



EDUCATIONAL QUALITY AND ASSESSMENT PROGRAMME



Scoring Rubric 2021

South Pacific Form Seven Certificate



**2021 SPFSC ACCOUNTING ASSESSMENT SCHEDULE**

<b>Item</b>	<b>Skill Level</b>	<b>Evidence</b>	<b>Level 1 (Unistructural)</b>	<b>Level 2 (Multistructural)</b>	<b>Level 3 (Relational)</b>	<b>Level 4 (Extended Abstract)</b>
1.1	1	An <b>asset</b> is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity	Must have the full definition			
1.2	1	A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.	Must have the full definition			
1.3	2	Revenue is recognised in the income statement when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. This means, in effect, that recognition of income occurs simultaneously with the recognition of increases in assets or decreases in liabilities	Either basis or recognition covered	Covers both basis and recognition		
1.4	2	Working: Invoice: \$5000 Less deposit: \$3000 Net effect on assets: \$2000	Correct working	Correct working and answer Or correct answer		
1.5	4	- Accrual basis of accounting is the standard method accountants use to rectify financial events by matching revenues with expenses when preparing the statement of financial performance. With accrual basis, a business' financial position is more realistic because it combines the current and expected future cash inflows and outflows.  Because the accrual basis method records a transaction before any money changes hands, for example, a utility company provides services to its customers and bills them once a month, the utility company records the expenses for providing the monthly service. It records the revenue when it posts the customer bill at the end of the month, even though the customer hasn't submitted a payment. Therefore, for that month of service, the accountant records the expenses and accrues revenue on the balance sheet even if the customer has not yet submitted payment.	Definition of accrual basis of accounting with no example  (1 idea only)	Definition of accrual basis of accounting and its purpose.  Or just the application of accrual basis of accounting  (2 or more independent ideas)	Definition of accrual basis of accounting, its purpose and its application  (2 or more ideas with linkage)	Definition of accrual basis of accounting, its purpose and its application. Uses a relevant example to justify.  (2 or more ideas with linkage, uses example to justify)

2.1a	2	<table border="1"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Debit (\$)</th> <th>Credit (\$)</th> </tr> </thead> <tbody> <tr> <td></td> <td>Interest on advance</td> <td>500</td> <td></td> </tr> <tr> <td></td> <td>Capital- Leah</td> <td></td> <td>500</td> </tr> <tr> <td></td> <td>(Interest charged to Leah at 5% on advance)</td> <td></td> <td></td> </tr> </tbody> </table>	Date	Particulars	Debit (\$)	Credit (\$)		Interest on advance	500			Capital- Leah		500		(Interest charged to Leah at 5% on advance)			Only 1 correct entry	2 correct entries																						
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			Interest on advance	500																																						
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2.1b	3	Prepare the Profit Distribution Account of Leah and John.	1-4 entries correct	5-8 entries correct	All 9-10 entries correct																																					
		<table border="1"> <thead> <tr> <th></th> <th>\$</th> <th></th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>Interest on capital-John</td> <td>2,000</td> <td>Net Profit</td> <td>80,000</td> </tr> <tr> <td>Interest on capital-Leah</td> <td>2,000</td> <td>Interest on drawings-John</td> <td>100</td> </tr> <tr> <td>Salaries-John</td> <td>25,000</td> <td>Interest on drawings-Leah</td> <td>100</td> </tr> <tr> <td>Salaries-Leah</td> <td>25,000</td> <td>Interest on advance-Leah</td> <td>500</td> </tr> <tr> <td>Retained earnings-John</td> <td>13,350</td> <td></td> <td></td> </tr> <tr> <td>Retained earnings-Leah</td> <td>13,350</td> <td></td> <td></td> </tr> <tr> <td></td> <td>80,700</td> <td></td> <td>80,700</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>						\$		\$	Interest on capital-John	2,000	Net Profit	80,000	Interest on capital-Leah	2,000	Interest on drawings-John	100	Salaries-John	25,000	Interest on drawings-Leah	100	Salaries-Leah	25,000	Interest on advance-Leah	500	Retained earnings-John	13,350			Retained earnings-Leah	13,350				80,700		80,700				
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		Drawings	2,000		76,350				
		Interest on capital		2,000	78,350				
		Interest on advances	500		77,850				
		Interest on drawings	100		77,750Cr				
2.2a	1	A <b>prospectus</b> is defined as a legal document describing <b>company's</b> securities that have been put on sale.				Purpose correctly stated			
2.2b	2	Investing in <b>shares means buying</b> and keeping them for a while in order to make money. When one buys shares, one is buying a share of the company's assets and its profits, and hence becomes a part owner of the company.				Meaning of buying shares stated  (1 idea stated)	Meaning of buying shares described  (2 or more independent ideas stated)		
2.2c	1	<ul style="list-style-type: none"> <li>1 Ordinary shares</li> <li>2 Deferred ordinary shares</li> <li>3 Non-voting ordinary shares.</li> <li>4 Redeemable shares.</li> <li>5 Preference shares.</li> <li>6 Cumulative preference shares.</li> <li>7 Redeemable preference shares.</li> </ul>				Any one correct type of share			
2.2d	1	Share capital is the money a company raises by issuing common or preferred stock.				Correct definition			
2.2e	1	The authorised capital of a company is the maximum amount of share capital that the company is authorized by its constitutional documents to issue (allocate) to shareholders.				Correct definition			
2.2f	1	<b>Issued Capital</b> refers to the number of shares issued by the company to the shareholders.				Correct definition			

