

Accounting 2019 v2.0

IA3 sample assessment instrument

September 2018

Project — cash management (25%)

This sample has been compiled by the QCAA to assist and support teachers in planning and developing assessment instruments for individual school settings.

Assessment objectives

This assessment instrument is used to determine student achievement in the following objectives:

2. apply accounting principles and processes for a trading GST business to calculate, record, process and report accounts
3. analyse and interpret financial data and information relating to cash management
4. evaluate accounting practices relating to cash management to make decisions and propose recommendations
5. synthesise and solve accounting problems relating to cash management
6. create a business report that communicates meaning to the business manager of a business.

Note: Objective 1 is not assessed in this instrument.

Subject	Accounting	Instrument no.	IA3
Technique	Project — cash management		
Unit	Unit 4: Accounting — the big picture		
Topic	Topic 1: Cash management		

Conditions			
Duration	4 weeks including 7 hours class time		
Mode	Written	Length	<ul style="list-style-type: none"> • practical accounting solutions, including <ul style="list-style-type: none"> – solutions generated from computerised accounting package – solutions generated using spreadsheet software • business report, 800–1000 words, excluding the title page and appendices.
Individual/group	Individual	Other	<ul style="list-style-type: none"> • technology is used to produce responses, including <ul style="list-style-type: none"> – word processing software to prepare and present the business report – computerised accounting package and spreadsheet software to prepare and present practical accounting solutions.
Resources available	Internet source material, textbooks and accounting software can be used.		
Context			
<p>Jared Jones opened Gym Supplies three months ago on 1 July 2019 as a sole trader trading GST business. Frank Rossini was appointed as the accountant to set up the business file and record transactions in MYOB, as well as prepare cash budgets to guide future direction of the business. However, after two months, Frank resigned. He had only entered the transactions in MYOB for the first two months of trading. Therefore, acting as the business manager, Jared has employed the services of an accounting firm to complete the monthly management accounting for the business and provide advice on its operations.</p>			
Task			
<p>As the management accountant for the accounting firm, you must enter the remaining transactions into MYOB, and prepare cash budgets and related financial documents for the client's business. Use the relevant financial documents to prepare workpapers presenting the accounting data and information, and to create an accounting business report. The report should provide Jared with advice about the viability of purchasing a delivery vehicle, and the impact of this purchase on the business's financial performance and position.</p>			

To complete this task, you must:

- use the MYOB file provided for July and August to enter the transactions for September. Printouts required include
 - transaction journal (all) for September
 - bank reconciliation statement
 - Statement of Profit or Loss for July–September 2019
 - Statement of Financial Position as at 30 September 2019
- use spreadsheet software to generate cash budgets from October 2019–June 2020, including the input areas, statements of estimated receipts from accounts receivable, and statements of GST payable and receivable relating to the business goal. Printouts required include
 - input area
 - statement of estimated receipts from accounts receivable
 - statement of GST payable and receivable
 - initial cash budget
 - what-if cash budget/s
- use word processing software to create a business report to
 - analyse and interpret financial data and information relating to the business goal
 - evaluate proposed alternative solutions to achieve the business goal
 - decide on a solution and propose recommendations to achieve the business goal.

Client File — Gym Supplies

Jared Jones is considering purchasing a new delivery vehicle after 30 September 2019. It is anticipated the vehicle will cost between \$35,000.00 and \$50,000.00 drive away. Jared needs to assess the current records and cash projections for the business to determine whether it is financially viable to make the purchase and account for any implications that would arise.

The following transactions are to be entered for the month of September 2019. All amounts include GST where applicable.

