

2022 NCEA Assessment Report



Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Subject: Accounting

Level: 3

Standards: 91404, 91406, 91408

Part A: Commentary

Candidates who applied the contexts within each assessment in their answers achieved higher grades.

Part B: Report on standards

91404: Demonstrate understanding of accounting concepts for a New Zealand reporting entity

Examination

The examination used *Port of Tauranga Limited* for the context in all three questions.

Observations

Candidates familiar with a reporting entity, such as *Port of Tauranga Limited*, annual report were able to apply the context effectively.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- referred to the resource material in their answers.

Candidates who were awarded **Not Achieved** commonly:

- restated the resource material without answering the question.

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

- made detailed reference to the resource material relating to *Port of Tauranga Limited*
- demonstrated understanding of how New Zealand Generally Accepted Accounting Practice (NZGAAP) allows general purpose financial reports to be prepared consistently which aids both the qualitative characteristics of comparability and understandability
- demonstrated understanding of the two components of the solvency test
- demonstrated understanding that recognition criteria refer to when an asset can be recognised in the Statement of Financial Position.

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

- integrated the resource material related to Port of Tauranga Limited in all their evidence
 - demonstrated understanding of the nature of acquired goodwill, rather than simply the asset goodwill, and why acquired goodwill would be recognised in the Statement of Financial Position.
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91406: Demonstrate understanding of company financial statement preparation

Examination

Three questions covered the accounting entries, financial statement extracts, including extracts from the notes to financial statements, and understanding of financial statement preparation for a company.

Financial statements assessed are listed in EN5 of the standard. Accounting entries and adjustments assessed are listed in the Appendix to the Level 3 accounting standards.

Observations

Candidates familiar with both the unique company accounting entries and adjustments such as share issue, company taxation and dividends in addition to general balance day adjustments achieved higher grades.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- prepared financial statement extracts and / or accounting entries with some correct balance day adjustments in questions One and Two
- entered items in the cash flow statement extract with some correct calculations in Question Three.

Candidates who were awarded **Not Achieved** commonly:

- did not demonstrate familiarity with company terminology used in accounting entries and financial statements
- did not demonstrate familiarity with common company balance day adjustments and accounting entries.

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

- prepared financial statement extracts and accounting entries with mostly correct balance day adjustments in Questions One and Two
- entered items in the cash flow statement extract and retained earnings account with some correct calculations in Question Three

- demonstrated understanding of the nature of company accounting entries such as the revaluation of shares in *RLS Limited* and/or the nature of provisional tax and / or the payment of dividends.

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

- prepared financial statement extracts and accounting entries that were fit for purpose with accurate use of the resource material provided for each question
 - integrated the resource material, using accurate calculations and figures, in their explanations of the revaluation of shares, nature of provisional tax, and the payment of dividends.
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91408: Demonstrate understanding of management accounting to inform decision making

Examination

Questions One and Two covered detailed management decision elements to support the justified decision in Question Three.

Observations

Candidates who demonstrated understanding that the decision to purchase a machine would be a strategic decision with long term consequences for the business beyond the next month or two and integrated all of the resource material and evidence into their answer, achieved higher grades. When asked for relevant calculations to support their answers, in addition to any that have been specifically covered in the examination questions, candidates need to refer to EN5. Calculations expected include CVP calculations such as relevant range, break-even, margin of safety, profit targets or additional cash budget considerations that consider the long-term consequence of a strategic decision, not just its immediate impact.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- applied the context to their evidence.

Candidates who were awarded **Not Achieved** commonly:

- wrote generic answers with minimal reference to the context.

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

- demonstrated understanding of the strategic decision to purchase machinery to expand production of aluminium dinghies given they were becoming more popular
- demonstrated understanding of the need for a bank overdraft in the next month
- applied the context in detail to their decision using financial and non-financial information.

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

- demonstrated understanding of the long term and wider consequences of the strategic decision to purchase machinery to expand production of aluminium dinghies
- used and calculated additional CVP calculations, such as margin of safety, to justify the ability of the business to meet its profit target
- integrated all the resource material, financial, and non-financial information to justify their decision using well-reasoned arguments in context.