

**Assessment Schedule – 2014****Demonstrate understanding of accounting concepts for small entities (90976)**

Question	Evidence statement																												
<b>ONE</b> (a)	Assets minus liabilities.																												
(b)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Bank</td> <td style="width: 15%; text-align: right;">6 000</td> <td style="width: 30%;">Accounts payable</td> <td style="width: 25%; text-align: right;">12 000</td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;">40 000</td> <td>Loan</td> <td style="text-align: right;"><u>20 000</u></td> </tr> <tr> <td>Office equipment</td> <td style="text-align: right;">10 000</td> <td></td> <td style="text-align: right;">32 000</td> </tr> <tr> <td>Shares</td> <td style="text-align: right;">5 000</td> <td></td> <td></td> </tr> <tr> <td>Shelving</td> <td style="text-align: right;"><u>15 000</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">76 000</td> <td></td> <td></td> </tr> <tr> <td colspan="4">76 000 – 32 000 = 44 000</td> </tr> </table>	Bank	6 000	Accounts payable	12 000	Inventory	40 000	Loan	<u>20 000</u>	Office equipment	10 000		32 000	Shares	5 000			Shelving	<u>15 000</u>				76 000			76 000 – 32 000 = 44 000			
Bank	6 000	Accounts payable	12 000																										
Inventory	40 000	Loan	<u>20 000</u>																										
Office equipment	10 000		32 000																										
Shares	5 000																												
Shelving	<u>15 000</u>																												
	76 000																												
76 000 – 32 000 = 44 000																													
(c)	The bank loan was set up / contracted with the bank in the past. <i>Smartway</i> has a contract with the bank for 10 years that details the amount it has to repay. When <i>Smartway</i> makes repayments of the bank loan, its bank account decreases.																												
(d)	The bank loan is reported as a non-current liability (as it is due in 10 years), which supports the use of the Going Concern concept. By reporting this as a non-current liability, <i>Smartway</i> is indicating it intends to continue to operate into the foreseeable future.																												

N1	N2	A3	A4	M5	M6	E7	E8
ONE of: <ul style="list-style-type: none"> <li>• defines equity</li> <li>• describes equity calculation</li> <li>• calculates equity</li> <li>• describes liability</li> <li>• defines going concern.</li> </ul>	TWO of: <ul style="list-style-type: none"> <li>• defines equity</li> <li>• describes equity calculation</li> <li>• calculates equity</li> <li>• describes liability</li> <li>• defines going concern.</li> </ul>	THREE of: <ul style="list-style-type: none"> <li>• defines equity</li> <li>• describes equity calculation</li> <li>• calculates equity</li> <li>• describes liability</li> <li>• defines going concern.</li> </ul>	FOUR of: <ul style="list-style-type: none"> <li>• defines equity</li> <li>• describes equity calculation</li> <li>• calculates equity</li> <li>• describes liability</li> <li>• defines going concern.</li> </ul>	<ul style="list-style-type: none"> <li>• Explains how the bank loan is a liability</li> </ul> OR <ul style="list-style-type: none"> <li>• explains going concern for the bank loan.</li> </ul>	<ul style="list-style-type: none"> <li>• Explains how the bank loan is a liability</li> </ul> AND <ul style="list-style-type: none"> <li>• explains going concern for the bank loan.</li> </ul>	<ul style="list-style-type: none"> <li>• Applies how the bank loan is a liability</li> </ul> OR <ul style="list-style-type: none"> <li>• applies the going concern to the bank loan.</li> </ul>	<ul style="list-style-type: none"> <li>• Applies how the bank loan is a liability</li> </ul> AND <ul style="list-style-type: none"> <li>• applies the going concern to the bank loan.</li> </ul>

Question	Evidence statement
<b>TWO</b> (a)	To prepare financial statements for <i>Smartway</i> . To advise <i>Smartway</i> about its financial statements.
(b)	Historical cost.
(c)	The monetary measurement concept means that the shelving is reported as NZ\$15 000 – in New Zealand dollars and not US dollars – as this is the common currency of New Zealand, where <i>Smartway</i> is based.
(d)	The shelving was purchased from the USA by <i>Smartway</i> in the past for \$15 000. <i>Smartway</i> has exclusive use of the shelving that is inside its premises. <i>Smartway</i> will use the shelving to store its smart phones, tablets, and accessories that customers will purchase.
(e)	<i>Smartway</i> have allocated the cost of the shelving (\$15 000) over its useful life of 15 years, so it has depreciated it by \$1 000 per year.

