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## OUTSTANDING SCHOLARSHIP EXEMPLAR



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD  
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

Tick this box if  
there is no writing  
in this booklet

### Scholarship 2021 Accounting

Time allowed: Three hours  
Total score: 32

#### ANSWER BOOKLET

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

Write your answers in this booklet.

Show ALL working. Start your answer to each question on a new page. Carefully number each question.

Check that this booklet has pages 2–24 in the correct order and that none of these pages is blank.

**YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.**

Question	Score
ONE	
TWO	
THREE	
FOUR	
<b>TOTAL</b>	

ASSESSOR'S USE ONLY

Q1) Dep - P & E

472800

Ac. Dep - P & E

472800

9 months)

1 May 2021.

3 months

31 July 2021

Dep - B

79650

AC - Dep - B

79650

Building 5480000 4264950 5310000

AC - Dep - B

965400

Dep - B

79650

1045050

BRS

1215050

AC - Dep - B

1045050

B

1045050

B

1215050

BRS

1215050

Dep - B

27400

AC - Dep - B .

27400 .

Land RS

996400

Land

946400 .

] Revauled down .

Bank

249000

Contributed equity

249000 .

Doubtful Debt

9800

AFDD

9800 .

Statement of Financial PositionSpelcast LimitedFor the year AU at 31 July 2021Current Assets

Trade and other receivables	490200
Cash	960700
Inventory	<u>1177950</u>
<u>Total Current Assets</u>	<u>2628850</u>
<u>Non-current Assets</u>	
Property, Plant and Equipment (note 1)	<u>14732950</u> <small>187</small>
<u>Total Non-current Assets</u>	<u>14732950</u>
<u>Total Assets</u>	<u>17361800</u>

Equity

Opening Contributed Equity	6453500
Retained Earnings	2715650
Land Revaluation Surplus	2365600
Buildings Revaluation Surplus	<u>1215050</u>
<u>Closing Contributed Equity</u>	<u>1274980</u>

Note to the Statement of Financial Position

## 1) Property, Plant and Equipment Note .

	Land	Building	Plant and Equipment	Totals
Balance as at 30/6/2020				
(Or)	9172400	5310000	3152000	17634400
(Less) Accumulated Depreciation	-	965400	1624850	1128250
Carrying Value	9172400	4344600	1527150	15044150
For the year ended 31 July 2021				
Add: Opening Carrying value	9172400	4344600	1527150	15044150
Additions	-	-	-	
Disposals	-	-	↗	
Depreciation	-	107050	472800	579850
Revaluation	(946400)	1215050	-	268650
Closing Carrying Value	8226000	5452600	1054350	14732950
Balance as at 31 July 2021.				
(Or) or valuation	8226000	5480000	3152000	16858000
(Less) Accumulated depreciation	-	27400	2097650	2125050
Closing carrying value .	8226000	5452600	1054350	<u>14732950</u>

2) Depreciation is calculated on a straight line basis at the following rates :

• Buildings 2% per annum

• Plant and equipment 15% per annum .

On 1 May 2021, the company's land and buildings was revalued by independent valuer, Dee Noise .

The revaluation of building, was based on the market value of surrounding properties.

Revaluation surplus is credited to revaluation surplus in equity .

If land and buildings had been stated under the historic cost model, the carrying amounts would be as follows:-

Land	5860400
Building)	5310000
At (cost)	<u>1071600</u>
	4238400

Had land not been revalued, its carrying amount under the cost model would be \$5860400.

Had building) not been revalued, its carrying amount under the cost model would be \$4238400.

Land is mortgaged as detailed in Note 7.

