

Assessment Schedule – 2011**Accounting: Demonstrate understanding of accounting concepts for small entities (90976)****Evidence Statement**

Codes used (but not relevant for all questions) and majority of credit there was no code:

P – Explain an accounting concept leading to an in-depth understanding

F – Apply an accounting concept leading to a comprehensive understanding

Question	Evidence statement	Code
<p>ONE (a)</p>	<p>(i)</p> <ul style="list-style-type: none"> • Creditors / suppliers / accounts payable • Bank / Lender • <i>Mele's Movie Theatre</i> Manager • IRD / government • Potential owner / Potential lender <p>(ii)</p> <ul style="list-style-type: none"> • Financial or chartered accountant 	
(b)	<p>The Income Statement shows Mele the income, expenses and profit for the period / year of <i>Mele's Movie Theatre</i>. He can use this information to help focus on improving on a specific area, (eg increase sales or decrease expenses) or compare this year's expenses/income / profit to help decide why they improved / worsened. The income statement will help Mele decide if he should increase the selling price of the movie tickets/find a cheaper electricity supplier (eg) to help improve <i>Mele's Movie Theatre's</i> profit for next year</p> <p>Describe: Describes the purpose of the income statement with reference to key components for the time period for <i>Mele's Movie Theatre</i> (Not money / paid as wrong statement)</p> <p>Explain (P): Explains the purpose of the income statement in terms of the key components for the time period for <i>Mele's Movie Theatre</i> in relation to making decisions and/or comparison results</p> <p>Applies (F): Explains the purpose of the income statement in terms of the key components for the time period for <i>Mele's Movie Theatre</i> and applies this by providing a specific decision Mele could make using the income statement</p>	<p>P OR F</p>
(c)	<p>Accrual basis requires transactions (and other events) are recognized when they occur. They are reported in the financial statements in the period to which they relate. As a result <i>Mele's Movie Theatre</i> will need to report the interest on term deposit which is owed to them in this period's financial statements. The interest on term deposit will increase in the current year's Income Statement by \$120 because the interest was earned this period so needs to be reported this year. Accrued Income will be reported as at current asset in the Statement of Financial Position for \$120. This represents the future inflow of \$120 that will be received from the bank in the form of interest (cash) in the next accounting period / because <i>Mele's Movie Theatre</i> will receive the money / interest next year</p> <p>Describe: Describes accrual basis concept reporting the transaction in the period it relates to for <i>Mele's Movie Theatre</i></p> <p>Explain (P): Explains in context how the interest owing on term deposit is reported in each of the income statement and / or the Statement of Financial Position</p> <p>Applies (F): Explaining in detail why the interest on term deposit is reported in the Income Statement and Statement of Financial Position in the context of the accrual basis and reporting the interest in the period it was earned, although it won't be received until next period</p>	<p>P OR F</p> <p>AND</p> <p>P OR F</p>

Judgement Statement

N1	N2	A3	A4	M5	M6	E7	E8
<ul style="list-style-type: none"> Recognises one user or specialised area 	<ul style="list-style-type: none"> Recognises two of users or specialised area OR describes either the purpose of the income or accrual basis 	<p>TWO of:</p> <ul style="list-style-type: none"> recognises two users recognises the specialised area describes what Income Statement shows describes accrual basis OR <p>ONE of:</p> <ul style="list-style-type: none"> explain income statement OR accrual basis 	<p>TWO of:</p> <ul style="list-style-type: none"> recognises two of users/ specialised area describes what Income Statement shows describes accrual basis. 	<p>Recognises a user or specialised area</p> <p>AND</p> <p>ONE of:</p> <ul style="list-style-type: none"> explains in general terms how Mele's income statement can be used to make a financial decision explains either interest on term deposit increasing in the Income statement OR accrued income is asset being created in Statement of Financial Position/ \$120 	<ul style="list-style-type: none"> Recognises a user or specialised area <p>AND</p> <ul style="list-style-type: none"> TWO of: explains in general terms that Mele's income statement can be used to make financial decision explains either interest on term deposit increasing in the Income statement OR accrued income is asset being created in Statement of Financial Position 	<ul style="list-style-type: none"> Recognises two users / specialised area <p>AND</p> <ul style="list-style-type: none"> Applies ONE and explains ONE other of: how the Income Statement is used to aid decision making OR why increasing interest on term deposit \$120 in the Income Statement OR why Accrued Income \$120 is an created as an asset in Statement of Financial Position 	<ul style="list-style-type: none"> Recognises two users / specialised area <p>AND</p> <ul style="list-style-type: none"> Applies TWO of: how the Income Statement is used to aid decision making OR why increasing interest on term deposit \$120 in the Income Statement OR why Accrued Income \$120 is an created as an asset in Statement of Financial Position

