

Accounting subject report

2021 cohort

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Introduction

Despite the challenges brought about by the COVID-19 pandemic, Queensland's education community can look back on 2021 with satisfaction at having implemented the first full assessment cycle in the new Queensland Certificate of Education (QCE) system. That meant delivering three internal assessments and one external assessment in each General subject.

This report analyses that cycle — from endorsing summative internal assessment instruments to confirming internal assessment marks, and designing and marking external assessment. It also gives readers information about:

- applying syllabus objectives in the design and marking of internal and external assessments
- patterns of student achievement.

The report promotes continuous improvement by:

- identifying effective practices in the design and marking of valid, accessible and reliable assessments
- recommending where and how to enhance the design and marking of valid, accessible and reliable assessment instruments
- providing 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
- assist in assessment design practice
- assist in making assessment decisions
- help prepare 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 (AS) and Senior External Examination (SEE) subjects, where relevant) and General (Extension) subjects.

Report preparation

The report includes analyses of data and other information from endorsement, confirmation and external assessment processes. It also includes 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 completion

The following data includes students who completed the General subject.

Note: All data is correct as at 17 December 2021. Where percentages are provided, these are rounded to two decimal places and, therefore, may not add up to 100%.

Number of schools that offered the subject: 174.

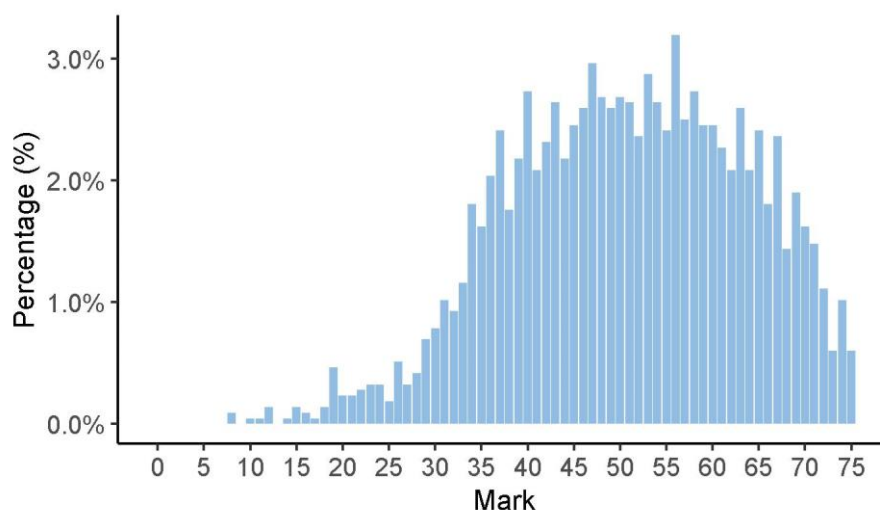
Completion of units	Unit 1	Unit 2	Units 3 and 4
Number of students completed	2810	2587	2141

Units 1 and 2 results

Number of students	Satisfactory	Unsatisfactory
Unit 1	2586	224
Unit 2	2436	151

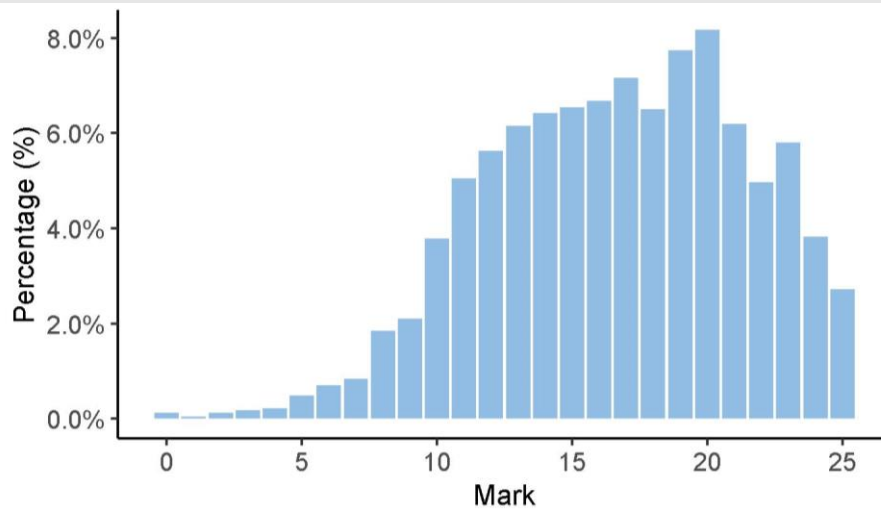
Units 3 and 4 internal assessment (IA) results