### Statement of Changes in Equity

#### Spelcast Limited

For the reporting period ending 31 July 2021

	Contributed Equity	Land Revaluation Surplus	Building) Revaluation Surplus	Retained Earnings
Balance as at 1 August 2020	6204500	3312000	-	2216700
<u>Changes in Equity</u>				
Total Comprehensive Income	-	(946400)	1215050	609450
Contributions	249000	-	-	-
Dividends / Distributions	-	-	-	(110500)
Balance as at 31 July 2021	6453500	2365600	1215050	2715650

$$\text{Profit} = 1304600 - 105500 - 472800 - 79650 - 27400 - 9800$$

$$= \$609450$$

Total)

11733200

878100

249000

110500

12749800

Q4)

a) Predetermined overhead rate:  $\frac{3477000}{2897500}$

= \$1.20 per \$1 of professional salaries.

b) Cost drivers are chosen due to the activity that generates most of the overhead for a particular department. In the case of Seasons Limited, an accounting firm that undertakes specialist investigations, they are able to justify using a single overhead rate of \$1.20 per \$1 of professional salaries due to the fact that these client engagements all use the same cost driver of professional salaries. The professional salaries consist of the accountants' and partners' earnings, in which as a result of the time and effort they spend on several client engagements that their firm undertakes, it as a result of this, cannot be directly attribute to one particular investigation / job. There are no different cost drivers for the different investigations undertaken by Seasons Limited, and thus, Seasons Limited can justify using a single (~~flat imposed~~) overhead rate that is based on the only cost driver, in order to cost each client engagement. For example, Summer, the senior partner of Seasons Limited and other partners, Autumn and Winter may spend time on several client engagements and investigations throughout a particular period of time and as a result, the professional salaries ~~are but~~ generate most of the overhead (as these partners would oversee all of the operations of Seasons Limited) and thus, an accounting firm such as Seasons Limited can justify using a single overhead rate to cost each client engagement. (Refer to extra paper, page 20)

g) c)

Costs for each of the three partners:

$$\begin{aligned} \text{Summer: } & 17 \times 450 \\ & = \$7650 \end{aligned}$$

$$\begin{aligned} \text{Autumn: } & 21 \times 340 \\ & = \$7140 \end{aligned}$$

Winter :  $45 \times 250$

$$= \$11250 . \quad \underline{11250 + 7650 + 8190}$$

Total costs : \$27090 for the partners

$$\text{Labour} = 0.80 \times 27090$$

$$= \$21672 .$$

$$\text{Overhead} = \$3477000 \quad \leftarrow \begin{array}{l} \text{budgeted for the year, not taken} \\ \text{into account for this investigation.} \end{array}$$

$$= \$32508$$

$$\text{Total cost of the investigation} = \$48762 . \quad \$48762$$

$$\text{Profit target} = \$73143 - \$73143 = \$81270$$

$$= \$121945 . \quad \$80000 \quad \$50000$$

Seasons limited should charge at least \$50000 for the investigation which will allow them to meet the total cost of the investigation ~~excluding overhead~~, which in turn means that have the ability to cover all of their costs and if a higher amount is charged for the investigation, this therefore allows Seasons limited to make a profit that is above the total cost of the investigation.

- a) The partners of Seasons limited, Summer, Autumn and Winter all are required to maintain accurate time sheet to allow not only for the fair and accurate costing of this job/investigation but also for long-term factors which has the ability to impact Seasons limited in the future. It is important for Summer, Winter and Autumn to keep their own, respective time sheets as accurate as possible to allow for the labour hours to be representative of the actual time spent on the job, to therefore allow for the labour cost (Summer is \$450 per hour, Autumn is \$390 per hour and Winter is \$250 per hour) to be accurate as well. This therefore means that the labour component of this job can be accurately accounted for, and therefore taken into account of the whole job. If the job has been accurately costed this will therefore allow for a reasonable and appropriate marked up 'selling price,' in terms of the amount that should be charged for the investigation, thus aiding with viability; Seasons limited remains profitable, yet also

