Accounting marking guide and response

Sample external assessment 2020

Short response (65 marks)

Assessment objectives

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

1. comprehend accounting concepts, principles and processes relating to the complete accounting process for a trading GST business and performance analysis of a public company
2. apply accounting principles and processes for a trading GST business and a public company
3. analyse and interpret financial data and information relating to the performance of a public company
4. evaluate accounting practices relating to the performance of a public company to make decisions and propose recommendations
5. synthesise and solve accounting problems relating to the complete accounting process for a trading GST business.

Introduction

The Queensland Curriculum and Assessment Authority (QCAA) has developed mock external assessments for each General senior syllabus subject to support the introduction of external assessment in Queensland.

An external assessment marking guide (EAMG) has been created specifically for each mock external assessment.

The mock external assessments and their marking guides were:

- developed in close consultation with subject matter experts drawn from schools, subject associations and universities
- aligned to the external assessment conditions and specifications in General senior syllabuses
- developed under secure conditions.

Purpose

This document consists of an EAMG and an annotated response.

The EAMG:

- provides a tool for calibrating external assessment markers to ensure reliability of results
- indicates the correlation, for each question, between mark allocation and qualities at each level of the mark range
- informs schools and students about how marks are matched to qualities in student responses.

Mark allocation

Where a response does not meet any of the descriptors for a question or a criterion, a mark of ‘0’ will be recorded.

Where no response to a question has been made, a mark of ‘N’ will be recorded.

External assessment marking guide (EAMG)

Multiple-choice

Question	Response
1	**D**
2	**B**
3	C
4	**B**
5	C
6	**A**
7	**A**
8	C
9	**D**
10	C

Short response

Q	The response
11a	• correctly calculates numerator [1 mark] • correctly calculates denominator [1 mark] • correctly calculates ratio [1 mark]
11b	• correctly calculates ratio [1 mark]

Q	Sample response	The response
12	The accounts payable turnover ratio should be compared to previous periods to give an indication of the business's liquidity. If the ratio result is increasing, it would indicate that the company is paying its suppliers more quickly, and cash is available to make those payments. Having capacity to pay suppliers more quickly supports the proposed change in the Accounts Payable Policy if the company has the ability to financially operate under changed conditions. Currently the payments to suppliers are made on average at 365/6.99, which is 52 days. This would have to be broken down further to determine if accounts payable from departments other than green vegetables could be delayed without serious penalty before the policy is changed.	• provides two plausible explanations for Accounts Payable turnover ratio [2 marks] OR • provides one plausible explanation for Accounts Payable turnover ratio [1 mark] • clearly links explanations to the stimulus [1 mark]
	The current ratio shows the business's ability to meet short-term debt obligations with liquid assets. The ratio is 0.87, which shows that South East Grocer Ltd has enough current assets to pay off 0.87 of its current liabilities. This level of ratio would need to be further monitored before changing the policy, particularly as it has worsened slightly since 2019 where it was at 0.92.	• provides two plausible explanations for Current ratio [2 marks] OR • provides one plausible explanation for Current ratio [1 mark] • clearly links explanations to stimulus [1 mark]

Q	Sample response	The response	Marks	The response	Marks
13	To determine if South East Grocer Ltd is able to meet its short-term debt obligations while pursuing this proposed policy to change the Accounts Payable Schedule to payment within seven days during natural disaster periods for green vegetables, it is necessary to analyse the liquidity of the organisation during the financial reporting period ending 30 June 2020. Specifically, the organisation's current ratio (0.86843:1) depicts that trade and other payables ($3270.5m) in 2020 are not able to be easily covered within this financial year period. A reason for the lower than average ratio could be the large loss carried from the discontinuing operations of the subsidiary company Shaywonds Ltd of $828.5m in 2020. This would have resulted in a reduction in cash available. Further, in both 2019 and 2020 there were large outlays for property, plant and equipment and intangibles. Only a small proportion of trade and other payables is attributable to green produce. The produce sector only contributes 3% to total accounts payable (Stimulus 4), with green vegetables contributing 45% of the payables of fresh produce (Stimulus 2). A change to the Schedule of Accounts Payable policy will have minimal impact on the financial short-term debt obligations of the organisation. A change to the Accounts Payable Policy as suggested is feasible but continued monitoring of the current ratio is recommended, particularly in relation to available cash.	• clearly explains the scenario • explicitly links relevant financial data and information from Case study 1 to the explanation	5	• states a recommendation • provides a full evaluation of the recommendation	3
		• explains the scenario • uses relevant financial data and information from Case study 1	4	• allows a recommendation to be inferred • provides an evaluation of the recommendation	2
		• explains the scenario • refers to relevant financial data and information from Case study 1	3	• makes a statement about the new policy	1
		• refers to some financial data and information from Case study 1	2	• does not satisfy any of the descriptors.	0
		• makes a statement about the scenario	1		
		• does not satisfy any of the descriptors.	0		