Total marks for IA

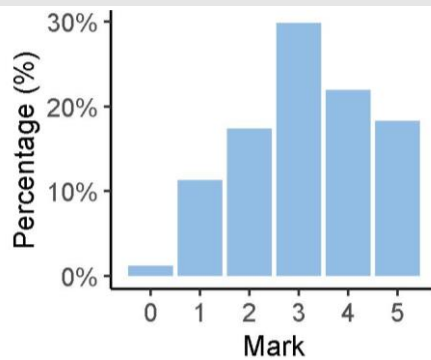


IA1 marks

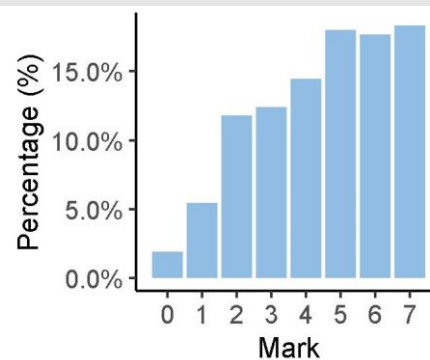
IA1 total



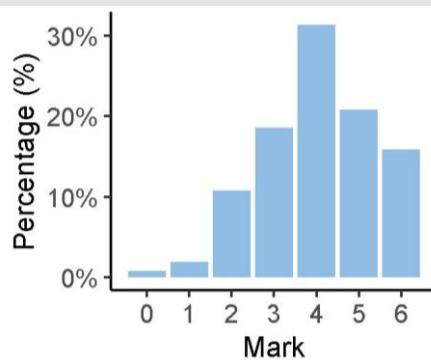
IA1 Criterion: Comprehending



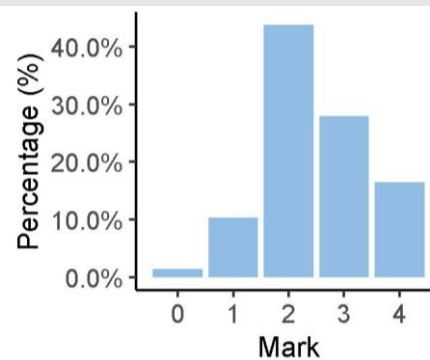
IA1 Criterion: Applying



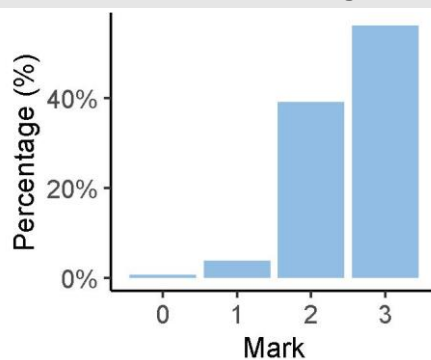
IA1 Criterion: Analysing



IA1 Criterion: Evaluating

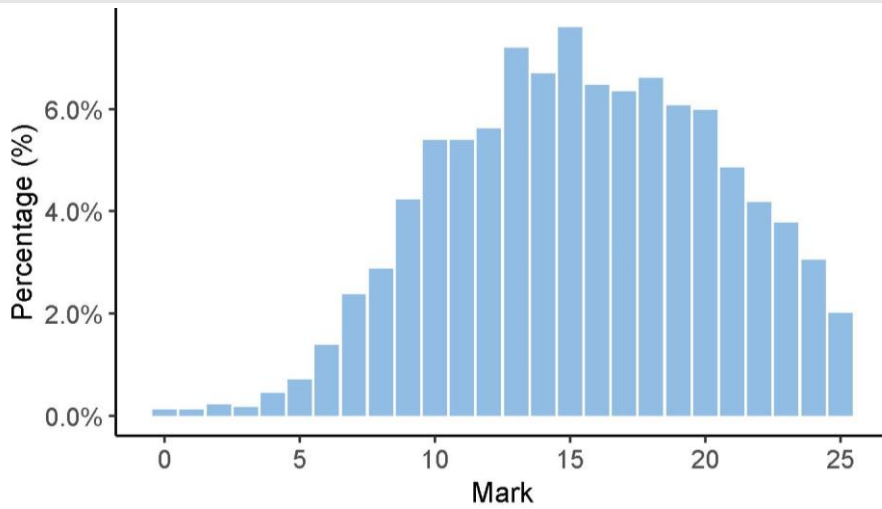


IA1 Criterion: Communicating

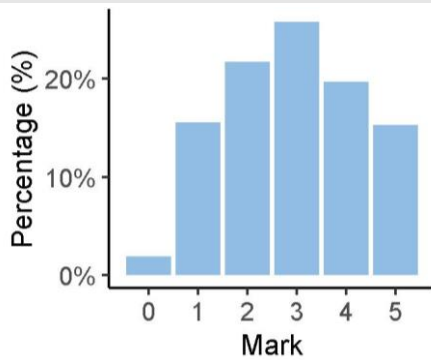


IA2 marks

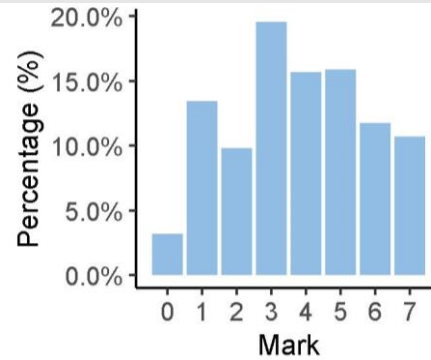
IA2 total



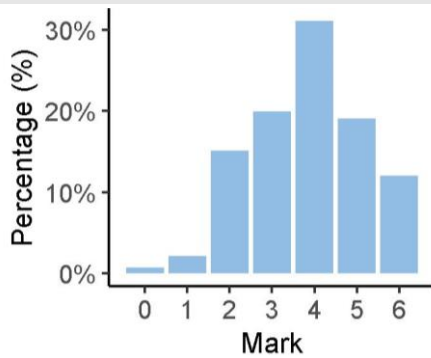
IA2 Criterion: Comprehending



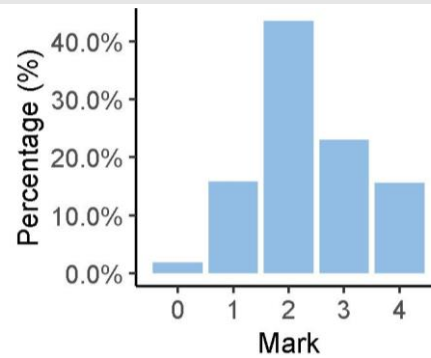
IA2 Criterion: Synthesising and solving



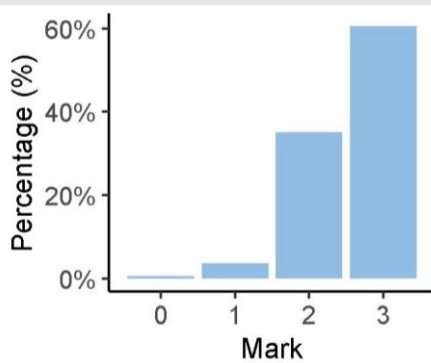
