

# Accounting General Senior Syllabus 2019 v2.0

Subject report 2020

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# Introduction

The first summative year for the new Queensland Certificate of Education (QCE) system was unexpectedly challenging. The demands of delivering new assessment requirements and processes were amplified by disruptions to senior schooling arising from the COVID-19 pandemic. This meant the new system was forced to adapt before it had been introduced — the number of summative internal assessments was reduced from three to two in all General subjects. Schools and the QCAA worked together to implement the new assessment processes and the 2020 Year 12 cohort received accurate and reliable subject results.

Queensland's innovative new senior assessment system combines the flexibility and authenticity of school-based assessment, developed and marked by classroom teachers, with the rigour and consistency of external assessment set and marked by QCAA-trained assessment writers and markers. The system does not privilege one form of assessment over another, and both teachers and QCAA assessors share the role of making high-stakes judgments about the achievement of students. Our commitment to rigorous external quality assurance guarantees the reliability of both internal and external assessment outcomes.

Using evidence of student learning to make judgments on student achievement is just one purpose of assessment. In a sophisticated assessment system, it is also used by teachers to inform pedagogy and by students to monitor and reflect on their progress.

This post-cycle report on the summative assessment program is not simply being produced as a matter of record. It is intended that it will play an active role in future assessment cycles by providing observations and findings in a way that is meaningful and helpful to support the teaching and learning process, provide future students with guidance to support their preparations for summative assessment, and promote transparency and accountability in the broader education community. Reflection and research are necessary for the new system to achieve stability and to continue to evolve. The annual subject report is a key medium for making it accessible to schools and others.

# Background

## Purpose

The annual subject report is an analysis of the previous year's full summative assessment cycle. This includes endorsement of summative internal assessment instruments, confirmation of internal assessment marks and external assessment.

The report provides an overview of the key outcomes of one full teaching, learning and assessment cycle for each subject, including:

- information about the application of the syllabus objectives through the design and marking of internal and external assessments
- information about the patterns of student achievement in each subject for the assessment cycle.

It also provides advice to schools to promote continuous improvement, including:

- identification of effective practices in the design and marking of valid, accessible and reliable assessments
- identification of areas for improvement and recommendations to enhance the design and marking of valid, accessible and reliable assessment instruments
- provision of tangible examples of best practice where relevant, possible and appropriate.

## Audience and use

This report should be read by school leaders, subject leaders and teachers to inform teaching and learning and assessment preparation. The report is to be used by schools and teachers to assist in assessment design practice, in making assessment decisions and in preparing students for external assessment.

The report is publicly available to promote transparency and accountability. Students, parents, community members and other education stakeholders can learn about the assessment practices and outcomes for General subjects (including alternative sequences and Senior External Examination subjects, where relevant) and General (Extension) subjects.

## Report preparation

The report includes analyses of data and other information from the processes of endorsement, confirmation and external assessment, and advice from the chief confirmer, chief endorser and chief marker, developed in consultation with and support from QCAA subject matter experts.

# Subject data summary

## Subject enrolments

Number of schools offering the subject: 174.

Completion of units	Unit 1	Unit 2	Units 3 and 4*
Number of students completed	2134	2192	2143

\*Units 3 and 4 figure includes students who were not rated.

## Units 1 and 2 results

Number of students	Satisfactory	Unsatisfactory	Not rated
Unit 1	2055	79	0
Unit 2	2110	79	3

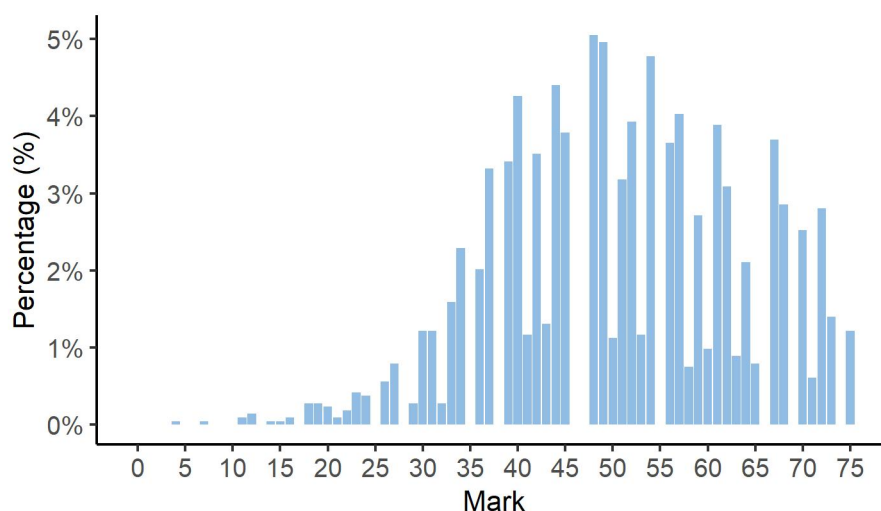
## Units 3 and 4 internal assessment results

### 2020 COVID-19 adjustments

To support Queensland schools, teachers and students to manage learning and assessment during the evolving COVID-19 pandemic in 2020, the QCAA Board approved the removal of one internal assessment for students completing Units 3 and 4 in General and Applied subjects.

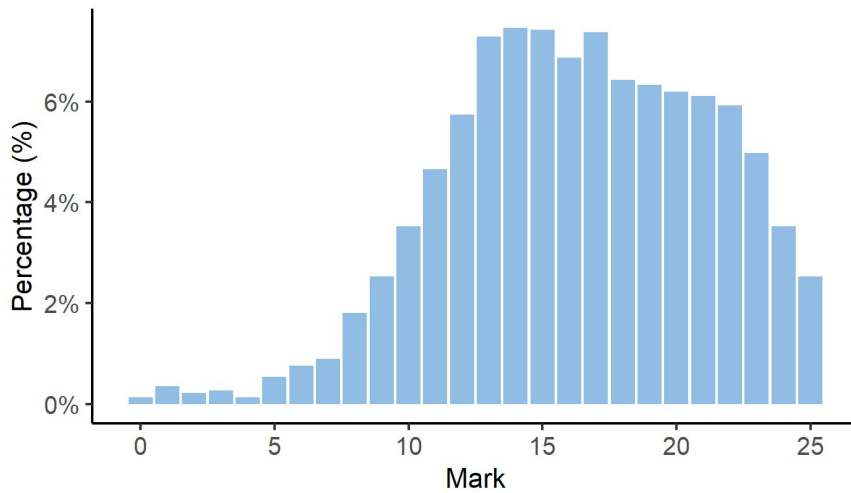
In General subjects, students completed two internal assessments and an external assessment. Schools made decisions based on QCAA advice and their school context. Therefore, across the state some instruments were completed by most schools, some completed by fewer schools and others completed by few or no schools. In the case of the latter, the data and information for these instruments has not been included.

