

Assessment Report

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Part A: Commentary

There are three external achievement standards in this examination. All three papers could be completed in three hours. All achievement standards provide resource material which is required to be used when answering the questions. This can be in the form of a resource booklet or as part of the question.

Candidates are encouraged to read one entire question booklet and relevant resources before commencing their answers to gain an understanding of the business being used. Answering in context is critical. Context is beyond writing the business name or rewording the question. Understanding the context relates to the type of business (what it does / sells, service, or retail), what events have taken place as detailed in the resource, and how these have impacted the business and the concepts or analysis measure being examined.

Candidates who used resource information to develop their answers in 91174 and 91177 achieved higher grades than those who repeated the resource. Candidates



must read the questions carefully and answer what is asked. A scattergun approach to answers does not show an in depth understanding.

In preparation for the external examination, it is important that candidates are familiar with the Achievement Standard, Assessment Specifications, as well as any documents referred to in these resources.

Part B: Report on standards

91174: Demonstrate understanding of accounting concepts for an entity that operates accounting subsystems

Examinations

This examination consisted of three questions, each of which had two parts. Some questions had bullet points to guide candidates to what was required to be covered in their answer. For those questions with bullet points, it is important to read and answer the main question, not only the bullet points.

Observations

Those candidates who used the resource material in their answers (account names, \$ figures etc) to support the correct definition of the concept being examined achieved higher grades than those who did not. Candidates need to know the definitions of the concepts required in this achievement standard as they will not always be provided. It is not possible to cover all the content in the examination, but candidates need to know all areas, including subgroups. For example, Assets can be examined through the definition / characteristics, recognition criteria, classification, as well as being linked to other concepts.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- provided rote-learned definitions of concepts that included the context of each question
- did not include figures provided in the resource material when writing their responses
- described the monetary concept with reference to same currency being used in the financial statements

- described how the new machinery meets both parts of the asset definition of a resource controlled that has potential to produce economic benefit
- described a component of faithful representation
- described relevant information necessary for users to make informed decisions.

Candidates whose work was assessed as **Not Achieved** commonly:

- did not attempt all the questions
- did not recall accounting concepts using appropriate accounting terminology e.g. how an asset has potential to produce economic benefits
- provided responses that repeated the bullet points provided in the resource material without answering them
- described an asset only and not why inventory is a current asset.

Candidates who were awarded **Achievement with Merit** commonly:

- described that a current asset will bring benefit or cash within the next accounting period
- linked the damaged inventory to a lower net realisable value
- explained that the write down expense resulted in an increase on costs of goods sold which decreased the profit for *Puzzling*
- explained the monetary concept with reference to requiring *Puzzling* to convert AUD to NZD to ensure that the same currency is used in the financial statements
- explained how an asset has potential to produce economic benefits that will generate cash or income for *Puzzling*
- described faithful representation that linked to a transaction or document
- demonstrated an understanding of the accrual basis, how it resulted in income decreasing by \$6000 for the period, and explained present obligation with reference to *Puzzling* needing to deliver / sell puzzles in the future.

Candidates who were awarded **Achievement with Excellence** commonly:

- answered all questions succinctly and accurately, in context, and supported by evidence, e.g. \$ figures, accounts.

91176: Prepare financial information for an entity that operates accounting subsystems

Examinations

This examination consisted of three questions and it was consistent with previous years. Each question required candidates to prepare either full financial statements and / or extract and / or notes to the financial statements, as well as the preparation of general journal entries and general ledger account(s). The questions in this paper covered a range of content specified in the explanatory notes of the Standard as indicated in the Assessment Specifications. This lists the balance day adjustments that can be examined and links to the appendix for layout and other details.

Observations

When preparing the journals, ledgers, and financial statements candidates must use the account names from the trial balance. If the account is not in the trial balance, then the commonly acceptable account name should be used, e.g. Accrued Expenses. Candidates need to read any introductory information about the business, as well as the trial balance and additional information, in order to understand the business being assessed.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- correctly completed some balance day adjustments where the figure was provided
- classified most accounts correctly in the Income Statement, as well as the Current Assets & Current Liabilities
- labelled their working for the Cash Received from Accounts Receivable
- prepared some journal and ledger entries correctly.

Candidates whose work was assessed as **Not Achieved** commonly:

- were unable to complete balance day adjustments
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- did not know how to set out a general journal and / or a general ledger entry
- were unable to classify items for the financial statements
- did not complete all sections of each question, e.g. opening balance only.

Candidates who were awarded **Achievement with Merit** commonly:

- correctly completed most balance day adjustments which required calculations for the financial statements
- correctly completed the journal and ledger entries for balance day adjustments
- correctly completed closing entries when appropriate
- classified the majority of expenses using the 'Café and Catering Costs' heading provided in the instructions
- understood how to close off the Drawings account to Capital rather than Income Summary.

Candidates who were awarded **Achievement with Excellence** commonly:

- read the detail for the context given to ensure accurate classification of expenses in the Income Statement, e.g. Website expenses
- correctly completed balance day adjustments in the journals and ledgers, including those requiring more than one step to calculate the correct figure
- closed only those accounts which should be closed or were able to produce complete financial statements and / or extracts that were fit for purpose, including correct terminology, e.g. Closing Carrying Amount for the PPE Note and no label for the total in the Accounts Receivable Note.

91177: Interpret accounting information for entities that operate accounting subsystems

Examinations

This examination consisted of three questions with two parts, which had bullet points to guide candidates to what was required to be covered in their answer. It is important to read and answer the main question, not only the bullet points. The

questions in this paper covered a range of content specified in the Achievement Standard explanatory notes and the Assessment Specifications.

Observations

This examination required candidates to identify which analysis measure should be used to provide information for a specific purpose. It is important that candidates do not expect to be told which analysis measure to use and that they understand how the analysis measures inform the user.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- used rote-learned answers with some context but insufficient context for a higher grade
- provided descriptions / statements that were general and did not use the resource material / situation
- did not include ratios / percentages results in their explanations
- answered one question well that lifted their overall result
- described Gross Profit and the change but could not make the link to Markup.

Candidates whose work was assessed as **Not Achieved** commonly

- did not answer all or some parts of a question
- identified parts of an analysis measure but did not provide an accurate description, often muddling up what they were trying to say or using the wrong analysis measure
- did not include context, or incorporate ratios / percentages into their answers
- used inaccurate or vague terms, e.g. 'business' as opposed to *Nitesky* or *Puzzling*, or 'owns' when referring to equity ratio.

Candidates who were awarded **Achievement with Merit** commonly:

- explained the correct analysis measure using relevant examples and using the context well

- included an incorrect statement in their answer or lacked key details required for excellence, but had enough detail and accuracy for merit

Candidates who were awarded **Achievement with Excellence** commonly:

- justified their answers with evidence and detail, providing the appropriate explanation, which included financial information, and referring to *Nitesky* or *Puzzling* and / or the owner when appropriate
- demonstrated a sound sequence of logic in their responses, e.g. linking markup % to gross profit %
- justified what the impact of the increase in online orders would have on distribution cost % and discussing the proportion of the increase in online sales in relation to the delivery expense
- identified the correct ratios for question three and explained the impact of the trend as required
- wrote well thought-out answers that were ordered and logical.

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Previous years' reports

[2020 \(PDF, 232KB\)](#)

[2019 \(PDF, 309KB\)](#)

[2018 \(PDF, 112KB\)](#)

[2017 \(PDF, 46KB\)](#)

[2016 \(PDF, 213KB\)](#)