

**Assessment Schedule – 2020**

**Accounting: Demonstrate understanding of accounting concepts for an entity that operates accounting subsystems (91174)**

**Evidence**

Q	Evidence
<b>ONE</b> <b>(a)</b>	<p>Classifying expenses like printing expenses of \$27 900 as distribution and printing costs allows Ben to see which costs / expenses are directly being incurred in / related to selling uniforms; and providing a printing service for team logos / printing expenses, such as keeping the printing equipment maintained. These are the costs that directly help <i>Unisportz</i> earn its income, as schools want their logos on the uniforms they buy.</p> <p>Classifying interest on loan as a finance cost allows Ben to see the cost of his external finance, in this case his \$45 000 loan.</p> <p>Classifying expenses makes it easier to comprehend or understand the Income Statement, as similar types of expenses are grouped together in a logical way. This means Ben can see which expenses are helping him directly earn his income (distribution and printing costs) and whether those expenses are generating enough income (as they should be) to make a profit.</p>
<b>(b)</b>	<p>The accrual basis requires transactions to be reported in the financial statements of the periods to which they relate. A prepayment is an expense paid this year that benefits next year. The amount of printing expenses paid in advance / \$4 200 will not benefit this period or the \$4 200 printing expenses paid in advance / prepayment will benefit next period. The \$4 200 / prepayment is a current asset because the benefit from the insurance / maintenance already paid for will occur in the next year / period.</p>

N1	N2	A3	A4	M5	M6	E7	E8
With <b>no</b> reference to context.		With <b>some</b> reference to context.		With <b>clear</b> reference to context.		<b>Integrating</b> context into explanations.	
ONE description.	TWO descriptions.	ONE description.	TWO descriptions.	ONE explanation.	TWO explanations.	Justifies classification of expenses. Justifies prepayment. One part may be missing or weaker.	Justifies classification of expenses. Justifies prepayment.

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

Q	Evidence
<b>TWO</b> <b>(a)(i)</b>	The purpose of calculating depreciation is to allocate the cost of an asset / printing equipment to expense over its useful life.
<b>(ii)</b>	<p>The depreciation expense \$32 600 is reported in the Income Statement as an expense, increasing expenses, which reduces profit for the year, thereby reducing equity (by \$32 600 / less profit added) and this is not drawings taken by Ben.</p> <p>The carrying amount of the printing equipment asset is decreased from \$163 000 to \$130 400 through the depreciation expense increasing accumulated depreciation from \$72 000 to \$104 600, which is subtracted from the cost \$235 000 to give the decreased carrying amount. (or decrease in economic benefit)</p>
<b>(b)</b>	<p>Process:</p> <p>Diminishing value depreciation leads to a greater amount of depreciation in the first few years of the asset's life and lesser amounts as the carrying amount of the asset decreases and the rate of depreciation is applied to the lower carrying amount.</p> <p>For example, the printing equipment depreciation expense is calculated by applying 20% to the printing equipment cost \$235 000, less accumulated depreciation \$72 000 – so 20% of \$163 000 carrying amount – so the expense is \$32 600.</p> <p>Appropriate method:</p> <p>Diminishing value depreciation is an appropriate method of depreciation for the highly technical printing equipment, as it is most efficient when new, requiring little maintenance, and less efficient, requiring more maintenance, the longer it is used. This allows the total expense related to the printing equipment – depreciation and maintenance costs – to be evened out over its life, as it is used to print similar numbers of logos each year, so total expense reflects the use of the printing equipment to generate income from printing logos.</p> <p>OR</p> <p>Diminishing value is appropriate, as the printing equipment is highly efficient when new so gets more logos printed, so higher depreciation is charged as more income from printing is earned compared to when the printing equipment is older and less efficient, so fewer logos are printed and less depreciation is charged, as less income from printing is earned. Depreciation expense is to reflect the use of the printing equipment in generating income from printing.</p> <p>OR</p> <p>Highly technical equipment may be replaced often as more efficient equipment becomes available, so it is best to reflect higher cost of use in the first years with higher depreciation expense, and lower cost in later years when new equipment may be purchased (such as the additional \$35 000 this year) so older equipment is not used so much.</p>

