

**Assessment Schedule – 2009****Accounting: Demonstrate an understanding of the conceptual basis of accounting (90022)****Evidence Statement****Codes used:**

- S** Describe accounting      **D** Define elements  
**R** Recognise elements      **Dc** Define concepts  
**R** Recognise concepts      **A** Apply elements  
**Ac** Apply concepts

Question	Evidence	Code																		
<b>ONE</b> (a)	To see the <b>value</b> of ( <i>Sweet Ride</i> /the business) assets/liabilities/net assets/equity/business net worth at a point in time). OR Any valid reason why an owner may want to see the balance sheet, ie "To see if the business is able to pay its debts next period" or "So Jack can see his share of the business assets" or "To see how much the business owes" etc.	<b>S</b>																		
(b) (i)	One of: <ul style="list-style-type: none"> <li>• bank</li> <li>• creditors/accounts payable/supplier</li> <li>• Inland Revenue/Government</li> <li>• staff/employees</li> <li>• <b>future</b> potential investors/owners.</li> </ul>	<b>S</b>																		
(ii)	An acceptable reason for (b) (i) wanting to see the information in the balance sheet. Must be <b>specific</b> to that user and not a generic statement that could apply to anyone. eg <ul style="list-style-type: none"> <li>• (bank/creditors) Are there sufficient assets to provide security for a loan?/To see what other liabilities <i>Sweet Ride</i> already has/if <i>Sweet Ride</i> can meet its debts.</li> <li>• (Inland Revenue) What amount of GST is owed</li> <li>• Will the business be able to pay me my wages next month?</li> <li>• Does the amount of business net assets justify its selling price?</li> </ul>	<b>S</b>																		
(c)	eg (context not needed) <ul style="list-style-type: none"> <li>• provides <b>financial</b> and strategic planning advice</li> <li>• helps with <b>financial/business</b> decision making</li> <li>• prepares tax/GST returns</li> <li>• with budgeting/<b>financial/business</b> advice/advice on business structure</li> <li>• analyses and/or interprets financial statements</li> </ul>	<b>S</b>																		
(d)  10 in total	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"><b>Asset</b></th> <th style="width: 50%;"><b>Liability</b></th> </tr> </thead> <tbody> <tr> <td>Accounts receivable</td> <td>Bank overdraft</td> </tr> <tr> <td>Building</td> <td>Mortgage</td> </tr> <tr> <td>Inventory</td> <td></td> </tr> <tr> <td>Prepayments</td> <td></td> </tr> <tr> <th><b>Income</b></th> <th><b>Expense</b></th> </tr> <tr> <td>Dividends received</td> <td>Accountancy fees</td> </tr> <tr> <td></td> <td>Depreciation on building</td> </tr> <tr> <td></td> <td>Rates</td> </tr> </tbody> </table>	<b>Asset</b>	<b>Liability</b>	Accounts receivable	Bank overdraft	Building	Mortgage	Inventory		Prepayments		<b>Income</b>	<b>Expense</b>	Dividends received	Accountancy fees		Depreciation on building		Rates	5 = R 8 = R R
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<p><b>ONE</b> (e)</p>	<p>In order to <b>define</b>, the candidate must refer to an <b>increase in equity</b> and an <b>increase in assets (OR decrease in liabilities)</b> eg Sales are an increase in <b>equity</b> from an increase in <b>assets</b> (OR a decrease in liabilities) which is <b>not owner's contribution</b>. <b>Income</b> is an increase in economic benefits in the form of inflows of <b>assets</b> (or decreases in liabilities) that result in an increase in <b>equity</b> other than <b>owner's contribution</b>. <i>Must have assets (or liabilities), equity, owner's contribution for a D.</i></p> <p>An applied answer shows why/how the asset and equity increases. Eg, <b>Sales increases the profit, which increases the equity. The bank account</b> asset will <b>increase</b> when the sales are received (and not as a result of the owner's contribution). <i>Must have sales, profit, bank, equity for an A.</i></p>	<p><b>D</b></p> <p><b>OR</b></p> <p><b>A</b></p>																		
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(ii)	<p>The <b>financial</b> affairs of the business are kept separate from the <b>financial</b> affairs of the owner. OR Only the expenses and assets of the business will be reported in the financial statements of <i>Sweet Ride</i>; no personal assets will be included. OR Jack / <i>Sweet Ride</i> records the car / gift as drawings. Jack / <i>Sweet Ride</i> will record the <b>car/birthday gift</b> as <b>drawings</b> to keep the business expenses/transactions separate from his personal expenses/transactions. <i>Must have car/gift AND drawings for Ac AND complete the definition.</i></p>	<p><b>Dc</b></p> <p><b>OR</b></p> <p><b>Ac</b></p>																		
<b>TWO</b> (a)	<p>To see where <i>Car Repairs'</i> (NOT Jenny's) cash has come from and where it has been spent / why the bank balance has changed / what money was spent on / where cash came from / how bank balance was calculated, etc. <i>Must <u>not</u> mention PROFIT or OWED/OWING.</i></p>	<b>S</b>																		
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(c)	<p>Equity is the residual interest in the assets of the entity after deducting all its liabilities / OR Assets minus liabilities.  NOT Net Assets</p>	<b>D</b>																		
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<p><b>TWO</b> (e)</p>	<p><b>Assets/transactions</b> are <b>recorded/written/shown/reported</b> at <b>purchase/original/acquisition cost/price</b> (not just historical cost). <i>Must have all three parts.</i></p> <p><b>The (Car Repairs) electric lift is recorded/written/shown/reported</b> at its <b>original/purchase cost/price</b>. <i>Must have all three parts.</i></p>	<p><b>Dc</b></p> <p><b>OR</b></p> <p><b>Ac</b></p>								
(f)	<p>Going concern refers to continuing operations and <b>foreseeable</b> future (must NOT imply the business will continue forever or indefinitely – ie the business has/is assumed to have an indefinite life is incorrect). eg It is assumed that (<i>Car Repairs</i>) will continue operating into the foreseeable future.</p>	<b>Dc</b>								
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(h)	<p>The transactions are <b>reported</b> in the (financial statements of the) periods to which they relate/in the current period.</p> <p>For Apply, candidates must refer to an <b>increase in the expense</b> “wages” in the current period Eg, the accrued wages <b>increases</b> the (wages) <b>expense reported</b> for the <b>current period</b> (in the Income Statement).</p> <p><b>AND/OR</b> reporting this as a <b>liability</b> in the period. Eg, the amount of <b>accrued wages</b> is <b>reported</b> as a (current) <b>liability</b> in the Balance Sheet at the <b>end of the period/in this period</b>.</p>	<p><b>Dc</b></p> <p><b>OR</b></p> <p><b>Ac</b></p>								

