

Assessment Report

Level 1 Accounting 2017

Standards [90976](#) [90978](#) [90980](#)

Part A: Commentary

Candidates are advised to read all the questions and resource material carefully before answering, to ensure their responses are accurate and in context. It is important that candidates answer all parts of the questions as there is the opportunity for achievement throughout the examination paper.

Candidates should be familiar with the explanatory notes of the achievement standards and the current appendix (<http://ncea.tki.org.nz/Resources-for-Internally-Assessed-Achievement-Standards/Social-sciences/Accounting/Level-1-Accounting/Related-resources>), to ensure the context and correct financial statement layout is being used for the different entities.

Candidates need to cross out work that is not to be marked, especially when statements or concepts are re-done on extra pages/paper.

Part B: Report on standards

90976: Demonstrate understanding of accounting concepts for small entities

Candidates who were awarded **Achievement** commonly:

- described the definitions for the accounting concepts and elements
- described the characteristics of the financial elements.

Candidates who were assessed as **Not Achieved** commonly:

- could not describe the definitions for accounting concepts or financial elements, often leaving the question unanswered or using non-accounting descriptions.

Candidates who were awarded **Achievement with Merit** commonly:

- explained the definitions of the accounting concepts and financial elements, relating their answer to Fun Games and/or Alex and the financial statements.

Candidates who were awarded **Achievement with Excellence** commonly:

- explained and applied how the concepts affected Fun Games in the context of the type of business it is (selling board games) and the effect the concept or element had on the business and its financial statements.

Standard specific comments

Many candidates found it difficult to explain the financial elements of income and expenses at Excellence level. This required candidates to apply the characteristics of the element in respect to the entity. Candidates also struggled with the accrual basis, not recognising that the adjustment was an income in advance.

90978: Prepare financial statements for sole proprietors

Candidates who were awarded **Achievement** commonly:

- prepared classified financial statements, using appropriate headings
- misclassified some accounts within the correct financial statement
- accurately completed some of the cost of goods sold section in the income statement
- accurately completed the property plant and equipment table in the statement of financial position
- included foreign items in one or more statements (e.g. accumulated depreciation accounts in the income statement, delivery fees received, office stationery, opening inventory in the statement of financial position, and non-financial information in the cash budget)
- prepared an accurate cash budget by separating the estimated receipts and estimated payments with the appropriate headings in the cash budget and using correct account names.

Candidates who were assessed as **Not Achieved** commonly:

- did not attempt all the questions and/or left large sections unanswered
- did not use the headings supplied in the income statement, and did not use sufficient headings for the statement of financial position and/or the cash budget
- classified insufficient accounts
- used abbreviations
- used descriptive sentences as stems in the cash budget which often included calculations or payment methods
- included a large number of foreign items.

Candidates who were awarded **Achievement with Merit** commonly:

- accurately prepared fully classified financial statements with all/nearly all of the required headings (often revenue and/or equity were omitted)
- correctly reported the balance day adjustments where the figure was supplied, often with the exception of sales received in advance
- incorrectly treated at least one invoice adjustment in questions 1 and 2
- included one or two foreign items in the statement of financial position (eg. stationery) and/or the cash budget
- incorrectly labelled the "loss" for the year in the income statement
- accurately completed and labelled some of the deficit calculation and closing bank balance processes in the cash budget

Candidates who were awarded **Achievement with Excellence** commonly:

- prepared fully classified financial statements with all required headings for a retail business
- accurately prepared the cost of goods sold section in the income statement and accurately labelled and calculated the cost of goods sold and gross profit
- accurately reported both of the invoices on hand on balance day in the income statement and statement of financial position
- differentiated between the loan principal and interest on loan payments in the cash budget
- accurately completed and labelled the deficit calculation and closing bank balance processes in the cash budget.

Standard specific comments

Fully classified financial headings require correct headings for classifications, and these should not have numbers alongside them.

Candidates responded well to the removal of the headings in the cash budget. However, many did not follow the instruction to identify the deficit or surplus for the month, or calculate the closing bank balance.

The achievement standard explanatory note 2 states that for achievement with excellence there are no foreign items in the financial statements.

Candidates who use the trial balance on the resource page to help with the account headings for the cash budget have less errors.

Many candidates struggled with the loss in the income statement. It is important that candidates are familiar with both profit and loss situations and can apply the correct label for the result.

90980: Interpret accounting information for sole proprietors

Candidates who were awarded **Achievement** commonly:

- calculated analysis measures correctly
- described the reason for the trend in the percentage or ratio
- described the meaning of the percentage or ratio.

Candidates who were assessed as **Not Achieved** commonly:

- left some questions unanswered
- calculated analysis measures incorrectly
- did not describe the meaning of the percentage or ratio being asked for.

Candidates who were awarded **Achievement with Merit** commonly:

- explained a recommendation in context, incorporating the resource material, and explaining how the business could achieve the desired outcome
- explained a reason for the trend in the percentage or ratio in context, incorporating the resource material, by including how their reason impacted the item being asked.

Candidates who were awarded **Achievement with Excellence** commonly:

- fully explained the reason for the trend in the percentage or ratio in context, by including all the links from the component to the percentage or ratio being asked for

- justified a recommendation in context, by linking the recommendation to the components of the percentage or ratio and linking that to the percentage or ratio
- incorporated the resource material into the links by explaining the impact.

Standard specific comments

Candidates should spend time reading the resource carefully to become familiar with the business being examined before answering the questions.

Accounting subject page

Previous years' reports

[2016 \(PDF, 0KB\)](#)

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