Q	The response
14	• correctly identifies accounts affected by transaction - all 9 accounts [3 marks) - 6 to 8 accounts [2 marks] - 3 to 5 accounts [1 mark]
	• correctly processes amounts into Dr and Cr - all 9 accounts [3 marks) - 6 to 8 accounts [2 marks] - 3 to 5 accounts [1 mark]
15	• correctly allocates accounts into classifications in Statement of Profit or Loss - all 18 accounts [6 marks) - 15 to 17 accounts [5 marks] - 12 to 14 accounts [4 marks] - 9 to 11 accounts [3 marks) - 6 to 8 accounts [2 marks] - 3 to 5 accounts [1 mark]
	• correctly allocates amounts and totals into Statement of Profit or Loss - all 18 amounts and totals [6 marks) - 15 to 17 amounts and totals [5 marks) - 12 to 14 amounts and/totals [4 marks) - 9 to 11 amounts and/totals [3 marks] - 6 to 8 amounts and/totals [2 marks) - 3 to 5 amounts and/totals [1 mark]
	• correctly calculates Net Loss [1 mark]
	• correctly allocates accounts and amounts into classifications in Statement of Financial Position - all 24 accounts and amounts [8 marks] - 21 to 23 accounts and amounts [7 marks] - 18 to 20 accounts and amounts [6 marks] - 15 to 17 accounts and amounts [5 marks] - 12 to 14 accounts and amounts [4 marks] - 9 to 11 accounts and amounts [3 marks) - 6 to 8 accounts and amounts [2 marks] - 3 to 5 accounts and amounts [1 mark]
	• correctly calculates Capital amount [1 mark]
	• provides evidence of balanced statement [1 mark]

Q	Sample response	The response for a repair option	Mark	The response for a non-repair option	Mark	The response	Mark
16	The purchase of the website for selling goods in the first instance means that it is an asset ($6000) that can be depreciated. The quote from Web Troubleshoot Pty Ltd to repair the damage caused by the hacker is $4950. To decide whether to go ahead with the repair, the following options will be considered. **Option 1** If the damage is repaired, then the cost will be an expense to the business if the revenue increase expected from implementing the online sales is $8377.80 in the same year. However, the cost of the goods for sale will also be likely to increase by 20% and based on current data, this will be $5001.80. The business would need to see if they could source the increased inventory at better/lower prices. At the end of the financial year, the cash at bank was $8940 with low accounts receivable ($978) but high accounts payable of $7468.12 (Stimulus 13). There is not a lot of cash available for expenses of this size. At these rates, it would not seem feasible to spend the money on repairs. **Option 2** If the website is not repaired, then there are two sub-options that need to be interrogated. Firstly, the website could be closed and the asset written off as a disposal, and the business just continues as it is, using a shop front. Secondly, the website could be kept open with the online shopping section closed. It would then become a marketing tool for Little Fruit Shop. The asset would still need to be written off as a disposal. The most feasible option would be to not repair the site as there is no guarantee that further hacks will not occur, but keep it open as a marketing tool. As a marketing tool, sales may increase.	• fully explains the implications connected to the option • provides a recommendation supported by information from the stimulus	3	• fully explains the implications connected to the option • provides a recommendation supported by information from the stimulus	3	• recommends a course of action from the options provided	2
		• explains some of the implications connected to the option • makes a recommendation and refers to the stimulus	2	• explains some of the implications connected to the option • makes a recommendation and refers to the stimulus	2	• allows a course of action to be inferred	1
		• makes a recommendation	1	• makes a recommendation	1	• does not satisfy any of the descriptors.	0
		• does not satisfy any of the descriptors.	0	• does not satisfy any of the descriptors.	0		