

# **National Certificate of Educational Achievement**

## **2012 Assessment Report**

### **Accounting Level 2**

- 91174 Demonstrate understanding of accounting concepts for an entity that operates accounting subsystems**
- 91176 Prepare financial information for an entity that operates accounting subsystems**
- 91177 Interpret accounting information for entities that operate accounting subsystems**

## COMMENTARY

It is important that candidates read a question carefully and pay particular attention to the words in bold in either the instructions or in the question asked. Candidates should use the bullet point information provided in a question as a framework for answering it. This in conjunction with greater familiarity with what it means to describe, explain and justify in context, will help candidates to answer the set questions with the more detail and accuracy.

## STANDARD REPORTS

### **91174 Demonstrate understanding of accounting concepts for an entity that operates accounting subsystems.**

#### ACHIEVEMENT

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

- partially wrote correct definitions without attempting to place it in the context of the question
- attempted all parts of each question in the examination
- could distinguish between similar terminology i.e. current liability vs non-current liability.

#### 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:**

- were unable to write definitions clearly
- did not read or misunderstood what the question was asking
- restated the question rather than answering it
- left parts of questions or whole questions blank
- could not distinguish between similar accounting terminology
- could not apply definitions to context given.

#### 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 answered all components of the questions
- could apply accounting terminology to the context given
- wrote well-structured sentences with relevant accounting terminology in the context given.

#### 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:**

- gave answers that were clearly and logically worked through – they answered each bullet point
- fully answered all components of the question in context
- recognised the effect that accounting terminology has on decision making.

## **91176 Prepare financial information for an entity that operates accounting subsystems.**

### **ACHIEVEMENT**

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

- produced financial statements with sufficient income, expense, asset and liability information but not always correctly classified
- produced financial statements with adjustments using the figure provided
- could complete one or two of the processing requirements.

### **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:**

- struggled to correctly identify the correct items to enter into the appropriate financial statement
- did not include sufficient correct balance day adjustment information in financial statements
- were unable to produce general journal entries with debit and credit information
- often did not balance their ledger accounts appropriately.

### **ACHIEVEMENT WITH MERIT**

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

- produced financial statements with only one foreign item
- processed accurately by completing general journal entries for balance day adjustments correctly
- produced correctly classified financial statements with some omission of relevant information
- completed accurately balance day adjustments where a calculation was required e.g. straight-line depreciation, accounts payable
- understood the need to use invoices, credit notes, bad debts, and discount allowed appropriately when determining cash from credit customers and cash paid to fuel suppliers.

### **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:**

- produced financial statements without foreign items to demonstrate understanding of the purpose of the particular financial statement
- understood to label gross profit as a result of sales less cost of goods relationship
- understood which ledger accounts to close
- completed accurately balance day adjustments requiring multi-step calculations e.g. doubtful debts, inventory written down to net realisable value, units of use depreciation
- understood the meaning of direct credit and direct debit.

## **91177 Interpret accounting information for entities that operate accounting subsystems.**

### **ACHIEVEMENT**

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

- calculated analysis measures
- described the meaning of analysis measures in context
- described possible reasons for trends using the resource material provided
- referred to calculations and quoted numbers or dollars to support their written interpretations.

### **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:**

- offered no interpretation but simply reworded resource material
- were repetitive and produced disorganised answers
- did not provide the required number of responses
- confused % with \$
- confused an element name with a ratio name (e.g. inventory and inventory turnover).

### **ACHIEVEMENT WITH MERIT**

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

- explained the meaning of analysis measures
- explained reasons for trends consistent with the resources
- explained some links between related analysis measures.

### **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:**

- presented answers in an organised fashion
- followed the instructions in the questions and worked through all the suggested bullet points required to justify their answers
- justified relationships between analysis measures and the impact on other ratios
- justified answers consistent with the resource material.

### **OTHER COMMENTS**

The use of abbreviations and shorthand notation is not appropriate when answering questions as it can be difficult to interpret their meaning at times.

The context of the achievement standard is sole proprietors, which means answers in the context of a company may be incorrect.