competitive in the market. If, however, for example, Winter forgot to account for the 'briefing meeting with Summer and Autumn' that occurred on 29<sup>th</sup> June 2021, which was an estimated 3 hours, therefore resulting in \$750 worth of labour cost, this therefore would mean that the total cost of the job would be undercharged by \$750, resulting in a lower marked up 'charge' on the investigation, and this would therefore mean that although the charge for the investigation is less - and therefore more appealing to Robo Limited, and as such other clients in the future, in the long term, this will result in decreased profitability for Seasons Limited, impacting upon their viability. Although \$750 may be a minuscule amount, if this was the case for the 8 hours both Winter ~~and~~ spent on auditing inventory, supplier and JALCO transactions on 7<sup>th</sup> July 2021, totalling \$2000, and equally, \$3120 for Autumn, this would significantly impact upon the cost of the job. On the other hand, if any of the three partners, Summer, Autumn or Winter were to overestimate the time (in hours) spent on an aspect of the investigation, this would therefore resulting in the investigation being over-charged. Although, this might result in increased profitability in the short term <sup>in the case of</sup> for Robo Limited, and other such companies, in the long term, other companies may feel Seasons Limited is over-charging their jobs and may look for a competitor who also offers specialist investigations, however, for a more competitive and reasonable price, hence decreasing Seasons Limited's profitability in the long term and impacting their viability. Thus, it is important for the partners of Seasons Limited to require all staff to maintain accurate time sheets, to allow for the fair and accurate costing of each job, ensuring viability in the future.

e) Amount charged for the investigation = \$42260

Total cost of job (Robo Limited) = \$27090.

Profit = \$15170 ] further calculations below.

Summer is able to justify invoicing this amount to her partners, by discussing with them and showing the various source documents (including the time sheets as provided for Robo Limited) and the overhead costs generated from the job (estimated \$32508). This will therefore allow the partners to gain an understanding of the cost of the job and thus, the amount charged. As Seasons Limited works on an annual budgeted overhead cost of \$3477000, a proportion of this is charged to each engagement (investigation Seasons Limited undertakes). The amount of \$42260 therefore allows Seasons Limited to cover all of the costs of the investigation (for which, Summer, Winter and Autumn spent a total of 83 hours working on) and thereby also allow them to make a profit. With this profit, it is pivotal to ensure that verifiability through the recognition of source documents is demonstrated which in turn, will allow the partners a better understanding of the cost of the job and the amount charged for it.

One can also conduct the following calculations to gain an understanding of the justification of invoicing this amount to Robo Limited:

$1.20 \times 83 \text{ labour hours} = \$99.6 \text{ overhead, based on labour hours.}$

$0.80 \times 27090 = \underline{\$21672}$

Total cost = \$21771.6

Due to the fact that Seasons Limited wanted to ensure at least 50% profit on cost, this therefore means, that by charging \$42260 for the engagement, Seasons Limited is able to make \$20488.40 profit, and therefore cover all of their costs, being profitable, ensuring competitiveness within the market and maintaining their good reputation into the foreseeable future.

Q2) According to the 2018 NZ Conceptual Framework, the definition of an asset is an economic resource presently controlled by an entity, that has arisen from past events, in which this economic resource is a right that has the potential to produce economic benefits. The recognition criteria of an asset is that the information disclosed regarding this item is relevant and upholds faithful representation.

### Goodwill

In terms of my friend classifying goodwill as an asset in Tripple X Limited's Statement of Financial Position at 31 August 2021, based on the company relying on word of mouth from positive experience gamers have in the interactive showroom which, therefore, results in increasing sales is an <sup>allowing</sup> intangible treatment. In the past, my friend has witnessed gamers having a positive experience in the interactive showroom, <sup>in</sup> which my friend has assumed this has resulted in increasing level of sales of gaming software and consoles. However, Tripple X Limited does not have

present control over whether the gamers have either a positive or negative experience in the showroom and hence, the fluctuation in sales. Tripple X Limited also cannot rely on the reliability of word-of-mouth, or whether it may be through chance, social media or other factors that may have led to this increase in sales. As a result of this, it is not certain that because of the past experience of my friend having witnessed gamers having a positive experience, that they have a right to receive cash through this potential to produce economic benefits. There is no probability that this 'positive experience' will result in an inflow of future economic benefit. It is also important to note that, for an item (such as in this case - the 'positive experience leading to an increase in sales) to be classified as an asset, Tripple X Limited must have the right over this 'positive experience' as an economic

resource that contains the potential to produce economic benefit. However, there is a high degree of both existence uncertainty and measurement uncertainty associated with the inflow of future economic benefit.