**Judgement Statement**

<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
6 grades including <b>Criterion One</b> 2 <b>S</b>  <b>Criterion Two</b> Any 2 grades from elements <b>R/D/A</b>  <b>Criterion Three</b> Any 2 grades from concepts <b>Rc/Dc/Ac</b>	10 grades including <b>Criterion One</b> 2 <b>S</b>  <b>Criterion Two</b> 1 <b>R</b> 2 <b>D/A</b> from elements  <b>Criterion Three</b> 1 <b>Rc</b> 2 <b>Dc / Ac</b> from concepts  PLUS Another 2 <b>D/Dc/A/Ac</b> for a total of 6 <b>Define</b> and <b>Apply</b> across Criteria Two and Criterion Three	15 grades including <b>Criterion One</b> 4 <b>S</b>  <b>Criterion Two</b> 1 <b>R</b> 2 <b>A</b> from elements  <b>Criterion Three</b> 1 <b>Rc</b> 2 <b>Ac</b> from concepts  PLUS Another 2 <b>D/Dc/A/Ac</b> for a total of 6 <b>Define</b> and <b>Apply</b> across Criteria Two and Criterion Three

Lower case **a, m, e** may be used throughout the paper to indicate contributing evidence for overall grades for questions.

The following Accounting-specific marking codes may have been used when marking this paper:

- S** Describe accounting
- R** Recognise elements
- R** Recognise concepts
- D** Define elements
- Dc** Define concepts
- A** Apply elements
- Ac** Apply concepts