2.2g	1	<b>Unissued</b> stock is a term used to describe shares a company is authorized to issue but which have never been sold to investors.	Correct definition																			
2.2h	2	<b>Fully paid shares</b> 10,000 paid to \$1=\$10,000	Partly correct working	Correct working and answer																		
2.2i	2	<table border="1"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Debit (\$)</th> <th>Credit (\$)</th> </tr> </thead> <tbody> <tr> <td></td> <td>Application</td> <td>12,000</td> <td></td> </tr> <tr> <td></td> <td>Cash Trust</td> <td></td> <td>12,000</td> </tr> <tr> <td></td> <td>(for refund of 20,000 share from excess application)</td> <td></td> <td></td> </tr> </tbody> </table>	Date	Particulars	Debit (\$)	Credit (\$)		Application	12,000			Cash Trust		12,000		(for refund of 20,000 share from excess application)			1 entry correct	Both entries correct		
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3.1a	1	A cost object is a managerial term for a product, process, department, or customer those costs originate from or are associated with. In other words, it's something that costs can be identified with and traced back to.	Correct definition																			
3.1b	1	Direct costs are expenses that can be traced back to a single cost object.	Correct definition																			
3.1c	1	<b>Indirect costs</b> are costs used by multiple activities, and which cannot therefore be assigned to specific cost objects.	Correct definition																			
3.1d	1	Process <b>costing</b>	Correct method identified																			
3.1e	1	A <b>job costing system</b> involves the process of accumulating information about the <b>costs</b> associated with a specific production or service <b>job</b> .	Correct definition																			
3.2a	1	Job Cost Sheet, Materials requisition form, Time book, time clock	Any one correct source document																			
3.2b	2	<b>Direct materials</b> -visible in the final product. -directly related to the quantity of output (i.e) Volume of input of <b>direct materials</b> is directly proportional to the output of the final product - itemized cost in the final product bill.	Only 1 feature correct	2 correct features identified																		

3.2c	2	Job cards- allow costs to be determined Materials requisition- proper approval and tracking of inventory Time sheets- record of time in and out for payroll calculation	1 internal control identified	1 internal control identified and described																																												
4.1a	1	The <b>purpose</b> is to allow the adjustments to be made to the <b>profits</b> so that the final <b>income</b> can be divided among the <b>partners</b> as per the agreed terms. It is a nominal <b>account</b> , which means all the expense items of the firm are debited, and <b>income</b> items are credited. information is used by the readers of financial statements to make decisions regarding the allocation of resources	Purpose correctly stated  (1 correct idea)																																													
4.1b	2	<p style="text-align: center;"><b>General Journal</b></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Dr</th> <th>Cr</th> </tr> </thead> <tbody> <tr> <td></td> <td>Service income accrued</td> <td>2000</td> <td></td> </tr> <tr> <td></td> <td>Service income</td> <td></td> <td>2000</td> </tr> <tr> <td></td> <td>(to record service income accrued on balance day)</td> <td></td> <td></td> </tr> </tbody> </table>	Date	Particulars	Dr	Cr		Service income accrued	2000			Service income		2000		(to record service income accrued on balance day)			1 entry correct	2 entries correct																												
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4.1c	3	<p style="text-align: center;"><b>(i) Bad debts</b></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Amount</th> <th>Date</th> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td>Balance</td> <td>500</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Debtors</td> <td>200</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>700</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p style="text-align: center;"><b>(ii) Depreciation-Equipment</b></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Amount</th> <th>Date</th> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td>Accumulated dep-</td> <td>4,200</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Date	Particulars	Amount	Date	Particulars	Amount		Balance	500					Debtors	200						700				Date	Particulars	Amount	Date	Particulars	Amount		Accumulated dep-	4,200										1 entry posted correctly	2 entries posted correctly	3 entries posted correctly	
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4.1d

