

Assessment Schedule – 2022**Accounting: Demonstrate understanding of accounting concepts for small entities (90976)****Assessment Criteria****Evidence**

Question ONE	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	Accounts receivable, bank, safety equipment, vehicle.	Identifies three.		
(b) (if)	The cash budget details the estimated cash receipts and estimated cash payments, determining the surplus or deficit and estimated closing bank balance for a period of time.	Describes cash budget.		
(ii)	Debbie would be able to see if <i>Determined Driving School</i> is likely to have a cash surplus or deficit. If it is a deficit, Debbie could decide to look for ways to increase the cash receipts, such as planning to take out a loan to enable the purchase of the new vehicle. OR If it is a surplus, Debbie would be more confident in deciding to go ahead with purchasing the vehicle as <i>Determined Driving School</i> is increasing its cash available to do so.	Describes how the cash budget can help Debbie make a decision.	Explains how Debbie can use the cash budget to make a decision relating to the purchase of the new vehicle.	Applies how Debbie can use the cash budget to make an informed decision about purchasing the new vehicle.
(c)	Monetary measurement states that transactions must be reported in \$NZ (common unit). The vehicle cost of €19 000 will need to be converted to \$NZ30 000 to be reported in the Statement of Financial Position for <i>Determined Driving School</i> . The vehicle will be reported as a non-current asset / Property Plant and Equipment in the Statement of Financial Position.	Describes monetary measurement.	Explains monetary measurement in relation to reporting the vehicle in <i>Determined Driving School's</i> Statement of Financial Position.	Applies monetary measurement in relation to reporting the vehicle in <i>Determined Driving School's</i> Statement of Financial Position.
(d)	Revenue expenditure is an expense that is an ongoing cost that does not benefit the business beyond the current accounting period. <i>Determined Driving School</i> will need to pay for the expense of electricity to charge the electric vehicle regularly, therefore it is an ongoing cost. The electricity will be used up quickly and therefore benefit only the current accounting period.	Describes revenue expenditure.	Explains why electricity is revenue expenditure for <i>Determined Driving School</i> .	Applies why electricity is revenue expenditure for <i>Determined Driving School</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.

N = No response; no relevant evidence.

Question TWO	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	\$38 700	Calculates correctly.		
(b)	Unlimited liability means that if <i>Determined Driving School</i> cannot pay its debts then the personal assets of Debbie, the owner, can be sold to repay the business's debts.	Describes unlimited liability.	Explains unlimited liability in relation to <i>Determined Driving School</i> .	
(c)	The going concern concept states that we assume that <i>Determined Driving School</i> will continue to operate into the foreseeable future. Therefore, the loan due in November 2029 will be reported as a non-current liability in the Statement of Financial Position for <i>Determined Driving School</i> , as it is not expected to be paid back within a year. It is expected that <i>Determined Driving School</i> will still be operating in 2029 (7 years) in order to repay the loan due.	Describes going concern.	Explains going concern in relation to reporting the loan as a non-current liability in the Statement of Financial Position for <i>Determined Driving School</i> .	Applies going concern in relation to reporting the loan as a non-current liability in the Statement of Financial Position for <i>Determined Driving School</i> .
(d)	The accounting entity concept requires the personal financial affairs of Debbie, the owner, to be separate from the financial affairs of <i>Determined Driving School</i> . The driving lessons for Debbie's niece should be reported as drawings of \$220 in the Statement of Financial Position as they are a personal expense of Debbie and not <i>Determined Driving School</i> .	Describes accounting entity.	Explains accounting entity in relation to reporting the lessons as drawings in the Statement of Financial Position for <i>Determined Driving School</i> .	Applies accounting entity in relation to reporting the lessons as drawings in the Statement of Financial Position for <i>Determined Driving School</i> .
(e)	<i>Determined Driving School</i> decides who is allowed to drive the vehicles. <i>Determined Driving School</i> will use the vehicles to provide driving lessons to students who will pay cash, therefore increasing the asset of bank. <i>Determined Driving School</i> purchased the vehicles in the past.	Describes asset.	Explains why the vehicles are an asset for <i>Determined Driving School</i> .	Applies why the vehicles are an asset for <i>Determined Driving School</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.

N = No response; no relevant evidence.

Question THREE	Sample Evidence							Achievement	Achievement with Merit	Achievement with Excellence
(a)	The financial accountant could provide financial advice to assist with decision making for <i>Determined Driving School</i> .							Describes a service provided by financial accountant.		
(b)		Bank	PPE	Expenses	Loan	Equity	Income	Any one correct.	Line 2 correct OR both correct.	
	Debbie contributed \$2 000 cash to <i>Determined Driving School</i>	+2 000				+2 000				
	<i>Determined Driving School</i> repaid \$1 200 off its loan, which included \$350 interest on loan	-1 200		+350	-850					
(c)	<p>Vehicle insurance will decrease profit and therefore decrease equity. <i>Determined Driving School</i> will pay cash to the insurance company for vehicle insurance cover, which will decrease the asset of bank.</p> <p>Vehicle insurance is paid to the insurance company and not taken as drawings by Debbie, the owner.</p>							Describes an expense.	Explains why the vehicle insurance is an expense for <i>Determined Driving School</i> .	Applies why the vehicle insurance is an expense for <i>Determined Driving School</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 \$900 owing for the driving instructors' wages will require the expense of the driving instructors' wages to increase (debit) by \$900 in the Income Statement for <i>Determined Driving School</i>. It will increase because the driving instructors' wages relate to this year.</p> <p>The \$900 owing for the driving instructors' wages will create a current liability of accrued expense \$900 in the Statement of Financial Position for <i>Determined Driving School</i>. It will be a current liability as <i>Determined Driving School</i> has an obligation to pay the driving instructors in the next accounting period / year for the work they completed this year.</p>							<p>Describes accrual accounting for the driving instructors' wages.</p> <p>Describes accrual accounting for accrued expense.</p>	<p>Explains accrual accounting in relation to the income statement and the driving instructors' wages.</p> <p>Explains accrual accounting in relation to the Statement of Financial Position for accrued expense.</p>	<p>Applies accrual accounting in relation to the income statement and the driving instructors' wages.</p> <p>Applies accrual accounting in relation to the Statement of Financial Position for accrued expense.</p>

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.

N = No response; no relevant evidence.

Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 6	7 – 12	13 – 18	19 – 24