

**Assessment Schedule – 2013****Accounting: Demonstrate understanding of accounting concepts for a New Zealand reporting entity (91404)****Evidence Statement**

Question	Evidence
<p><b>ONE</b> (a)</p>	<p>NZ GAAP refers to the specific rules, practices and procedures relating to particular circumstances, broad concepts and principles of general application, on which general-purpose financial statements are prepared.</p> <p>By complying with NZ GAAP, <i>Briscoe Group Limited</i> complied with all the applicable financial reporting standards in the NZ IFRS – ensuring a true and fair view is presented in its financial statements.</p> <p>Financial statements of <i>Briscoe Group Limited</i> are required to comply with NZ GAAP, because <i>Briscoe Group Limited</i> is a reporting entity with public accountability, and the financial statements need to be relied on by shareholders and lenders in making decisions about investing in – or lending to – <i>Briscoe Group Limited</i>.</p>
(b)	<p>The purpose of photographs is to aid understandability of what <i>Briscoe Group Limited</i> does, and its financial results / to show the company in good light and what it does is real – as opposed to just a lot of numbers that interested users may not understand / to show a current shareholder that the company is performing well, and there is no reason to sell their shares / to encourage a potential investor to buy shares in <i>Briscoe Group Limited</i>.</p> <p>Photographs are the best way to show an interested user what <i>Briscoe Group Limited's</i> plants, products, employees, customers, and managers look like / employs real people.</p> <p>Quality photographs (eg Tammy, “The <i>Briscoe's</i> Lady”) help personalise what otherwise might be seen as an unknown company. Interested users may recognise Tammy from TV commercials advertising <i>Briscoe Group Limited's</i> products, and promoting a positive image of <i>Briscoe Group Limited</i>.</p>
(c)	<p>A current shareholder is interested in the chairman’s statement, as it shows that <i>Briscoe Group Limited</i> is “up with the play” in terms of meeting customer demands / needs and is likely to expand its customer base thus maintaining / increasing sales in a recession / difficult trading environment, so profit is increased and dividends will continue to be able to be paid.</p> <p>OR</p> <p>A current shareholder is interested in the chairman’s statement, as an online shop may lead to fewer costs in employee benefits expense, which may result in an increase in <i>Briscoe Group Limited's</i> profitability – and dividends will continue to be able to be paid.</p>
(d)	<p>The accompanying notes provide, for users of <i>Briscoe Group Limited's</i> balance sheets, the accounting policies adopted in the preparation of those balance sheets.</p> <p>This allows users to understand the significance of the information contained in <i>Briscoe Group Limited's</i> balance sheets, e.g. how the financial elements of assets, liabilities, and equity have been measured.</p> <p>OR This allows users to make comparisons between <i>Briscoe Group Limited's</i> and other reporting entities in terms of the measurement of the entity’s assets, liabilities, and equity (financial position)</p> <p>The accompanying notes provide additional detail and disclosures of the information in <i>Briscoe Group Limited's</i> balance sheets required for users to make sound decisions on the financial statements.</p>

