

## Assessment Schedule – 2017

### Accounting: Demonstrate understanding of accounting concepts for small entities (90976)

#### Evidence

Q ONE	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	The accounting technician will process transactions and prepare journals and ledgers/financial statements/GST tax returns for <i>Fun Games</i> .	Describes accounting technician.		
(b)	Office equipment/Computer assets increases by \$3 000. Accounts payable liability increases by \$3 000.	<ul style="list-style-type: none"> <li>office equipment increases \$3 000</li> <li>accounts payable increases \$3 000.</li> </ul>		
(c)	Unlimited liability means that if <i>Fun Games</i> is unable to pay its debts, then Alex will need to use his personal assets to pay them.	Describes unlimited liability.	Explains unlimited liability for Alex.	
(d)	Monetary measurement requires all transactions to be reported in a common currency; for <i>Fun Games</i> , this is \$NZ. <i>Fun Games</i> will need to convert the US\$1 500 cost of the board games to NZ\$2 200 before reporting them in financial statements.	Describes monetary measurement concept.	Explains monetary measurement for <i>Fun Games</i> ' purchases.	Applies monetary measurement for <i>Fun Games</i> ' purchases.
(e)	The accounting entity concept states that the personal financial affairs of Alex, the owner, must be kept separate from the financial affairs of <i>Fun Games</i> , the business. \$150 of the telephone and internet will be reported as an expense for <i>Fun Games</i> in the Income Statement because this is the business's expense. \$80 of the telephone and internet will be reported as drawings in the Statement of Financial Position for <i>Fun Games</i> because it is a personal expense for Alex and not an expense for <i>Fun Games</i> .	Describes accounting entity concept.	Explains accounting entity concept for reporting <ul style="list-style-type: none"> <li>the business telephone and internet, and</li> <li>the drawings.</li> </ul>	Applies accounting entity concept for reporting <ul style="list-style-type: none"> <li>the business telephone and internet, and</li> <li>the drawings.</li> </ul>

N1	N2	A3	A4	M5	M6	E7	E8
ONE point (of six).	TWO points (of six).	THREE points (of six) at Achievement level.	FOUR points (of seven) at Achievement level.	TWO explanations (of four) at Merit level.	THREE explanations (of four) at Merit level.	TWO applications (of three) at Excellence level.	THREE applications (of three) at Excellence level.

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

Q TWO	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	The Statement of Financial Position will detail all assets, liabilities, and equity for <i>Fun Games</i> on balance date / 31 March 2017.	Describes purpose of Statement of Financial Position.		
(b)	A – EQ = L (3 500 + 100 000 + 14 400 + 9 400 + 28 400 + 8 000) – 120 670 = <b>43 030</b>	Calculates liabilities.		
(c)	Loan is a liability for <i>Fun Games</i> because <i>Fun Games</i> borrowed money from the bank two / three years ago / in 2014 / 2015 (result of a past transaction). <i>Fun Games</i> must repay the \$28 500 by 2020, as stated on the loan contract (present obligation). <i>Fun Games</i> will give up \$28 500 cash in the future to repay the loan, and this decreases the asset of bank (future economic sacrifice).	Describes liability.	Explains why loan is a liability for <i>Fun Games</i> .	Applies why loan is a liability for <i>Fun Games</i> .
(d) (i)	It is assumed that <i>Fun Games</i> will continue to operate for the foreseeable future, therefore the loan is reported as a non-current liability in the Statement of Financial Position. This follows the going concern concept because it is assumed that <i>Fun Games</i> will still be operating in the foreseeable future / at least three years' time when the loan is due.	Describes going concern concept.	Explains going concern concept for <i>Fun Games</i> ' loan.	Applies going concern concept for <i>Fun Games</i> ' loan (needs 3yr / 2020 reference).
(d) (ii)	Revenue expenditures are ongoing / regular / recurring costs that affect only the current accounting period. <i>Fun Games</i> will need to pay the 6.5% / \$1 852.50 interest on loan regularly for the next four years, and does not benefit beyond this period / decreases this year's profit.	Describes revenue expenditure.	Explains why interest on loan is revenue expenditure <i>Fun Games</i> .	Applies revenue expenditure to <i>Fun Games</i> ' interest on loan at 6.5% / for the next four years.

N1	N2	A3	A4	M5	M6	E7	E8
ONE point (of five).	TWO points (of five).	THREE points (of five) at Achievement level.	FOUR points (of five) at Achievement level.	TWO explanations (of three) at Merit level.	THREE explanations (of three) at Merit level.	TWO applications (of three) at Excellence level.	THREE applications (of three) at Excellence level.

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

Q THREE	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	The Cash Budget includes all estimated cash receipts and estimated cash payments for a period of time. (It will be used to plan for changes in the bank balance for <i>Fun Games</i> .)	Describes purpose of the Cash Budget.		
(b)	Advertising, depreciation on shop fittings, interest on loan, wages.	Identifies THREE expenses.		
(c)	Sales are income for <i>Fun Games</i> ; when it sells board games in store or online, it will collect cash from customers, and this increases the asset of bank. Sales will increase the profit of <i>Fun Games</i> and, therefore, increase equity. Sales are a contribution not from Alex, the owner, but from customers.	Describes income.	Explains why sales are income for <i>Fun Games</i> .	Applies why sales are income for <i>Fun Games</i> .
(d)	In the Income Statement for <i>Fun Games</i> , the income account Rent Received would decrease/be debited by \$400 because the rent does not relate to this accounting period/will not be earned until next year.  In the Statement of Financial Position for <i>Fun Games</i> , Income in Advance, a current liability, will be created/ increased /credited by \$400 because <i>Fun Games</i> must allow the clothes store to use its room for storage space in April 2017 (next year) or provide them with a refund.	Describes accrual accounting for rental income.	Explains accrual accounting to Income Statement for rental income for <i>Fun Games</i> .	Applies accrual accounting to Income Statement for rental income for <i>Fun Games</i> .
		Describes accrual accounting for income in advance.	Explains accrual accounting to Statement of Financial Position for income in advance for <i>Fun Games</i> .	Applies accrual accounting to Statement of Financial Position for income in advance for <i>Fun Games</i> .

N1	N2	A3	A4	M5	M6	E7	E8
ONE point (of five).	TWO points (of five).	THREE points (of five) at Achievement level.	FOUR points (of five) at Achievement level.	TWO explanations (of three) at Merit level.	THREE explanations (of three) at Merit level.	TWO applications (of three) at Excellence level.	THREE applications (of three) at Excellence level.

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

### Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0–7	8–13	14–20	21–24