

**Assessment Schedule – 2021****Accounting: Demonstrate understanding of accounting concepts for small entities (90976)****Evidence**

Question ONE	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	Assets = Liabilities + Equity = \$88 840	Calculates correctly.		
(b)(i)	The Statement of Financial Position details the assets, liabilities and equity of <i>Cheap Costumes</i> on a set date / balance date.	Describes Statement of Financial Position.		
(ii)	The bank manager (potential lender) would be able to see <i>Cheap Costumes'</i> other liabilities in the Statement of Financial Position before deciding whether to lend to them or not. For example, if they have a lot of other liabilities, they may decide not to lend to them at the moment / what assets <i>Cheap Costumes</i> has that can be used as security against the loan.	Describes how Statement of Financial Position can help potential lender make decision.	Explains how the bank manager can use the Statement of Financial Position to make a decision relating to lending to <i>Cheap Costumes</i> .	Applies how the bank manager can use the Statement of Financial Position to make an informed decision about lending to <i>Cheap Costumes</i> .
(c)	The formal wear is an economic resource for <i>Cheap Costumes</i> as it has the potential to produce economic benefit, because <i>Cheap Costumes</i> will hire the formal wear to customers who will pay cash for the hire, increasing the asset of bank. <i>Cheap Costumes</i> controls the formal wear and decides who is allowed to hire the formal wear. <i>Cheap Costumes</i> purchased the formal wear in the past.	Describes asset.	Explains why the formal wear is an asset for <i>Cheap Costumes</i> .	Applies why the formal wear is an asset for <i>Cheap Costumes</i> .
(d)	The going concern concept states that we expect the business to continue to operate into the foreseeable future. The formal wear will be expected to last beyond this year and therefore will be reported as a non-current asset in the Statement of Financial Position. We therefore assume that <i>Cheap Costumes</i> will continue to operate beyond this year.	Describes going concern.	Explains going concern in relation to reporting the formal wear in the Statement of Financial Position for <i>Cheap Costumes</i> .	Applies going concern in relation to reporting the formal wear as a non-current asset in the Statement of Financial Position for <i>Cheap Costumes</i> .

N1	N2	A3	A4	M5	M6	E7	E8
ONE point (of five).	TWO points (of five).	THREE points (of five) at Achievement level.	FOUR points (of five) at Achievement level.	TWO explanations (of three) at Merit level.	THREE explanations (of three) at Merit level.	TWO applications (of three) at Excellence level.	THREE applications (of three) at Excellence level.

**N0** = No response; no relevant evidence.

Question TWO	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	Depreciation – costumes, interest on loan, shop rent, wages.	Identifies three.		
(b)	Monetary measurement states we must report transactions in terms of a common unit, e.g. NZ\$. The costumes purchased from overseas for US\$8 000 will need to be converted into NZ\$11 200 before they can be reported as an asset in the Statement of Financial Position for <i>Cheap Costumes</i> .	Describes monetary measurement.	Explains monetary measurement in relation to the costumes and reporting for <i>Cheap Costumes</i> .	
(c)	Period reporting requires the life of the business to be split into equal lengths of time for the purpose of reporting. By preparing an Income Statement every 31 March, <i>Cheap Costumes</i> is splitting its business life into equal lengths of one year for reporting, calculating the profit for each year, so that comparisons can be made / it can identify which expenses to cut back on.	Describes period reporting.	Explains period reporting in relation to the Income Statement for <i>Cheap Costumes</i> .	Applies period reporting through specific comparison / use in relation to the Income Statement for <i>Cheap Costumes</i> .
(d)	Costume cleaning will decrease profit and therefore decrease equity. <i>Cheap Costumes</i> will pay cash to the drycleaner for cleaning the costumes, which will decrease the asset of bank. Costume cleaning is paid to the drycleaner and not taken as drawings by Ariana, the owner.	Describes an expense.	Explains why the costume cleaning is an expense for <i>Cheap Costumes</i> .	Applies why the costume cleaning is an expense for <i>Cheap Costumes</i> .
(e)	Depreciation is the loss of future benefit of an asset over its useful life, to spread the cost of the asset over its useful life. <i>Cheap Costumes</i> depreciating \$2 240 on the costumes each year will spread the cost of the costumes over their useful life.	Describes depreciation.	Explains how and why we depreciate in relation to the costumes for <i>Cheap Costumes</i> .	Applies how and why we depreciate in relation to the costumes for <i>Cheap Costumes</i> .

N1	N2	A3	A4	M5	M6	E7	E8
ONE point (of five).	TWO points (of five).	THREE points (of five) at Achievement level.	FOUR points (of five) at Achievement level.	TWO explanations (of four) at Merit level.	THREE explanations (of four) at Merit level.	TWO applications (of three) at Excellence level.	THREE applications (of three) at Excellence level.

**N0** = No response; no relevant evidence.

Question THREE	Sample Evidence							Achievement	Achievement with Merit	Achievement with Excellence
(a)	The purpose of accounting is to provide financial information to assist <i>Cheap Costumes</i> in making informed decisions.							Identifies purpose.		
(b)		Bank	PPE	Expenses	Loan	Equity	Income	Line 1 correct.	Line 2 correct.	
	(1)	-720		+720						
	(2)	+3 000	+\$4 500			+7 500				
(c)	<p>Costume-hire fees received will increase profit and therefore increase equity for <i>Cheap Costumes</i>.</p> <p>When customers pay cash to hire the costumes it will increase the asset of bank.</p> <p>Costume-hire fees received come from customers and not from Ariana, the owner of <i>Cheap Costumes</i>.</p>							Describes income.	Explains income in relation to the costume-hire fees received for <i>Cheap Costumes</i> .	Applies income in relation to the costume-hire fees received for <i>Cheap Costumes</i> .
(d)	<p>The accrual basis states we must report transactions in the financial statements for the period to which they relate.</p> <p>The \$800 already received as deposits for hire fees will require the income of hire fees received to decrease by \$800 in the Income Statement for <i>Cheap Costumes</i>. It will decrease because the costume-hire fees received relate to next year.</p>							Describes accrual accounting for hire fees received.	Explains accrual accounting in relation to the Income Statement and costume-hire fees received.	Applies accrual accounting in relation to the Income Statement and costume-hire fees received.
	<p>The \$800 hire fees received in advance will create a current liability of income in advance in the Statement of Financial Position for <i>Cheap Costumes</i>. It will be a current liability as <i>Cheap Costumes</i> has an obligation to let customers use the costumes in the next accounting period / refund their money if <i>Cheap Costumes</i> can't meet its hiring agreement.</p>							Describes accrual accounting for income in advance.	Explains accrual accounting in relation to the Statement of Financial Position and income in advance.	Applies accrual accounting in relation to the Statement of Financial Position for income in advance.

N1	N2	A3	A4	M5	M6	E7	E8
ONE point (of five).	TWO points (of five).	THREE points (of five) at Achievement level.	FOUR points (of five) at Achievement level.	TWO explanations (of four) at Merit level.	THREE explanations (of four) at Merit level.	TWO applications (of three) at Excellence level.	THREE applications (of three) at Excellence level.

**N0** = No response; no relevant evidence.

**Cut Scores**

<b>Not Achieved</b>	<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
0 – 7	8 – 12	13 – 19	20 – 24