

# **National Certificate of Educational Achievement**

## **2013 Assessment Report**

### **Accounting Level 1**

- 90976 Demonstrate understanding of accounting concepts for small entities**
- 90978 Prepare financial statements for sole proprietors**
- 90980 Interpret accounting information for sole proprietors**

## STANDARD REPORTS

### 90976 Demonstrate understanding of accounting concepts for small entities

#### ACHIEVEMENT

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

- identified and described an appropriate concept for the question asked
- described financial elements
- identified account classifications
- described the impact of a transaction on assets and liabilities
- described the role of an auditor.

#### 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 an insufficient number of questions
- showed a narrow understanding of accounting concepts
- showed a narrow understanding of financial elements.

#### 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 financial elements
- explained the effect of accrual accounting on the financial statements
- explained concepts using the relevant information provided
- explained the characteristics of financial elements using the resource material.

#### 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:**

- applied the financial elements and explained their effect on *Better Burgers*
- applied the accrual accounting concept to the financial statements of *Better Burgers*
- applied a relevant concept, stating what the concept was and how and why it related to the reporting of the drink machine
- applied the accounting entity concept to *Better Burgers*.

#### OTHER COMMENTS

All characteristics of a financial element should be applied to the financial element in the question, using the context of the business.

Candidates need to use the resource material provided as their starting point to develop their explanation.

Concepts should be fully explained in terms of the effect on the entity and its financial statements.

## **90978 Prepare financial statements for sole proprietors**

### **ACHIEVEMENT**

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

- classified expenses
- prepared a classified Statement of Financial Position
- prepared the Property, Plant and Equipment table
- included the majority of the cash items in the cash budget.

### **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:**

- did not complete the trading statement component of the Income Statement
- did not use all the headings required for a relevant statement
- did not attempt all three questions
- could not classify financial elements between the financial statements.

### **ACHIEVEMENT WITH MERIT**

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

- treated and calculated the in-depth balance day adjustments correctly
- accurately calculated the cost of goods sold and gross profit
- distinguished most of the cash and non-cash items in the budget
- wrote appropriate stems in the cash budget.

### **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:**

- calculated and treated the comprehensive adjustments correctly
- distinguished between accounts receivable, accounts payable, accrued income and accrued expenses
- calculated and adjusted for GST accurately
- distinguished cash and non-cash items in the budget
- included all the appropriate headings in the Statement of Financial Position as set out in the appendix
- had minimal or no foreign items in their financial statements.

### **OTHER COMMENTS**

**Candidates need to be familiar with the financial statements as laid out in the Level 1 Appendix. They need to ensure that they are using appropriate headings in their financial statements to ensure that elements are classified correctly.**

## **90980 Interpret accounting information for sole proprietors**

### **ACHIEVEMENT**

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

- described the meaning of percentages/ratios
- described reasons for the trend in a percentage/ratio
- calculated correct 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:**

- did not complete all questions
- did not use the components of the formula to describe the meaning of a percentage or ratio
- misread the question.

### **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 a recommendation by explaining how the business could achieve the desired outcome
- explained the meaning of the percentage/ratio including the context and an example
- explained a reason for the trend in the percentage/ratio by including how their reason impacted the item being asked.

### **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:**

- incorporated the resource material into their answers
- explained in detail the reason for the trend in the percentage/ratio by including the link from the component to the percentage/ratio
- justified a recommendation by linking the recommendation to the components of the percentage/ratio.

### **OTHER COMMENTS**

Candidates are encouraged to incorporate the resource material in to their answers. They should also ensure that their answers are appropriate for the business being analysed and interpreted.