

Assessment Schedule – 2019**Accounting: Demonstrate understanding of accounting concepts for a New Zealand reporting entity (91404)****Assessment Criteria**

Achievement	Achievement with Merit	Achievement with Excellence
<i>Demonstrate understanding</i> involves applying accounting concepts to a New Zealand reporting entity so that its stakeholders are able to make decisions.	<i>Demonstrate in-depth understanding</i> involves explaining the application of accounting concepts to a New Zealand reporting entity so that its stakeholders are able to make decisions.	<i>Demonstrate comprehensive understanding</i> involves justifying the application of accounting concepts to a New Zealand reporting entity so that its stakeholders are able to make decisions.

Evidence

Q	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
ONE (a)	A potential investor would be interested in the extract from the letter from the chair because it shows that <i>Oceania Healthcare Limited</i> has significantly improved its profitability over the last financial year. This may convince a potential investor to purchase shares in <i>Oceania Healthcare Limited</i> as it is a newly listed company and if net profit after tax continues to exceed forecasts, the company's profitability will be improving and, consequently, dividends will most likely continue to be paid.	Describes a valid reason the statement satisfies the information needs of a potential investor.	Describes a valid reason the statement satisfies the information needs of a potential investor, linked to <i>Oceania Healthcare Limited's</i> improvement in profitability.	Links the information needs of a potential investor to <i>Oceania Healthcare Limited's</i> improvement in profitability AND its ability to pay future dividends, resulting in the potential investor purchasing shares in <i>Oceania Healthcare Limited</i> .
(b)	The purpose of the photographs is to aid understandability of what <i>Oceania Healthcare Limited</i> does, and its financial results / to show the company in a good light and that 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. Photographs are the best way to show an interested user what <i>Oceania Healthcare Limited's</i> retirement villages, residents, employees, and managers look like / that it provides aged care services to real people. Quality photographs of happy elderly residents help personalise what otherwise might be seen as an unknown company and promote a positive image of <i>Oceania Healthcare Limited</i> .	Describes the purpose of photographs is aiding comprehension <i>OR</i> describes a valid reason for including photographs.	Describes a valid reason for including photographs linked to the idea of aiding understandability.	Links the nature of the photographs with their purpose and a user's relationship with <i>Oceania Healthcare Limited</i> .

(c)	<p>The purpose of the Statement of Cash Flows is to provide information about the historical changes in <i>Oceania Healthcare Limited's</i> cash position. OR The purpose of the Statement of Cash Flows is to show suppliers where <i>Oceania Healthcare Limited's</i> cash has come from and what the cash has been spent on during the year / accounting period. The Statement of Cash Flows provides suppliers of <i>Oceania Healthcare Limited</i> with a basis to assess <i>Oceania Healthcare Limited's</i> ability to generate cash and the needs of <i>Oceania Healthcare Limited</i> to utilise those cash flows. This can assist suppliers in determining whether amounts owing to them will be paid when due and therefore whether to extend credit to <i>Oceania Healthcare Limited</i>.</p>	<p>Describes a valid reason why suppliers would use the information in <i>Oceania Healthcare Limited's</i> Statement of Cash Flows.</p>	<p>Explains that the Statement of Cash Flows provides information about the changes in <i>Oceania Healthcare Limited's</i> cash position for the year ended 31 May 2018.</p>	<p>Links the purpose of the Statement of Cash Flows to how suppliers would use the information in <i>Oceania Healthcare Limited's</i> Statement of Cash Flows for the year ended 31 May 2018.</p>
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N1	N2	A3	A4	M5	M6	E7	E8
ONE question part attempted, but missing Achievement criteria because of a lack of context.	ONE (of three) Achievement opportunities and ONE other question part attempted.	TWO (of three) Achievement opportunities.	THREE (of three) Achievement opportunities.	TWO (of three) Merit opportunities.	THREE (of three) Merit opportunities.	TWO (of three) Excellence opportunities.	THREE (of three) Excellence opportunities.

N0 = No response; no relevant evidence.