Sept	1	Received 30% of balance owing by Gresham Gold City Gym
	4	Owner withdrew \$250.00 cash
	5	One treadmill sold to Gresham Gold City Gym on 7 August was returned as the computer is malfunctioning
	6	Returned the faulty treadmill, which was purchased on 4 August, to Lifestyle Machinations
	7	Sold two punching bags and one treadmill for cash
	9	Paid wages \$3,330.00
	10	Purchased office equipment on credit for \$650.00 from Alison's AJT Holdings, 1000 Brown Street, Gympie, Qld, 4570. The contact is Alison Taylor — telephone (07) 5482 0066, fax (07) 5482 0066 and ABN 11 090 111 131.
	12	Paid postage \$33.00
	14	Sold two yoga mats on account to Freddy's Fitness Fanatics
	15	Purchased 10 gym sets (G1) at \$785.00 each, from Power Mutts Ltd, 45 Teneriffe Close, Sydney, NSW, 2000. The contact is Will Power — telephone (02) 3434 6767. These products will retail at 180% mark up. ABN: 11 080 121 221.
	18	Paid half amount owing to Alison's AJT Holdings
	19	Owner contributed \$8,500.00 to the business' bank account
	20	Sold two gym sets on credit to Gresham Gold City Gym
	21	Freddy's Fitness Fanatics paid its July account in full
	22	Paid Quark Fitness Warehouse all amounts owing for July
	23	Paid wages \$1,850.00
	24	Paid Lifestyle Machinations 25% of amount outstanding
	25	Made bank loan repayment. As at 1 September, 70% of the balance remains.
	26	Cash sales during the week include 14 dumbbells, six punching bags, 20 yoga mats, two exercise bikes, one treadmill and two gym sets
	28	Paid monthly rent \$880.00
	29	Paid delivery expenses to Sunshine Allied Transport \$1,188.00

Bank statement information

The bank statement revealed that all receipts to the end of month and all payments up to and including 25 September have been processed. Commission of \$495.00, including GST, was deposited in the business' bank account on 15 September. On 30 September, bank fees of \$14.80 and \$52.35 for interest owing on the bank loan for the three months from July to September 2019 were withdrawn from the account as per the bank statement.

The owner reported the following details and projections for the business.

All amounts include GST where applicable.

- Expenses are paid in the month incurred, unless otherwise stated.
- It is anticipated accounts receivable will settle their accounts 55% in the first month following sale, 30% in the second month and the remainder in the third month.
- Now that the business is more established, anticipated credit sales for October will be \$28,500.00. In each of the following months until January 2020, credit sales are expected to increase by 10% on the previous month's credit sales. After January 2020, credit sales are expected to stabilise at approximately the January value.
- Cash sales are anticipated to be between 22% and 25% of credit sales from October onwards.
- Commission is received every quarter and will be the same amount received for the September quarter.
- Net credit purchases for October are expected to be 40% of total sales and will be the same percentage increase in subsequent months.
- All inventory and asset purchases are made on credit and, from October, will be fully paid in the month following purchase. The outstanding accounts payable balances will be fully paid in October.
- The rent lease agreement has the same monthly rent payable for the financial year.
- Telephone is to be paid every three months at the quarterly contract price (see MYOB file).
- It is expected that postage will be paid every two months from September with payments being the same amount as the one already paid.
- Delivery expenses are anticipated to be between 15% to 20% of total sales for the month.
- Jared Jones withdrew \$250.00 in September and intends to withdraw \$750.00 cash each month from October.
- The balance of the loan is to be paid off in equal monthly instalments over the three months from October to December. Interest of \$17.50 will be payable at the end of December.
- Jared Jones works in the business and is supported by part-time retail and administration staff who help out at busy times. They are paid a rate of between \$37.00 and \$40.00 per hour (disregard all other payroll expenses). Total hours to be worked by staff are estimated to be between 120 and 130 hours per month, except in December and January when 160 to 170 hours are anticipated.
- Insurance is paid annually.
- Bank charges are expected to be between \$15.00 and \$20.00 each month.
- Advertising has been budgeted for at \$660.00 per quarter from October.
- The BAS statement for GST is now to be settled monthly, based on the previous month's figures.

Any required actual account balances from July to September 2019 can be accessed from the MYOB files and printed reports.

Checkpoints

- Term 3 Week 1: MYOB files completed
- Term 3 Week 2: Initial cash budget and related financial documents completed
- Term 3 Week 3: Draft business report submitted
- Term 3 Week 4: Business report (including relevant financial documents) submitted

Criterion	Marks allocated	Result
Applying Assessment objective 2	4	
Synthesising and solving Assessment objective 5	8	
Analysing Assessment objective 3	6	
Evaluating Assessment objective 4	4	
Communicating Assessment objective 6	3	
Total	25	
Authentication strategies		
<ul style="list-style-type: none"> • The teacher will provide class time for task completion. 		
<ul style="list-style-type: none"> • Students will produce sections of the final response under supervised conditions. 		
<ul style="list-style-type: none"> • Students will each produce a unique business report. 		
<ul style="list-style-type: none"> • Students must submit a declaration of authenticity. 		
<ul style="list-style-type: none"> • The teacher will ensure class cross-marking occurs. 		
Scaffolding		
<ul style="list-style-type: none"> • Students must implement the problem-solving model. 		

