



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Level 2, 2003

Accounting: Process financial information for fixed assets and balance-day adjustments (90221)

National Statistics

Assessment Report

Assessment Schedule

Accounting: Process financial information for fixed assets and balance-day adjustments (90221)

National Statistics

Number of Results	Percentage achieved			
	Not Achieved	Achieved	Merit	Excellence
3,601	41.6%	14.6%	26.9%	16.9%

Every candidate for a National Certificate of Educational Achievement examination paper is expected to:

- read the question and do what the question asks
- allow adequate time to complete answers
- be accurate: check and/or proofread
- use appropriate technical terms
- bring the correct equipment
- write and/or draw clearly
- use pen if work is to be eligible for reconsideration.

General Comments

Candidates who achieved the standard used the account names from the trial balance and where account names were not given in the trial balance, they used the appropriate names as specified by the achievement standard's Explanatory Notes i.e. prepayments, accrued expenses, accrued revenue, revenue in advance, allowance for doubtful debts etc.

It is also important candidates recognise that when entering information in the general ledger, the account names entered in the particulars column are accurate. These should be based upon the ledger accounts given, the trial balance and those account names that are appropriate to the transaction i.e. the disposal of truck ledger account should not have "disposal" as a particular written in it.

In order for candidates to achieve the standard, they must be able to process information pertaining to fixed assets. This requires an understanding of the general journal and general ledger entries for depreciation, the purchase of a fixed asset on credit and the disposal of a fixed asset.

Assessment Schedule

Accounting: Process financial information for fixed assets and balance-day adjustments (90221)

Evidence Statement

Question	Evidence	A	M	E														
One	<p>To assess a General Journal entry requires: a DR and CR entry, with debits equalling credits (ie DRs = CRs).</p> <p>To gain an S or C:</p> <ul style="list-style-type: none"> • is for the correct entry; • correct account names (stem) no abbreviations; • correct Dr/Cr; • correct amount. <p>A C(S) is where the candidate can gain a straightforward (S) for the correct account names and DR/CR but the figure calculated is incorrect.</p>	<p>Across both questions a total of:</p> <p>5 S or C</p> <p>including</p> <p>1 depreciation (Q1)</p> <p>or</p> <p>1 Fixed Asset (Q2) entry</p>	<p>Across both questions a total of:</p> <p>2 C</p> <p>5 other S or C</p>	<p>Across both questions a total of:</p> <p>4 C</p> <p>7 other S or C</p>														
(a)	<p>Dividends owing on balance day \$1,800.</p> <table border="1"> <tr> <td>Accrued Revenue</td> <td rowspan="2">S</td> <td>1 800</td> <td></td> </tr> <tr> <td>Dividends Received</td> <td></td> <td>1 800</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Accrued Revenue	S	1 800		Dividends Received		1 800										
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(b)	<p>Three months' interest is owing on the loan.</p> <table border="1"> <tr> <td>Interest on Loan</td> <td rowspan="2">C(S)</td> <td>600</td> <td></td> </tr> <tr> <td>Accrued Expenses</td> <td></td> <td>600</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Interest on Loan	C(S)	600		Accrued Expenses		600										
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(c)	<p>The annual insurance premium of \$4000 (excluding GST) has three months to run at balance day.</p> <table border="1"> <tr> <td>Prepayment</td> <td rowspan="2">C(S)</td> <td>1 000</td> <td></td> </tr> <tr> <td>Insurance</td> <td></td> <td>1 000</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Prepayment	C(S)	1 000		Insurance		1 000										
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(d)	<p>Depreciation on Clinic Vehicle is 20% diminishing value.</p> <table border="1"> <tr> <td>Depreciation – Clinic Vehicle</td> <td rowspan="2">C(S)</td> <td>1 920</td> <td></td> </tr> <tr> <td>Accumulated Depreciation – Clinic Vehicle</td> <td></td> <td>1 920</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Depreciation – Clinic Vehicle	C(S)	1 920		Accumulated Depreciation – Clinic Vehicle		1 920										
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(e)	<p>A bad debt of \$90 (including GST) needs to be written off.</p> <table border="1"> <tr> <td>Bad Debts</td> <td rowspan="3">S</td> <td>80</td> <td></td> </tr> <tr> <td>GST</td> <td>10</td> <td></td> </tr> <tr> <td>Accounts Receivable</td> <td></td> <td>90</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Bad Debts	S	80		GST	10		Accounts Receivable		90							
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(f)	<p>Adjust the allowance for Doubtful Debts to 5% of Accounts Receivable.</p> <table border="1"> <tr> <td>Doubtful Debts</td> <td rowspan="2">C(S)</td> <td>230</td> <td></td> </tr> <tr> <td>Allowance for Doubtful Debts</td> <td></td> <td>230</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Doubtful Debts	C(S)	230		Allowance for Doubtful Debts		230										
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Question	Evidence	A	M	E																														
Two	To assess the general journal entry (apply as given in Q1). To assess the general ledger entries : <ul style="list-style-type: none"> appropriate stem (no abbreviations); debit or credit entry; figure; an appropriate entry must be made in the balance column for each debit or credit entry; balance indicators should be used. <ul style="list-style-type: none"> C(S) – an S can be gained on a C entry if the stem entries are correct but the figure is incorrect. 	Across both questions a total of: 5 S or C including 1 depreciation (Q1) or 1 Fixed Asset (Q2) entry	Across both questions a total of: 2 C 5 other S or C	Across both questions a total of: 4 C 7 other S or C																														
(a)	Record the purchase of the new truck. <table border="1"> <tr> <td>31/03/03</td> <td>Truck / Vehicle</td> <td rowspan="3">S</td> <td>40 000</td> <td></td> </tr> <tr> <td></td> <td>GST</td> <td>5 000</td> <td></td> </tr> <tr> <td></td> <td>BHT Ltd</td> <td></td> <td>45 000</td> </tr> </table>	31/03/03	Truck / Vehicle	S	40 000			GST	5 000			BHT Ltd		45 000																				
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(c)	Record (i) loss or gain on trade-in (ii) the closing entry. <table border="1"> <tr> <td colspan="6">Loss/Gain on Disposal of Truck</td> </tr> <tr> <td>31/03/03</td> <td>Disposal of Truck</td> <td>S ft 1 600</td> <td></td> <td>1 600</td> <td>Dr</td> </tr> <tr> <td></td> <td>Performance Summary</td> <td></td> <td>S ft 1 600</td> <td>0</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Loss/Gain on Disposal of Truck						31/03/03	Disposal of Truck	S ft 1 600		1 600	Dr		Performance Summary		S ft 1 600	0																
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(d)	Record the purchase of the new truck and the trade-in allowance. <table border="1"> <tr> <td colspan="6">BHT Ltd</td> </tr> <tr> <td>31/03/03</td> <td>Truck and GST</td> <td></td> <td>S 45 000</td> <td>45 000</td> <td>Cr</td> </tr> <tr> <td></td> <td>Disposal of Truck and GST</td> <td>S 7 200</td> <td></td> <td>37 800</td> <td>Cr</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	BHT Ltd						31/03/03	Truck and GST		S 45 000	45 000	Cr		Disposal of Truck and GST	S 7 200		37 800	Cr															
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Judgement Statement

Judgement statements (formerly referred to as sufficiency statements) help students understand how their overall results for each standard were arrived at.

Achievement	Achievement with Merit	Achievement with Excellence
5 × S or C entries Must include 1 (Q1) depreciation entry or 1 fixed asset (Q2) entry	2 × C entries 5 other S or C entries	4 × C entries 7 other S or C entries