<b>Not Achieved</b>	<b>N1</b>	Any ONE Achievement criteria <i>OR</i> any TWO other questions attempted, but missing Achievement criteria, because of a lack of context.
	<b>N2</b>	Any ONE Achievement criteria <i>AND</i> any TWO other questions attempted, but missing Achievement criteria, because of a lack of context.
<b>Achievement</b>	<b>A3</b>	Any TWO of: <ul style="list-style-type: none"> <li>reference to NZ GAAP being specific rules / practices in preparation of statements <i>OR</i> financial statements that comply with NZ GAAP are expected to give a true and fair view</li> <li>purpose of photographs is linked to aiding understandability <i>OR</i> a valid reason described for the purpose of photographs</li> <li>a valid reason described how the chairman's statement satisfies the information needs of a current shareholder</li> <li>users knowing the policies / assumptions / bases that have been adopted / used in the preparation of <i>Briscoe Group Limited</i> Balance Sheets.</li> </ul>
	<b>A4</b>	Any THREE of: <ul style="list-style-type: none"> <li>reference to NZ GAAP being specific rules / practices in preparation of statements <i>OR</i> financial statements that comply with NZ GAAP are expected to give a true and fair view</li> <li>purpose of photographs is linked to aiding understandability <i>OR</i> a valid reason described for the purpose of photographs</li> <li>a valid reason described how the chairman's statement satisfies the information needs of a current shareholder</li> <li>users knowing the policies / assumptions / bases that have been adopted / used in the preparation of <i>Briscoe Group Limited</i> Balance Sheets.</li> </ul>
<b>Merit</b>	<b>M5</b>	Any TWO of: <ul style="list-style-type: none"> <li>following NZ GAAP means that <i>Briscoe Group Limited</i> has complied with all the applicable financial reporting standards in the NZ IFRS to give a true and fair view</li> <li>a valid reason described for the purpose of photographs linked to the idea of aiding understandability</li> <li>a valid reason described how the chairman's statement satisfies the information needs of a current shareholder linked to <i>Briscoe Group Limited's</i> profitability</li> <li>users knowing the policies / assumptions / bases that have been used in the preparation of <i>Briscoe Group Limited</i> Balance Sheets to aid understandability <i>OR</i> comparability.</li> </ul>
	<b>M6</b>	Any THREE of: <ul style="list-style-type: none"> <li>following NZ GAAP means that <i>Briscoe Group Limited</i> has complied with all the applicable financial reporting standards in the NZ IFRS to give a true and fair view</li> <li>a valid reason described for the purpose of photographs linked to the idea of aiding understandability</li> <li>a valid reason described how the chairman's statement satisfies the information needs of a current shareholder linked to <i>Briscoe Group Limited's</i> profitability</li> <li>users knowing the policies / assumptions / bases that have been used in the preparation of <i>Briscoe Group Limited</i> Balance Sheets to aid understandability <i>OR</i> comparability.</li> </ul>
<b>Excellence</b>	<b>E7</b>	Any TWO of: <ul style="list-style-type: none"> <li>compliance with NZ GAAP and the NZ IFRS is necessary due to <i>Briscoe Group Limited</i> having public accountability / relied on by shareholders to ensure a true and fair view</li> <li>the photograph of Tammy "The <i>Briscoe's</i> Lady" is linked with a user's relationship with <i>Briscoe Group Limited</i></li> <li>the information need of a current shareholder is linked to <i>Briscoe Group Limited's</i></li> </ul>

		<p>profitability and its ability to pay future dividends / buy more shares</p> <ul style="list-style-type: none"> <li>• accompanying notes provide additional detail and disclosures for users to make sound decisions.</li> </ul>
	<b>E8</b>	<p>Any THREE of:</p> <ul style="list-style-type: none"> <li>• compliance with NZ GAAP and the NZ IFRS is necessary due to <i>Briscoe Group Limited</i> having public accountability / relied on by shareholders to ensure a true and fair view</li> <li>• the photograph of Tammy “The <i>Briscoe’s Lady</i>” is linked with a user’s relationship with <i>Briscoe Group Limited</i></li> <li>• the information need of a current shareholder is linked to <i>Briscoe Group Limited’s</i> profitability and its ability to pay future dividends / buy more shares</li> <li>• accompanying notes provide additional detail and disclosures for users to make sound decisions.</li> </ul>

**N0** = No response; no relevant evidence.

Question	Evidence
<p><b>TWO</b> (a)</p>	<p>Relevant financial information is capable of making a difference in the decisions made by users.</p> <p>The fair value of financial assets is a relevant measure, as it is timely and provides much better predictive value of the future economic benefit of these assets, which may lead to decisions about the holding or selling of these financial assets.</p>
(b)	<p>Recognising dividend income when the right to receive the dividend is established means that <i>Briscoe Group Limited</i> is owed money by the company that it owns shares in.</p> <p>Dividends owing is an income because it is an inflow of economic benefit that increases assets (accrued income) which increases equity (more profit) and is not the result of contributions from the shareholders.</p> <p>The increase in economic benefit is the cash that will be received when the company pays the dividend to <i>Briscoe Group Limited</i>.</p> <p>Having the dividend income recognised when the right to receive the dividend is established means there is probable future economic benefit – as money is likely to be received from the company as, <i>Briscoe Group Limited</i> owns shares in the company so is entitled to the dividend.</p> <p>This can be reliably measured as the dividend is calculated based on the number of shares that <i>Briscoe Group Limited</i> owns in the company / the dividend notice received is a constructive contract to pay the dividend, so <i>Briscoe Group Limited</i> knows how much the dividend received will be.</p>
(c)	<p>The measurement base applied to the reporting of accounts receivable is Realisable (settlement) value.</p> <p>Under this measurement base, the realisable value is the expected cash to be received from Accounts Receivable, assuming doubtful debts will be written off as bad debts / after allowing for the impairment, which is based on past experience with bad debts and the age of accounts receivable.</p>
(d)	<p>Explains the employee benefits expense:</p> <ul style="list-style-type: none"> <li>• \$47.9 million (rounded) will be reported as employee benefits expense in the Income Statement for the year, as this is the amount of this expense for the period (ended 29 January 2012) – as the \$1.9 million of the employee benefits expense not paid yet relates to the current accounting period / this year</li> </ul> <p>Explains the liability</p> <ul style="list-style-type: none"> <li>• The \$1.9 million owing for employee benefits expense / accrued expense will be reported as a liability in the Balance Sheet on Balance Sheet day because this is the amount owed to the employees of <i>Briscoe Group Limited</i> for work completed this period, which represents a future outflow of economic benefit – as the wages will be paid with cash next period, which decreases the bank account of <i>Briscoe Group Limited</i>.</li> </ul>