N0 = No response; no relevant evidence.

Judgement Statement

N1	N2	A3	A4	M5	M6	E7	E8
<p>ONE of:</p> <ul style="list-style-type: none"> states assets / liabilities / equity in (a) attempts accounting equation recognises that asset increases or liabilities increase in (c) (i) identifies a relevant concept in (c) some of the asset definition correct 	<p>TWO of:</p> <ul style="list-style-type: none"> states two of assets / liabilities / equity in (a) attempts accounting equation <p>OR</p> <p>ONE of the following as the only correct evidence:</p> <ul style="list-style-type: none"> calculates \$95000 recognises that asset increases and liabilities increase in (c) (i) correct definition of asset or concept 	<p>THREE of:</p> <ul style="list-style-type: none"> describes purpose of statement of financial position accounting equation some correct working in (b) <p>OR</p> <ul style="list-style-type: none"> equity of \$95 000 is shown (no working) recognises that asset increases and / or liabilities increase in (c) (i) definition of an asset definition of either: <ul style="list-style-type: none"> monetary measurement historical cost going concern recognises that movie projector is a non-current / PPE asset recognises movie projector will be reported as \$NZ 12 000 <p>OR</p> <ul style="list-style-type: none"> explains ONE concept/as set and one correct bullet above 	<p>FOUR of:</p> <ul style="list-style-type: none"> describes purpose of statement of financial position accounting equation some correct working in (b) <p>OR</p> <ul style="list-style-type: none"> equity of \$95 000 is shown (no working) recognises that asset increases and / or liabilities increase in (c) (i) definition of an asset definition of either: <ul style="list-style-type: none"> monetary measurement historical cost going concern recognises that movie projector is a non-current / PPE asset recognises movie projector will be reported as \$NZ 12 000 explain asset and one concept only 	<p>THREE of:</p> <ul style="list-style-type: none"> assets and liabilities shown in (b) and equity of \$95 000 is calculated (or correct working with minor error) explains that equipment / fittings / projectors increase by \$12000 accounts payable increase by \$12000 (not negated in asset answer) explains projector purchase in terms of asset explains projector purchase in terms of monetary measurement historical cost going concern explain that projector is a non-current asset and reported at NZ\$12 000 (If asset & concept not explained but applied allow higher level credit) 	<p>FOUR of:</p> <ul style="list-style-type: none"> assets and liabilities shown in (b) and equity of \$95 000 is calculated (or correct working with minor error) explains that equipment / fittings / projectors increase by \$12000 accounts payable increase by \$12000 (not negated in asset answer) explains projector purchase in terms of asset explains projector purchase in terms of monetary measurement OR historical cost OR going concern explain that projector is a non-current asset and reported at NZ\$12 000. (If asset & concept not explained but applied allow higher level credit) 	<p>ONE of:</p> <ul style="list-style-type: none"> assets and liabilities forming the accounting equation in (b) and equity of \$95000 is calculated <p>OR</p> <ul style="list-style-type: none"> explains that equipment increase by \$12000 and accounts payable increase by \$12000 applies ONE of the following and explains a second from: <ul style="list-style-type: none"> asset monetary measurement going concern to explain how the movie projector should be reported. no significant errors 	<ul style="list-style-type: none"> assets and liabilities forming the accounting equation in (b) and equity of \$95000 is calculated <p>OR</p> <ul style="list-style-type: none"> explains that equipment increase by \$12000 and accounts payable increase by \$12000 applies how the movie projector should be reported in terms of meeting criteria of an asset <p>AND</p> <ul style="list-style-type: none"> applies how the movie projector should be reported in terms of meeting ONE of the concepts of: <ul style="list-style-type: none"> monetary measurement going concern TWO explained no significant errors

N0 = No response; no relevant evidence.