## Total results for internal assessment

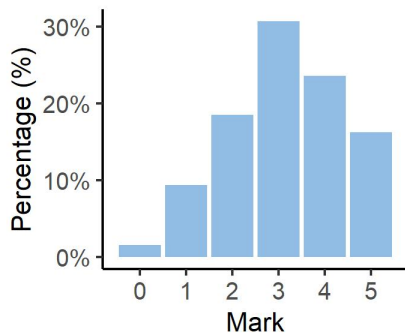


# IA1 results

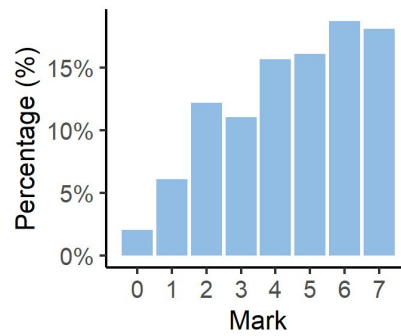
## IA1 total



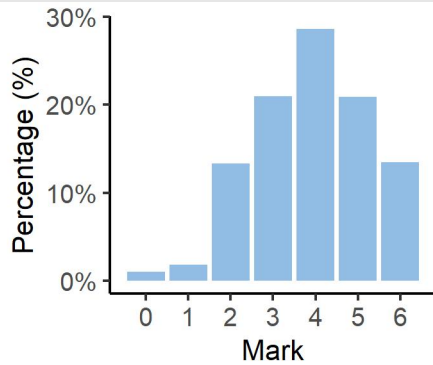
## IA1 Criterion 1



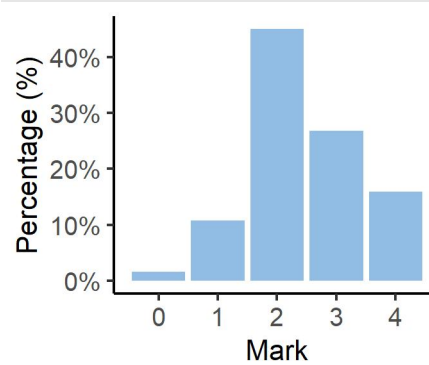
## IA1 Criterion 2



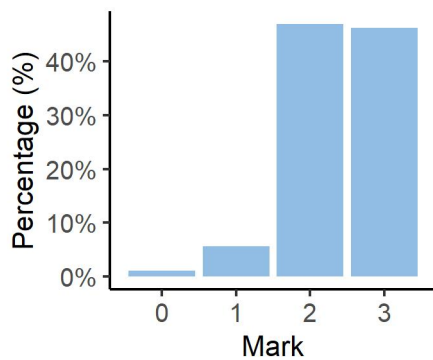
## IA1 Criterion 3



## IA1 Criterion 4

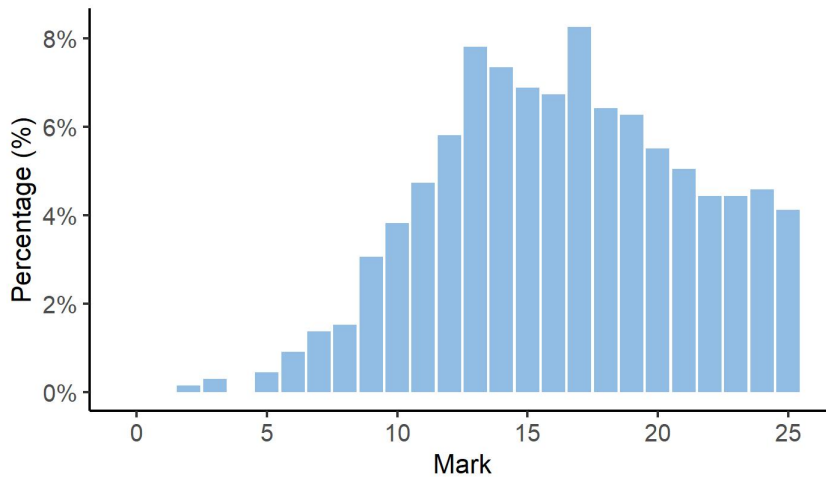


## IA1 Criterion 5

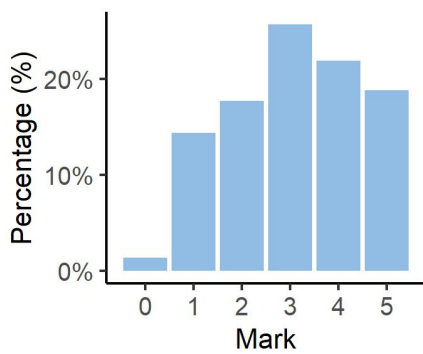


# IA2 results

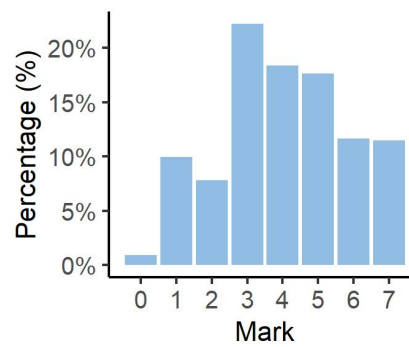
