

**Assessment Schedule – 2018****Accounting: Demonstrate understanding of accounting concepts for small entities (90976)****Evidence**

<b>Question ONE</b>	<b>Sample Evidence</b>	<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
(a)	Accounts payable, accrued expenses, GST payable, loan.	Identifies three liabilities.		
(b)	Assets: bank decreases \$760. Expenses: interest on loan increases \$260. Liabilities: loan decreases \$500.	Identifies bank asset decreases \$760. Identifies interest on loan expense increases \$260. Identifies loan liability decreases \$500. (AA)		
(c)	The decorating tools will be reported at \$6 000 as an asset in the Statement of Financial Position for <i>Cakes &amp; Cookies</i> . This follows historical cost as the decorating tools are being reported at their original purchase price.	Describes historical cost concept.	Explains historical cost concept in relation to <i>Cakes &amp; Cookies</i> ' decorating tools.	Applies historical cost concept in relation to <i>Cakes &amp; Cookies</i> ' decorating tools.
(d)	The decorating tools are an asset because they are only able to be used by the staff of <i>Cakes &amp; Cookies</i> . The decorating tools will be used to decorate cakes which will be sold for cash to customers and this will increase the asset of bank for <i>Cakes &amp; Cookies</i> . <i>Cakes &amp; Cookies</i> bought the decorating tools online in the past.	Describes asset.	Explains why the decorating tools are an asset for <i>Cakes &amp; Cookies</i> .	Applies why decorating tools are an asset for <i>Cakes &amp; Cookies</i> .
(e)	The \$6 000 cost of the decorating tools should be spread over the tools' useful life. The tools are expected to last four years, so will be depreciated by \$1 500 each year.	Describes why we depreciate.	Explains how and why we depreciate in relation to decorating tools for <i>Cakes &amp; Cookies</i> .	Applies how and why we depreciate in relation to decorating tools for <i>Cakes &amp; Cookies</i> .

<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
ONE point (of six).	TWO points (of six).	THREE points (of six) at Achievement level.	FOUR points (of six) 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.

Question TWO	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a) (i)	Assets (\$1 350 + \$500 + \$7 200 + \$860 + \$34 000) – Liabilities (\$980 + \$670 + \$15 000) = Equity (\$27 260).	\$27 260 (AA) Valid working (A)		
(a) (ii)	Charlie’s financial contribution to <i>Cakes &amp; Cookies</i> is \$27 260. OR The residual value of the assets (\$43 910) minus the liabilities (\$16 650) is <i>Cakes &amp; Cookies</i> ’ equity of \$27 260.	Describes equity.	Explains <i>Cakes &amp; Cookies</i> ’ equity.	
(b)	Cake decorators’ wages will decrease the profit for <i>Cakes &amp; Cookies</i> and therefore decrease the equity. When cash is paid to the decorators as wages for decorating cakes and cookies, it will decrease the asset of bank for <i>Cakes &amp; Cookies</i> . The wages are paid to staff and not taken as drawings by Charlie, the owner.	Describes expenses.	Explains why decorators’ wages are an expense for <i>Cakes &amp; Cookies</i> .	Applies why decorators’ wages are an expense for <i>Cakes &amp; Cookies</i> .
(c)	The accounting entity concept states that the personal financial affairs of Charlie, the owner, must be kept separate from the financial affairs of <i>Cakes &amp; Cookies</i> , the business. \$330 of the ingredients will be reported as an expense for <i>Cakes &amp; Cookies</i> in the Income Statement as it is a business expense. \$70 of the ingredients will be reported as drawings in the Statement of Financial Position for <i>Cakes &amp; Cookies</i> as it is a personal expense of Charlie’s, and not an expense for <i>Cakes &amp; Cookies</i> .	Describes accounting entity	Explains accounting entity concept, and reporting of the expense in the Income Statement for <i>Cakes &amp; Cookies</i> .	Applies accounting entity concept and reporting of the expense in the Income Statement for <i>Cakes &amp; Cookies</i> .
			Explains accounting entity concept, and reporting of the drawings in the Statement of Financial Position for <i>Cakes &amp; Cookies</i> .	Applies accounting entity concept, and reporting of the drawings in the Statement of Financial Position for <i>Cakes &amp; Cookies</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 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.

Question THREE	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	The Income Statement for <i>Cakes &amp; Cookies</i> will include all income and expenses for the year and calculate the profit or loss for the year ended 31 March each year.	Describes purpose of Income Statement.		
(b)	The auditor will check the accuracy of the financial statements for <i>Cakes &amp; Cookies</i> / ensure the financial statements provide a true and fair view of <i>Cakes &amp; Cookies</i> ' financial results.	Describes auditor.		
(c)	<i>Cakes &amp; Cookies</i> prepares its Income Statement for the year ended 31 March each year, this means the Income Statement is always for the same length of time. This is in accordance with the period reporting concept, as the life of <i>Cakes &amp; Cookies</i> has been split into lengths of one year for the purpose of preparing the Income Statement. This way Charlie can compare the profit of <i>Cakes &amp; Cookies</i> from year to year: if profit is falling, Charlie might decide to increase the price of cakes in order to increase income.	Describes period reporting concept.	Explains period reporting concept in relation to the Income Statement for <i>Cakes &amp; Cookies</i> .	Applies period reporting concept in relation to the Income Statement for <i>Cakes &amp; Cookies</i> .
(d)	Sales will increase the profit for <i>Cakes &amp; Cookies</i> and therefore increase the equity. When customers pay cash for the cakes they have purchased, it will increase the asset of bank. The cash for sales of cakes is being received from customers and not from Charlie, the owner, (or other appropriate use for Charlie).	Describes income.	Explains why cake sales are income for <i>Cakes &amp; Cookies</i> .	Applies why cake sales are income for <i>Cakes &amp; Cookies</i> .
(e)	In the Statement of Financial Position, <i>Cakes &amp; Cookies</i> would report income in advance of \$2 700 as a current liability. The income in advance is a current liability as <i>Cakes &amp; Cookies</i> has an obligation to provide the cakes for customers next year / refund the cash if it cannot deliver the orders.	Describes accrual accounting for income in advance.	Explains accrual accounting to Statement of Financial Position for income in advance for <i>Cakes &amp; Cookies</i> .	Applies accrual accounting to Statement of Financial Position for income in advance for <i>Cakes &amp; Cookies</i> .

N1	N2	A3	A4	M5	M6	E7	E8
TWO points (of five).	THREE points (of five).	FOUR points (of five) at Achievement level.	FIVE 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 – 14	15 – 20	21 – 24