

Assessment Schedule – 2023**Accounting: Demonstrate understanding of accounting concepts for small entities (90976)****Evidence**

Question ONE	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	Electricity, insurance, interest on loan, wages.	Identifies three expenses.		
(b)(i)	The Income Statement shows income and expenses and calculates the profit or loss for the year for <i>Relax Café</i> .	Describes Income Statement.		
(ii)	Rawiri will be able to see if <i>Relax Café</i> has made a profit / loss and compare it to previous years' income statements. If profit has fallen, Rawiri could look to see how he could increase income or reduce expenses to improve the profit for the year.	Describes how Rawiri can use the income statement to make a decision for <i>Relax Café</i> .	Explains how Rawiri can use the Income Statement linked to a decision for <i>Relax Café</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>Relax Cafe</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.	Describes period reporting.	Explains period reporting in relation to preparing the Income Statement for <i>Relax Café</i> .	Applies period reporting in relation to preparing the Income Statement for <i>Relax Café</i> .
(d)	Sales will increase profit for <i>Relax Café</i> and therefore increase equity. When customers pay cash for food and drinks, it will increase the asset of bank for <i>Relax Café</i> . Sales are received from customers of <i>Relax Café</i> – not contributed by the owner Rawiri.	Describes income.	Explains why sales is income for <i>Relax Café</i> .	Applies why sales is income for <i>Relax Café</i> .
(e)	Revenue expenditure is a recurring payment that decreases profit and does not benefit beyond the current period. <i>Relax Café</i> pays insurance regularly (every month). The insurance is an expense, which decreases profit, and only benefits the current accounting period by providing insurance cover this year.	Describes revenue expenditure.	Explains why insurance is revenue expenditure for <i>Relax Café</i> .	Applies why insurance is revenue expenditure for <i>Relax Café</i> .

N1	N2	A3	A4	M5	M6	E7	E8
ONE point of six.	TWO points of six.	THREE points of six at Achievement level.	FOUR points of six 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 TWO	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	\$72 850	Calculates correctly.		
(b)	Bank decrease \$260. Interest on loan increase \$260.	Identifies increase or decrease and dollar amount for both.	Identifies increase or decrease and dollar amount for both and uses specific account names.	
(c)	The loan is a liability for <i>Relax Café</i> because: <ul style="list-style-type: none"> • <i>Relax Café</i> has an obligation to repay the loan as per the loan agreement. • When <i>Relax Café</i> repays the loan with cash, it will decrease the asset of bank. • <i>Relax Café</i> took out the loan in the past. 	Describes liability.	Explains why the loan is a liability for <i>Relax Café</i> .	Applies why the loan is a liability for <i>Relax Café</i> .
(d)	Going concern is the assumption that <i>Relax Café</i> will continue to operate into the foreseeable future. <i>Relax Café</i> intends to continue operating beyond this year and therefore will report the furniture as a non-current asset in the Statement of Financial Position, as they intend to keep the furniture for use beyond this year.	Describes going concern.	Explains going concern in relation to the reporting of furniture for <i>Relax Café</i> .	Applies going concern in relation to the reporting of furniture for <i>Relax Café</i> .
(e)	The new furniture will be reported at the original purchase price of \$17 000 as this is the price paid by <i>Relax Café</i> . Therefore, the furniture will be reported as a non-current asset of \$17 000 in the Statement of Financial Position for <i>Relax Café</i> .	Describes historical cost.	Explains historical cost in relation to reporting the furniture in the Statement of Financial Position for <i>Relax Café</i> .	Applies historical cost in relation to reporting the furniture in the Statement of Financial Position for <i>Relax Café</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)	A financial accountant will prepare financial statements / provide financial advice for <i>Relax Café</i> .								Describes a service provided by a financial accountant.		
(b)		Bank	Kitchen equipment	Furniture	Expenses	Loan	Equity	Income	ONE row correct.	BOTH rows correct.	
	<i>Relax Café</i> paid \$350 for advertising	-350			+350						
	<i>Rawiri</i> contributed \$4 000 cash and \$3 000 in kitchen equipment	+4 000	+3 000				+7 000				
(c)	The furniture is an asset for <i>Relax Café</i> because: <ul style="list-style-type: none"> • <i>Relax Café</i> controls who is allowed to use the furniture – the café's customers. • The furniture is used by customers of <i>Relax Café</i> who pay cash to eat and drink at the cafe, this increases the asset of bank. • <i>Relax Café</i> bought the furniture in the past. 								Describes an asset.	Explains why the furniture is an asset for <i>Relax Café</i> .	Applies why the furniture is an asset for <i>Relax Café</i> .
(d)	The accrual basis states transactions must be reported in the financial statements for the period to which they relate. The \$600 prepaid for rent will require the expense of rent to decrease (credit) by \$600 in the Income Statement for <i>Relax Café</i> . It will decrease because the rent relates to next year.								Describes accrual accounting for rent paid.	Explains accrual accounting in relation to the income statement and rent paid.	Applies accrual accounting in relation to the income statement and rent paid.
	The \$600 rent paid in advance will create a current asset of prepayments \$600 in the Statement of Financial Position for <i>Relax Café</i> . It will be a current asset, as <i>Relax Café</i> will get the benefit of being able to use the building in the next accounting period / year.								Describes accrual accounting for prepayments.	Explains accrual accounting in relation to the Statement of Financial Position for prepayments.	Applies accrual accounting in relation to the Statement of Financial Position for prepayments.

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.

Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 6	7 – 13	14 – 19	20 – 24