

National Certificate of Educational Achievement

2011 Assessment Report

Accounting Level 2

- 90220 Describe the conceptual basis of accounting for a sole proprietor**
- 90223 Demonstrate understanding of accounting processes for accounting subsystems**
- 90224 Prepare financial statements and related accounting entries for sole proprietors**
- 90225 Analyse and interpret information and make recommendation(s) for a sole proprietor**

COMMENTARY

This was the final year for examinations to assess these achievement standards.

Candidates needed to attempt all questions so that evidence could be gathered for all levels of achievement. All questions and question parts contributed to the grade. The quality of answers determined the grade.

STANDARD REPORTS

90220 Describe the conceptual basis of accounting for a sole proprietor

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They typically:

- produced accurate definitions
- attempted most questions
- identified relevant concepts
- recognised financial elements and qualitative characteristics
- did not write answers in context.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They typically:

- attempted only part of the question
- restated the question rather than answering it
- misinterpreted questions through not reading the question carefully or through a lack of conceptual understanding
- used the incorrect terminology
- were unable to structure an acceptable answer.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit typically:

- applied definitions and concepts in context
- incorporated detail that was relevant to the question asked
- demonstrated a depth of understanding.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence typically:

- wrote well-structured answers

- used the resource material intelligently to link the context to accounting concepts required in the question
- used accounting terminology consistently and accurately, showing their depth of understanding.

90223 Demonstrate understanding of accounting processes for accounting subsystems

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They typically:

- completed journals with debits and credits that were equal with some stems accurate
- entered debits and credits correctly and balanced ledger accounts in most instances
- understood basics of two of inventory; property, plant and equipment; and cash subsystems.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They typically:

- attempted part of the paper only
- could not correctly use debits and credits in the journal or ledger
- wrote incorrect particulars in journals and ledgers
- were unable to update cash journals correctly or show correct processes in bank reconciliation statement.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit typically:

- understood the link between journal and ledger
- understood a range of transactions associated with inventory
- understood the process well enough to use the segment of information they had been given accurately
- used appropriate stems in journals and ledgers
- used information correctly from previous parts of the question
- selected and used relevant information consistently.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence typically:

- understood that the perpetual inventory system provides a cost of goods sold figure
- clearly checked to see answer was consistent with previous parts of question
- were able to write clearly and concisely using the context of the question set
- understood GST in a wide range of situations
- understood the idea of capital expenditure and of inventory write-down.

OTHER COMMENTS

Large numbers of candidates were well versed in the requirements of processing for subsystems.

90224 Prepare financial statements and related accounting entries for sole proprietors

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They typically:

- completed part of the notes to financial statements
- used correct stems
- presented some complete journal entries
- could prepare most of a financial statement extract with some balance sheet day adjustments correctly incorporated.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They typically:

- used incorrect stems that included calculations
- were unable to complete notes to the financial statements
- did not prepare or miscalculated balance sheet day adjustments
- included too many foreign items.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit typically:

- selected and used correctly most items from the resource to complete the classified financial statement extracts
- could correctly balance ledger accounts
- could correctly identify end-of-period and start-of-period dates.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence typically:

- consistently applied good accounting practice with correct classifications, appropriate stems, and use of dates
- incorporated closing and reversing entries in their answers
- completed notes to financial statements and understood the link between the financial statement and the note
- correctly interpreted information from the resources.

90225 Analyse and interpret information and make recommendations for sole proprietors

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They typically:

- explained the meaning of the analysis measure in context
- explained possible reasons for trends by using the source material provided
- recommended valid solutions for different situations
- followed instructions with relation to decimal places and/or rounding of analysis measures.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They typically:

- attempted to explain analysis measures but often left out key words such as liquid, percentage, and secured bank overdraft
- were unable to make valid recommendations or justifications based on the resource material provided
- gave rote-learned answers that were not appropriate in the given situation.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit typically:

- fully explained the meaning of analysis measure(s) in context. Example “A bakery will sell inventory quickly/most days as the stock items are perishable”
- used the resource material provided in their explanations. Example “John prides himself on selling good quality filled rolls, pies, donuts and cakes and therefore ...”
- understood and were able to explain the difference between a secured and an unsecured bank overdraft and the effect it would have on the liquid ratio.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence typically:

- understood inventory turnover, what was meant by “industry average”, and as a result gave well explained answers relating to the bakery
- explained that changing the limit of the secured bank overdraft limit would not impact on the equity ratio as the level of the bank overdraft/amount of liabilities, remained unchanged
- provided in-depth explanations when required for justification of how a recommendation would address a particular weakness in a business. This involved referring to the context provided in the resource material.