Q	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
TWO (a)	<p>An auditor's report is a statutory requirement, because it provides an independent opinion that:</p> <ul style="list-style-type: none"> proper accounting records have been kept by <i>Oceania Healthcare Limited</i> as far as it appears from the auditor's examination of those records the financial statements of <i>Oceania Healthcare Limited</i> comply with New Zealand Generally Accepted Accounting Practice and International Financial Reporting Standards the financial statements give a true and fair view of the financial position of <i>Oceania Healthcare Limited</i> as at 31 May 2018 and its financial performance and cash flows for the period then ended. 	Describes that an auditor's report provides an independent opinion OR gives a true and fair view.	Describes a valid reason for why an auditor's report is a statutory requirement.	Explains a valid reason for why an auditor's report is a statutory requirement that includes how an auditors' report provides an independent opinion.
(b)	<p>For shareholders of <i>Oceania Healthcare Limited</i>, the accompanying notes provide the accounting policies adopted in the preparation of the consolidated Balance Sheet.</p> <p>This allows shareholders to understand the significance of the information contained in <i>Oceania Healthcare Limited's</i> consolidated Balance Sheet, e.g. how the financial elements of assets and liabilities have been measured.</p> <p>OR</p> <p>This allows shareholders to make comparisons between <i>Oceania Healthcare Limited's</i> consolidated Balance Sheet and other reporting entities' Balance Sheet because they have an understanding of the policies adopted in the preparation of this financial statement.</p> <p>The accompanying notes (accounting policies) provide additional detail and disclosure of the information in <i>Oceania Healthcare Limited's</i> consolidated Balance Sheet that are required for shareholders to make sound decisions based on this financial statement.</p>	Enables current shareholders to know the policies / assumptions / bases that have been adopted / used in the preparation of <i>Oceania Healthcare Limited's</i> consolidated Balance Sheet.	Enables current shareholders to know the policies / assumptions / bases that have been adopted / used in the preparation of <i>Oceania Healthcare Limited's</i> consolidated Balance Sheet to aid understandability or comparability.	Enables current shareholders to know the policies / assumptions / bases that have been adopted / used in the preparation of <i>Oceania Healthcare Limited's</i> consolidated Balance Sheet to aid understandability or comparability AND adds that accompanying notes provide additional detail and disclosures for current shareholders to make sound decisions based on <i>Oceania Healthcare Limited's</i> consolidated Balance Sheet.

(c)	<p>Comparability is achieved when comparisons of financial statements are made between different entities, and of the same entity, over different time periods.</p> <p>Comparative figures being restated accordingly where a change has been made to the presentation, for example the income tax note, will lead to <i>Oceania Healthcare Limited's</i> general purpose financial statements being prepared in a consistent way.</p> <p>This allows interested users to make comparisons between <i>Oceania Healthcare Limited's</i> general purpose financial statements and other New Zealand reporting entities listed on the NZX, and of <i>Oceania Healthcare Limited</i> over different time periods.</p>	<p>Describes that comparison of financial statements can be made between different entities OR the same entity over different time periods.</p>	<p>Explains that comparative figures being restated accordingly where a change has been made to the presentation will lead to <i>Oceania Healthcare Limited's</i> financial statements being prepared in a consistent way.</p>	<p>Explains how comparability is achieved by linking the act of comparative figures being restated accordingly where a change has been made to the presentation will lead to <i>Oceania Healthcare Limited's</i> financial statements being prepared in a consistent way.</p>
(d)	<p>Village service fees are an increase in assets (bank) that result in an increase in equity, because there is more profit / this is not a contribution from the shareholders.</p> <p>Village service fees are an increase in economic benefit for <i>Oceania Healthcare Limited</i>, as money is being collected from residents who order and pay for meals and laundry services.</p>	<p>Describes that increased revenue results in an increase in assets (bank) and an increase in equity, and is not a contribution from shareholders.</p>	<p>Describes that village service fees results in an increase in assets (bank) and an increase in equity by more profit, and is not a contribution from shareholders.</p>	<p>Describes why village service fees are revenue, and explains the increase in economic benefit for <i>Oceania Healthcare Limited</i>.</p>

N1	N2	A3	A4	M5	M6	E7	E8
ONE question part attempted, but missing Achievement criteria because of a lack of context.	ONE (of four) Achievement opportunities and ONE other question part attempted.	THREE (of four) Achievement opportunities.	FOUR (of four) Achievement opportunities.	THREE (of four) Merit opportunities.	FOUR (of four) Merit opportunities.	THREE (of four) Excellence opportunities.	FOUR (of four) Excellence opportunities.

N0 = No response; no relevant evidence.

