

**Assessment Schedule – 2007****Accounting: Demonstrate an understanding of the conceptual basis of accounting (90022)****Evidence Statement**

Question	Evidence	Code
<b>ONE</b> <b>(a)</b>	The purpose of providing accounting services is to communicate / provide financial information to the end users (those who read the financial statements) so that they can make informed decisions relating to the business / extend credit / allow to buy on credit.  Minimum answer: Communicate / show / provide <b>financial / economic / accounting information</b> to make <b>financial / economic</b> (decisions) or provide advice.	<b>D</b>
<b>(b)</b>	Ability for <i>Tiny Tots</i> to repay debt / accounts payable / continue operating / whether to extend further credit to <i>Tiny Tots</i> / ability to decide on the credit risk.  Linked towards suppliers.	<b>D</b>
<b>(c)(ii)</b> <b>(iii)</b> <b>(iv)</b> <b>(v)</b> <b>(vi)</b>	E A B F C	<b>3 = R</b> <b>5 = R R</b>
<b>(d)(i)</b>	To measure the profit / loss for the period, to calculate / show profit, to calculate / show income or expenses  Assets or liabilities makes it incorrect.	<b>D</b>
<b>(d)(ii)</b>	Answer must include assumptions and / or valuation methods. Example: To communicate / show the <b>concepts / assumptions</b> and <b>valuation</b> methods followed in preparing the accounts, and how financial elements have been <b>measured</b> (to enable the reader of the accounts to better understand the Financial Statements).  Accept two components, but not written as a policy. Components linked to understanding or explaining is correct.	<b>2 of 3 = D</b>

Codes used: **R** = Recognise, **D** = Define**Judgement Statement for First Criterion**

Achievement	Achievement with Merit	Achievement with Excellence
3 × <b>R</b> / <b>D</b>	3 × <b>R</b> / <b>D</b>	1 × <b>D</b> plus 3 × <b>R</b> / <b>D</b>



	<p>systematic allocation of the depreciable amount of an asset / delivery van over its useful life.</p> <p><b>Or</b></p> <p>Depreciation is a decrease in assets, decreases equity and is not owner's drawings.</p> <p><b>Depreciation on a (delivery) van</b> is a decrease in economic benefits in the form of a decrease / depletion of the asset (<b>delivery) van</b>, and decreases equity (by less profit / increased expenses OR is not owner's drawings) – accept either.</p> <p><b>Must have Depreciation</b> and (Delivery) <b>Van</b> mentioned once in the answer and <b>must have</b> decrease in asset / future economic benefit, decreases equity <b>plus one of</b> increases expenses or decreases profit or not drawings.</p> <p><b>Cannot have increase in liabilities for an A</b></p>	<p><b>D</b></p> <p><b>D</b></p> <p><b>A</b></p>
(f)	<p>The residual interest in the assets of the entity after deducting all its liabilities or (Assets minus Liabilities)</p> <p>A – L = OE is incorrect</p>	<b>D</b>

Codes used: **R** = Recognise, **D** = Define, **A** = Apply

**Judgement Statement for Second Criterion**

Achievement	Achievement with Merit	Achievement with Excellence
2 × <b>R/D/A</b>	3 × <b>D</b> or <b>A</b> and 2 more <b>R, D</b> or <b>A</b> <b>5 grades</b>	2 × <b>A</b> and 2 more <b>D</b> or <b>A</b> and 2 more <b>R, D</b> or <b>A</b> <b>6 grades</b>

Question	Evidence	Code
<b>THREE</b>		
(a)	<i>(Tiny Tots)</i> – business will <b>continue</b> to operate into the <b>foreseeable future</b> .	<b>D</b>
(b)	The <b>financial / economic</b> affairs / transactions of the business must be kept separate from the <b>financial</b> affairs / transactions of the business owner. <b>Or</b> Drawings decreases assets and is not an expense. <b>Or</b> Nicola will record the money taken for personal use as <b>drawings</b> to keep the financial affairs/ personal finances / business expenses / transactions separate from her personal expenses / transactions. The \$500 taken home etc <b>There are various ways to get the context</b> <b>Needs to have drawings or for drawings to be clearly implied to get the A.</b>	<b>D</b> <b>D</b> <b>or</b> <b>A</b>
(c)(i)	Historical Cost	<b>R</b>
(c)(ii)	Transactions / Assets are recorded at their original purchase price / cost. <b>Or</b> For Apply, candidate must have used the word “land / property or <i>Tiny Tots</i> ” Eg, it means that <b>Land / Property</b> is recorded / written / shown at its original cost / purchase cost / price. <b>Or</b> <b><i>Tiny Tots</i></b> records assets at their original purchase price.	<b>D</b> <b>or</b> <b>A</b>
(d)	Period Reporting / Accounting Period	<b>R</b>
(e)	The transactions are <b>reported</b> in the (financial statements of the) periods to which they relate/in the current period.  For Apply, candidates must refer to an <b>increase in the expense</b> “sales wages”. <b>Or</b> reporting this as a <b>liability</b> in the period. Eg, the amount of ( <b>sales</b> ) <b>wages owing</b> increases the (sales wages) expense <b>reported</b> for the current period in the Income Statement. <b>Or</b> the amount of ( <b>sales</b> ) <b>wages owing</b> is <b>reported</b> as a (current) liability in the Balance Sheet at the end of the period.	<b>D</b>  <b>or</b> <b>A</b>

Codes used: **R** = Recognise, **D** = Define, **A** = Apply

### Judgement Statement for Third Criterion

Achievement	Achievement with Merit	Achievement with Excellence
2 × <b>R/D/A</b>	3 × <b>R/D</b> or <b>A</b>	1 × <b>A</b> and 3 other <b>D/A</b> or <b>R</b>

### Overall Judgement Statement

Question	Criterion	Achievement	Achievement with Merit	Achievement with Excellence
1	1st	A/M	A/M	E
2	2nd	A	M	E
3	3rd	A	M	E