<b>Not Achieved</b>	<b>N1</b>	Any ONE Achievement criteria <i>OR</i> any TWO other questions attempted, but missing Achievement criteria, because of a lack of context.
	<b>N2</b>	Any ONE Achievement criteria <i>AND</i> any TWO other questions attempted, but missing Achievement criteria, because of a lack of context.
<b>Achievement</b>	<b>A3</b>	Any THREE of: <ul style="list-style-type: none"> <li>• information that is capable of influencing decisions is relevant information</li> <li>• dividend income will increase economic benefits / assets and increase equity and is not from the owners</li> <li>• there is a probable economic benefit for <i>Briscoe Group Limited</i> as the dividend has been declared</li> <li>• the amount of the dividend can be measured reliably</li> <li>• identifies the measurement base applied to the reporting of accounts receivable is realisable value</li> <li>• \$47.9 million is the amount of employee benefits expense reported in the Income Statement for the current period / \$1.9 million will be reported in this year's Income Statement</li> </ul> <i>OR</i> \$1.9 million is a current liability reported at the end of period, or on balance day, or in the Balance Sheet at the end of the period.
	<b>A4</b>	Any FOUR of: <ul style="list-style-type: none"> <li>• information that is capable of influencing decisions is relevant information</li> <li>• dividend income will increase economic benefits / assets and increase equity and is not from the owners</li> <li>• there is a probable economic benefit for <i>Briscoe Group Limited</i> as the dividend has been declared</li> <li>• the amount of the dividend can be measured reliably</li> <li>• identifies the measurement base applied to the reporting of accounts receivable is Realisable value</li> <li>• \$47.9 million is the amount of employee benefits expense reported in the Income Statement for the current period / \$1.9 million will be reported in this year's Income Statement</li> </ul> <i>OR</i> \$1.9 million is a current liability reported at the end of period, or on balance day, or in the Balance Sheet at the end of the period.
<b>Merit</b>	<b>M5</b>	Any THREE of: <ul style="list-style-type: none"> <li>• the fair value of financial assets is timely / provides predictive value of the future economic benefit of these assets</li> <li>• recognises inflow / increase of economic benefit / asset when the dividend income is received by <i>Briscoe Group Limited</i> and links the dividend income to increase in profit which causes an increase in equity</li> <li>• there is a probable economic benefit as <i>Briscoe Group Limited</i> owns shares in the company that declared the dividend <i>OR</i> money will be received when this dividend is paid</li> <li>• the amount of the dividend can be measured reliably as a transaction has taken place or the cost can be verified by a source document</li> <li>• describes the realisable value is the expected cash to be received from accounts receivable assuming doubtful debts will be written off as bad debts.</li> <li>• explains the employee benefits expense</li> </ul> <i>OR</i>

		explains the liability.
	<b>M6</b>	<p>Any FOUR of:</p> <ul style="list-style-type: none"> <li>• the fair value of financial assets is timely / provides predictive value of the future economic benefit of these assets</li> <li>• recognises inflow / increase of economic benefit / asset when the dividend income is received by <i>Briscoe Group Limited</i> and links the dividend income to increase in profit which causes an increase in equity</li> <li>• there is a probable economic benefit as <i>Briscoe Group Limited</i> owns shares in the company that declared the dividend OR money will be received when this dividend is paid</li> <li>• the amount of the dividend can be measured reliably as a transaction has taken place or the cost can be verified by a source document</li> <li>• describes the realisable value is the expected cash to be received from accounts receivable assuming doubtful debts will be written off as bad debts.</li> <li>• explains the employee benefits expense</li> </ul> <p>OR</p> <p>explains the liability.</p>

