



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

# **National Qualifications Framework Levels 1-3, 2003**

## **Accounting**

### **National Moderator's Report**

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### **General Guidance for Assessors of Achievement and Unit Standards**

The purpose of external moderation is to provide reassurance that assessor judgments are at the national standard and are made on the basis of assessment activities that are fair and valid.

All assessment materials are expected to:

- give the learner the opportunity to meet the requirements of the standard
- have an assessment schedule that gives evidence of appropriate learner responses and clear judgments at all levels.

The Ministry of Education contracted subject experts to write assessment resources for achievement standards. These are not pre-moderated. The intention is that they are modified to suit teaching programmes and learner needs. They do not provide 'rules' but suggest different ways of assessing to the nationally registered standard.

### **General Overall Comment**

The moderation of internally assessed standards in Accounting has been effective in establishing national consistency of assessment materials and assessor judgments at the national standard. The majority of assessors used the exemplars from the TKI website or an adaptation from them to assess the achievement standards.

Few assessors chose to assess to Unit Standards in 2003.

Assessors are encouraged to use the explanatory notes to assist in task and assessment schedule design. This is especially important for version 2 level 1 standards where the mode of assessment and/or credit value has changed (90023, 90025 and 90028).

## **Level One**

### **90024 *Process financial information for a sole proprietor***

#### **Design of Assessment Tasks**

To give learners the opportunity to achieve at all levels, assessors must apply the requirements of the explanatory notes in their assessment task design. For version 2 of 90024 in 2004, explanatory notes 4, 7, 8 and 9 encapsulate the most important changes to the standard.

#### **Range of Transactions**

Assessors must be confident that learners can accurately process a wide range of transactions. Therefore sufficient transactions must be included in an assessment task to enable learners to demonstrate their processing skills. The need for sufficiency should also be considered when choosing whether an assessment task is open or closed book for this standard.

**Explanatory Notes 7 and 8**

The following clarifications are provided to assist assessors and learners.

GST Application (Explanatory note 7)

The explanatory note specifies *correct GST treatment on some transactions* for merit and a *wide range of transactions* for excellence. When designing assessment tasks, assessors need to provide learners with sufficient opportunities to enable achievement at excellence level across a wide range of transactions.

Good Accounting Practice (Explanatory note 8)

- *Appropriate account names in the general ledger* refers to the correct contra account.
- Receipts/Sundry Receipts/Total Receipts or Payments/Sundry Payments/Total Payments are the contras for the Bank account.
- Bank is the contra for all other ledger accounts.
- Three column ledger accounts have a running balance in the balance column with DR or indicated at least on the first line of the account and/or the last balance of the account. No additional balancing or ruling occurs.
- For excellence, following *good accounting practice in nearly all* cases is required in the general ledger. Correct contra and/or balancing procedures are part of good accounting practice.
- A correct journal entry included a descriptor + bank and/or receipt entry + correct GST treatment + correct extension and amount.

**90029 Use a decision making process to make a recommendation for entities**

A large number of assessors choose not to assess this standard in 2003. It has been deleted from the version 2 standards for 2004, and the relevant decision making outcomes transferred to achievement standard 90028.

**Criterion 1**

Explanatory Note 4 indicates that learners are required to both carry out research, and use the research in their decision-making processes. A *detailed account in words* includes specific details on each alternative, and a *fully described* alternative will include a wider range of specific detail on each. For example “The % interest rate charged, the booking fee/insurance cost, the weekly repayment amount, length of repayment time and possession details”.

**Criterion 2**

*Compare* alternatives (achievement and merit) was well done in 2003. Although explanatory note 4 required learners to compare by identifying similarities and differences, many enumerated advantages and disadvantages, which provided the same information.

*Evaluate* (excellence) was challenging, as it required learners to a make direct link or comparison to another alternative. For example, “I would choose hire purchase over lay-by because I get immediate possession” is an evaluation, as is “I would choose hire purchase because it is the cheapest option/ 2<sup>nd</sup> cheapest option” because a comparison to another alternative is included.

**Criterion 3**

For achievement the learner’s recommendation must be their 1<sup>st</sup> ranked choice.

*Justify* (merit) involves giving 2 or 3 valid reasons for the recommendation. A repetition of the advantages and disadvantages (including financial and non-financial information) is not required.

*Consequences* (excellence) can be positive, negative or a course of action. For example “She has to make arrangements with her mother to go down to the shop and act as a guarantor on the Hire Purchase agreement” includes an action and “Once paid for she will have established a credit rating for future borrowing” is a positive consequence.

