

Assessment Schedule – 2013

Demonstrate understanding of accounting concepts for small entities (90976)

Evidence Statement

Question	Evidence
<p>ONE (a)</p>	<p>THREE of:</p> <ul style="list-style-type: none"> • accountancy fees • depreciation (on cooking equipment) • interest on mortgage • purchases • wages.
(b)	<p>Cash sales is income for <i>Better Burgers</i>, because sales increases the asset bank from customers buying burgers.</p> <p>Sales will increase profit, which will increase equity.</p> <p>Sales are not a contribution by George.</p>
(c)	<p>Assets: The bank decreases by \$500</p> <p>Liabilities: The mortgage decreases by \$500</p>
(d)	<p>The wages owing of \$460 would be added to the wages expense in the Income Statement of <i>Better Burgers</i>, because the employees did the work this year.</p> <p>Accrued expenses of \$460 would be reported in the Statement of Financial Position of <i>Better Burgers</i> as a current liability, as an amount is owed to the employees that will be paid in the next year.</p>

N1	N2	A3	A4	M5	M6	E7	E8
<p>ONE of:</p> <ul style="list-style-type: none"> • identifies THREE expenses • identifies that bank decreases • identifies that mortgage decreases • describes income • describes accrual accounting for wages • describes accrual accounting for accrued expenses. 	<p>TWO of:</p> <ul style="list-style-type: none"> • identifies THREE expenses • identifies that bank decreases • identifies that mortgage decreases • describes income • describes accrual accounting for wages • describes accrual accounting for accrued expenses. 	<p>THREE of:</p> <ul style="list-style-type: none"> • identifies THREE expenses • identifies that bank decreases • identifies that mortgage decreases • describes income • describes accrual accounting for wages • describes accrual accounting for accrued expenses. 	<p>FOUR of:</p> <ul style="list-style-type: none"> • identifies THREE expenses • identifies that bank decreases • identifies that mortgage decreases • describes income • describes accrual accounting for wages • describes accrual accounting for accrued expenses. 	<p>TWO of:</p> <ul style="list-style-type: none"> • explains why sales is income for <i>Better Burgers</i> • explains accrual accounting to Income Statement for wages owing • explains accrual accounting to Statement of Financial Position for wages owing. 	<ul style="list-style-type: none"> • explains why sales is income for <i>Better Burgers</i> AND • explains accrual accounting to Income Statement for wages owing AND • explains accrual accounting to Statement of Financial Position for wages owing. 	<p>TWO of:</p> <ul style="list-style-type: none"> • applies why sales is income for <i>Better Burgers</i> • applies accrual accounting to Income Statement for wages owing • applies accrual accounting to Statement of Financial Position for wages owing. 	<ul style="list-style-type: none"> • applies why sales is income for <i>Better Burgers</i> AND • applies accrual accounting to Income Statement for wages owing AND • applies accrual accounting to Statement of Financial Position for wages owing.

N0 = No response; no relevant evidence.

Question	Evidence
<p>TWO (a)</p>	<p>The Statement of Financial Position for <i>Better Burgers</i> shows the assets, liabilities, and equity at a point in time.</p>
<p>(b)</p>	<p>The purchase of the drinks machine is capital expenditure, as the drinks machine is a one-off cost that will benefit <i>Better Burgers</i> beyond the current year.</p> <p>The cleaning of the drinks machine is revenue expenditure, as it is recurring expenditure that will benefit <i>Better Burgers</i> only for the current year.</p>
<p>(c)</p>	<p>The drinks machine is reported as an asset in the Statement of Financial Position as it meets the characteristics of an asset.</p> <p>The drinks machine was purchased by <i>Better Burgers</i> in the past. <i>Better Burgers</i> has present control over the use of the drinks machine as they have it locked in their buildings / have exclusive right to use the drinks machine to make drinks for customers.</p> <p><i>Better Burgers</i> will use the drinks machine to make drinks for their customers who will pay to buy drinks.</p> <p>The drinks machine will be reported as a non-current asset as Property, Plant and Equipment, because it will be used to generate income / not be turned into cash beyond the next accounting period, and it is reported as \$500.</p> <p>The historical cost concept states that the drinks machine is reported at its original purchase price, which is \$500.</p> <p>The drinks machine is reported as a non-current asset, which supports the use of the Going Concern concept. By reporting this as a non-current asset as opposed to a current one, <i>Better Burgers</i> is indicating they intend to continue to operate into the foreseeable future. <i>or any other relevant concept.</i></p>