## IA2 total



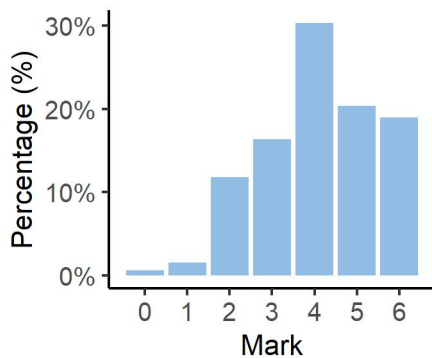
## IA2 Criterion 1



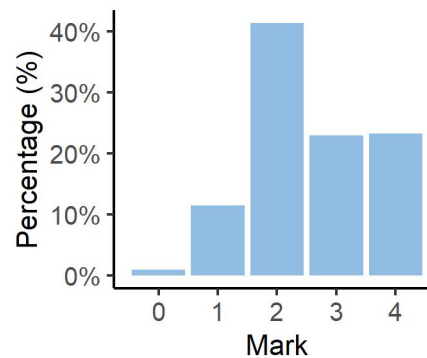
## IA2 Criterion 2



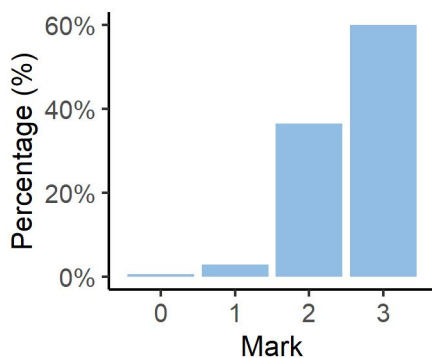
## IA2 Criterion 3



## IA2 Criterion 4



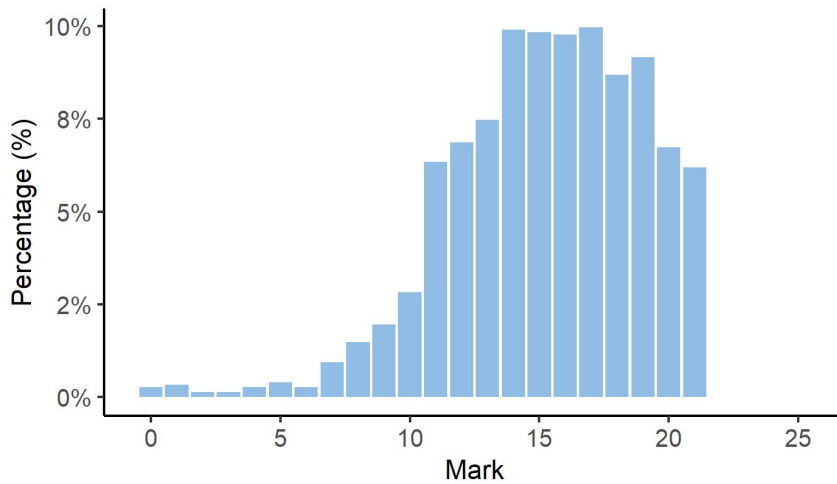
## IA2 Criterion 5





# IA3 results

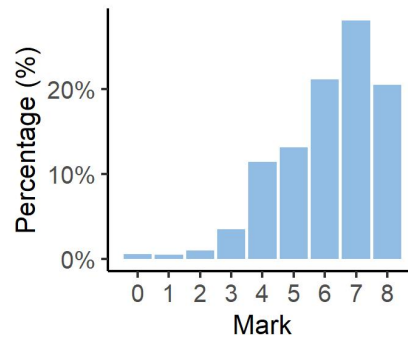
## IA3 total



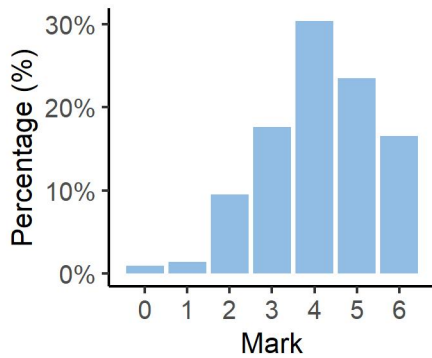
## IA3 Criterion 1

Due to COVID-19 pandemic adjustments, Criterion 1 was not assessed in 2020.

