

National Certificate of Educational Achievement

2010 Assessment Report

Accounting Level 1

- 90022 Demonstrate an understanding of the conceptual basis of accounting**
- 90023 Describe a method of processing financial information and analyse transactions**
- 90026 Prepare financial statements for sole proprietors**
- 90027 Report financial information for an individual or household, and community organisations**
- 90028 Analyse and interpret information for a sole proprietor(s)**

COMMENTARY

Candidates need to ensure that they understand the context(s) of the assessment. Candidates needed to be familiar with both a sole proprietorship and a community organisation for concepts and to understand the differences between the contexts.

Candidates need to ensure that correct account names from the trial balance are used in general journal entries and financial statements, where provided. Appropriate stems should be used in the Cash Flow Statement.

STANDARD REPORTS

90022 Demonstrate an understanding of the conceptual basis of accounting

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They typically:

- answered questions using terminology appropriate for the given context
- described accounting
- recognised accounting specialists
- recognised and defined accounting elements
- recognised and defined accounting concepts.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They typically:

- provided rote-learned responses without taking into account the context of the question
- could not identify five assets or expenses from a list
- did not know an essential characteristic for any of the elements
- could not recognise or define a concept such as monetary measurement, accounting entity, accrual basis, period reporting or historical cost.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit typically:

- fully described accounting
- defined the essential characteristics of an asset and/or an expense
- recognised and defined the accounting concepts
- explained concepts in correct context using given resource material.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence typically:

- explained and justified the concepts using the appropriate resource and the correct context
- explained and justified the elements using the appropriate resource and the correct context.

OTHER COMMENTS

Students need to ensure that they read the question carefully and answer in the context of the question that is given.

90023 Describe a method of processing financial information and analyse transactions

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They typically:

- described some inputs, processes, outputs and storage examples in a computerised data processing system
- analysed correctly some transactions on the accounting equation grid
- followed instructions when analysing transactions i.e. the + and – symbols were used when writing the dollar amounts.
- distinguished clearly between cash and credit transactions
- described the transactions in context some of the time (i.e. distinguished between a business and an owner transaction, described the transactions in the context of a service business)
- described the transactions using dollar amounts.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They typically:

- showed limited understanding of the computer data-processing systems
- placed many transactions on the accounting equation incorrectly
- described the transactions incorrectly
- confused accounts payable with accounts receivable in the general journal entries
- demonstrated incomplete general journal entries
- did not use the account names as per the trial balance for general journal entries.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit typically:

- clearly described an advantage of using a computerised data-processing system
- described most transactions using the correct context
- used correct names for accounts in the General Journal
- accurately completed at least one General Journal for an invoice with GST correctly treated.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence typically:

- described all the inputs, processes, outputs and storage examples in a computerised data processing system
- accurately dealt with complex transactions

- correctly described transactions as being cash or credit
- thoroughly dealt with balance day adjustments, and used the account names as per the trial balance.

OTHER COMMENTS

Candidates need to describe the transactions for a service business by clearly distinguishing between cash and credit transactions (e.g. use the words paid or cash). Candidates need to be specific that it is the business making the transaction, not the owner and use an example of an asset or an expense.

90026 Prepare financial statements for sole proprietors

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They typically:

- attempted all three questions
- correctly classified items in the Income Statement – particularly expenses
- correctly entered the costs into the Property, Plant and Equipment table
- completed the sentences as part of the Property, Plant and Equipment note
- correctly used the key words as the stems in the Cash Flow Statement
- included foreign items in the financial statements.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They typically:

- did not attempt all questions
- could not distinguish between cash and non-cash items for Cash Flow Statement
- did not use key words in Cash Flow Statement
- did not complete the Statement of Financial Position extract.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit typically:

- correctly classified items in the financial statements
- correctly completed the balance day adjustments
- distinguished some of the cash and non-cash items in the Cash Flow Statement
- understood the difference between depreciation and accumulated depreciation
- included a foreign item in the Income Statement
- correctly completed the Property, Plant and Equipment table and note but could not identify the correct Term Deposit figure
- did not calculate the correct sales figure in the Cash Flow Statement (often missed EFTPOS)
- incorrectly classified stolen jewellery as a payment.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence typically:

- correctly calculated COGS and most balance day adjustments
- correctly completed the PPE table and note
- only included cash transactions on Cash Flow Statement
- understood that EFTPOS receipts are cash
- completed the Statement of Financial Position and note without error
- correctly calculated the GST adjustments
- correctly classified items.

OTHER COMMENTS

Candidates need to ensure that accounts are correctly classified in the correct financial statement. The Cash Flow Statement requires candidates to write clear stems for each item without using sentences or repeating the titles (e.g. payment, paid, received).

90027 Report financial information for an individual or household, and community organisations

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They typically:

- prepared a statement of affairs using the correct headings of Assets and Liabilities
- used the appropriate stems in the Statement of Affairs
- explained what the Statement of Affairs was for and/or what its limitations were
- classified the majority of accounts into an Income Statement and/or Statement of Financial Position using the correct headings.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They typically:

- did not use the correct headings for a Statement of Affairs or Income Statement
- could not classify the majority of accounts for a Statement of Affairs or Income Statement
- did not know the purpose of an Activity Statement or any appropriate limitations to the information it contains
- thought the Statement of Affairs was about the ability to repay loans in the future
- did not know what an Activity Statement was
- did not know the difference between current assets/liabilities and non current asset/liabilities
- included over three items that were foreign to a particular statement.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit typically:

- included market value amounts and not historical cost amounts in the Statement of Affairs
- knew the purpose of the Statement of Affairs and/or an appropriate limitation
- completed an activity statement with most items correct
- completed the income statement with most stems correct and the majority of additional information included
- calculated net surplus using the correct calculations
- differentiated between current and non current assets.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence typically:

- used the term Net Worth in the Statement of Affairs and when referring to the Statement in the written questions. They avoided the use of the term Net Assets which is a business term.
- understood that the Statement of Affairs, key use was to indicate security of the loan by comparing assets with liabilities including the potential new loan
- used the terms Net Surplus in the Activity Statement and Income Statement and avoided using the term Profit
- understood that the surplus from the activity statement needed to be included in the income statement
- did not repeat items already included in the activity statement in the income statement
- completed nearly all balance day adjustments correctly.

OTHER COMMENTS

Candidates need to understand the differences between business terminology (profit, net assets) and non profit organisation terminology (surplus, net worth).

90028 Analyse and interpret information for a sole proprietor(s)

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They typically:

- calculated the majority of the ratios and percentages correctly
- explained the majority of the “explain” questions
- answered “fully explain” questions to an interpret level without using context or identifying the impact on a ratio or % measure.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They typically:

- gave some calculated analysis
- omitted to answer “explain” or “fully explain” questions
- lacked subject literacy
- lacked reasoning relating to the question.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit typically:

- calculated most of the ratios and percentages using the formulae
- attempted most of the questions
- identified a way to improve a performance measure or gave a suitable reason for a trend in half of the questions
- fully explained in context with flow-on links in at least one answer per question for two out of three questions
- gave evidence of literacy/good accounting practice in most answers.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence typically:

- calculated almost all the ratios and percentages using the formulae
- attempted all questions
- identified a way to improve a performance measure or gave a suitable reason for a trend in most of the questions
- fully explained in context with flow-on links for two answers per question in all three questions
- gave evidence of literacy/good accounting practice throughout all answers.

OTHER COMMENTS

Candidates should continue to approach the question by looking at the context, the reason or recommendation, the impact this has and how this affects the performance measure.