



New Zealand Qualifications Authority
Mana Tohu Matauranga O Aotearoa

Home > NCEA > Subjects > Assessment Reports > Accounting - L1

Assessment Report

Level 1 Accounting 2016

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

Part A: Commentary

Candidates need to ensure they read all the questions and resource material carefully before answering to ensure their responses are accurate and in context

Candidates should be familiar with the explanatory notes of the achievement standards and the [current appendix](#), to ensure the context and correct financial statement layout is being used for the different entities.

Part B: Report on Standards

90976: Demonstrate understanding of accounting concepts for small entities

Candidates who were awarded **Achievement** commonly:

- identified and described the financial elements
- identified and described the accounting concepts.

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

- did not have sufficient understanding or accuracy when attempting to describe the financial elements, purpose of financial statements, or accounting concepts.

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

- answered in context
- explained fully parts of the characteristics of the financial elements and accounting concepts.

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

- applied the financial elements and accounting concepts by fully explaining the required concepts in context of the dental surgery
- fully integrated and used the resource information to support their answers
- applied the accrual basis concept by identifying the elements affected in the financial statements and clearly explained which year the elements related to.

Standard-specific comments

Many candidates calculated the figure for depreciation but demonstrated no understanding of the definition of depreciation, including depreciable amount, or how this is applied. Candidates need to understand the concept of depreciation and apply this to the scenario by using relevant accounting terminology and figures.

Students need to use the context of the standard, which is a small entity (sole proprietorship or community organisation) – reference to a company is not part of this standard.

90978: Prepare financial statements for sole proprietors

Candidates who were awarded **Achievement** commonly:

- prepared classified financial statements
- misclassified some accounts within the correct financial statement
- attempted, with some accuracy, the cost of goods sold section of the income statement
- did not distinguish between revenue and other income
- included foreign items in one or more statements (e.g. term deposit and petty cash in the income statement, rent received and opening inventory in the statement of financial position, and non-financial information in the cash budget)
- used correct account names in the cash budget.

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

- did not use appropriate headings in the financial statements
- classified insufficient accounts under correct headings
- used abbreviations
- used descriptive sentences as stems in the cash budget which often also 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 rent received in advance
- incorrectly treated at least one invoice adjustment in questions 1 and 2
- included one or two foreign items in the cash budget
- accurately completed the bank balance process for the cash budget.

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

- prepared fully classified financial statements with all required headings for a retail business
- labelled and calculated gross profit in the income statement
- accurately reported both of the invoice balance day adjustments.

Standard-specific comments

It is important that candidates answer all three questions.

Financial statement headings should not have numbers alongside them.

Candidates responded well to the change in the Property, Plant and Equipment table requiring them to accurately identify and classify these assets. However, many still do not write the depreciation note.

It is vital that candidates cross out work that is not to be marked, especially when statements are re-done on the extra page/paper.

90980: Interpret accounting information for sole proprietors

Candidates who were awarded **Achievement** commonly:

- used the resource information to correctly calculate the analysis measures
- described the meaning of the analysis measure
- described a reason for a trend in the percentage of ratio.

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

- left parts of the questions unanswered
- did not accurately describe the meaning of the analysis measure, often mixing the measures up or not having sufficient accuracy in the answer.

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

- answered in context by including specific examples from the resource material to explain the trends and recommendations

- explained a reason for the trend in percentage or ratio in context, by detailing how the reason affected that analysis measure
- explained a recommendation by detailing how the business could achieve the specific outcome.

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

- fully explained a reason for the trend in percentage or ratio in context by using the resource material to detail how the reason impacted on the components of that analysis measure
- justified an appropriate recommendation to improve the analysis measure, in context, by detailing how the recommendation will impact on the components of that analysis measure.

Standard-specific comments

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

Rote-learned answers are often not appropriate for the business scenario in the resource, and this can limit the accuracy of a candidate's answer.

Candidates who used bullet points and always started with the business and owner names did not always answer the question well. To achieve Merit and Excellence, candidates need to ensure they integrate the resource material and that the structure of their answer makes sense.

[Accounting subject page](#)

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