Question	Evidence statement	Code
<p>THREE</p> <p>(a)</p>	<p>(i)</p> <ul style="list-style-type: none"> • Dividends received • Interest received • Rent received • Popcorn sales <p>(ii)</p> <ul style="list-style-type: none"> • Interest on loan • Purchases • Electricity • Cleaning <p>No credit if same account in both classifications</p>	
<p>(b)</p>	<p>Movie ticket sales are income for <i>Mele's Movie Theatre</i> because ticket sales will increase the economic benefits in the form of inflows of cash from the customers buying movie tickets to watch the movie. This increases <i>Mele's Movie Theatre's</i> assets by increasing the bank account. The movie ticket sales increase profit which leads to an increase in Mele's equity in <i>Mele's Movie Theatre</i> and it is not Mele making a contribution to <i>Mele's Movie Theatre</i></p> <p>Describe: Describes the characteristics of income</p> <p>Explain (P): Explains that the ticket sales will increase assets by increasing the bank account and equity by increasing profit for <i>Mele's Movie Theatre</i>, and not a contribution by Mele</p> <p>Applies (F): Applies the characteristics of an income to the movie ticket sales by detailing the reasoning behind HOW the bank and / or profit will increase, in addition to explain expectations</p>	<p>P OR F</p>
<p>(c)</p>	<p>Till paper is an expense for <i>Mele's Movie Theatre</i> because purchasing the till paper causes an outflow of cash when <i>Mele's Movie Theatre</i> pays for the till paper from their supplier. This decreases <i>Mele's Movie Theatre's</i> assets by decreasing the bank account (or increases accounts payable when it is purchased on credit). The purchase of the till paper decrease the movie theatre's profit which leads to a decrease in Mele's equity in <i>Mele's Movie Theatre</i>, and it is not Mele taking home drawings</p> <p>Describe: Describes the characteristics of explain</p> <p>Explain (P): Explains that the till paper will decrease assets by decreasing the bank account (or increases liabilities by increasing accounts payable) and equity by decreasing profit for <i>Mele's Movie Theatre</i> and is distribution to Mele.</p> <p>Applies (F): Applies the characteristics of an expense to the till paper by detailing the reasoning behind HOW the bank will decrease / accounts payable increase and / or profit will decrease, in addition to explain expectations.</p>	<p>P OR F</p>

Judgement Statement

N1	N2	A3	A4	M5	M6	E7	E8
<ul style="list-style-type: none"> • recognises one income <i>OR</i> • one expense. 	<ul style="list-style-type: none"> • recognises two incomes <i>AND / OR</i> • expenses. 	<ul style="list-style-type: none"> • recognises THREE incomes and THREE expenses Maximum 1 foreign item <i>OR</i> • describes either income or expenses <i>AND</i> • recognises FOUR incomes or expenses 	<p>All of:</p> <ul style="list-style-type: none"> • recognises four incomes or expenses • describes income • describes expense 	<p>FOUR incomes and / or expenses recognised,</p> <p><i>AND</i></p> <p>ONE of:</p> <ul style="list-style-type: none"> • explains that ticket sales is income • explains that till paper is an expense 	<p>FOUR incomes and / or expenses recognised,</p> <p><i>AND</i></p> <p>explains ONE and describes the other of:</p> <ul style="list-style-type: none"> • ticket sales is income • till paper is an expense 	<p>FIVE incomes and expenses recognised,</p> <p><i>AND</i></p> <p>ONE of :</p> <ul style="list-style-type: none"> • applies how ticket sales are income • applies how till paper is an expense 	<p>FIVE incomes and expenses recognised,</p> <p><i>AND</i></p> <p>BOTH of:</p> <ul style="list-style-type: none"> • applies how ticket sales are income • applies how till paper is an expense

N0 = No response; no relevant evidence.