Assessment Schedule - 2007

Accounting: Demonstrate an understanding of the conceptual basis of accounting (90022)

Evidence Statement

Question	Evidence	Code
ONE		
(a)	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.	D
	Minimum answer: Communicate / show / provide financial / economic / accounting information to make financial / economic (decisions) or provide advice.	
(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.	D
(c)(ii)	E	3 = R
(iii)	A	5 = R R
(iv)	В	
(v)	F	
(vi)	С	
(d)(i)	To measure the profit/loss for the period, to calculate / show profit, to calculate / show income or expenses	D
	Assets or liabilities makes it incorrect.	
(d)(ii)	Answer must include assumptions and/or valuation methods.	
	Example:	2 of 3 = D
	To communicate / show the concepts / assumptions and valuation methods followed in preparing the accounts, and how financial elements have been measured (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.	

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

Judgement Statement for First Criterion

Achievement	Achievement with Merit	Achievement with Excellence
3×R/D	3×R/D	$1 \times \mathbf{D}$ plus $3 \times \mathbf{R} / \mathbf{D}$

Question	Evidence			Code
TWO				
(a)	Interest (For stating interest only) Mortgage interest Loan interest			R 1 = R
	Overdraft interest			2 = RR
	(or any other acceptable int	terest)		
		·		1 R only
4.50	If have Interest and eg Mor	igage interest		
(b)(i)	It is used to make sales / earn income / revenue The display cabinet is used to display the inventory in order to make sales /			D or A
	earn income.	d to display the inventory i	in order to make sales i	
(ii)	Define answer			
	Eg, the entity / business / Ti restricts others from using i		wns the display cabinet /	D
	Applied answer (must include	do or rofor to Tiny Tota on	d the diapley echinet)	or
	Applied answer (must include only Tiny Tots can use the one else can / Tiny Tots res	display cabinet/Tiny Tots	can use the cabinet so no	A
(iii)	Past Event / Transaction Purchased in the past is incorrect			D
(c)	Transactions	Capital Expenditure	Revenue Expenditure	Any 3 = R
(i)	Purchase of the new display cabinet	V		
(ii)	Freight of the display cabinet	V		
(iii)	Installation costs of the display cabinet	√		
(iv)	Insurance for the display cabinet		√	
(d)	(d) Equity: Increases equity because of increase in income / net profit or cash is not from owner's contribution. Must have "Increases equity" and one of increase income / net profit or not contribution for D			D
	Increased equity due to in- Requires Increase in equity	•		A
(e)				
	and decreases equity and not drawings Defines depreciation without reference to the business van. Eg, to allocate the cost of the asset / delivery van over its useful lifetime / the			or

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

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

Judgement Statement for Second Criterion

Achievement	Achievement with Merit	Achievement with Excellence	
2×R/D/A	$3 \times \mathbf{D}$ or \mathbf{A}	2 × A and	
	and 2 more R , D or A	2 more D or A and	
	5 grades	2 more R , D or A	
		6 grades	

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

Codes used: \mathbf{R} = Recognise, \mathbf{D} = Define, \mathbf{A} = Apply

Judgement Statement for Third Criterion

Achievement	Achievement with Merit	Achievement with Excellence
2× R / D / A	$3 \times R/D$ or A	1 × A and
		3 other D/A or R

Overall Judgement Statement

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