N1	N2	A3	A4	M5	M6	E7	E8
With <b>no</b> reference to context.		With <b>some</b> reference to context, <b>describes</b>		With <b>clear</b> reference to context, <b>explains</b>		<b>Integrating</b> context into explanations.	
ONE description	TWO descriptions	TWO of: <ul style="list-style-type: none"> <li>• purpose of depreciation</li> <li>• expense</li> <li>• the decrease in asset</li> <li>• the DV process</li> <li>• DV as appropriate.</li> </ul>	THREE of: <ul style="list-style-type: none"> <li>• purpose of depreciation</li> <li>• expense</li> <li>• the decrease in asset</li> <li>• the DV process</li> <li>• DV as appropriate.</li> </ul>	TWO of: <ul style="list-style-type: none"> <li>• expense</li> <li>• the decrease in asset</li> <li>• the DV process</li> <li>• DV as appropriate.</li> </ul>	THREE of: <ul style="list-style-type: none"> <li>• expense</li> <li>• the decrease in asset</li> <li>• the DV process</li> <li>• DV as appropriate.</li> </ul>	Justifies depreciation expense. Justifies DV depreciation. One part may be missing or weaker.	Justifies depreciation expense. Justifies DV depreciation.

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

Q	Evidence
<b>THREE</b> <b>(a)</b>	<p>The cash sale of casual outdoor wear \$27 000 will increase the asset bank by \$27 000.</p> <p>The cash sale will increase revenue / income by \$27 000, increasing profit and thereby increasing equity.</p> <p>The cash sale is for casual outdoor wear to customers, so the money received is not from Ben / the owner.</p>
<b>(b)</b>	<p>Equity is assets less liabilities – when Ben contributes \$25 000, the bank asset will increase and Ben’s equity will increase directly by \$25 000 / the money / \$25 000 has come from Ben, the owner, not from a party outside the business, so increases Ben’s equity.</p> <p>OR Ben’s contribution of \$25 000 is added directly to his capital (equity) account in <i>Unisportz</i> accounts, therefore increasing his equity by an owner contribution (not by profit / income increasing).</p> <p>The additional loan finance \$15 000 will be reported as a liability because <i>Unisportz</i> will have a present / current obligation to pay the loan back to the bank / <i>Unisportz</i> is required to pay the loan back to the bank (in the future). The amount of \$15 000 is a faithful representation / can be measured reliably because it will be recorded on a loan agreement / contract with the bank / because it is the actual amount / principal / addition to loan / addition to loan principal borrowed from the bank, an independent / neutral third party / an arm’s length market transaction</p>

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ONE description	TWO descriptions	TWO of: <ul style="list-style-type: none"> <li>• income</li> <li>• equity</li> <li>• present obligation for the loan</li> <li>• faithful representation for the loan.</li> </ul>	THREE of: <ul style="list-style-type: none"> <li>• income</li> <li>• equity</li> <li>• present obligation for the loan</li> <li>• faithful representation for the loan.</li> </ul>	TWO of: <ul style="list-style-type: none"> <li>• income</li> <li>• equity</li> <li>• present obligation for the loan</li> <li>• faithful representation for the loan.</li> </ul>	THREE of: <ul style="list-style-type: none"> <li>• income</li> <li>• equity</li> <li>• present obligation for the loan</li> <li>• faithful representation for the loan.</li> </ul>	TWO of: <ul style="list-style-type: none"> <li>• cash sales as income</li> <li>• contribution as equity</li> <li>• loan as a present obligation</li> <li>• faithful representation.</li> </ul>	THREE of: <ul style="list-style-type: none"> <li>• cash sales as income</li> <li>• contribution as equity</li> <li>• loan as a present obligation</li> <li>• faithful representation.</li> </ul>

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### Cut Scores

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