



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

National Qualifications Framework Levels 1–3, 2005

Accounting

National Moderator's Report

National Moderator's Report

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 materials 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

Unit Standards

A range of unit standards at levels 1-3 were assessed in 2005. The moderation of unit standards in Accounting indicated an increased quality of assessment material used by assessors.

Assessors should note equivalent International Financial Reporting Standards (IFRS) formats and New Zealand Framework concepts may be incorporated into unit standard assessment activities and judgments. Until the unit standards are updated, material sent for moderation will accept the formats and concepts specified in Version 3 of the unit standards **or** their updated equivalent in the IFRSs and New Zealand Framework.

Achievement Standards

Moderation of internally assessed achievement standards in Accounting in 2005 indicated an increased national consistency for AS 90024 (1.3) and AS 90226 (2.7) in terms of assessment materials used and assessor judgments. Most schools used the exemplars from the TKI website or an adaptation from them to assess these standards.

Verification of learner grades showed a number of assessors were not at the national standard for AS 90025 for "*explaining control systems*" and "*explaining information on source documents*" and for AS 90222 for "*explaining strengths and weaknesses*". The requirements for "*explain*" in both these standards were exemplified in the 2004 National Moderator's Report and in the updated exemplar provided on the TKI website for AS 90222.

There was a significant improvement in assessor judgments at the national standard for AS 90504 in 2005. The clarifications in the 2004 National Moderator's Report and the Air NZ exemplar on the TKI website appeared to help assessors in making judgments at the national standard.

Assessors should note the following.

- Assessment material for moderation must include evidence (answers) for it to be at the national standard.

- The assessment tasks on the TKI website exemplify the national standard in terms of transactions and/or judgments.

Assessors are strongly encouraged in 2006 to:

- 1 Use the explanatory notes of the achievement standard to assist in task and assessment schedule design or adaptation.
- 2 Use, where available, the TKI website exemplars of student work for Achieved, Merit and Excellence to assist them with making judgments on learners' work.

AS 90024 Version 2: Process financial information for a sole proprietor

Assessor judgments were, in most cases, consistent with the national standard. The requirements for good accounting practice are clarified here for assessors.

Explanatory Note 8 states:

“For assessment of the cash journals, good accounting practice must include:

- *use of dates*
- *correct use of the receipts, bank, GST and other analysis columns in the cash receipts journal*
- *correct use of bank, GST and other analysis columns in the cash payments journal*
- *correct totalling processes.*”

The “*correct use of receipts, bank, GST and other analysis columns*” involves:

- totalling the cash receipts column and entering into the bank column daily (or when banking occurs)
- where there is an EFTPOS receipt, entering the amount directly into the bank column.

Explanatory Note 9 states:

“For assessment of the general ledger, good accounting practice must include:

- *use of dates*
- *appropriate account names*
- *the correct balancing process.*”

“*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.

“*The correct balancing process*” in three column ledger accounts requires:

- a running balance in the balance column with DR or CR indicated at least on the first line of the account and/or the last balance of the account
- no additional balancing or ruling occurs.

Excellence requires good accounting practice to be followed consistently. Explanatory Note 10 states:

“Consistently following good accounting practice means that the student has followed good accounting practice in all aspects in relation to both journals and ledgers.”

Therefore, “consistently followed” involves **all** aspects of good accounting practice (as per Explanatory Notes 8 and 9) being followed in both journals and ledgers.

Assessors must provide sufficient transactions in an assessment task to enable students to demonstrate their processing skills across a wide range of transactions, including sufficient GST opportunities to enable achievement at an excellent level.

AS 90025 Version 2: Demonstrate an understanding of accounting systems for entities

This standard has three criteria. To attain Achieved, candidates must meet the requirements for Achieved in all three criteria. The same applies for Merit and Excellence.

Most assessors chose an individual or household context. Learner evidence indicated that the context of an individual/household was the most accessible for the learner.

The following clarifications are made to help assessors.

- Candidates must use “*primary data*” (see Explanatory Note 3). Assessors should ensure learners’ questionnaires (whether provided by the assessor or developed by the students individually or with the assessor’s guidance) enable learners to obtain sufficient data to meet the requirements for Merit and Excellence.
- Learners are required to “*Describe and explain cash control procedures*” and “*Identify and explain information on source documents*” from the primary data gathered from the entity researched. Therefore, learners must use the context of the entity and documents when providing their descriptions and explanations.

Criterion One requires learners to “*describe cash control procedures*” for Achieved. A description involves detailing what occurs.

Eg “Mary keeps receipts for payments in an alphabetical file box.”

For Merit and Excellence learners must “*explain cash control procedures*”. An explanation involves “*explaining how the control procedure safeguards cash*”. (See Explanatory Note 6)

Eg “Mary keeps receipts for payments in an alphabetical file box so she has proof of all her transactions in case she is billed twice.” This is an “*explanation of a cash control method*” as it explains **how** the control procedure safeguards cash.

“Christa limits the number of times she uses her bank account” is only a description. However, it becomes an explanation with the addition of the statement, “This means she saves her money by not having to pay transaction fees”. This explains **how** the control procedure safeguards cash.

