i>Magic Mini Golf</i>. This is because mini golf expenses increased by a greater proportion than fees received. The reason for the increase in mini golf expense percentage is because <i>Magic Mini Golf</i> started to host birthday parties at their venue. This led to (one of, but not limited to):</p> <ul style="list-style-type: none"> <li>• Matiu buying supplies for the parties, e.g. cleaning products, balloons, party hats, etc, increased birthday party expenses from \$0 to \$12 000, which increased mini golf expenses and mini golf expense % / mini golf expenses as a percentage of fees received.</li> <li>• <i>Magic Mini Golf</i> employing another worker to help with running the birthday parties. This increased wages, which increased birthday party expenses and therefore increased mini golf expenses and mini golf expense % / mini golf expenses as a percentage of fees received.</li> </ul> <p><b>Not</b> the purchase of the new equipment, tables, and chairs.</p>		<b>A/M/E</b>
(d)	<p>In order to increase the percentage change in fees received, <i>Magic Mini Golf</i> needs to increase its fees received from mini golf and / or parties.</p> <p>To do this, <i>Magic Mini Golf</i> could (not limited to):</p> <ul style="list-style-type: none"> <li>• Advertise more widely to increase awareness of <i>Magic Mini Golf</i> golf and parties by (specific example of how the advertising for mini golf and the new parties will happen). This would attract more customers, which would increase fees received and increase the percentage change in fees received.</li> <li>• Use the new facilities to host work events or other functions (e.g. work functions, themes, etc). This would attract more customers, increasing fees received, and increase the percentage change in fees received.</li> <li>• Increase the price of parties and playing mini golf as they are very popular, assuming customers continue to come for parties / to play mini golf and <i>Magic Mini Golf</i> don't lose too many customers (or % decrease in customers is less than % increase in price). This will increase fees received and increase the percentage change in fees received.</li> <li>• Offer a discount on for example, a customer's first party at <i>Magic Mini Golf</i>, a return visit, etc. This will increase the number of customers who will have their party at <i>Magic Mini Golf</i>, increasing fees received, providing there is a big enough increase in customers, and therefore increase the percentage change in fees received.</li> </ul> <p><b>Note:</b> This is a service entity.</p>		<b>M/E</b>

Achievement	Achievement with Merit	Achievement with Excellence
<p>Calculates 2/2 analysis measures.</p> <p>Describes meaning of the 3% change in fees received.</p> <p>Describes a reason for trend in mini golf expense %.</p>	<p>Explains a reason for the increasing trend in mini golf expense % because of new birthday parties for <i>Magic Mini Golf</i>.</p> <p>Makes a valid recommendation to improve fees received for <i>Magic Mini Golf</i> by explaining how the income can be increased.</p>	<p>Fully explains a reason for the increasing trend in mini golf expense % because of new birthday parties for <i>Magic Mini Golf</i>.</p> <p>No incorrect statements.</p> <p>Justifies a valid recommendation to improve fees received for <i>Magic Mini Golf</i> by explaining how a specific example, linked to increasing customers if relevant, for <i>Magic Mini Golf</i>, could increase the income.</p> <p>No incorrect statements.</p>

N1	N2	A3	A4	M5	M6	E7	E8
ONE correct analysis measure calculated OR partial relevant description.	ONE achievement description (A) OR A* and partial relevant description.	TWO points of three at Achievement level (A and / or A*).	THREE points of three at Achievement level (A and / or A*).	ONE explanation of two at Merit level.	TWO explanations of two at Merit level.	ONE explanation of two at Excellence level.	TWO explanations of two at Excellence level.