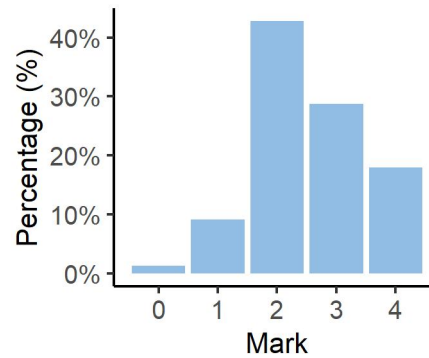
## IA3 Criterion 2



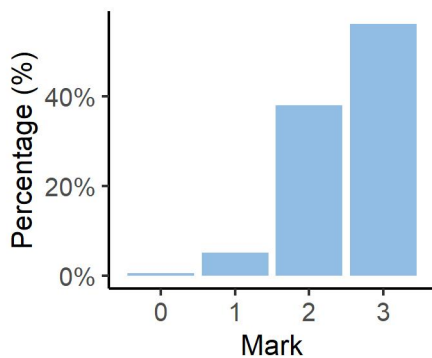
## IA3 Criterion 3



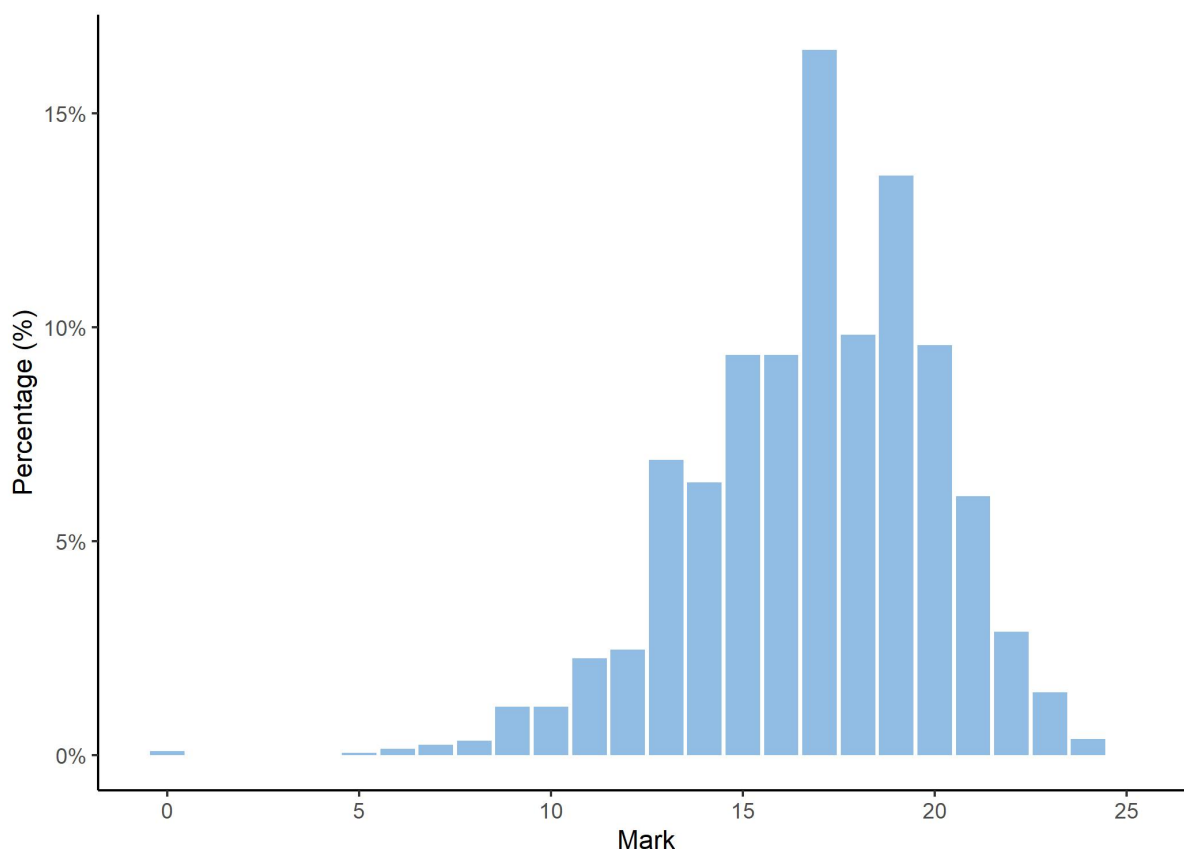
## IA3 Criterion 4



## IA3 Criterion 5



## External assessment results



## Final standards allocation

The number of students awarded each standard across the state are as follows.

Standard	A	B	C	D	E
<b>Number of students</b>	462	773	773	103	2

## Grade boundaries

The grade boundaries are determined using a process to compare results on a numeric scale to the reporting standards.

Standard	A	B	C	D	E
<b>Marks achieved</b>	100–81	80–65	64–44	43–19	18–0

# Internal assessment

The following information and advice pertain to the assessment design and assessment decisions for each IA in Units 3 and 4. These instruments have undergone quality assurance processes informed by the attributes of quality assessment (validity, accessibility and reliability).

## Endorsement

Endorsement is the quality assurance process based on the attributes of validity and accessibility. These attributes are categorised further as priorities for assessment and each priority can be further broken down into assessment practices. Data presented in the assessment design sections identifies the reasons why IA instruments were not endorsed at Application 1, by the priority for assessments. An IA may have been identified more than once for a priority for assessment, e.g. it may have demonstrated a misalignment to both subject matter and to the assessment objective. Refer to the quality assurance tools for detailed information about the assessment practices for each assessment instrument.

### Total number of items endorsed in Application 1

Number of items submitted each event	IA1	IA2	IA3
Total number of instruments	174	174	174
Percentage endorsed in Application 1	58	56	73

## Confirmation

Confirmation is the quality assurance process based on the attribute of reliability. Teachers make judgments about the evidence in students' responses using the instrument-specific marking guide (ISMG) to indicate the alignment of students' work with performance-level descriptors and determine a mark for each criterion. These are provisional criterion marks. The QCAA makes the final decision about student results through the confirmation processes. Data presented in the assessment decisions section identifies the level of agreement between provisional and final results.

### Number of samples reviewed at initial, supplementary and extraordinary review

IA	Number of schools	Number of samples requested	Supplementary samples requested	Extraordinary review	School review	Percentage agreement with provisional
1	174	882	115	36	6	97.41
2	45	243	38	0	10	97.18
3	129	676	43	0	7	98.26

# Internal assessment 1 (IA1)

## Examination — combined response (25%)

The IA1 examination assesses students' understandings of how sole traders manage the resources of a trading GST business including non-current assets and technology. Double entry and accrual accounting principles are applied to purchase, depreciate and dispose of non-current assets. IA1 instruments provide opportunity for the financial data and information related to the management of these resources to be analysed and interpreted to evaluate relevant accounting practices for the real-life contextual issue impacting the business (Syllabus section 4.5.1).

### Assessment design

#### Validity

Validity in assessment design considers the extent to which an assessment item accurately measures what it is intended to measure and that the evidence of student learning collected from an assessment can be legitimately used for the purpose specified in the syllabus.

#### Reasons for non-endorsement by priority of assessment — validity practices

Validity priority	Number of times priority was identified in decisions*
Alignment	50
Authentication	0
Authenticity	5
Item construction	11
Scope and scale	15

\*Total number of submissions: 174. Each priority might contain up to four assessment practices.

#### Effective practices

Validity priorities were effectively demonstrated in assessment instruments that featured:

- practical items in Part B that enabled students to apply their knowledge of the differing depreciation methods to calculate, record and report the relevant accounting transactions related to non-current assets
- engaging real-life scenarios that related to the non-current assets and/or technology in Part C and which were used effectively to raise awareness of issues of management of resources.

#### Practices to strengthen

It is recommended that assessment instruments:

- promote a range of differing capital expenditure and other expenditure items as stimulus in Part B to ensure the instrument has sufficient scope for students to demonstrate the effective application of accounting principles for the depreciation method required
- that use the cognition (e.g. describe or explain) and the accounting concept or principle as the subject matter for the Part A questions be worded to enable a detailed and meaningful account of the process or situation, rather than the presentation of a definition
- include appropriate evidence of both financial data and information that relates to the current accounting practices used to manage the identified resources to ensure the scope of analysis

and interpretation allows for the demonstration of the full range of performance levels within the Analysing criterion. For example, stimulus material that offers detailed information but contains very little to no financial data impacts opportunities to demonstrate ‘significant and relevant relationships’ when examining the financial data and information

- use questions that are different from and in a different layout to those in the QCAA sample assessment instruments. Changing the figures in the stimulus (e.g. Part B — practical items) limits the opportunity to demonstrate the range of performance levels within the criterion (e.g. the top performance level for the Applying criterion).