Criterion Two requires learners to “*identify information on financial documents*” for Achieved.

Eg

GST No.	for GST purposes
Date	for future reference
Goods	to see what was purchased

These are only **identifying** the information on the source documents.

“GST for GST purposes” and “Date for future reference” are insufficient for “explain” as they do not explain why the date is important or how it might be used.

Merit and Excellence require learners to “*explain a range of information on financial documents*”. This means learners must explain the information's importance and/or why the information is included on the documents

Eg

GST No.	Required by law for GST purposes such as GST returns.
Date	Future reference in event of a query on goods supplied.
Goods	For checking the correct goods were delivered/charged to the person.

AS 90222: Investigate and report on accounting subsystems

Version 2 of this achievement standard has a single assessment criterion to allow for the assessor to make a more holistic judgment on the total evidence provided by the learner. However, the evidence must meet the requirements of the assessment standard and the explanatory notes. Assessors must read the explanatory notes that accompany the standard as they clarify the requirements of the standard.

For Achieved, learners must “*draw conclusions*”. Explanatory Note 3 defines a conclusion as: “*A conclusion includes an explanation of the key strengths and/or weaknesses evident in the subsystems.*” An explanation of a strength involves “*explaining how a loss is prevented*” and explaining a weakness involves “*explaining how the weakness could lead to a possible loss*”.

The assessment activity judgment statements exemplify the standard required and the exemplars of learner evidence exemplify the national standard. Assessors are encouraged to use these exemplars when assessing learners' work.

Where candidates investigate their own selected business the exemplars on the TKI website are sufficient for evidence statements. If an assessor chooses to arrange a class visit to a business, evidence statements in terms of objectives, procedures, strengths and weaknesses, etc, are required for the assessment material to be at the national standard.

AS 90226: Process financial transactions, using computer software for a sole proprietor

Assessment material for moderation purposes must include evidence, ie the answers generated by the computer software. Failure to submit evidence results in assessment material not being at the national standard.

For Merit and Excellence, candidates must create a range of new accounts as specified in Explanatory Note 5. The updated web exemplars exemplified the national standard in terms of the minimum creation of accounts. Assessors who amended the activities below this standard had their assessment activity signalled “not at the national standard”.

Assessors' attention is brought to the following points from the 2005 moderation round. Some comments below are package specific.

- Assessors who mark by a session report/transaction summary on complete entries, must ensure learners have the whole entry correct, eg for a sales entry this includes both the sale entry and the cost of goods sold/inventory entry.
- Consistency of account use is required; therefore, transactions to undeposited funds are incorrect where learners are also making deposits to the bank account.
- Drawings of goods requires a GST adjustment.

- The error correction entry of wages and advertising requires an adjustment for GST.
- Charging overdue fees requires the inclusion of GST.
- Return of goods requires both aspects of the transactions to be completed for the entry to be correct.
- Cash sales involves two entries for some packages; both are required for the entry to be correct.
- Part B transactions count as replacement evidence for Part A for Achieved.

For Merit and Excellence, learners must process a range and a wide range of transactions. Explanatory Note 3 defines range and wide range as:

- “A range (Merit) must involve all of Part A and a majority of Part B.”
- “A wide range (Excellence) must involve all of Part A and nearly all of Part B.”

The requirements for Merit and Excellence in terms of the correct Part A entries are exemplified in the assessment activities on the TKI website.

A range of commercial software packages was used in 2005. Assessors are advised to ensure the package they choose is able to meet the requirements of Explanatory Notes 3, 4 and 5 of the achievement standard.

AS 90504: Prepare a report that analyses and interprets a company’s financial report for external users

The web exemplars for the assessment activity and the Air NZ exemplar were reviewed and amended to meet Version 2 of the achievement standard for use in 2006.

Assessor judgments in 2005 showed an improved understanding of the national standard. The following comments refer to 2005 moderations but also apply to Version 2 of the achievement standard.

The achievement standard title states that the report to be prepared is for external users. When selecting a company annual report assessors must ensure the chosen report enables learners to provide a wide range of in-depth interpretation to attain Excellence.

Explanatory Notes 5, 6 and 7 of Version 1 of the achievement standard specified the different types of interpretations required and provided examples of in-depth and straightforward interpretations. The Air NZ exemplar on the TKI website provided a comprehensive example of the difference between straightforward and in-depth interpretations and the standard required for Achieved, Merit and Excellence. Assessors must refer to these examples when making judgments on learners’ work.

For achievement with Merit, “a range of straightforward and some in-depth interpretations” must be made. The range of interpretation refers to those listed in Explanatory Note 5.

The web exemplars indicated the national standard in terms of interpretations under the headings of Explanatory Note 3 for Achieved, Merit and Excellence. Variations in this requirement will result in the assessment activity being not at the national standard.

Learners who interpreted company information under a specific heading of ‘other information’ often made statements of fact and not interpretations linked to the entities’ profitability, liquidity, and financial stability. This resulted in insufficient interpretations for a Merit or Excellence.

Assessors are reminded that in 2006, evidence statements in the form of the ratios and interpretations that apply to the company learners are analysing and interpreting, must be submitted with the assessment material for the material to be at the national standard. Note form is acceptable.