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

TWO	Evidence		
(a)	<b>Analysis Measure</b>	<b>2022</b>	<b>2/3 = A*</b>
	Administrative expense %	23.2%	
	Finance cost %	1.7%	
	Profit for the year %	21.5%	
(b)	This means that in 2021 <i>Magic Mini Golf</i> spent / 24.7 cents per \$1 (or 24.7%) of fees received on administrative expenses such as insurance. <b>Not</b> Sales.		<b>A</b>
	The finance cost % for <i>Magic Mini Golf</i> has increased from 1.5% in 2021 to 1.7% in 2022. This is due to finance costs increasing by a greater proportion than fees received. The reason for the finance cost percentage increasing was <i>Magic Mini Golf</i> extended / increased the loan by \$6000 (from \$23 000 to \$29 000) to fund the purchase of new furniture for the birthday parties. This increased the interest on loan, increasing finance costs by \$450 and therefore increasing the finance cost %.		<b>A/M/E</b>
	In order to increase the profit for the year percentage, <i>Magic Mini Golf</i> needs to either increase income or decrease expenses. To do this, <i>Magic Mini Golf</i> could (not limited to): <ul style="list-style-type: none"> <li>• Offer more options for using the birthday party room such as team building activities. This would increase income through new customers increasing fees received (more than increasing expenses or expenses staying the same), which increases profit and therefore profit for the year % for <i>Magic Mini Golf</i>.</li> <li>• Increase the price of the mini golf but not by much so customers aren't scared away. This will increase the fees received and, assuming this increase is greater than the increase in expenses / no change to expenses, profit will increase, therefore increasing profit for the year percentage for <i>Magic Mini Golf</i>.</li> <li>• Decrease their advertising to decrease advertising expenses by using cheaper ways, e.g. social media not TV, providing the number of customers doesn't fall (fees received doesn't fall by more than the decrease in advertising). The decrease in advertising will decrease total expenses while fees received stays the same will increase profit and profit for the year % for <i>Magic Mini Golf</i>.</li> <li>• Decrease a specific expense (with specific details of how). The decrease in the specific expense will decrease total expenses while fees received stay the same and increase profit and profit for the year % for <i>Magic Mini Golf</i>.</li> </ul> <p><b>Note:</b> Cannot repeat or reverse an answer from Question One.  <b>Not</b> an administration expense decreasing.  <b>Not</b> a trading entity example.</p>		<b>M/E</b>

Achievement	Achievement with Merit	Achievement with Excellence
<p>Calculates 2/3 analysis measures.</p> <p>Describes meaning of administrative expense %.</p> <p>Describes a reason for trend in finance cost %.</p>	<p>Explains a reason for the increasing trend in finance cost % for <i>Magic Mini Golf</i>.</p> <p>Makes a valid recommendation to increase profit for the year % for <i>Magic Mini Golf</i> by explaining how the income can be increased or specific expenses decreased.</p>	<p>Fully explains a reason for the increasing trend in finance cost % for <i>Magic Mini Golf</i>.</p> <p>No incorrect statements.</p> <p>Justifies a valid recommendation to increase profit for the year % for <i>Magic Mini Golf</i> by explaining how a specific example, linked to <i>Magic Mini Golf</i>, could increase the income, or decrease the expenses.</p> <p>No incorrect statements</p>

N1	N2	A3	A4	M5	M6	E7	E8
ONE correct analysis measure calculated OR partial relevant description.	Any ONE achievement description (not A*) OR A* and partial relevant description.	TWO points of 3 at Achievement level (A and / or A*).	THREE points of 3 at Achievement level (A and / or A*).	ONE explanation of 2 at Merit level.	TWO explanations of 2 at Merit level.	ONE explanation of 2 at Excellence level.	TWO explanations of 2 at Excellence level.  Trend must have BDP link.