## Accessibility

Accessibility in assessment design ensures that no student or group of students is disadvantaged in their capacity to access an assessment.

### Reasons for non-endorsement by priority of assessment — accessibility practices

Accessibility priority	Number of times priority was identified in decisions*
Transparency	5
Language	8
Layout	6
Bias avoidance	5

\*Total number of submissions: 174. Each priority might contain up to four assessment practices.

### Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that featured:

- appropriately contextualised accounting terminology in Part C for the students to evaluate accounting practices, make decisions and propose recommendations to improve the management of resources.

### Practices to strengthen

It is recommended that assessment instruments:

- model accurate textual features such as spelling, punctuation and grammar.

## Assessment decisions

### Reliability

Reliability is a judgment about the measurements of assessment. It refers to the extent to which the results of assessments are consistent, replicable and free from error.

## Agreement trends between provisional and final results

Criterion number	Criterion name	Percentage agreement with provisional	Percentage less than provisional	Percentage greater than provisional
1	Comprehending	97.86	1.95	0.18
2	Applying	97.59	1.36	1.05
3	Analysing	96.41	3.36	0.23
4	Evaluating	97.36	2.14	0.5
5	Communicating	97.82	1.86	0.32

### Effective practices

Accuracy and consistency of the application of the ISMG for this IA was most effective when:

- responses matched to the upper performance level clearly provided evidence of forward processing to produce a solution to a problem
- the analysis of financial data *and* information *and* interpretation of trends was evident at both the mid and upper performance levels
- the responses included decisions about existing and alternative practices to propose recommendations. At the upper performance level for the Evaluating criterion, these decisions are *thoroughly* justified, and recommendations are *convincing*.

### Samples of effective practices

The following is an excerpt from a response that illustrates the characteristics for the Comprehending criterion at the performance level indicated. The response demonstrates understanding that is thorough, identifies significant characteristics and is beyond the presentation of a definition.

<p><b>Comprehending (4–5 marks)</b> This response demonstrates:</p> <ul style="list-style-type: none"> <li>• identification of significant characteristics in the response</li> <li>• thorough understanding of accounting concepts, principles and/or processes.</li> </ul>	<p><i>major</i> The <del>difference</del> <sup>major</sup> between capital expenditure and other expenditure is that capital expenditure is capitalised, <sup>therefore an asset</sup> while other expenditure is an expense. Capital expenditure is added to the cost price of an asset as it includes freight, installation and any expenses to improve or upgrade an asset in order to extend its useful life to the business. Capital expenditure is expenditure that will last the business longer than one accounting period. Where as, other expenditure includes expenses that will be used-up before the completion of one accounting period. For example; repairs to non-current assets.</p>
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The following is an excerpt from a response that illustrates the characteristics for the Applying criterion at the performance level indicated. The response shows the effective application of double entry to record and process transactions for the purchase and depreciation of a non-current asset in the general ledger over two accounting periods.

**Applying (3–4 marks)**

This response demonstrates:

- effective application of double entry to record and process transactions for the purchase and depreciation of non-current assets in the general ledger.

Depreciation on Machine A/c

30/06/19	Accum. degn. of Mech.	15000	30/06/19	Profit + Loss	15000
		15000			15000
30/06/20	Accum. degn. of Mech.	10500	30/06/20	Profit + Loss	16275
	Accum. degn. of Mech.	5775			
		16275			16275

✓

### Practices to strengthen

To further ensure accuracy and consistency of the application of the ISMG in this IA, it is recommended that:

- the elaborations of the syllabus objectives be used together with the glossary to assist in a better understanding of the Comprehending criterion. For example, Comprehending incorporates descriptions and explanations, and responses that focus on providing a definition without explanation of the concepts, principles and/or processes (Syllabus section 1.2.1; Syllabus section 6) are matched to a lower performance level
- where evidence in the response for Part B shows inconsistent calculations of depreciation or partial application of double entry to record and process transactions, a mark of 1 should be awarded. The marks for the two questions should be totalled as the provisional mark for the criterion.

### Additional advice

Teachers should continue to provide samples that are clearly annotated to show where any errors were made and where consequential marks have been awarded.

# Internal assessment 2 (IA2)

## Examination — combined response (25%)

The IA2 examination assesses students' abilities to synthesise and solve a goal-oriented problem relating to fully classified financial statements to report comprehensively on the performance of a sole trader trading GST business. The use of spreadsheet software provides opportunity for the authentic application of spreadsheet features and functions in accounting contexts. (Syllabus section 4.5.2).

### Assessment design

#### Validity

Validity in assessment design considers the extent to which an assessment item accurately measures what it is intended to measure and that the evidence of student learning collected from an assessment can be legitimately used for the purpose specified in the syllabus.

#### Reasons for non-endorsement by priority of assessment — validity practices

Validity priority	Number of times priority was identified in decisions*
Alignment	33
Authentication	0
Authenticity	29
Item construction	26
Scope and scale	8

\*Total number of submissions: 174. Each priority might contain up to four assessment practices.

#### Effective practices

Validity priorities were effectively demonstrated in assessment instruments that featured:

- a range of accounting concepts to address the seven conceptual errors relating to financial statements
- a meaningful context in Part C that allowed for critical consideration to be made of the profitability or liquidity performance issue raised.

#### Practices to strengthen

It is recommended that assessment instruments:

- include a range of ratios in Part C from both areas of performance (profitability and liquidity) relating to both financial periods, and their industry averages (where applicable). The specifications do not require the actual calculation of ratios
- include questions in Part A that allow the demonstration of comprehension of concepts, principles and/or processes in the context of fully classified financial statement reporting for a trading GST business
- ensure that the choice of financial data and other information presented in Part B does not produce a predictable identification of the forced seven conceptual errors relating to the financial statements. Specific emphasis should be placed on recognising that the conceptual



errors are only identified through backwards processing and that forward processing is only used to then produce the solution

- provide stimulus material in Part C that allows for analysis, interpretation and evaluation across both areas of performance, i.e. profitability and liquidity
- are designed with a layout different from the QCAA sample assessment instruments to provide opportunity to demonstrate the range of performance levels within the criterion (e.g. the upper performance level for the Synthesising and solving criterion).

## Accessibility

Accessibility in assessment design ensures that no student or group of students is disadvantaged in their capacity to access an assessment.

