

2015 NCEA Assessment Report

Accounting Level 2 91174, 91176, 91177

Part A: Commentary

Comment on the overall response of candidates to 2015 examinations for all achievement standards covered by this report.

Achievement at Level 2 requires candidates to go beyond the definition. Application of a concept or analysis measure in context is needed. Accuracy of Accounting language is also important to a candidate's success.

All questions provide evidence towards Achievement and those candidates that attempted most questions were more likely to gain Achievement in a brogue.

Achievement with Excellence is attainable with attention to detail in written answers and in the preparation of financial statements and the general journals and general ledgers. Candidates that understood in-depth the reasons behind a wide range of concepts and analysis measures and the purpose of the financial statements they were preparing were able to provide this detail.

Part B: Report on standards

1. Assessment Report for 91174: Demonstrate understanding of accounting concepts for an entity that operates accounting subsystems

Achieved	<p>Candidates who were assessed as Achieved commonly:</p> <ul style="list-style-type: none"> • had accurately learnt accounting concepts and were able to relate these to the context of the question • defined most of the accounting elements and concepts in context • read and understood the background/context information provided • covered and understood what most bullet points provided in questions required • had accurately learnt element definitions and were able to relate these to the context of the question • attempted the majority of the paper.
Not Achieved	<p>Candidates who were assessed as Not Achieved commonly:</p> <ul style="list-style-type: none"> • stated rote learnt definitions of accounting elements and concepts but did not apply these to the context given • could not apply the correct concept to the given situations consistently • did not attempt large portions of the paper • did not write in a logical and succinct manner • wrote answers that did not demonstrate understanding of what the question required • did not understand the context provided, for example, what is an invoice?
Achieved with Merit	<p>Candidates who were assessed as Achieved with Merit commonly:</p> <ul style="list-style-type: none"> • accurately learnt accounting concepts and were able to relate these to the context of the question • accurately learnt element definitions and were able to relate these to the context of the question • answered all questions • were able to write logical and succinct answers that addressed what the question required • used appropriate accounting terminology in context.
Achieved with Excellence	<p>Candidates who were assessed as Achieved with Excellence commonly:</p> <ul style="list-style-type: none"> • read the questions carefully and fully understood the context • understood what doubtful debts mean for Healthy Greens • understood the accrual basis in relation to invoices • could apply their knowledge to a variety of contexts • wrote answers that fully covered all bullet points of the questions in a coherent logical manner • were able to interpret accounting information that appeared in different formats/layout for example a balance day adjustment via an invoice.

2. Assessment Report for 91176: Prepare financial information for an entity that operates accounting subsystems

Achieved	<p>Candidates who were assessed as Achieved commonly:</p> <ul style="list-style-type: none"> correctly completed balance day adjustments where the figure was given correctly completed a journal entry or ledger entry entered one or two foreign items into their financial statements e.g. asset elements in the Income Statement included information not relevant to the financial statement extract they were preparing e.g. allowance for doubtful debts in the current liabilities understood how to prepare an Income Statement for a Service firm and were able to prepare extracts for the Cash Flow Statement and Statement of Financial Position with some accuracy.
Not Achieved	<p>Candidates who were assessed as Not Achieved commonly:</p> <ul style="list-style-type: none"> left many parts of the questions blank could not complete balance day adjustments added significant numbers of foreign items to their financial statements completed one question to a reasonable standard but left the other two questions out.
Achieved with Merit	<p>Candidates who were assessed as Achieved with Merit commonly:</p> <ul style="list-style-type: none"> correctly completed balance day adjustments requiring a calculation correctly completed a journal entry and a ledger entry for balance day adjustments or closing entries added minimal or no foreign items to their financial statements.
Achieved with Excellence	<p>Candidates who were assessed as Achieved with Excellence commonly:</p> <ul style="list-style-type: none"> correctly completed a range of balance day adjustments including those requiring a two-step calculation understood the reporting of GST in a Statement of Financial Position understood the use of closing entries in both the general journal and general ledger format understood that the “for year ended” section of the PPE note represents changes through the year and the ‘as at” section is at the end of the year after all of the changes have taken place added no foreign items to their financial statements.
Standard specific comments	<p>Candidates who are familiar with a variety of balance day adjustments for financial statements relating to both service and trading firms performed better than those who had not been exposed to both e.g. adding gross profit for the service firm, not recognising Electrical Fees Received as the main source of income for Electrical Times.</p> <p>Candidates who are familiar with the full PPE note and understand the purchase and disposal of PPE in general gained better grades than those who struggled with this – i.e. included gain on sale of PPE in cash flow and could not correctly enter a disposal or an addition in the PPE note.</p>

3. Assessment Report for 91177: Interpret accounting information for entities that operate accounting subsystems

Achieved	<p>Candidates who were assessed as Achieved commonly:</p> <ul style="list-style-type: none"> could describe analysis measures referring to figures and describe what the analysis measure showed but could not explain the specific reasons why the analysis measures had changed. misread what was required of them in their answers often rounded their numbers incorrectly gave rote learnt answers with only a small level of application in their answers made general statements about trends, rather than referred to the figures in the resource did not know the difference between liquidity and the liquid ratio did not understand that a high turnover was needed with a low mark up %, they often thought it was the other way round
-----------------	---

	<ul style="list-style-type: none"> • candidates were also very keen to talk about how perishable pies were • answered Question 1 from an Economics viewpoint (of supply and demand), rather than the factual viewpoint of Accounting candidates.
Not Achieved	<p>Candidates who were assessed as Not Achieved commonly:</p> <ul style="list-style-type: none"> • calculated the ratios correctly but did not demonstrate understanding of their meaning and/or did not use the calculation of ratios in their answer • could describe the analysis measures but gave reasons that were rote learned (and were incorrect) rather than coming from the resource material • answered only one or two questions • misinterpreted the question • made suggestions to improve the measures, rather than interpreted the data in front of them.
Achieved with Merit	<p>Candidates who were assessed as Achieved with Merit commonly:</p> <ul style="list-style-type: none"> • explained correctly and in detail the ratios as well as why the ratios had changed, providing relevant and accurate reasons why that linked to the resource material • were able to link the questions rather than write in isolation to each other • were confused by the comparative figures in the Cash Flows (extract) • knew that the return on total assets measure efficiency • did not realise they should discuss the current ratio when discussing liquidity.
Achieved with Excellence	<p>Candidates who were assessed as Achieved with Excellence commonly:</p> <ul style="list-style-type: none"> • gave full explanations and justified them using the supporting figures/information in the resource beyond the ratios as well as showed their own understanding. • linked their explanations to the future cash flow or profitability of the business • demonstrated they truly understood the story the numbers were telling them • were able to link both the analysis measure and the other financial information • were able to correctly interpret the comparative figures in the Cash Flows (extract).
Standard specific comments	<p>Candidates need to be careful of the terminology that they use throughout the paper e.g. the use of the word “money” was used when discussing profit. Candidates need to steer away from using standard/rote learnt responses to answers and look at the entity (pie shop) and question asked e.g. low mark-up in a pie shop requires high sales volume to be profitable or there was too much use of increased “advertising” as the reason for administrative expenses decreasing (advertising is not an administrative expense.</p>