

Assessment Schedule – 2021**Accounting: Demonstrate understanding of accounting concepts for an entity that operates accounting subsystems (91174)****Evidence**

Question ONE	Evidence
(a)	<i>Puzzling's</i> inventory will be sold within the next year so it is a current asset as it will bring benefit / cash to <i>Puzzling</i> (through its sale) within the next year.
(b)	<p>The write down of inventory (of \$5 000) will be an expense – write down of inventory / added to cost of goods sold – because it is a decrease in the asset inventory and the write down expense / increase in cost of goods sold will decrease profit (in the income statement), which decreases equity (and is not owner's drawings).</p> <p>The historical cost of an asset / inventory is updated over time when the cost is no longer realisable / recoverable. In this case, the puzzles are damaged and can be sold for only / will realise only \$3 000, so the cost needs to be written down by \$5 000 / to \$35 000 when inventory is reported in the statement of financial position.</p>

N1	N2	A3	A4	M5	M6	E7	E8
One description.	Two descriptions.	With some reference to context, TWO of: <ul style="list-style-type: none"> • current asset • cost no longer recoverable • link damaged inventory to (lower) net realisable value • decrease in asset inventory • increase in expense • decrease in profit • decrease in equity. 	With some reference to context, THREE of: <ul style="list-style-type: none"> • current asset • cost no longer recoverable • link damaged inventory to (lower) net realisable value • decrease in asset inventory • increase in expense • decrease in profit • decrease in equity. 	With reference to context, TWO of: <ul style="list-style-type: none"> • cost no longer recoverable • link damaged inventory to (lower) net realisable value • decrease in asset inventory • increase in expense • decrease in profit • decrease in equity. 	With reference to context, THREE of: <ul style="list-style-type: none"> • cost no longer recoverable • link damaged inventory to (lower) net realisable value • decrease in asset inventory • increase in expense • decrease in profit • decrease in equity. 	Integrates context into justification. One part may be weaker.	Integrates context into justification.

N0 = No response; no relevant evidence.

Question TWO	Evidence
(a)	The monetary concept states that all transactions / assets should be reported in the same currency / New Zealand dollars, so it is necessary to convert Australian dollars (\$23 000) to New Zealand dollars (\$25 000) to report the new machinery in the property, plant, and equipment note / accounting records of <i>Puzzling</i> .
(b)	<p>Because <i>Puzzling</i> purchased the machinery, <i>Puzzling</i> owns the machinery and is the only business that can benefit from using the machinery to make puzzles to sell.</p> <p><i>OR</i></p> <p><i>Puzzling</i>, through owning the machinery can prevent others from using the machinery for their benefit / to make puzzles to sell.</p> <p>The machinery will be used to make puzzles that <i>Puzzling</i> sells, earning income / cash for <i>Puzzling</i> in the future. Hence the machinery has the potential to produce economic benefits.</p> <p>The invoice detailing the purchase transaction, which cost AU\$23 000 / NZ\$25 000, provides a faithful representation of the (historical) cost of the machinery to <i>Puzzling</i>.</p> <p><i>OR</i></p> <p>The purchase of the machinery is based on a market transaction that cost AU\$23 000 / NZ\$25 000, providing a faithful representation of the (historical) cost of the machinery to <i>Puzzling</i>.</p>

N1	N2	A3	A4	M5	M6	E7	E8
One description.	Two descriptions.	With some reference to context, ONE of: <ul style="list-style-type: none"> • monetary concept – reference to same currency • control • economic benefit • faithful representation. 	With some reference to context, TWO of: <ul style="list-style-type: none"> • monetary concept – reference to same currency • control • economic benefit • faithful representation. 	With reference to context, ONE of: <ul style="list-style-type: none"> • monetary concept – reference to need to convert AUD to NZD to ensure same currency • control • potential to produce economic benefit • faithful representation linked to transaction / document. 	With reference to context, TWO of: <ul style="list-style-type: none"> • monetary concept – reference to need to convert AUD to NZD to ensure same currency • control • potential to produce economic benefit • faithful representation linked to transaction / document. 	Integrates context into justification. One part may be weaker.	Integrates context into justification.

N0 = No response; no relevant evidence.

Question THREE	Evidence
(a)	The accrual basis requires income to be reported in the income statement for the period to which it relates. This \$6 000 is not income in the six months ended 30 September 2020 because it has not yet been earned by <i>Puzzling</i> /will be earned in October/the next six months/the puzzles have not yet sold/the \$6 000 will be reported as income in the income statement for the next six months/six months ended 31 March 2021.
(b)	<p>Relevant information is information necessary for users to make informed decisions. Andy knows that he has received money for puzzles he needs to make/deliver/sell in October so he can make informed decisions about making/delivering/selling puzzles.</p> <p>\$6 000 is a significant amount of income in advance for puzzles, which makes it material by amount / income in advance would influence users' decisions, so it is material in nature. It represents money received for which puzzles must be made/provided/delivered/sold to customers in the future.</p> <p><i>Puzzling</i> has a present obligation to make/deliver/sell the puzzles to customers who have already paid for them, in the future/October, which will require the use of <i>Puzzling's</i> (asset/economic resource) inventory.</p>

N1	N2	A3	A4	M5	M6	E7	E8
One description.	Two descriptions.	With some reference to context, ONE of: <ul style="list-style-type: none"> • accrual basis • relevant information • material in nature • present obligation. 	With some reference to context, TWO of: <ul style="list-style-type: none"> • accrual basis • relevant information • material in nature • present obligation. 	With reference to context, ONE of: <ul style="list-style-type: none"> • accrual basis with reference to income not earned in the current period • relevant information with reference to making decisions • material in nature • present obligation with reference to needing to deliver / sell puzzles in the future. 	With reference to context, TWO of: <ul style="list-style-type: none"> • accrual basis with reference to income not earned in the current period • relevant information with reference to making decisions • material in nature • present obligation with reference to needing to deliver / sell puzzles in the future. 	Integrates context into justification. One part may be weaker.	Integrates context into justification.

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