### Reasons for non-endorsement by priority of assessment — accessibility practices

Accessibility priority	Number of times priority was identified in decisions*
Transparency	1
Language	0
Layout	1
Bias avoidance	3

\*Total number of submissions: 174. Each priority might contain up to four assessment practices.

### Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that featured:

- appropriately contextualised use of accounting terminology for the evaluation of accounting practices in Part C for students to make decisions and propose recommendations to improve the one area of performance identified (profitability or liquidity)
- a range of contemporary layout options to present the stimulus material relating to fully classified financial statement reporting for a sole trader trading GST business
- appropriately formatted response templates.

### Practices to strengthen

It is recommended that assessment instruments:

- have clear layout and formatting that makes assessment information clear and understandable for students.

## Assessment decisions

### Reliability

Reliability is a judgment about the measurements of assessment. It refers to the extent to which the results of assessments are consistent, replicable and free from error.

#### Agreement trends between provisional and final results

Criterion number	Criterion name	Percentage agreement with provisional	Percentage less than provisional	Percentage greater than provisional
1	Comprehending	95.25	4.75	0
2	Synthesising and solving	98.16	1.69	0.15
3	Analysing	94.48	5.52	0
4	Evaluating	98.62	1.38	0
5	Communicating	99.39	0.61	0

### Effective practices

Accuracy and consistency of the application of the ISMG for this IA was most effective when:

- the responses demonstrated understanding through, for example, descriptions and explanations when matched to the upper performance level descriptors for the Comprehending criterion
- there was evidence to support forward processing and/or backward processing to develop a solution to a problem
- financial data and information were analysed and the outcome used to explain issues or problems and to support decisions made to propose recommendations at the mid performance level for the Analysing and Evaluating criteria.

#### Sample of effective practices

The following is an excerpt from a response that illustrates the characteristics for the Evaluating criterion at the performance level indicated. The sample may provide evidence of more than one criterion. The response shows perceptive judgments for proposed changes and thoroughly justified decisions with suitable recommendations provided. The characteristics highlighted may not be the only time the characteristics have occurred throughout the response.

### Evaluating (3–4 marks)

This response demonstrates:

- perceptive judgments for proposed changes to accounting practices relating to one area of performance
- thoroughly justified decisions for the area of performance relevant to the accounting context.

## Proposed Changes

Increasing sales revenue and decreasing cost of goods sold will improve the gross and net profit ratio. Investigation into inventory sourcing is required to improve sales figure and for the increase to become proportionate with cost of goods sold. This may mean that the business finds a cheaper supplier with high quality products and begins to buy in bulk.

Expense control needs to be investigated. Bad debts need to be reduced. This will occur through a review of the credit policy and the amount of credit and time period of payments allowed. The business may benefit in hiring a person responsible for reminding customers through phone, email and regular notice to ensure they do not get out of control. The business should in addition look at spending more on advertising to increase profit and sales and should increase prepaid expenses from the current 71.30% decrease. This will allow the business to build a relationship with suppliers and potentially benefit through expense discounts if paid on time or in advance. This may also include more targeted promotions and discounts to loyal customers. Reducing highly increased expenses such as telephone and internet is also recommended. Loss by theft is an expense creating financial burden on the business. To rectify this issue investigation into internal controls and the asset register is necessary. This should include reviewing the location, storage and security of inventory. Once theft is eliminated the business will have a more accurate indication of inventory needed in relation to sales.

*excellent!*

### Practices to strengthen

To further ensure accuracy and consistency of the application of the ISMG in this IA, it is recommended that:

- the elaborations of the syllabus objectives (Syllabus section 1.2.1) be used together with the glossary to provide a better understanding of the Comprehending criterion. For example, comprehending incorporates description and explanation, and responses focused on providing a definition without explanation of the concepts, principles and/or processes (Syllabus section 6) within the context of fully classified financial statement reporting for a trading GST business may not demonstrate understanding at the mid and upper performance levels
- the elaborations of the syllabus objectives (Syllabus section 1.2.1) be used together with the glossary to better understand the Analysing criterion. For example, analyse requires examination of constituent parts and their relationships and to identify patterns, similarities or differences (Syllabus section 6). Responses that do not examine financial data and information through the identification of significant and relevant relationships, and do not provide a thorough interpretation of trends in the financial data and information from the stimulus, are matched to the mid performance-level descriptors
- a better understanding of the Evaluating criterion be developed by using the elaborations of the syllabus objectives (Syllabus section 1.2.1) together with the glossary. For example, evaluating requires making an appraisal by making judgements about ideas or solutions based on criteria (Syllabus section 6). Responses at the upper performance level must provide perceptive judgments for proposed alternatives with a thorough justification of decisions.

### Additional advice

- Teachers should continue to provide samples that are clearly annotated to show where any errors are made and where consequential marks have been awarded.
- Ensure that data and information that is generated or found in the stimulus is used throughout the report so that significant relationships can be examined and trends identified.

## Internal assessment 3 (IA3)

### Project — cash management (25%)

The IA3 project assesses students' abilities to connect the relationship between the financial statements (reporting on past performance) and the cash budget (projecting for the future), and their importance in the financial management of a business. This project provides opportunities to apply accounting principles and processes for a trading GST business to calculate, record, process and report accounts. Emphasis is placed on synthesising and solving a real-life, goal-oriented problem relating to cash management. Analysis and interpretation of the relevant financial data and information allows for the evaluation of the contextualised accounting practices to make decisions and propose recommendations for the specific business (Syllabus section 5.6.1).

### Assessment design

#### Validity

Validity in assessment design considers the extent to which an assessment item accurately measures what it is intended to measure and that the evidence of student learning collected from an assessment can be legitimately used for the purpose specified in the syllabus.

#### Reasons for non-endorsement by priority of assessment — validity practices

Validity priority	Number of times priority was identified in decisions*
Alignment	23
Authentication	1
Authenticity	17
Item construction	5
Scope and scale	1

\*Total number of submissions: 174. Each priority might contain up to four assessment practices.

#### Effective practices

Validity priorities were effectively demonstrated in assessment instruments that featured:

- a considered range of financial data and information relating to at least three months, and which allowed for multiple solutions
- the use of real-life accounting contexts to devise a meaningful goal-oriented problem. Many assessment items accessed a diverse range of industries to present an appropriately challenging context for this project
- a considered approach when determining suitable authentication strategies to adopt for this particular project.

