

National Certificate of Educational Achievement

2014 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**

COMMENTARY

Students are encouraged in all three standards to become familiar with the entity/ies being assessed.

There is a Level 1 Accounting appendix available on the NZQA website and it is important that students are familiar with the layouts in this appendix.

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 commonly:

- defined equity
- calculated equity correctly and showed their working
- described financial elements
- described an appropriate concept for the question asked.

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 commonly:

- did not show working for the calculation of equity
- attempted an insufficient number of questions
- showed a narrow understanding of financial elements
- showed a narrow understanding of accounting concepts
- used abbreviations.

ACHIEVEMENT WITH MERIT

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

- explained the characteristics of financial elements using the resource material
- explained concepts using the relevant information provided.

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 commonly:

- applied the financial elements and explained their effect on Smartway
- applied the concepts and explained how they related to Smartway using the resource material.

OTHER COMMENTS

Candidates who have a clear understanding of the concepts and the elements and how they affect the entity being examined perform well in this standard.

90978 Prepare financial statements for sole proprietors

ACHIEVEMENT

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

- classified the financial elements in the financial statements
- labelled profit for the year correctly
- completed the property plant and equipment table
- included the majority of cash items in the Cash Budget
- wrote appropriate account stems 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 commonly:

- used abbreviations
- misclassified financial elements
- omitted classification headings e.g. listed all of the expenses together, all the assets together
- described the transaction by copying the resource material in the cash budget.

ACHIEVEMENT WITH MERIT

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

- reported the majority of balance day adjustments where the figure is provided
- reported some balance day adjustments where the figure required a calculation
- included all headings in the statement of financial position
- included very few foreign items
- stated the depreciation note correctly.

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 commonly:

- distinguished between Revenue and Other Income
- reported all/nearly all balance day adjustments accurately
- reported income in advance correctly
- calculated GST Payable correctly
- classified all or nearly all accounts correctly under accurate headings
- calculated and labelled the surplus/deficit then completed accurately the closing bank process in the Cash Budget.

OTHER COMMENTS

The context of this examination was a service entity. It is important that candidates are familiar with both trading (retail) and service contexts. Many candidates did not appear familiar with the Income Statement for a service entity by including a 'cost of goods sold' section.

It is important that candidates are familiar with the published appendix which outlines the layout and classification headings to be used.

Emphasis needs to be placed on distinguishing cash and non-cash items in a cash budget, as well as the process to complete the budget.

It is important that candidates think about the context of the entity, ensure they read the questions carefully, and proof-read their answers for accuracy and completeness.

90980 Interpret accounting information for sole proprietors

ACHIEVEMENT

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

- described the meaning of the percentage or ratio
- described a reason for the trend in the percentage or 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 commonly:

- left questions unanswered
- did not use the components of the formula to describe the meaning of the percentage or the ratio.

ACHIEVEMENT WITH MERIT

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

- explained a recommendation in context by saying how the business could achieve the desired outcome
- explained a reason for the trend in the percentage or ratio in context, 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 commonly:

- fully explained the reason for the trend in the percentage or ratio in context, by including the links from the component to the percentage or ratio being asked for
- justified a recommendation in context, by linking the recommendation to the components of the percentage or ratio and linking that to the percentage or ratio
- incorporated the resources into their answers.

OTHER COMMENTS

Candidates should be encouraged to spend some time in the assessment getting familiar with the business by reading the resource/s thoroughly so that they can then answer the questions specifically for the business being assessed.