<b>Excellence</b>	<b>E7</b>	<p>Any THREE of:</p> <ul style="list-style-type: none"> <li>• the fair value of financial assets is linked to the future economic benefit of these assets, which may lead to decisions about the holding or selling of these financial assets</li> <li>• recognises inflow / increase of economic benefit / asset is because <i>Briscoe Group Limited</i> will ultimately receive money when the dividend income is received, links the dividend income to increase in profit which causes an increase in equity</li> <li>• links the declaration of a dividend to probable future economic benefit as <i>Briscoe Group Limited</i> owns shares in the company that declared the dividend and money will be received when this dividend is paid</li> <li>• links the declaration of a dividend can be reliably measured based on the number of shares / constructive contract</li> <li>• describes the realisable value is the expected cash to be received from accounts receivable assuming doubtful debts will be written off as bad debts, which is based on past experience</li> <li>• explains the employee benefits expense <i>AND</i> explains the liability.</li> </ul>
	<b>E8</b>	<p>Any FOUR of:</p> <ul style="list-style-type: none"> <li>• the fair value of financial assets is linked to the future economic benefit of these assets, which may lead to decisions about the holding or selling of these financial assets</li> <li>• recognises inflow / increase of economic benefit / asset is because <i>Briscoe Group Limited</i> will ultimately receive money when the dividend income is received, links the dividend income to increase in profit which causes an increase in equity.</li> <li>• links the declaration of a dividend to probable future economic benefit as money will be received when the dividend is paid</li> <li>• links the declaration of a dividend can be reliably measured based on the number of shares / constructive contract</li> <li>• describes the realisable value is the expected cash to be received from accounts receivable assuming doubtful debts will be written off as bad debts, which is based on past experience</li> <li>• explains the employee benefits expense <i>AND</i> explains the liability.</li> </ul>

**N0** = No response; no relevant evidence.

Question	Evidence
<p><b>THREE</b></p>	<p><i>Briscoe Group Limited</i> property, plant and equipment are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire the property, plant and equipment at the time of their acquisition.</p> <p>This amount of cash or cash equivalents includes the expenditure that is directly attributable to the acquisition of property, plant and equipment – e.g. costs incurred in getting the assets into the location and condition ready for use.</p> <p>This type of expenditure is capitalised, as it satisfies the characteristic of an asset / the asset cannot / is not in a position to be used, if this capital expenditure is not first incurred.</p> <p>Every new item of property, plant and equipment is purchased in the past.</p> <p>There has been a series of past events – including labour, materials and all other installation costs – that have been incurred to get the items of property, plant and equipment into a location and condition ready to be used by <i>Briscoe Group Limited</i> to earn income.</p> <p>Only <i>Briscoe Group Limited</i> can benefit from these items of property, plant and equipment once they have been successfully installed in the company, which exclude others from using the property, plant and equipment to earn income.</p> <p>The costs of getting the assets into the location and condition ready to use are capitalised, as they provide <i>Briscoe Group Limited</i> with economic benefit beyond the current year as items of property, plant and equipment are retained in the company for many accounting periods, and are used to earn income for <i>Briscoe Group Limited</i> – which ultimately brings cash into <i>Briscoe Group Limited</i>.</p> <p>Repairs and maintenance expenditure is revenue expenditure as it is day-to-day / recurring / on-going expenditure that will only benefit <i>Briscoe Group Limited</i> for the current accounting period in which they are incurred.</p> <p>This expenditure satisfies the characteristics of an expense as it represents a decrease / outflow of economic benefit in the form of a decrease in bank asset or increase in accounts payable liability, which decreases equity (which decreases <i>Briscoe Group Limited's</i> profit) and is not the result of distributions to the shareholders.</p> <p>The decrease in economic benefit is ultimately the cash that has been paid or will be paid by <i>Briscoe Group Limited</i> to the service company for the repairs and maintenance.</p> <p>OR</p> <p>Depreciation and other impairment adjustments are also revenue expenditure, satisfying the expense characteristics, as this expenditure is a depletion / decrease in property, plant and equipment assets that results in a decrease in equity, because there is less profit, and is not the result of distributions to the shareholders.</p> <p>Depreciation and other impairment adjustments are a decrease in economic benefit, because as the items of property, plant and equipment are being used, they lose the ability to generate as much economic benefit in the future for <i>Briscoe Group Limited</i> / will have less future economic benefit on balance day than they had at the beginning of the accounting period.</p>