IA2 Criterion: Analysing



IA2 Criterion: Evaluating

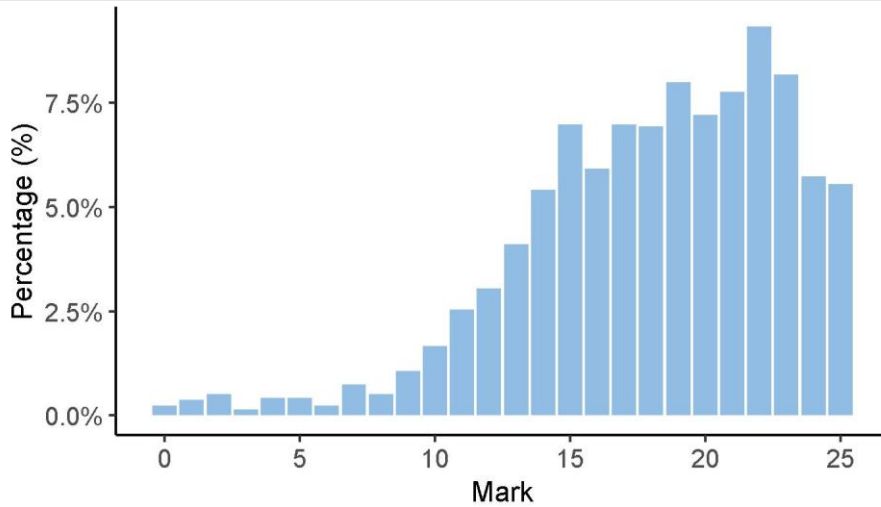


IA2 Criterion: Communicating

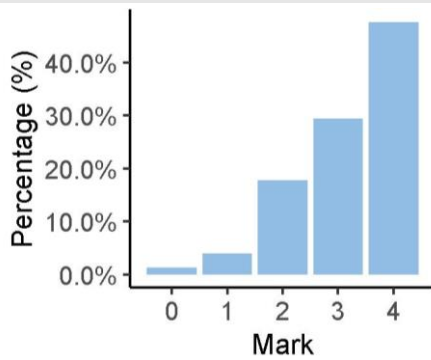


IA3 marks

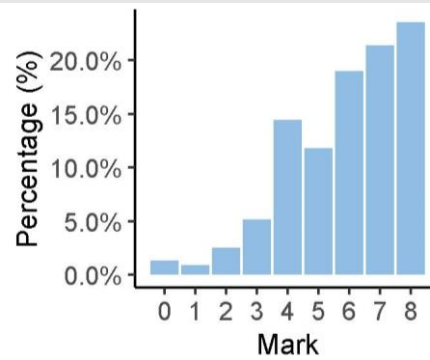
IA3 total



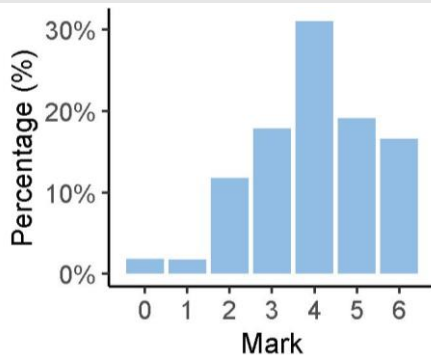
IA3 Criterion: Applying



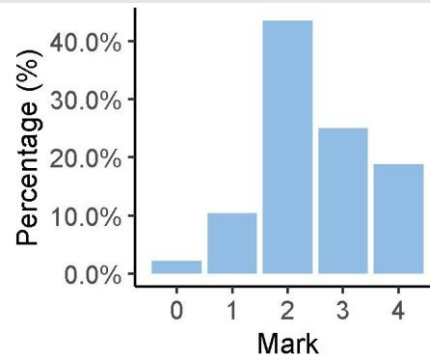
IA3 Criterion: Synthesising and solving



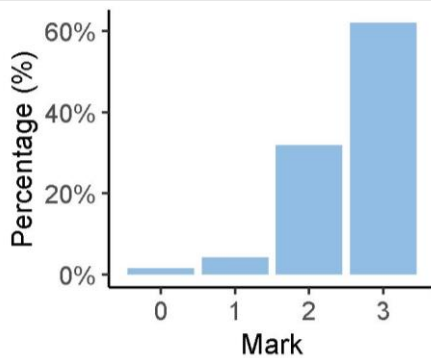
IA3 Criterion: Analysing



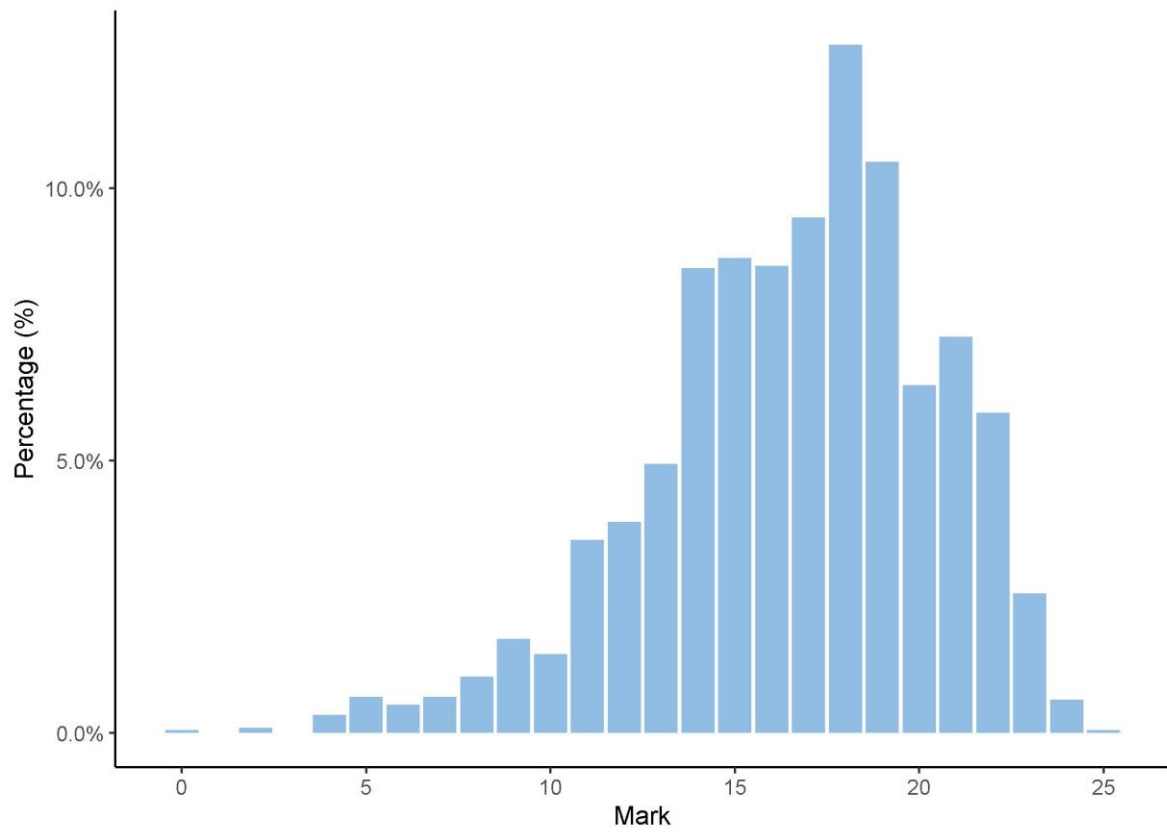
IA3 Criterion: Evaluating



IA3 Criterion: Communicating

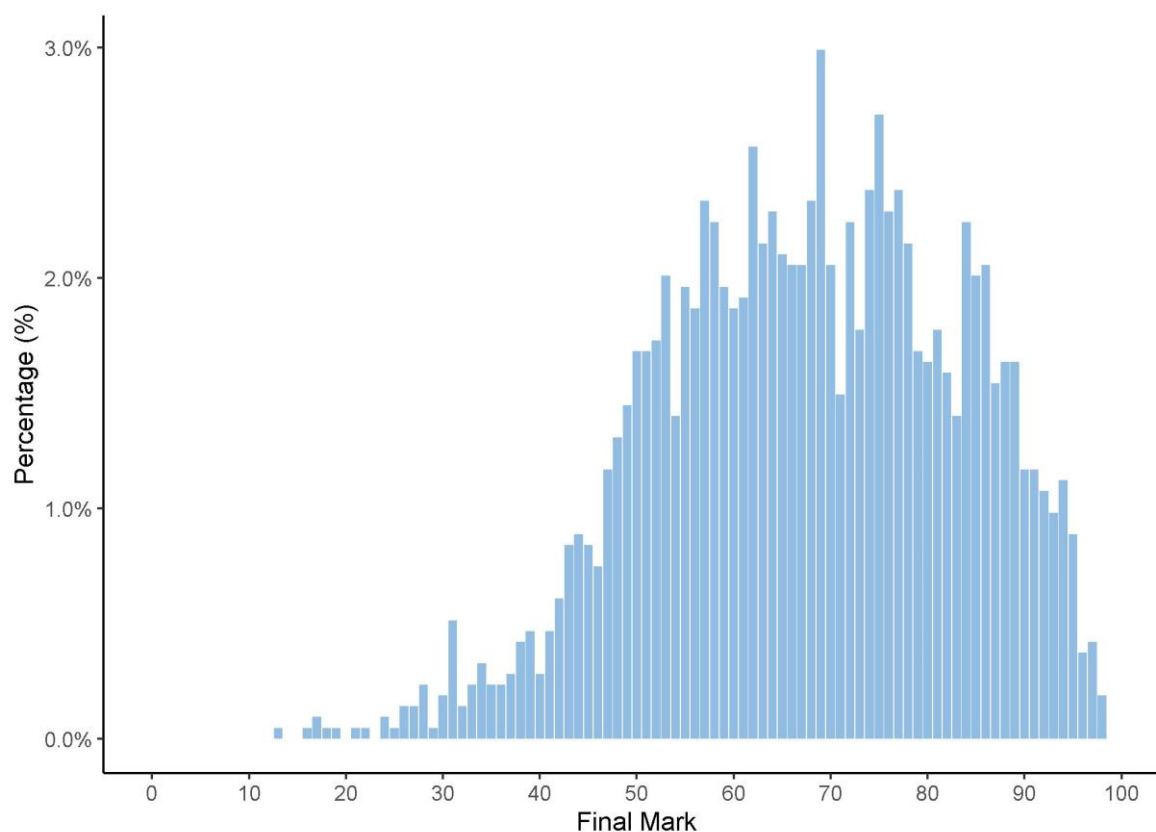


External assessment (EA) marks



Final subject results

Final marks for IA and EA



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