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

THREE	Evidence		
(a)	<b>Analysis Measure</b>	<b>2022</b>	<b>2/2 = A*</b>
	Current ratio	3.93:1	
	Equity ratio	0.43:1	
(b)	<p>This means that for every \$1 of current liabilities <i>Magic Mini Golf</i> had in 2021, they had \$2.53 in current assets repay them.</p> <p>AND</p> <p>We would expect that <i>Magic Mini Golf</i> would be able to pay its current / short term debts as they fell due over the next 12 months / in the normal course of business / debts that fall due in the next year.</p> <p><b>Note:</b> Must be about current short-term debts, not debts in general or immediate debts.</p>		<p><b>One = A</b></p> <p><b>Both = M</b></p>
(c)	<p>The equity ratio has decreased from 0.49:1 in 2021 to 0.43:1 in 2022 for <i>Magic Mini Golf</i>. This is due to total assets increasing through debt financing / equity decreasing.</p> <p>One reason for this (but not limited to):</p> <ul style="list-style-type: none"> <li>• The loan increased from \$23 000 to \$29 000 (by \$6 000), which has increased total liabilities, to purchase new equipment and furniture to run the birthday parties. This has increased total assets without increasing equity and therefore decreased the equity ratio for <i>Magic Mini Golf</i>.</li> <li>• Maitu took \$27 500 drawings / drawings that were greater than the profit, which decreased equity from \$23 890 in 2021 to \$23 465 in 2022. Equity decreased while total assets over the year increased (\$48 450 to \$54 425) hence decreasing the equity ratio.</li> </ul> <p><b>Not</b> equity decreases or assets increase alone – must be beyond the formula.</p>		<b>A/M/E</b>
(d)	<p>To improve the liquid ratio (not limited to):</p> <ul style="list-style-type: none"> <li>• Maitu could contribute more cash into <i>Magic Mini Golf</i> / his business. This would increase bank, which increases liquid assets, and increase capital and equity. It would not impact on liquid liabilities and therefore increase the liquid ratio.</li> <li>• Maitu could contribute more cash into <i>Magic Mini Golf</i> / his business and use this to repay the accounts payable and / or GST payable. This would decrease accounts payable, which decreases liquid liabilities, and increases capital and equity. It would not impact on liquid assets and therefore increases the liquid ratio. (Can also increase liquid asset bank depending on \$ invested and what the candidate writes).</li> <li>• <i>Magic Mini Golf</i> could sell any surplus equipment for cash. This would increase bank, which increases liquid assets. It would not impact on liquid liabilities and therefore increase the liquid ratio.</li> <li>• <i>Magic Mini Golf</i> could borrow more from the bank. This would increase bank which increases liquid assets, it would not impact on liquid liabilities because the loan is a non-current liability, and therefore increase the liquid ratio.</li> </ul> <p>Note: cannot repeat an answer from Question One or Question Two.</p> <p>Immediate = liquid. This is different from current.</p>		<b>M/E</b>

Achievement	Achievement with Merit	Achievement with Excellence
<p>Calculates 2 / 2 analysis measures.</p> <p>Describes meaning of current ratio.</p> <p>Describes a reason for trend in equity ratio.</p> <p><b>Not</b> Mitiu didn't invest more capital / money.</p>	<p>Explains how the current ratio indicates that <i>Magic Mini Golf</i> should be able to meet short term debts.</p> <p>Explains a reason for the decreasing trend in equity ratio for <i>Magic Mini Golf</i>.</p> <p>Makes a valid recommendation to improve liquid ratio for <i>Magic Mini Golf</i>, with links to specific liquid asset or immediate debt as appropriate.</p>	<p>Fully explains a reason for the decreasing trend in equity ratio for <i>Magic Mini Golf</i>.</p> <p>No incorrect statements.</p> <p>Justifies a valid recommendation to improve liquid ratio for <i>Magic Mini Golf</i> by explaining how a specific example, linked to <i>Magic Mini Golf</i>, could increase the liquid assets, and / or decrease immediate debts. Impact on the other part detailed.</p> <p>No incorrect statements.</p>

N1	N2	A3	A4	M5	M6	E7	E8
ONE correct analysis measure calculated OR partial relevant description.	Any ONE achievement description (not A*) OR A* and partial relevant description.	TWO points of 3 at Achievement level (A and / or A*).	THREE points of 3 at Achievement level (A and / or A*).	ONE explanation of 3 at Merit level.	TWO explanations of 3 at Merit level.	ONE explanation of 2 at Excellence level.	TWO explanations of 2 at Excellence level. Trend must have Assets link with drawings or liabilities.

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

### Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 8	9 – 13	14 – 18	19 – 24