<b>Not Achieved</b>	<b>N1</b>	Candidate writes about historical cost with no context <i>OR</i> the characteristics of an asset, with no context <i>OR</i> an expense, with no context.
	<b>N2</b>	Candidate writes about TWO of: historical cost with no context <i>OR</i> the characteristics of an asset, with no context <i>OR</i> an expense, with no context.
<b>Achievement</b>	<b>A3</b>	Any FOUR of: <ul style="list-style-type: none"> <li>describes historical cost as assets recorded at their original purchase price</li> <li>states that assets are purchased in the past by <i>Briscoe Group Limited</i></li> <li>only <i>Briscoe Group Limited</i> can use the assets</li> <li><i>Briscoe Group Limited</i> will benefit in the future as assets are acquired to earn income for the company</li> <li>an expense in context, will decrease economic benefits / assets or increase liabilities and decrease equity and is not distributions to the owners</li> <li>describes capital expenditure as one-off payments, expenditure that provide benefits for more than one year</li> <li>describes revenue expenditure as regular payments, expenditure that provide benefits for the current year only.</li> </ul>
	<b>A4</b>	Any FIVE of: <ul style="list-style-type: none"> <li>describes historical cost as assets recorded at their original purchase price</li> <li>states that assets are purchased in the past by <i>Briscoe Group Limited</i></li> <li>only <i>Briscoe Group Limited</i> can use the assets</li> <li><i>Briscoe Group Limited</i> will benefit in the future as assets are acquired to earn income for the company</li> <li>an expense in context, will decrease economic benefits / assets or increase liabilities and decrease equity and is not from the owners</li> <li>describes capital expenditure as one-off payments, expenditure that provide benefits for more than one year</li> <li>describes revenue expenditure as regular payments, expenditure that provides benefits for the current year only.</li> </ul>

<b>Merit</b>	<b>M5</b>	<p>Any FOUR of:</p> <ul style="list-style-type: none"> <li>• describes historical cost as assets recorded at their original purchase price which includes cost incurred in getting the assets into location and condition to use</li> <li>• series of past transactions paying for installation costs resulting in the asset being ready to use</li> <li>• the control – idea <i>Briscoe Group Limited</i> to benefit / <i>Briscoe Group Limited</i> can exclude others from benefitting</li> <li>• <i>Briscoe Group Limited</i> will benefit in the future as assets are acquired to earn income for the company and the bringing of cash into <i>Briscoe Group Limited</i></li> <li>• an expense in context, will decrease economic benefits / assets or increase liabilities, links expenses to decreasing equity by less profit and is not distributions to the owners</li> <li>• explains the decrease in economic benefit for an expense</li> <li>• describes capital expenditure linked to assets being ready to use in <i>Briscoe Group Limited</i></li> <li>• describes revenue expenditure linked to expenses being incurred by <i>Briscoe Group Limited</i>.</li> </ul>
	<b>M6</b>	<p>Any FIVE of:</p> <ul style="list-style-type: none"> <li>• describes historical cost as assets recorded at their original purchase price which includes cost incurred in getting the assets into location and condition to use</li> <li>• series of past transactions paying for installation costs resulting in the asset being ready to use</li> <li>• the control – idea <i>Briscoe Group Limited</i> to benefit / <i>Briscoe Group Limited</i> can exclude others from benefitting</li> <li>• <i>Briscoe Group Limited</i> will benefit in the future as assets are acquired to earn income for the company and the bringing of cash into <i>Briscoe Group Limited</i></li> <li>• an expense in context, will decrease economic benefits / assets or increase liabilities and links expenses to decreasing equity by less profit</li> <li>• explains the decrease in economic benefit for an expense</li> <li>• describes capital expenditure linked to assets being ready to use in <i>Briscoe Group Limited</i></li> <li>• describes revenue expenditure linked to expenses being incurred by <i>Briscoe Group Limited</i>.</li> </ul>
<b>Excellence</b>	<b>E7</b>	<p>Candidate uses justifications to demonstrate understanding of capital expenditure in terms of the characteristics of an asset and the historical cost concept.</p> <p>Candidate uses justifications to demonstrate understanding of revenue expenditure in terms of the characteristics of an expense.</p>
	<b>E8</b>	<p>Candidate demonstrates comprehensive understanding of capital expenditure in terms of the characteristics of an asset linked to the concept of historical cost.</p> <p>Candidate demonstrates comprehensive understanding of revenue expenditure, using an example from the Property, plant and equipment note, in terms of the characteristics of an expense.</p>

**N0** = No response; no relevant evidence.

### Judgement Statement

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
<b>Score range</b>	0 – 7	8 – 13	14 – 18	19 – 24