4

**JB Associates****Statement of Financial Position for the year ended 30 June 2021.**

	\$	\$
<b>Partner's Equity</b>		
Capital- John	50,000	
Capital- Bob	50,000	<b>\$100,000</b>
This is represented by:		
<b>Current Assets</b>		
Cash at Bank	12,000	
Accounts Receivable	2,000	
Income due	2,000	16,000
<b>Less Current Liabilities</b>		
Accounts Payable	5,000	
Expense due	1,300	6,300
Working Capital		<b>9,700</b>
<b>Non Current Assets</b>		
Equipment	42,000	
Less Accumulated depreciation	4,200	
	37,800	
Building	100,000	137,800
		147,500
<b>Non current Liabilities</b>		
Loan		47,500
		<b>\$100,000</b>

1-2 entries  
correct3-4 entries  
correct5-6 entries  
correct7-8 entries  
correct

5.1a	1	The goal of financial analysis is to analyze whether an entity is stable, solvent, liquid, or profitable enough to warrant a monetary investment. It is used to evaluate economic trends, set financial policy, build long-term plans for business activity, and identify projects or companies for investment.	Correct response (1 correct idea)			
5.1b	1	Financial ratio analysis uses the data gathered from the calculation of the ratios to make decisions about improving a firm's profitability, solvency, and liquidity.	Correct definition			
5.1c	2	<b>Profit</b> margin, return on assets, return on equity, return on capital employed, and gross margin <b>ratios</b> are all examples of <b>profitability ratios</b> .	1 profitability ratio identified	2 profitability ratios correctly identified		
5.1d	2	Price/Earnings or PE <b>Ratio</b> (EPS) Earnings per <b>Share</b> (EPS)	1 ratio correctly identified	2 ratios correctly identified		
5.2	4	<b>Report</b> Performance-Taula has achieved a 17.5% in RoE as compared to the industry. In terms of net profit, Taula has done better than the industry with 34c in every dollar of sales compared to 20 cents in similar business. Position: In the long term, Taula is meeting its debts better than the industry, however in terms of short term, Taula is cash trapped not able to meet its immediate payments when it falls due. The rule of thumb with 1:1 is not achieved. Its debt ratio is also higher than the industry. Taula needs to review its current policies in terms of its financial obligations to decrease outsiders claim on the business. Outsiders' high claims on the business brings high risk of control. In comparison to the industry, Taula is not on par with similar businesses.	Vague report with no clear reference in addressing performance and position  (1 correct idea presented)	A fair report without reference to the financial ratios provided to substantiate the performance and position.  (2 or more correct ideas but not related)	Report contains most of the relevant information but lack the details  (2 or more correct ideas which relate to each other)	A detailed report highlighting the performance and position with key reference to the ratios. A concluding remark stating the poor performance and position that management must take heed.  (2 or more correct ideas which relate to each other, uses data to justify)
6.1a	1	The <b>break-even point</b> is the level of production at which the costs of production equal the revenues for a product.	Definition Correctly stated			
6.1b	1	<b>Contribution Margin</b> represents the portion of sales revenue that is not consumed by variable costs and so contributes to the coverage of fixed costs.	Definition Correctly stated			



6.1c	2	<div style="border: 1px solid black; padding: 5px;"> <p>Working:  <math>BEP = FC / (SP - VC)</math>  <math>= \\$100,000 / (\\$4 - \\$2)</math>  Break Even Point in Units: 50,000</p> </div>	Working correct but incorrect answer	Working and answer correct		
6.1d	3	<div style="border: 1px solid black; padding: 5px;"> <p>Working:  <math>(FC + TI) / CM</math>  <math>(\\$100,000 + 10,000) / \\$2</math>    Answer (Units): 55,000</p> </div>	One correct step shown	Most of the working correct	Correct working and answer	
6.1e	3	The reliability of CVP lies in the assumptions it makes, including that the sales price and the fixed and variable cost per unit are constant. The costs are fixed within a specified production level. All units produced are assumed to be sold, and all <b>fixed costs</b> must be stable.	Only one assumption stated.  (1 idea)	2 or more assumptions described  (2 or more ideas stated independently)	2 or more assumptions explained  (2 or more ideas with linkage between each idea)	