N1	N2	A3	A4	M5	M6	E7	E8
ONE of: <ul style="list-style-type: none"> <li>• describes financial accountant</li> <li>• identifies historical cost</li> <li>• describes monetary measurement.</li> <li>• describes asset</li> <li>• describes depreciation.</li> </ul>	TWO of: <ul style="list-style-type: none"> <li>• describes financial accountant</li> <li>• identifies historical cost</li> <li>• describes monetary measurement.</li> <li>• describes asset</li> <li>• describes depreciation.</li> </ul>	THREE of: <ul style="list-style-type: none"> <li>• describes financial accountant</li> <li>• identifies historical cost</li> <li>• describes monetary measurement.</li> <li>• describes asset</li> <li>• describes depreciation.</li> </ul>	FOUR of: <ul style="list-style-type: none"> <li>• describes financial accountant</li> <li>• identifies historical cost</li> <li>• describes monetary measurement.</li> <li>• describes asset</li> <li>• describes depreciation.</li> </ul>	TWO of: <ul style="list-style-type: none"> <li>• explains how shelving is an asset</li> <li>• explains how the shelving is depreciated</li> <li>• explains how shelving meets monetary measurement.</li> </ul>	<ul style="list-style-type: none"> <li>• Explains how shelving is an asset</li> <li>• explains how the shelving is depreciated</li> <li>• explains how shelving meets monetary measurement.</li> </ul>	TWO of: <ul style="list-style-type: none"> <li>• applies how shelving is an asset</li> <li>• applies how the shelving is depreciated</li> <li>• applies how shelving meets monetary measurement.</li> </ul>	<ul style="list-style-type: none"> <li>• Applies how shelving is an asset</li> <li>• applies how the shelving is depreciated</li> <li>• applies how shelving meets monetary measurement.</li> </ul>

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

Question	Evidence statement
<b>THREE</b> (a)	THREE of: <ul style="list-style-type: none"> <li>• dividends received</li> <li>• interest received</li> <li>• online sales</li> <li>• shop sales.</li> </ul>
(b)	To show the income, expenses, and profit for <i>Smartway</i> .
(c)	Office wages are an expense for <i>Smartway</i> , because the bank account will decrease when the office wages are paid to the office staff. The office wages will decrease profit, which decreases equity, and it is not drawings by Amanda.
(d)	The prepaid Internet expenses of \$100 would be deducted from the Internet expenses in the Income Statement of <i>Smartway</i> , because the Internet expenses belong to next year. Prepayments of \$100 would be reported in the Statement of Financial Position of <i>Smartway</i> as a current asset, as the Internet will be used in the next year to sell smart phones, tablets, and accessories online.

N1	N2	A3	A4	M5	M6	E7	E8
ONE of: <ul style="list-style-type: none"> <li>• identifies three incomes</li> <li>• describes the purpose of an Income Statement</li> <li>• describes expense</li> <li>• describes accrual accounting for Internet expenses</li> <li>• describes accrual accounting for prepayments.</li> </ul>	TWO of: <ul style="list-style-type: none"> <li>• identifies three incomes</li> <li>• describes the purpose of an Income Statement</li> <li>• describes expense</li> <li>• describes accrual accounting for Internet expenses</li> <li>• describes accrual accounting for prepayments.</li> </ul>	THREE of: <ul style="list-style-type: none"> <li>• identifies three incomes</li> <li>• describes the purpose of an Income Statement</li> <li>• describes expense</li> <li>• describes accrual accounting for Internet expenses</li> <li>• describes accrual accounting for prepayments.</li> </ul>	FOUR of: <ul style="list-style-type: none"> <li>• identifies three incomes</li> <li>• describes the purpose of an Income Statement</li> <li>• describes expense</li> <li>• describes accrual accounting for Internet expenses</li> <li>• describes accrual accounting for prepayments.</li> </ul>	TWO of: <ul style="list-style-type: none"> <li>• explains why office wages are an expense</li> <li>• explains accrual accounting to Income Statement for prepaid Internet expenses</li> <li>• explains accrual accounting to Statement of Financial Position for prepaid Internet expenses.</li> </ul>	<ul style="list-style-type: none"> <li>• Explains why office wages are an expense</li> <li>• explains accrual accounting to Income Statement for prepaid Internet expenses</li> <li>• explains accrual accounting to Statement of Financial Position for prepaid Internet expenses.</li> </ul>	TWO of: <ul style="list-style-type: none"> <li>• applies why office wages are an expense</li> <li>• applies accrual accounting to Income Statement for prepaid Internet expenses</li> <li>• applies accrual accounting to Statement of Financial Position for prepaid Internet expenses.</li> </ul>	<ul style="list-style-type: none"> <li>• Applies why office wages are an expense</li> <li>• applies accrual accounting to Income Statement for prepaid Internet expenses</li> <li>• applies accrual accounting to Statement of Financial Position for prepaid Internet expenses.</li> </ul>

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