## Level Two

### 90222 *Investigate and report on accounting subsystems*

#### The report

Use of a template will not allow learners to meet the requirements for excellence (explanatory note 9).

#### The first criterion

This criterion is the same for achievement, merit and excellence and requires learners to *prepare and use an investigative tool to collect information on accounting subsystems*. The investigative tool is therefore part of the assessment activity and is required for moderation.

#### The second criterion

The first part of this criterion requires a report to be prepared that describes the accounting subsystems investigated. Explanatory note 6 details what is included in *fully describe the accounting subsystems* (merit and excellence).

To facilitate achievement at these levels, assessors should note that:

- the objectives of the subsystem must be **specific** to the subsystem investigated
- a commentary on how the source documents link to the procedures fulfils the requirement to *fully describe*. Learners who list the source documents, procedures and outputs of the subsystems investigated are unlikely to fulfil this requirement
- a document flow chart for both subsystems is required.

The second part of the criterion requires a *justified conclusion* for excellence (explanatory note 7). Learners could achieve this by making a recommendation with an accompanying cost and benefit analysis, or by justifying the suitability of system for the firm.

For example:

“I recommend the business implement a purchase order system (using a purchase order book) to replace the note on a piece of paper currently used. The benefits of doing this are there is clear documentation and authorisation, as all purchases will be documented with who ordered what and when. The cost will be the printing or purchase costs of the purchase order book for the business.”

#### Or

“The part-time office manager is responsible for receipting incoming cash, entering the payments in the general ledger system and preparing the banking, therefore she could steal money and cover the theft. (Weakness identified) This is a small firm with just three employees (the mechanic, the part time office manager and the owner/head mechanic) so it is not practicable for another staff member to be employed to provide separation of duties. The presence of the owner in the office, and because he prepares the bank reconciliations and invoices the customers the system is suitable for the size of the business and the owner’s presence and role is a control.”

Responses justifying conclusions need to be specific.

#### The third criterion

Learners are required to identify **key** strengths and weaknesses. For excellence, a range of strengths and weakness is expected.

**90226 Process transactions using computer software.****Using computer software**

*Using computer software* involves using the software appropriately and to its full potential to process the transactions. Specifically this means:

- inserting formulae and transfer codes if a spreadsheet is used
- adding new accounts, editing accounts, adding inventory details, adding accounts receivable details, and using a range of dates.

Explanatory note 4 provides more detail.

**Set up of accounts**

While 'set up accounts' is not a specific requirement of this standard, an assessment task requiring learners to do a set up of accounts that involves making adjustments and additions (of new accounts, accounts payable and receivable details, and inventory details) enables them to demonstrate the ability to *process transactions using computer software*.

Learners who import a fully set-up chart of accounts from the assessor intranet/network and then enter 25 transactions (without entering opening balances, adding or editing any accounts or inventory products), have not been given the opportunity to demonstrate their ability to *process transactions using computer software*.

It is not expected that assessment of this standard be 'closed book'.

**Software packages, general comment**

Explanatory Note 1 specifies the context of the standard to be a trading business using a perpetual inventory system. Businesses that use a perpetual inventory system will most likely be using an integrated software package; assessors should therefore run their assessment activity on a software package suitable for the context. When assessment evidence (a set of answers) is not submitted for moderation, it is difficult for moderators to provide meaningful feedback to assessors.

**Software packages, specific comment**

Assessors used a range of packages to assess achievement standard 90226 in 2003. The most common packages used were:

**EACT**

- Has specialised journals (sales, cash etc) to use. Learners must use the appropriate journals for the package and not put everything through the General Journal
- Some setting up of the accounts, eg importing and customising a chart of accounts, creating new accounts, must be done by the learner to demonstrate their ability to use the computer software.
- Learners must demonstrate an understanding of how to correctly treat GST in the package (ie GST adjustments on opening balances are an error)

**MYOB, Moneyworks, QuickBooks**

- All have set-up procedures (with product codes and costs, accounts receivable, payable etc).
- Importing an existing trial balance, adding new accounts/debtors/creditors, changing account names, adding new stock lines to inventory including product costs and entering opening balances enable a learner to demonstrate their ability to use the computer software package appropriately.
- All entries (especially the complex) must be put through the correct "command centres" as appropriate to the package, and not be put through as general journal entries.