

2025 NCEA Assessment Report

Subject:	Accounting
Level:	3
Achievement standard(s):	91404, 91406, 91408

General commentary

Candidates who applied the context(s) of each assessment in their answers achieved higher grades.

Report on individual achievement standard(s)

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

Assessment

The assessment contained three questions based on *My Food Bag Limited's* 2024 Annual Report.

Commentary

Concept definitions, with no reference to context, do not demonstrate understanding of accounting concepts at Level 3.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- included references to the resource material and *My Food Bag Limited* in their responses
- wrote the difference between the characteristics and recognition criteria of financial elements
- demonstrated understanding of definitions of qualitative characteristics and accounting concepts
- included the purpose of NZGAAP and the role of an auditor.

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

- understood the nature of a reporting entity and the decision Petra was making about her shareholding in the company
- incorporated references to the resource material and *My Food Bag Limited* in their explanations
- explained the qualitative characteristics, accounting concepts, and financial elements in the context of Petra's decision
- explained that NZGAAP audited financial statements have been independently confirmed as showing a true and fair view of financial performance, financial position, and cash flows
- explained why accrued wages are a current liability, as they represent a present obligation to pay employees using cash from the bank in the next week / fortnight / month
- explained that brands were an intangible asset because they generate customer value that provides economic benefit to *My Food Bag Limited* in the future.

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

- integrated specific examples from the resource material, including dollar amounts where relevant, and references to the context of *My Food Bag Limited* in their responses
- justified the qualitative characteristics, accounting concepts, and financial elements by linking their responses to Petra's decision about her shareholding in *My Food Bag Limited*
- provided justification of how audited financial statements following NZGAAP provided reliable and timely information for Petra to make comparisons between years and other companies when making her shareholding decision
- justified the reporting of accrued wages \$652 000 as a current liability, having a reliable measure because the amount is based on signed employee contracts / employee timesheets for work completed by the employees, but not yet paid for on balance day, therefore requiring payment early in the next year
- justified that the three core brands were an intangible asset because *My Food Bag Limited* controls how the brands generate customer value through meeting customer needs, that provides economic benefit to *My Food Bag Limited* in the future
- justified that the brands intangible asset has a probable future economic benefit through customer loyalty and a reliable measure being recognised at cost or fair value which can be independently confirmed.

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

- repeated the resource information without answering the question
- provided rote learned definitions of concepts, characteristics, and financial elements with no reference to the context of *My Food Bag Limited* or the resource material
- used descriptions of concepts, characteristics, and financial elements with limited reference to the context.

Achievement standard 91406: Demonstrate understanding of company financial statement preparation

Assessment

The assessment contained three questions covering extracts from the annual financial statements, associated notes, and accounting entries for reporting entries, along with explanations of the treatment of items contained in the financial statements.

Commentary

Candidates who distinguished between general journal and general ledger entries, accurately completed relevant adjustments, and explained the treatment of items in the financial statements gained higher grades. The explanation questions required paragraph answers. Explanations are not provided by lists or the presentation of a general ledger account.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- completed some general journal or general ledger entries
- completed parts of the statement of comprehensive income but included foreign items, particularly in the other comprehensive income section
- completed the equity section of the statement of financial position or the distributions note with some accuracy
- attempted the cash flow statement extract.

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

- completed accounting entries in each question using mostly appropriate stems and accurate figures
- understood the difference between general journal and general ledger entries
- completed the financial statement extracts and distributions note with mostly accurate figures from the trial balance and associated adjustments
- completed the cash flow statement extract with minimal or no foreign items
- explained that the provisional tax was already paid and therefore decreased the tax liability
- explained that the retained earnings needed to be adjusted for profit and dividends
- did not distinguish between a share repurchase of the company's own shares and the sale of shares it owns in another company when explaining the impact of these transactions on the cash flow statement.

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

- completed accounting entries in each question using appropriate stems and accurate figures
- completed the financial statement extracts and distributions note with accurate figures from the trial balance and associated additional information
- completed the cash flow statement extract with no foreign items
- explained that the provisional tax was already paid and therefore decreased the tax liability, integrating relevant and accurate figures in their response
- explained that the retained earnings needed to be adjusted for profit and dividends, integrating relevant and accurate figures in their response
- distinguished between a share repurchase of the company's own shares and the sale of shares it owns in another company
- explained the impact of these transactions on the investing and financing activity sections of the cash flow statement, and the net impact of the two transactions on the closing bank balance, integrating relevant and accurate figures in their response.

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

- did not use correct (account name where relevant) stems in general journal entries
 - could not distinguish between general journal entries and general ledger entries
 - misunderstood the additional information when making adjustments for the accounting entries and financial statement extracts
 - included foreign items in the cash flow statement.
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Achievement standard 91408: Demonstrate understanding of management accounting to inform decision-making

Assessment

The assessment contained one question related to the financial decision-making of a wedding photographer.

Commentary

Candidates are recommended to read all of the resource material before beginning their answers. Recognising key details such as changes to costs and the number of weddings being photographed was important for completing calculations accurately and making an informed recommendation.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- used an incorrect number of weddings in their calculations of CVP and cash budget figures
- understood their cash budget and CVP calculations
- repeated the resource material in their report, with limited analysis of the financial and non-financial implications.

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

- used the correct number of weddings in their calculations of CVP and cash budget figures
- understood the purpose of the CVP calculations and cash budget figures
- distinguished between cash and profit in their report
- incorporated the context, resource material, and relevant calculations in their report on Noa's decision, using financial and non-financial information.

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

- integrated supplementary calculations in their report to support short and long-term considerations relevant to the decision, i.e. CVP of Option 1, cash surplus for 2027/28
- evaluated long-term implications, making a recommendation based on accurate long-term financial considerations
- integrated sound non-financial reasoning in context to support their decision.

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

- misunderstood the resource material
- had limited understanding of CVP calculations and cash budgets
- provided irrelevant non-financial information in the context of Noa
- did not attempt to write the report or provide any relevant workings
- omitted financial information from their report.