N1	N2	A3	A4	M5	M6	E7	E8
<p>ONE of:</p> <ul style="list-style-type: none"> • describes the purpose • describes asset • describes one concept • recognises that the drinks machine is a non-current asset • describes capital • describes revenue expenditure. 	<p>TWO of:</p> <ul style="list-style-type: none"> • describes the purpose • describes asset • describes one concept • recognises that the drinks machine is a non-current asset • describes capital • describes revenue expenditure. 	<p>THREE of:</p> <ul style="list-style-type: none"> • describes the purpose of the Statement of Financial Position • describes asset • describes one concept • recognises that the drinks machine is a non-current asset • describes capital • describes revenue expenditure. 	<p>FOUR of:</p> <ul style="list-style-type: none"> • describes the purpose of the Statement of Financial Position • describes asset • describes one concept • recognises that the drinks machine is a non-current asset • describes capital • describes revenue expenditure. 	<p>TWO of:</p> <ul style="list-style-type: none"> • explains capital expenditure • explains revenue expenditure • explains how the drinks machine is an asset • explains how drinks machine is following one concept. 	<p>THREE of:</p> <ul style="list-style-type: none"> • explains capital expenditure • explains revenue expenditure • explains how the drinks machine is an asset • explains how drinks machine is following one concept. 	<ul style="list-style-type: none"> • applies how drinks machine is an asset <p>OR</p> <ul style="list-style-type: none"> • applies how the drinks machine is following one concept. 	<ul style="list-style-type: none"> • applies how drinks machine is an asset <p>AND</p> <ul style="list-style-type: none"> • applies how the drinks machine is following one concept.

N0 = No response; no relevant evidence.

Question	Evidence
THREE (a)	An auditor checks the accuracy of <i>Champs Swim Club Incorporated's</i> financial statements.
(b)	George wants to know if the club is going to continue to operate so he can decide whether to continue his membership next year. George wants to see the financial statements to see if <i>Champs Swim Club</i> is making a surplus / has a positive cash-flow, so he knows whether to stay in the club or not. He is concerned that they have been having financial difficulty.
(c)	George's personal assets may not be used to pay off <i>Champs Swim Club's</i> debts. If George continues to be a member this year, he will lose only the \$80 subscription fee – if the club does not continue.
(d)	Advertising is an expense for <i>Better Burgers</i> , because the bank account will decrease when the advertising is paid. The advertising will decrease profit, which decreases equity, and it is not drawings by George.
(e)	<i>Better Burgers</i> will report the payment to the club as drawings of \$80 in the Statement of Financial Position to keep the business transactions separate from George's transactions. The payment of the subscription is a personal expense, not a business expense, so it does not belong in the Income Statement of <i>Better Burgers</i> .

N1	N2	A3	A4	M5	M6	E7	E8
Gives PART OF a description.	<p>ONE of:</p> <ul style="list-style-type: none"> describes what financial statements of the club show describes limited liability describes expense describes entity concept describes what an auditor does. 	<p>TWO of:</p> <ul style="list-style-type: none"> describes what financial statements of the club show describes limited liability describes expense describes entity concept describes what an auditor does. 	<p>THREE of:</p> <ul style="list-style-type: none"> describes what financial statements of the club show describes limited liability describes expense describes entity concept describes what an auditor does. 	<p>TWO of:</p> <ul style="list-style-type: none"> explains the importance of the statements to George explains the entity concept for <i>Better Burgers</i> explains why advertising is an expense explains that George's personal assets not used to pay club debts. 	<p>THREE of:</p> <ul style="list-style-type: none"> explains the importance of the statements to George explains the entity concept for <i>Better Burgers</i> explains why advertising is an expense explains that George's personal assets not used to pay club debts. 	<ul style="list-style-type: none"> applies why advertising is an expense OR applies the entity concept for <i>Better Burgers</i>. 	<ul style="list-style-type: none"> applies why advertising is an expense AND applies the entity concept for <i>Better Burgers</i>.

N0 = No response; no relevant evidence.

Judgement Statement

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score range	0 – 8	9 – 14	15 – 20	21 – 24