Tripple X Limited do not have control over whether or not gamers have a positive experience, and cannot prevent other gamers from having a negative experience, and hence, as a result either the so called increase or decrease in sales.<sup>1</sup> This means that the value of this 'word of mouth' cannot be established, or directly attributable to \$500 000 as an increase in sales of software and consoles. Hence, this undermines faithful representation as there is no complete, neutral and free from error way to value this 'word of mouth,' and thus it is likely to not be of relevance to, or uphold faithful representation of the users of this financial statement (in this case, the bank). Also, the value of economic benefit is either derived from the use of an item or the sale of ~~Capitalised Research Costs~~ an item. Thus, only if Tripple X Limited were to sell their company, would result in a value for goodwill being established.

### (Capitalised Research Cost)

In terms of my friend classifying capitalised research costs as an asset in Tripple X Limited's Statement of Financial Position at 31 August 2021, this accounting treatment is also incorrect. The definition of an expense, according to the 2018 NZ Framework is a decrease in economic benefits through either a decrease in an asset account or an increase in a liability account which therefore decreases profit and equity, however, is not distributions to the owner. The recognition criteria of an expense is that it is probable there will be an outflow of future economic benefit and the amount can be measured reliably. However, the definition of an expense is derived from the definition of an asset. In the past, capitalised research costs totalling \$600 000 were paid

in relation to work done on a new console that can be controlled through a player's mind, thus representing a past event. Tripple X Limited have present control over this new console, as they are legally entitled to have the right over this economic resource and its potential to produce economic benefits, having the ability to prevent any other company from using this new console and keeping the economic benefits. However, as this console has not yet reached the beta testing phase, a necessary step in the software development cycle that must be met before a product is released, ultimately means that Tripple X Limited do not have control over whether the console will pass / fail the beta testing phase, however, how the product will be received by customers when it is released. Tripple X Limited therefore do not have a right over these costs<sup>1</sup> in themselves and its potential to produce economic benefit<sup>2</sup>. Also, <sup>It is not probable that</sup> these capitalised research costs will result in an inflow of future economic benefit, in the form of cash flowing to the entity. Thus, although the costs can be measured reliably through source documents (receipts or invoices) providing verifiability of the costs that have been paid for this new console, it is unlikely that the costs will have the potential to produce economic benefits, as a right as an economic resource of Tripple X Limited.

However, these research costs do result in a decrease of economic benefit, related to a decrease in the current asset account of bank of \$600 000 when these research costs were paid. This therefore results in a decrease in profit, ~~as~~ and equity, but is not distributions to my friend, the sole shareholder in Tripple X Limited. It is probable that this \$600 000 is an outflow of economic benefit as it results in a decrease in a corresponding asset account, and this amount of \$600 000 can be measured reliably as there would have been source documents such as an invoice or a receipt that provides accurate verifiability of these costs when they were incurred (neutral, complete and free from error).

Hence, the capitalised research cost should be classified as an expense in Tripple X Limited's Statement of Comprehensive Income as at 31 August 2021. Hence, due to these reasons, the bank asked my friend to redraft the financial statements.

~~38~~

### (Q3) Evaluate the role of the profession in an era of disruption.

There are two main roles that accounting serves; interpreting data for clients that in turn, allows them to make informed decisions for their business, leading them into the foreseeable future, as well as compliance and tax work to ensure that standards and regulations are met. These fundamentals will always prove core to the accounting profession, regardless of whether Artificial Intelligence (AI), covid-19 and constant changes are present or not. Those who make the argument that the advancement of technology coupled with this current 'era of disruption' as well as the constant changes in our current world, will render accountants useless and out-of-jobs, make the foolish assumption of assuming that the accounting profession is simply based on the preparation of numbers for a business. However, there are several complex layers to the profession that any extent of disruption and the advancement of robust technologies cannot provide. On a surface level, this consists of interpreting data for clients, analysing quantitative trends as well as qualitative concepts, providing creative solutions to ongoing problems that clients may face while also allowing for visionary leadership, and a strategic mindset to ensure the role of the accounting profession remains relevant into the future.