Q	Sample Evidence
THREE	<p>An asset is a resource controlled by <i>Oceania Healthcare Limited</i> as a result of past events (usually transactions) and from which future economic benefits are expected to flow to <i>Oceania Healthcare Limited</i>.</p> <p>Only <i>Oceania Healthcare Limited</i> can benefit from the investment properties revalued to fair value, which excludes others from using the investment properties to earn income.</p> <p><i>Oceania Healthcare Limited</i> has purchased the investment properties in the past. On 30 April 2018 a series of events to revalue <i>Oceania Healthcare Limited's</i> investment properties to their fair value occurred. This included the independent valuers of <i>CBRE Limited</i> revaluing the investment properties based on an industry-accepted valuation model applied to the expected future cash flows to derive a net present value.</p> <p><i>Oceania Healthcare Limited</i> gains future economic benefits when it develops the land and buildings into retirement villages and then sells independent units, care suites and serviced apartments to residents, which ultimately brings cash into <i>Oceania Healthcare Limited</i>. This cash can then be used to repay loan and / or interest, so it is important that the future economic benefit exists from the bank manager's point of view.</p> <p>The bank manager can rely on the fair value of the investment properties as loan security as this amount can only be reported in <i>Oceania Healthcare Limited's</i> consolidated balance sheet if it meets both the recognition criteria of an asset of probable future economic benefit with a cost having a reliable measure.</p> <p>Having the investment properties revalued to fair value means there is probable future economic benefit as these are the main revenue-generating assets that <i>Oceania Healthcare Limited</i> uses for selling their aged care rooms and suites to residents, bringing in the money needed to repay the loan / interest from the bank manager's point of view.</p> <p>Independent third-party valuation experts, <i>CBRE Limited</i>, who have experience of valuing retirement village properties in New Zealand, have determined the fair value of <i>Oceania Healthcare Limited's</i> investment properties. This means that the value of the investment properties reported in <i>Oceania Healthcare Limited's</i> consolidated balance sheet is free from bias / faithfully represents the assets and their potential to generate future economic benefit, bringing in the money needed to repay the loan / interest from the bank manager's point of view.</p> <p>Relevant information is described as any financial information that is capable of making a difference in the decisions made by any user of <i>Oceania Healthcare Limited's</i> financial statements.</p> <p>The extract of <i>Oceania Healthcare Limited's</i> capital commitments shows the group's intention to expand its investment properties during the next financial year. This will influence the bank manager's decision to approve the loan, as <i>Oceania Healthcare Limited</i> may approach the bank for a loan up to the value of \$118.9 million to meet its capital commitments. The bank manager, knowing that the fair value of the investment properties is \$332.1 million, will approve the loan as <i>Oceania Healthcare Limited</i> has sufficient security to cover the loan and interest repayments.</p>

Q	Achievement	Achievement with Merit	Achievement with Excellence
THREE	<ul style="list-style-type: none"> • Only <i>Oceania Healthcare Limited</i> can use the investment properties. • The investment properties have been purchased in the past by <i>Oceania Healthcare Limited</i>. • <i>Oceania Healthcare Limited</i> will benefit in the future as the investment properties are used to earn income for the company. • There is a probable economic benefit for <i>Oceania Healthcare Limited</i>, as the investment properties will be used to sell aged care units and suites to residents. • Reliable measure of the fair value of the investment properties from an independent party. • Describes ONE of an asset's characteristics or recognition criteria, from a bank manager's point of view. • Describes how the reference to <i>Oceania Healthcare Limited's</i> capital commitments influences a bank manager's decision to approve a loan. 	<ul style="list-style-type: none"> • Control – the idea that <i>Oceania Healthcare Limited</i> benefits / <i>Oceania Healthcare Limited</i> can exclude others from benefitting from using the investment properties. • The investment properties have been purchased in the past by <i>Oceania Healthcare Limited</i> and then have been revalued to their fair value by <i>CBRE Limited</i>, based on an industry-accepted valuation model. • <i>Oceania Healthcare Limited</i> will benefit in the future as investment properties are used to earn income for the company, bringing cash into <i>Oceania Healthcare Limited</i>. • Probability of future economic benefit, as the investment properties will be used to sell aged care units and suites, bringing money into <i>Oceania Healthcare Limited</i>. • Reliable measure using third-party independent experts faithfully represents the fair value of the investment properties. • Describes TWO of an asset's characteristics or recognition criteria, from a bank manager's point of view in terms of security over the loan. • Explains how the reference to <i>Oceania Healthcare Limited's</i> capital commitments influences a bank manager's decision to approve a loan. 	<ul style="list-style-type: none"> • Uses justifications to demonstrate understanding of the nature of fair value as opposed to purchased investment properties in terms of the characteristics and recognition criteria of an asset. • Uses justifications from: <ul style="list-style-type: none"> - the investment property note to demonstrate understanding of the fair value of <i>Oceania Healthcare Limited's</i> investment properties from a bank manager's point of view - the capital commitments note to demonstrate understanding of the fair value of <i>Oceania Healthcare Limited's</i> investment properties from a bank manager's point of view.

N1	N2	A3	A4	M5	M6	E7	E8
<p>Describes, without context, ONE of:</p> <ul style="list-style-type: none"> • the characteristic of an asset • the recognition criteria of an asset • relevance. 	<p>Describes, without context, TWO of:</p>	<p>FOUR (of seven) pieces of Achievement evidence.</p>	<p>FIVE (of seven) pieces of Achievement evidence.</p>	<p>FOUR (of seven) pieces of Merit evidence.</p>	<p>FIVE (of seven) pieces of Merit evidence.</p>	<p>BOTH pieces of Excellence evidence, with justifications from ONE of:</p> <ul style="list-style-type: none"> • the investment property note • the capital commitments note. 	<p>BOTH pieces of Excellence evidence, with justifications from TWO of:</p> <ul style="list-style-type: none"> • the investment property note • the capital commitments note.

N0 = No response; no relevant evidence.

Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 7	8 – 13	14 – 18	19 – 24