

# 2024 NCEA Assessment Report

**Subject:** Accounting  
**Level:** 3  
**Achievement standards:** 91404, 91406, 91408

## General commentary

Candidates who effectively engaged with the context in each assessment were able to secure higher grades.

## Report on individual achievement standards

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

#### Assessment

The assessment contained three questions based on *Tourism Holdings Limited's* Annual Report.

#### Grade awarding

Candidates who were awarded **Achievement** commonly:

- used generic definitions of financial elements, accounting concepts, and qualitative characteristics that included the context of each question
- used key words from the resource material to support their answers, but did not use figures to provide further depth and context
- identified the difference between the characteristics and recognition criteria of financial elements
- gave a reason for an employee being interested in the extract and cash flow statement
- identified the income tax expense reported in the income statement or the tax payable reported in the statement of financial position
- explained motorhome assets using one or more characteristics of an asset.

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

- explained definitions of financial elements, accounting concepts and qualitative characteristics that included the context of each question
- explained the components of *Tourism Holdings Limited's* statement of cash flows with reference to the accounting period
- explained why some of the specific information in the consolidated statement of cash flows, such as cash from operating activities, would be of interest to a potential employee, for example for assessing ability to pay wages / job security
- explained how the auditors' report is an independent opinion that shows a true and fair view of *Tourism Holdings Limited's* financial statements, and that New Zealand Generally Accepted Accounting Practice has been followed in their preparation
- explained the difference between classifying motorhomes held for sale and motorhomes for rental as current and non-current assets respectively.

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

- answered all questions succinctly and accurately, in context, and supported by evidence for example, \$ figures, used correct accounting terminology, and used examples from the resource material provided to justify their answer
- explained comparability as identifying similarities and differences in *Tourism Holdings Limited's* financial performance and position, including how comparability is enhanced with consistency in the preparation of the financial reports
- explained how the income tax expense of \$17m satisfies both the definition and recognition criteria for it to be reported as an expense in *Tourism Holdings Limited's* comprehensive income statement for the period
- explained how the current tax payable of \$13m satisfies both the definition and recognition criteria for it to be reported as a current liability in *Tourism Holdings Limited's* statement of financial position
- explained that the current tax payable of \$13m is a current liability as it is expected to be settled in *Tourism Holdings Limited's* normal operating cycle / within the next year
- explained how the work in progress of the motorhome fleet will ultimately bring in cash for *Tourism Holdings Limited*
- explained how only *Tourism Holdings Limited* can benefit from the work in progress of the motorhome fleet which excludes / prevents / restricts others from benefitting from the item of property, plant and equipment.

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

- did not attempt to answer all the questions
  - repeated the resource information, rather than answering the question
  - used limited accounting language and concepts in their responses
  - demonstrated minimal understanding of the components of the statement of cash flows by referring to the profit for *Tourism Holdings Limited*, which is the component of the income statement.
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## Achievement standard 91406: Demonstrate understanding of company financial statement preparation

### Assessment

The assessment contained three questions with a mixture of accounting entries, financial statement extracts, and written explanations.

### Grade awarding

Candidates who were awarded **Achievement** commonly:

- completed a range of accounting entries using correct debits and credits
- completed aspects of the financial statement extracts using partially accurate figures, but used the resource material inconsistently to make appropriate adjustments
- explained one of the entries, commonly the impact of the share repurchase.

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

- completed most of the accounting entries using correct debits and credits and correct figures
- completed most aspects of the financial statement extracts using correct figures calculated with the correct adjustments
- explained the accounting entries using relevant accounting processes and figures.

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

- completed the accounting entries and financial statement extracts with accuracy, applying adjustments as required to get consistently correct figures
- justified all aspects of the entries, integrating correct figures and accounting processes
- demonstrated a comprehensive understanding of the different impacts of transactions with owners, such as dividends paid and share repurchase being a distribution to owners, and transactions with outsiders, such as dividends received increasing income and profit, on the financial statements.

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

- completed few, if any, accounting entries, using inaccurate figures and debits and credits
  - partially completed financial statement extracts where few company-based adjustments, such as revaluations, correctly applied
  - did not explain the transactions or accounting entries impacting on financial statements.
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## Achievement standard 91408: Demonstrate understanding of management accounting to inform decision-making

### Assessment

The assessment had one question with multiple parts that was based on a small manufacturer, *Aqua Stone*, considering opening a retail store. Candidates were required to make a recommendation about whether *Aqua Stone* should proceed with the retail store.

### Commentary

It is important for candidates to adjust from time periods appropriately when preparing a cash budget. The cash budget was for a 6-month / half year period, so the annual dollar amounts in the resource needed to be adjusted accordingly.

Many candidates are confusing cash surplus with profit in this standard. A cash surplus, particularly after taking account of drawings and capital expenditure items and not including depreciation expense, is not profit and candidates need to be aware of this in their responses for this standard.

### Grade awarding

Candidates who were awarded **Achievement** commonly:

- were able to complete most cost-volume-profit (CVP) calculations
- entered some correct information in the cash budget, but often did not adjust items such as fixed costs for the time period
- used quotes from the resource material to support their recommendation
- wrote general explanations that lacked reference to the context of *aqua stone*.

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

- referenced the context in their responses
- completed CVP and cash budget calculations accurately and understood their significance in influencing their recommendation
- included both financial and non-financial reasoning using the context to support their recommendation.

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

- integrated accurate CVP and cash budget information in their recommendation
- used both non-financial and financial information in context
- used supplementary calculations to support their recommendation. This typically included projections once the loan was paid off, and shop sales increased, after the first 6 months
- used comprehensive non-financial reasoning to support their recommendation
- considered the long-term implications of their recommendation.

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

- did not demonstrate understanding of the CVP calculations
- confused cash surplus with profit
- used inaccurate figures in their cash budget
- wrote responses that did not include the context.