In the face of rapid industry change, consisting of increased digital practices and the emergence of technology, especially through the COVID-19 (C-19) pandemic, that is taking up more and more of the basic work of accountants, it is ever-so important for New Zealand Accountants and members of the CAANZ to represent the human side of accounting. It is important

- for the numbers to mean something to the client. This is reinforced with Source A in which, Tamie Farmer founder of a new Kiwi accounting firm, states that "the bread and butter role of an accountant, such as tax and compliance, is no longer the complicated, time-consuming process it once was." The fact that ~87% of the international accounting profession's revenues are focused on compliance, however this is becoming commoditized due to technology adoption" highlights change at the heart of the accounting profession from this point onwards. Accountants now must embrace change in order to become more future focused and remain relevant to clients, investors, lenders and the general public. A)
- According to Source C, "Accountants are highly trusted ... as the most competent source of financial advice." It is therefore, due to this reason that accountants are in the prime position, maximizing their collaboration with other professions, "looking beyond the numbers," and through this, still maintaining the highest levels of integrity, trust and ingenuity.
- In the wake of Covid-19, these disruptions have changed the mindset of several individuals; including accountants. "The crisis has shown what matters, operational efficiency, marketing and the agility that comes with technology" (Source D), which therefore allows accountants to reflect upon general purpose financial reports and standard accounting practice to ensure the enhancing qualitative characteristics of timeliness, verifiability, understandability and comparability remain relevant and a faithful representation of value. It is these qualities that give the numbers meaning and it is important to retain that, highlighted by Source B, "quality information is key."<sup>11</sup> Thus, although accountants and auditors may not be required to prepare financial statements any longer, they in turn, have an increased amount of time to engage in more creative and strategic advances in which "understanding different technologies," and thus being able to interpret and understand that information "is a core skill."

Technology and the effects of the pandemic, can enter into a symbiosis with humans, in which rather than the profession being replaced, as referred to *Source A*, "innovate or fuck away," it now has the ability to refine AI and robust technologies' 'Whats' into 'hows and whys,' illustrating the change in the profession.

<sup>traditional</sup>  
 The ~~historical~~ aspects of accounting fundamentally consisted of using historic data to demonstrate change and improvement and therefore make informed decisions for the future. However, what the advancement of technology and the effect of the pandemic has done, is "changed the definition of accounting," due to replacing the 'giant work' of accounting. This therefore reduces human error and manual labour and allows for increased productivity and efficiency which therefore frees accountants to engage in creative tasks, "helping clients with their decision making and being there alongside them to explain these numbers" (*source B*).

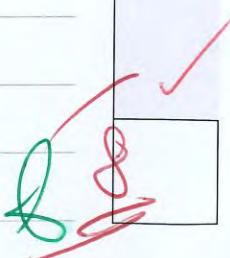
This is also reinforced by the fact that due to ~64% of survey respondents (*source B*) stating they preferred face-to-face contact with advisors, "clearly demonstrates the role of the accounting profession in today's age and age. "Accountants have the advantages of being trusted, and combined with the introduction of technology," will pave the way for the future.

Accountants now also are forced to engage in social responsibility to ensure that public interests and demands are met. In a world, where each profession is obliged to act upon the 'ethical dimension' of society, it is important that accountants embrace, with willing and open arms "these increased ethical responsibilities as to how data is handled and stored and for what purpose." (*source E*). Not only that, however, there will be an emphasis on students or people of the younger generation who have the ability to integrate technological advances, or so-called 'disruptions,' into the core elements of ~~the~~ the accounting profession.

