

2023 NCEA Assessment Report

Subject:	Accounting
Level:	Level 3
Achievement standard(s):	91404, 91406, 91408

General commentary

Candidates who used the context of the questions in their answers were able to achieve higher grades.

Report on individual achievement standard(s)

Achievement standard 91404: Demonstrate understanding of accounting concepts for a New Zealand reporting entity

Assessment

The assessment covered three questions related to the 2022 Annual Report for *Mercury Energy Limited*.

Commentary

Candidates who demonstrated understanding of the nature of a New Zealand reporting entity, such as *Mercury Energy Limited*, answered the questions at the standard.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- used rote-learned definitions of financial elements, accounting concepts, and qualitative characteristics and referenced *Mercury Energy* and / or the context of each question in their responses
- demonstrated understanding that purchasing a windfarm would increase generation capacity in the future and enable *Mercury Energy Limited* to pay more dividends to its shareholders.

Candidates who were awarded **Achievement** with Merit commonly:

- used the context of each question to explain the financial elements, accounting concepts, and qualitative characteristics
- demonstrated understanding of the stakeholder's needs and explained how components of the annual report would meet those needs.

Candidates who were awarded **Achievement with Excellence** commonly:

- used the context and dollar figures provided to explain the financial elements, accounting concepts, and qualitative characteristics
- used accurate accounting language and relevant examples from the resource material to justify their responses including justifying the asset and income using the recognition criteria from the 2018 NZ Conceptual Framework.

Candidates who were awarded **Not Achieved** commonly:

- repeated information in the resource material without addressing the questions
- used generic language in their responses
- did not answer all the questions.

Achievement standard 91406: Demonstrate understanding of company financial statement preparation

Assessment

The assessment had three questions covering a variety of company specific accounting entries and extracts from financial statement and notes to the financial statements.

Commentary

Candidates showed that it was more challenging to complete financial statement or financial statement note extracts if prompts or headings were not provided. Candidates who demonstrated familiarity with each of the financial statements and notes to the financial statements that can be assessed in this standard achieved higher grades.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- completed the accounting entries and extracts from the financial statements and financial statement notes using some correct figures
- attempted the written responses using at least one of the bullet points provided.

Candidates who were awarded **Achievement with Merit** commonly:

- completed the accounting entries and extracts from the financial statements and financial statement notes using mostly correct classifications and correct figures
- used the context to answer the written response questions.

Candidates who were awarded **Achievement with Excellence** commonly:

- accurately completed the accounting entries and extracts from the financial statements and financial statement notes with minimal or no errors
- integrated the context and used relevant figures to answer the written response questions
- demonstrated understanding of the nature of a trade-in in the cash flow statement and the difference between the accounting treatment of the proposed final dividend across two years.

Candidates who were awarded **Not Achieved** commonly:

- used incorrect figures and classifications in each question.
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Achievement standard 91408: Demonstrate understanding of management accounting to inform decision-making

Assessment

The assessment was one question with a number of parts. Parts (a) to (f) required cost-volume-profit analysis (CVP) or cash budget calculations and short written responses. The focus of the assessment was on the report based on financial and non-financial information to support the decision made by the candidate.

Commentary

Candidates who engaged with the context and demonstrated understanding of the need to add new relevant CVP or cash budget calculations to support their decision achieved higher grades. Candidates need to understand the difference between cash and profit when using financial information to support their decision.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- wrote a report supporting their decision with financial and non-financial information from the resource material provided.

Candidates who were awarded **Achievement with Merit** commonly:

- wrote a concise report supporting their decision effectively using financial and non-financial information from the resource material provided
- included new financial information such as new break-even in their report
- understood and applied the context in the non-financial information in their report.

Candidates who were awarded **Achievement with Excellence** commonly:

- wrote a clear and concise report supporting their decision effectively using financial and non-financial information and integrating the resource material provided
- included an introduction, financial and non-financial reasoning, and a conclusion in their report
- included a variety of new financial information in their report, such as cash flow and CVP calculations
- demonstrated understanding of the wider context and long term significance of the decision, including that the loan would be fully repaid and make a difference to break-even and cash flow in the future.

Candidates who were awarded **Not Achieved** commonly:

- did not attempt the report
- made calculation errors in CVP and the cash budget
- misunderstood the difference between cash and profit.