

Assessment Schedule – 2019**Accounting: Demonstrate understanding of accounting concepts for an entity that operates accounting subsystems (91174)****Assessment Criteria**

Achievement	Achievement with Merit	Achievement with Excellence
<i>Demonstrate understanding</i> involves describing accounting concepts in relation to the entity.	<i>Demonstrate in-depth understanding</i> involves explaining accounting concepts in relation to the entity and its financial elements.	<i>Demonstrate comprehensive understanding</i> involves justifying accounting concepts by showing links between concepts, characteristics, and financial element recognition in relation to the entity.

Evidence

Question	Evidence
ONE (a)	The going concern concept states that Emma plans to continue operating <i>Okupu Photography</i> as a wedding photography business into the foreseeable future. Customers who pay a deposit six or more months in advance do so because they believe Emma will still be operating <i>Okupu Photography</i> , will photograph their wedding, and has no plans to stop being a wedding photographer, as she enjoys the work.
(b)	<p>The purpose of preparing the Income Statement is to determine the profit of <i>Okupu Photography</i> for the year. This allows Emma to make decisions about her income / expenses / profit or see if she is making enough profit.</p> <p>The continuing life of <i>Okupu Photography</i> is divided into reporting periods for Emma to determine her profit for the year in <i>Okupu Photography's</i> Income Statement for the year ended 31 March 2019.</p> <p>The wedding photo income earned in the year ended 31 March 2019 is \$68 400 (excluding GST), so only this amount will be reported for wedding photo income in the Income Statement, according to the accrual basis.</p> <p>The wedding income received in advance \$9 000 relates to next season / year, so will be reported as income next year.</p> <p>On balance day, the \$9 000 is reported as income in advance in the Statement of Financial Position as a liability because Emma owes the clients who have paid their deposit in advance a wedding photography service that will use <i>Okupu Photography's</i> assets to complete.</p>

Notes

Purpose of the income statement can only contribute evidence for Achievement or Merit.

Achievement – states the purpose is to determine profit in context.

Merit – includes why Emma needs to determine profit e.g. so Emma can make decisions about expenses / profit or so Emma can compare profits.

Justify for going concern must include a reason why Emma has no plans to stop being a wedding photographer.

Justify for period reporting must include reference to the continuing life and need to determine profit more regularly / each year with a link to back to income statement purpose or forward to accrual basis.

Justify for accrual basis must include references to income statement and / or balance sheet figures.

N1	N2	A3	A4	M5	M6	E7	E8
Describes ONE accounting concept without reference to context.	Describes TWO accounting concepts without reference to context.	Describes TWO accounting concepts with some reference to context.	Describes THREE accounting concepts with some reference to context.	Explains TWO accounting concepts with clear reference to context.	Explains THREE accounting concepts with clear reference to context.	Justifies TWO accounting concepts in context.	Justifies accrual basis AND ONE other accounting concept in context.

N0 = No response; no relevant evidence.

Question	Evidence
<p>TWO</p>	<p>The software licence fees are reported in New Zealand dollars to meet the monetary concept, which states that all transactions are reported in money terms in a common currency (in this case New Zealand dollars), so transactions initiated in a different currency are converted to New Zealand dollars, allowing all financial elements to be measured and reported using the same currency.</p> <p>Materiality requires that software licence fees are reported separately to other expenses related to wedding / family photography because they represent a specific type of expense needed to process the photographs. However, because each fee is relatively small, it is not material to show each fee separately in the Income Statement. A total of all the fees can be shown, since this total will make a difference to decisions Emma makes about her expenses and profit.</p> <p>The software licence fees are revenue expenditure because they relate to the day-to-day operations of <i>Okupu Photography</i> in that Emma uses the software to save and edit her photos on a regular basis, and she has to pay the fees monthly to access the software. The licence fees are not an asset because they do not provide future economic benefit beyond the current month, and so are not capital expenditure.</p>

Notes

Justify for monetary – all financial elements **measured and reported** in the same currency, NZD, so conversion from AUD is necessary.

Justify for materiality – link to decisions on expenses so need total but not each individual amount.

Justify for revenue expenditure – for E7 must explain why revenue expenditure; for E8 must add why not capital expenditure (so it is clear why this will be reported as an expense not an asset).

N1	N2	A3	A4	M5	M6	E7	E8
<p>Describes ONE accounting concept without reference to context.</p>	<p>Describes TWO accounting concepts without reference to context.</p>	<p>Describes TWO accounting concepts with some reference to context.</p>	<p>Describes THREE accounting concepts with some reference to context.</p>	<p>Explains TWO accounting concepts with clear reference to context.</p>	<p>Explains THREE accounting concepts with clear reference to context.</p>	<p>Justifies TWO accounting concepts in context.</p>	<p>Justifies TWO accounting concepts in context with clear links to the reporting of and / or decisions regarding the software licence fees.</p>

N0 = No response; no relevant evidence.

Question	Evidence
THREE	<p>New lens will be reported as \$3 000, which is its purchase cost, as an addition to photography equipment in the PPE note to <i>Okupu Photography's</i> Statement of Financial Position. This amount is recorded on the invoice for the new lens, which is a faithful representation of the cost of the lens / does not have bias / is objective / is evidence of an arm's-length transaction.</p> <p>The new camera lens has a past transaction – purchased for \$3 000.</p> <p>Only <i>Okupu Photography</i> (Emma) can use the camera lens to photograph weddings / Emma or <i>Okupu Photography</i> can prevent others from using the camera lens to take wedding photographs, so <i>Okupu Photography</i> has present control of the camera lens.</p> <p>The camera lens will be used in the future by Emma / <i>Okupu Photography</i> to take wedding photos, which earn income for <i>Okupu Photography</i> and bring cash into the business; that is the future economic benefit received from the asset.</p> <p>It is probable that Emma will continue to take photographs at weddings in the future, so the future economic benefit of income and, therefore, cash is probable to be received.</p> <p>There is a reliable measure of the cost \$3 000 – the invoice faithfully represents the cost of the lens.</p> <p>Note: As GST is not assessed in this standard, use of the GST-inclusive figure of \$3 450, instead of \$3 000, is not penalised.</p>

N1	N2	A3	A4	M5	M6	E7	E8
<p>Describes, without reference to context, ONE of:</p> <ul style="list-style-type: none"> • historical cost • past transaction • present control • future economic benefit • probable inflow • reliable measure. 	<p>Describes, without reference to context, TWO of:</p> <ul style="list-style-type: none"> • historical cost • past transaction • present control • future economic benefit • probable inflow • reliable measure. 	<p>Describes, with some reference to context, THREE of:</p> <ul style="list-style-type: none"> • historical cost • past transaction • present control • future economic benefit • probable inflow • reliable measure. 	<p>Describes, with some reference to context, FOUR of:</p> <ul style="list-style-type: none"> • historical cost • past transaction • present control • future economic benefit • probable inflow • reliable measure. 	<p>Explains, in context, THREE of:</p> <ul style="list-style-type: none"> • historical cost • past transaction • present control • future economic benefit • probable inflow • reliable measure. 	<p>Explains, in context, FOUR of:</p> <ul style="list-style-type: none"> • historical cost • past transaction • present control • future economic benefit • probable inflow • reliable measure. 	<p>Justifies in context the reporting of the lens as an asset.</p> <p>Parts of the asset definition or recognition criteria may be missing / weaker.</p>	<p>Justifies in context the reporting of the lens as an asset; includes reference to \$3 000 where relevant.</p>

N0 = No response; no relevant evidence.

Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 7	8 – 13	14 – 18	19 – 24