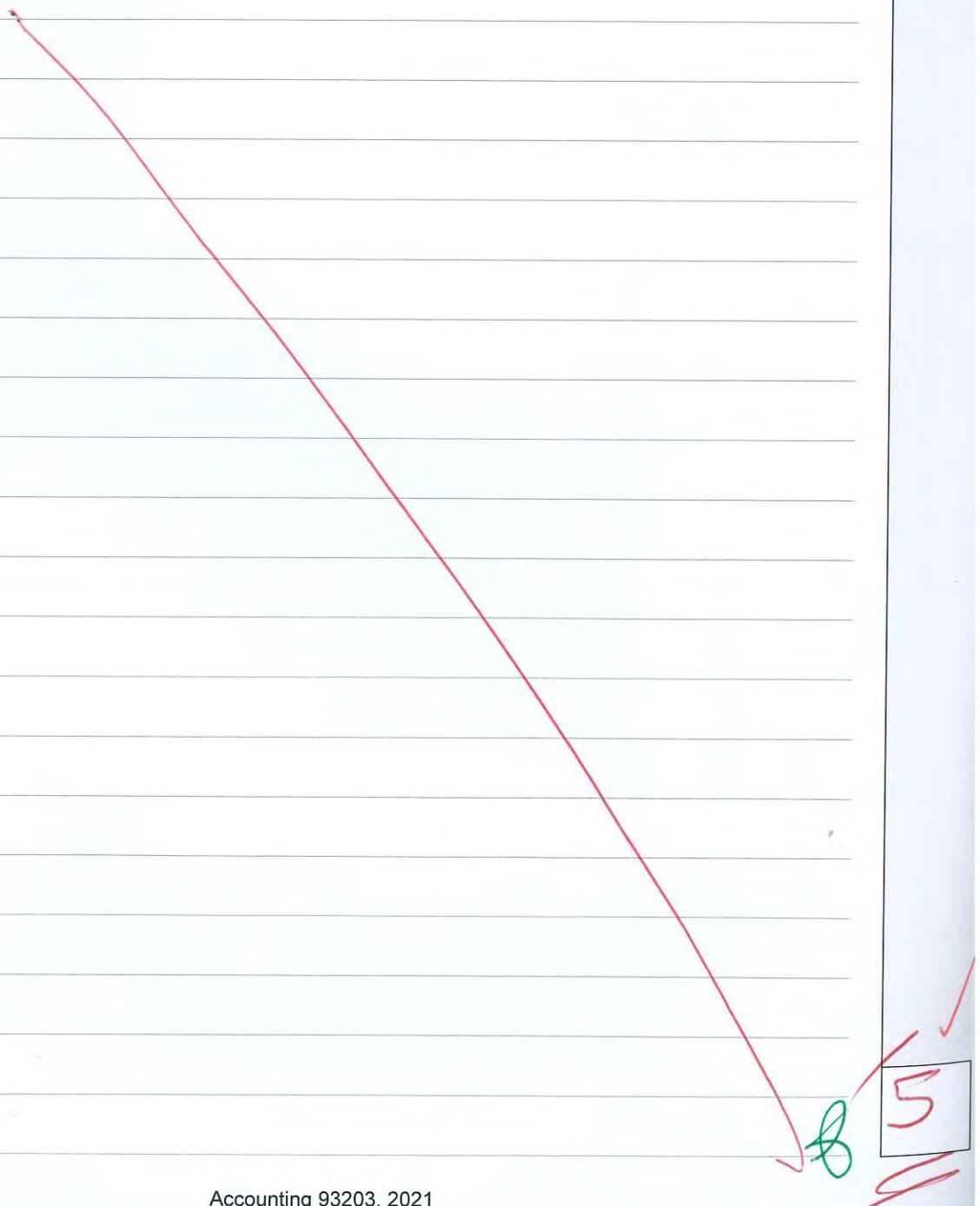
This is underlined by source E, "Data analytics is already well in audit practice, but distributed ledger technology, robotic process automation, artificial intelligence, machine learning and even drones" will change how auditors work, and hence, the role of the accounting profession.

Technology and COVID-19 is not the future. It is the present and the biggest asset accountants have, at this current moment, is embracing these 'challenges,' in the face of opportunities and becoming agents of change, driving this technological revolution forward for their business and organisations. One can infer that basic accounting jobs, including book-keeping and manual data entry (the lower level jobs of accounting) are likely to be replaced by AI and the advancing technology, however, there will be demand for people to have a willingness to gain practical accounting experience, backed by theoretical context and cultivating a curious mindset. "If you want someone to help understand how to get the best out of business, they'll need the new incarnation of accountant," (source B). As the profession becomes more focused on decision making, strategy and planning, there will be a premium on communication and business skills, (contextual awareness) to determine the best response to a given situation and recommending why clients should follow a particular course of action, while also being able to analyse quantitative data through a strategic lens. As highlighted by Source B, 'the people aspect ~~aspects~~ of accounting can't be replaced by accounting programs,' in which the fundamentals of basic work ethic, adaptability, communication, and problem solving as well as teamwork will all prove pivotal to the accounting profession in the future, allowing for visionary leadership.