Instrument-specific marking guide (ISMG)

Criterion: Applying

Assessment objective

2. apply accounting principles and processes for a trading GST business to calculate, record, process and report accounts

The student work has the following characteristics:	Marks
<ul style="list-style-type: none"> • effective application of accounting principles to calculate amounts for transactions • effective application of computerised accounting processes to record and process transactions • generation of required financial documents. 	3–4
<ul style="list-style-type: none"> • application of accounting principles to calculate amounts for transactions • application of computerised accounting processes to record and process transactions • generation of financial documents. 	2
<ul style="list-style-type: none"> • inconsistent application of accounting principles to calculate amounts for transactions • inconsistent or partial application of computerised accounting processes to record and process aspects of transactions • generation of inappropriate financial documents. 	1
<ul style="list-style-type: none"> • does not satisfy any of the descriptors above. 	0

Criterion: Synthesising and solving

Assessment objective

5. synthesise and solve accounting problems relating to cash management

The student work has the following characteristics:	Marks
<ul style="list-style-type: none"> • identification of significant and relevant financial data and information to complete an input area • effective application of accounting principles and processes to achieve a goal through the generation of financial documents • solution produced that thoroughly solves the problem. 	7–8
<ul style="list-style-type: none"> • identification of relevant financial data and information to complete an input area • appropriate application of accounting principles and processes to achieve a goal through the generation of financial documents • solution produced that effectively solves the problem. 	5–6
<ul style="list-style-type: none"> • identification of fundamental financial data and information to complete an input area • fundamental application of accounting principles and processes to achieve aspects of a goal through the generation of financial documents • solution produced that solves elements of the problem. 	3–4
<ul style="list-style-type: none"> • identification of narrow or inappropriate financial data and information • rudimentary application of accounting principles or processes through the generation of financial documents • inappropriate or partial solution produced. 	1–2
<ul style="list-style-type: none"> • does not satisfy any of the descriptors above. 	0

Criterion: Analysing

Assessment objective

3. analyse and interpret financial data and information relating to cash management

The student work has the following characteristics:	Marks
<ul style="list-style-type: none">• examine financial data and information through the identification of significant and relevant relationships• thorough interpretation of trends in the financial data and information• thorough and logical explanation of issues relating to cash management.	5–6
<ul style="list-style-type: none">• examine financial data and information through the identification of relationships• interpretation of trends in the financial data and information• explanation of issues relating to cash management.	3–4
<ul style="list-style-type: none">• examine financial data or information through the identification of superficial relationships• superficial interpretation of financial data or information• narrow or partial statements of issues.	1–2
<ul style="list-style-type: none">• does not satisfy any of the descriptors above.	0

Criterion: Evaluating

Assessment objective

4. evaluate accounting practices relating to cash management to make decisions and propose recommendations

The student work has the following characteristics:	Marks
<ul style="list-style-type: none">• perceptive judgments for proposed alternatives or changes relating to cash management• thoroughly justified decisions for cash management pertinent to the accounting context• convincing recommendations for cash management pertinent to the accounting context.	3–4
<ul style="list-style-type: none">• judgments for proposed alternatives or changes relating to cash management• decisions for cash management for the accounting context• recommendations for cash management suitable for the accounting context.	2
<ul style="list-style-type: none">• rudimentary or partial statements for a proposed alternative or change• inconsistent or partial decisions• inconsistent or partial recommendations.	1
<ul style="list-style-type: none">• does not satisfy any of the descriptors above.	0

Criterion: Communicating

Assessment objective

6. create a business report that communicates meaning to the business manager of a business

The student work has the following characteristics:	Marks
<ul style="list-style-type: none">• succinct, with analysis, interpretation and evaluation related to the goal conveyed logically• features of the report genre are consistently demonstrated• minimal errors in spelling, grammar and punctuation.	3
<ul style="list-style-type: none">• conveys analysis, interpretation and evaluation related to the goal• features of the report genre are demonstrated• some errors in spelling, grammar and punctuation.	2
<ul style="list-style-type: none">• conveys analysis, interpretation and evaluation related to aspects of the goal• features of the report genre are inconsistently demonstrated• frequent errors in spelling, grammar and punctuation.	1
<ul style="list-style-type: none">• does not satisfy any of the descriptors above.	0