## Practices to strengthen

It is recommended that assessment instruments:

- explicitly state a goal-oriented problem that is relevant to the real-life accounting context chosen. Greater emphasis should also be placed on using the problem-solving model (Syllabus section 1.2.4) to allow for the development of a solution to achieve the accounting goal for the specific trading GST business
- include, in the stimulus, some relevant financial data and information allowing for the specific calculation of transactions as opposed to asking for calculations that were automatically generated by the computerised accounting package
- include a range of financial data for the cash budget design to promote distinct variances, allowing for multiple solutions and the effective application of the problem-solving model in the business report
- include a considered range of financial data and information allowing students to respond in depth. In some instances, due to the volume of stimulus presented, the chosen financial data and information only provided a surface-level engagement with the accounting concept as opposed to a deeper understanding of the concept. This was evident through the repetitive transactions requiring recording for the third month of the reporting cycle rather than providing a range of transactions that enabled students to demonstrate a deeper understanding of the monthly reporting process
- using templates (electronic or hard copies) or steps to achieve the goal must match the specifications of the syllabus (Syllabus section 5.6.1) and allow for multiple responses.

## Accessibility

Accessibility in assessment design ensures that no student or group of students is disadvantaged in their capacity to access an assessment.

### Reasons for non-endorsement by priority of assessment — accessibility practices

Accessibility priority	Number of times priority was identified in decisions*
Transparency	1
Language	7
Layout	0
Bias avoidance	0

\*Total number of submissions: 174. Each priority might contain up to four assessment practices.

### Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that featured:

- appropriately contextualised use of accounting terminology to address the goal-oriented problem.

## Practices to strengthen

It is recommended that assessment instruments:

- include clear, specific and appropriate accounting terminology for the spreadsheet requirement of the financial data and information in the stimulus, e.g. what projected data is disclosed in relation to revenues and expenses.

## Assessment decisions

### Reliability

Reliability is a judgment about the measurements of assessment. It refers to the extent to which the results of assessments are consistent, replicable and free from error.

#### Agreement trends between provisional and final results

Criterion number	Criterion name	Percentage agreement with provisional	Percentage less than provisional	Percentage greater than provisional
1	Applying	Not assessed		
2	Synthesising and solving	99.26	0.67	0.07
3	Analysing	96.02	3.91	0.07
4	Evaluating	97.3	2.63	0.07
5	Communicating	98.72	1.01	0.27

### Effective practices

Accuracy and consistency of the application of the ISMG for this IA was most effective when:

- responses for the Synthesising and solving criterion included the application of accounting principles and processes to produce the required financial documents and solve the goal-oriented problem. The application of accounting principles and processes to achieve a solution to the problem is required at the top two performance levels.

#### Samples of effective practices

The following is an excerpt from a response that illustrates the characteristics for the Analysing criterion at the performance level indicated. The sample may provide evidence of more than one criterion. The characteristics highlighted may not be the only time the characteristics have occurred throughout the response. The sample illustrates the examination of financial data and information identifying significant and relevant relationships with thorough interpretation of trends, and thorough and logical explanation of issues.

<p><b>Analysing (5–6 marks)</b> This response demonstrates:</p> <ul style="list-style-type: none"><li>• examines financial data and information through the identification of significant and relevant relationships</li><li>• thorough interpretation of trends in the financial data and information</li><li>• thorough and logical explanation of issues relating to cash management</li></ul>	<p><a href="#">3.4 Cost-Benefit-Analysis for the Property</a></p> <p>Three cash budgets were created to forecast different scenarios (see Appendix 2-4). The conservative approach, represented by the orange line in Figure 3, is the most likely scenario, which assumes the current leaseholders will stay after the purchase and the business will receive \$904 rent income. Yellow line illustrates the best-case scenario which assumes the tenants will pay \$1033 per month. Finally, the grey line shows the worst-case scenario in which the tenants will leave after purchase and the business will not receive any rent income.</p> <p>Interestingly, the final cash balance in June of the AS IS cash budget (blue line), which had no loan repayment or rental income, had almost equivalent value to the conservative approach. The best and worst-case scenarios' final balance varies give or take \$5000 from the conservative approach. The ongoing costs do not vary significantly either. Therefore, the amount of rent received from the current leaseholders should not be a significant concern to cash management. However, the largely positive bank balances are produced due to a reduction of purchases in October, November, and December as mentioned in 3.3.</p>
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## Practices to strengthen

To further ensure accuracy and consistency of the application of the ISMG in this IA, it is recommended that:

- the elaborations of the syllabus objectives (Syllabus section 1.2.1) be used together with the glossary to assist in a better understanding of the Analysing criterion. For example, analysing requires examination of constituent parts and their relationships and to identify patterns, similarities or differences (Syllabus section 6). Responses that superficially interpret financial data and information using superficial relationships can only be matched to the lower performance-level descriptors for the Analysing criterion
- the use of the elaborations of the syllabus objectives (Syllabus section 1.2.1) together with the glossary would provide a better understanding of the Evaluating criterion. For example, evaluating requires making an appraisal by making judgements about ideas or solutions based on criteria. Responses that do not provide perceptive judgments for proposed alternatives nor thoroughly justified decisions for cash management pertinent to the accounting context cannot be awarded the upper performance level for the Evaluating criterion.

## Additional advice

- Ensure that the complete assessment response for each sample in the submission is uploaded. Many submissions contained samples with missing evidence such as pages from the report or the practical cash budget and associated spreadsheets not uploaded.
- The practical component of this assessment item should be separate from the report and not included in the appendix. The appendix should contain only supplementary material that will not be directly used as evidence when marking the response (Section 8.2.6, *QCE and QCIA policy and procedures handbook v.2.0*).

# External assessment

## Examination — short response (25%)

### Assessment design

#### Assessment specifications and conditions

##### Specifications

The examination related to Unit 4 Topic 2: Complete accounting process for a trading GST business and Unit 4 Topic 3: Performance analysis of a public company.

##### Conditions

- Time: 2 hours plus 15 minutes planning time.
- Length:
  - multiple-choice items
  - practical items
  - short items — paragraph responses, 50–250 words each item.
- Other:
  - unseen stimulus
  - non-programmable calculator permitted.