In the Fourth Industrial Revolution and in an era of disruption, with the existence of several challenges faced by the accounting profession, it is salient that accountants do not fall complacent nor lack visionary leadership. It is in the hands of every IANZ member, student, account, businessperson, SME, to ensure that the hybrid of technology and the core foundations on which accounting was built, becomes the 'new heart' of the profession, driving change, actionable insight, collaboration and of the utmost importance, trust, to ensure clients, lenders, investors and the general public continue to remain financially literate and rely on accountants for business strategies, advice and analytics. Accountants need to do what they do best, analyse this 'trend' <sup>in society and the world.</sup> and act accordingly.



(Q4) Another important point to note is the fact that the other overhead costs consist of rent, power, vehicle expenses, depreciation, marketing and more, which amounts to only \$579500. This is in comparison to the professional salaries of \$2897500 and can therefore be deemed the cost driver that generates most of the overhead for the client engagements and investigations. Hence, the justification of using a single, predetermined overhead rate through the budgeted overhead cost and the cost driver (which stay) the same for all client investigation of professional salaries.



## Outstanding Scholarship Exemplar 2021

<b>Subject</b>	Scholarship Accounting		<b>Standard</b>	93203	<b>Total score</b>	25	
<b>Q</b>	<b>Score</b>	<b>Annotation</b>					
		<p>This is a technical question with two requirements. It required candidates to use the information contained in the question to prepare the asset and equity sections of the statement of financial position at 31 July 2021, prepare the accompanying property, plant and equipment disclosure note, and prepare the statement of changes in equity. Correct preparation of the statement of financial position extract, accompanying note and statement of changes in equity is necessary to provide evidence of convincing communication to users of the financial statements.</p> <ol style="list-style-type: none"> <li>1. The candidate's answer, and how the workings have been set out, provides evidence of logical development, precision, and clarity of ideas. Furthermore, the candidate's answer provides evidence of highly developed knowledge, skills and understanding, in that the candidate was aware that they needed to adjust the "unadjusted profit before income tax" in order to correctly calculate retained earnings at 31 July 2021.</li> <li>2. Although there are some missing items (reporting currency in the statement of financial position and statement of changes in equity), the candidate provides evidence of convincing communication of accounting information in the format of a statement of financial position, accompanying note, and statement of changes in equity. The candidate has recognised what additional items should be provided in the accompanying note. Appropriate terminology used.</li> <li>3. Evidence of sophisticated integration and abstraction or evidence of critical thinking, in that the candidate was able to prepare a statement of financial position, accompanying note, and statement of changes in equity after considering some of the adjustments required by the additional information provided.</li> <li>4. The candidate failed to correctly process and consider the information in point 4 of the additional information, when calculating profit for the year and retained earnings at 31 July 2021, but has considered part of the adjustment in the statement of changes in equity. This provides some evidence of critical thinking.</li> </ol> <p>The candidate made a number of technical errors in the calculation of the retained earnings at 31 July 2021. However, the candidate recognised that they needed to fully consider the additional information provided. The candidate recognised that the indirect administration costs associated with the share issue needed to be adjusted for in determining profit for the year and ultimately retained earnings at 31 July 2021. Overall, the candidate has provided a good answer to a technical question that meets the scholarship criteria.</p>					
1	6	<p>This is a concepts question that required candidates to use the definition and recognition criteria contained in the New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting 2018 (NZ Framework) to explain to a friend why the bank has asked for the financial statements of Triple X Limited at 31 August 2021 to be redrafted.</p> <ol style="list-style-type: none"> <li>1. This paragraph provides some evidence of an understanding of the individual elements of the definition of an asset and their application in the New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting 2018 (NZ Framework).</li> <li>2. This paragraph provides some evidence of an understanding of the recognition criteria for an asset contained in the New Zealand Equivalent</li> </ol>					
2	6						

		<p>to the IASB Conceptual Framework for Financial Reporting 2018 (NZ Framework).</p> <p>3. The candidate demonstrates some perception and insight, in that they recognise the goodwill and capitalised research costs do not meet the definition of an asset at the end of the reporting period.</p> <p>There is clear evidence that the candidate understands the definition and recognition criteria for an asset contained in the New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting 2018 (NZ Framework). The candidate has attempted to use the three elements of the definition of an asset in their answer. The candidate also identified the recognition criteria. A little more focus to the candidate's response, coupled with a slightly more in-depth discussion around the high degree of measurement uncertainty relating to the inflow of economic benefits associated with how the goodwill and capitalised research cost might not be relevant to the users of the financial statements, the bank (that is attributing a value that faithfully represents the value of the asset) would have rounded out the answer. This is a succinct answer which meets the scholarship criteria.</p>
3	8	<p>This was a current issues question that required candidates to review unseen resources before critically evaluating the role of the profession in the era of disruption.</p> <ol style="list-style-type: none"> <li>1. In this paragraph the candidate provides evidence of integration and synthesis of the resource material into their answer, as well as sophisticated analysis and extrapolation.</li> <li>2. The candidate draws on the resources to provide evidence of independent reflection and extrapolation to critically evaluate the role of the profession in the era of disruption.</li> <li>3. The candidate highlights the key issue in the introduction, that the role of the profession in the era of disruption has and will change, providing evidence of perception and insight. The candidate recognises the changing role of the accounting profession, particularly in an era of disruption. In summarising their answer, the candidate provides evidence of convincing communication. The conclusion touches on the importance of the profession striving to remain relevant.</li> <li>4. Although there is no evidence of planning, the way the answer has been developed provides evidence of logical development, precision, and clarity of ideas.</li> </ol> <p>Given that this current issue was not signposted in the assessment specifications, there is no opportunity for candidates to demonstrate or provide evidence of independent research. In addition to evidence of planning, the candidate has demonstrated some elements of critical thinking when critically evaluating the role of the profession in the era of disruption. The set-out of the answer provides evidence of logical development, precision, and clarity of ideas. Although other candidates may have presented more complete answers, in framing their answer, this candidate provided a sufficiently sophisticated analysis to reach the level of outstanding scholarship. Although perhaps not as succinct as it might have been, the answer demonstrates convincing communication.</p>
4	5	<p>Question four was a management decision question. The question required candidates to draw on the information contained in the question to calculate the pre-determined overhead rate per dollar, using professional salaries as the cost driver. Candidates then needed to apply critical thinking to explain to a new inductee why all staff should maintain accurate time sheets, and how invoicing a job at less than the required profit of 50 per cent on cost could be justified.</p> <ol style="list-style-type: none"> <li>1. The candidate demonstrated the technical skills in calculating the pre-determined overhead rate per dollar using professional salaries as the cost</li> </ol>

		<p>driver, and correctly calculating the amount to be charged for the investigation in order to make a profit of 50 per cent on cost.</p> <p>2. The candidate provides some limited evidence of critical thinking, in that they recognise that the time sheets form the basis of the amounts to be charged to the client.</p> <p>This was a relatively straightforward question. Although the candidate showed the pre-determined overhead rate per dollar as \$1.20 using professional salaries as the cost driver, the correct calculation of the amount to be charged for the investigation illustrated that the candidate's thought process is consistent with the solution. However, the critical thinking part of the question cannot be glossed over. The answer could have been improved with the correct calculation of the amount of profit Seasons would have made on the engagement had an amount of \$42,260 been invoiced, and the reason for this being justified. Although the candidate got a bit lost here, they nevertheless were able to provide a reason for invoicing the engagement out at an amount lower than 50 per cent on cost. The solution is perhaps not as succinct as it could have been, but in framing their answer, the analysis provided by the candidate is sufficiently sophisticated to reach the level of scholarship.</p>
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