The assessment instrument consisted of one paper made up of two sections. Questions were derived from the subject matter of Unit 4 Topic 2: Complete accounting process for a trading GST business and Unit 4 Topic 3: Performance analysis of a public company. This assessment was used to determine student achievement in the following assessment 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.

The six stimulus items for Section 2 were presented as three separate case studies and contained accounting data and information. The stimulus material was designed to elicit responses to both practical and short items through the application of a range of cognitions.



## Assessment decisions

Overall, students responded well to the following assessment aspects:

- understanding and application of instructional terms such as 'explain', 'record', 'prepare', 'propose and justify', and 'evaluate'.
- analysing and interpreting financial data and information to apply accounting principles and processes to respond to practical questions
- constructing solutions to goal-oriented problems
- using data and information to assess strengths and limitations to make decisions and propose recommendations for the future direction of a business.

## Effective practices

The following samples were selected to illustrate highly effective student responses in some of the assessment objectives of the syllabus.

### Multiple choice item response

Assessment objective:

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

Item: Question 2

Effective student responses:

- were those where students understood and correctly applied accounting concepts and principles to identify the key. For this question, students would have identified that drawings and assets are Balance Sheet items and that the profit or loss summary account has no relationship with the cash account.

### Short response

Assessment objective:

2. apply accounting principles and processes for a trading GST business and a public company

Item: Question 11b

This question required students to record the opening entries for the month of September in the general journal.

Effective student responses:

- recognised that reversing entries were required and correctly identified the accrued revenue and prepaid expense accounts
- correctly calculated the amounts to allocate to each account

Student sample of effective responses

The following excerpt has been included to:

- illustrate the correct recording of the required reversing entries.

General Journal				
Date	Particulars	Ref	Debit \$	Credit \$
Sep 1	Commission Revenue Accrued Revenue		20	20
Sep 1	Rent Expense Insurance Prepaid Expenses		500 800	1300

Assessment objective:

5. synthesise and solve accounting problems relating to the complete accounting process for a trading GST business

Item: Question 12

This item required students to propose and justify two strategies to solve the accounting problem.

Effective student responses:

- provided and explained two plausible strategies
- identified a source of funding to solve the problem
- supported the suggested strategies with relevant financial data and information.

### Student samples of effective responses

The following excerpt has been included to illustrate two proposed strategies with funding sources explained and which have been supported with relevant financial data and information.

Synthesising and solving	
	<p>Salaries have all increased. These proposed changes also require the purchase of a \$65,000 vehicle, whilst the business <sup>currently</sup> <del>only</del> owns has a negative cash balance of (\$42,655). A strategy to fund this purchase would be to take out a long-term loan. A loan can effectively increase cash, allow the purchase of the vehicle, which can be used to generate more revenue to repay the loan. Another strategy to increase cash is to implement internal controls over accounts receivables. Currently, the business <sup>will make</sup> <del>has made</del> an estimated \$284,000 of credit sales, and has \$52,800 of accounts receivables. Implementing stricter credit policies (for example, 30-day <del>pay</del> <sup>payment</sup> before interest is applied) will increase cash flow. If this is completed, after a year, there will be enough cash to fund the purchase of a second delivery vehicle.</p>

Assessment objective:

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

Item: Question 13

This item required students to analyse and interpret financial statements for a public company to evaluate the company's financial stability to support expansion plans.

Effective student responses:

- clearly explained the scenario
- stated valid recommendations
- used relevant financial data and information.

### Student samples of effective responses

The following excerpts have been included to illustrate:

- a clear explanation of the scenario, supported with relevant financial data and information
- use of both financial statements to make decisions and propose recommendations.

Analysing	<p>(Stimulus 5). Whilst its expansion into Queensland increases its potential to generate greater revenue and profit, it has <del>created</del> <sup>damaged</sup> the business's stability. Funding for the expansion was predominately sourced from borrowings and, in 2020, the issuing of \$310460 shares (Stimulus 5). This had a series of effects, primarily being high non-current liabilities, with total liabilities valuing to 75.24% of total assets in 2020. Whilst this indicates a positive change from 2019 (82.31%), it is still well above the industry benchmark of 60% (Stimulus 4).</p>
Evaluating	<p>liabilities, - well below the industry average of 2.2:1 and a decline from 2019 (Stimulus 4). <del>This is having a</del> <sup>This is having</sup> a direct impact on profit and cash flows, with finance costs increasing to 89670 in 2020. <del>With</del> <sup>Despite</sup> the repayment and servicing debt, <sup>cash from</sup> financing activities increased in 2020; however this was only as a result of the increase of shares. (Stimulus 5)</p> <p>The increase in shares also resulted in an increase in the Earnings per share from -8.1 to -2.8. Whilst this would usually indicate a positive change, as it stems simply</p>

13) as without sufficient cash the business risks  
in the short term  
not being able to pay its obligations, and possible  
insolvency in the long term. Additionally the business  
must improve its return to shareholders and <sup>hence make the</sup> earnings  
per share ratio positive. Overall, whilst stability  
shows signs of improvement, it must improve  
further before the business expands into New South  
Wales.

### Practices to strengthen

It is recommended that when preparing students for external assessment, teachers consider:

- emphasising the importance of carefully reading questions and the associated stimulus items. For example, a successful response to Question 11 required the recognition of both accrual and cash-based accounting processes and the recording of reversing entries.
- ensuring that students are prepared well for both Topics 2 and 3 in Unit 4.
- preparing students through teaching and learning to include both data and information when analysing, interpreting and evaluating stimulus items.

# Senior External Examination

The following information relates to the Accounting Senior External Examination, a standalone examination offered to eligible Year 12 students and adult learners. This commentary should be read in conjunction with the external assessment section of the preceding comments for the General subject.

There were insufficient student enrolments in this subject to provide useful analytics.

## Practices to strengthen

It is recommended that when preparing for the assessment for the Senior External Examination consideration be given to:

- the advice in the Accounting General Syllabus report for both internal and external assessment. The external assessment advice in the Accounting General Syllabus report is directly related to SEE 2 Paper 2
- incorporating into teaching and learning activities the use of both financial data and information in responding to questions requiring analysis, interpretation and evaluation
- the use of the glossary with the elaborations of the syllabus objectives to assist students in the development of responses to comprehension items.