Marks achieved	100–83	82–65	64–43	42–19	18–0

Distribution of standards

The number of students who achieved each standard across the state is as follows.

Standard	A	B	C	D	E
Number of students	427	807	790	112	5



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 section 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 the subject matter and the assessment objective/s.

Refer to the quality assurance tools for detailed information about the assessment practices for each assessment instrument.

Percentage of instruments endorsed in Application 1

Number of instruments submitted	IA1	IA2	IA3
Total number of instruments	174	174	173
Percentage endorsed in Application 1	56%	52%	75%

Confirmation

Confirmation is the quality assurance process based on the attribute of reliability. The QCAA uses provisional criterion marks determined by teachers to identify the samples of student responses that schools are required to submit for confirmation.

Confirmation samples are representative of the school's decisions about the quality of student work in relation to the ISMG and are used to make decisions about the cohort's results. If further information is required about the school's application of the ISMG to finalise a confirmation decision, the QCAA requests additional samples.

Schools may request a review where an individual student's confirmed result is different from the school's provisional mark in one or more criteria and the school considers this result to be an anomaly or exception.

The following table includes the percentage agreement between the provisional marks and confirmed marks by assessment instrument. The Assessment decisions section of this report for each assessment instrument identifies the agreement trends between provisional and confirmed marks by criterion.

Number of samples reviewed and percentage agreement

IA	Number of schools	Number of samples requested	Number of additional samples requested	Percentage agreement with provisional marks
1	173	912	224	70.52%
2	173	914	170	64.74%
3	173	925	38	88.44%



Internal assessment 1 (IA1)

Examination — combination 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 priority	Number of times priority was identified in decisions*
Alignment	51
Authentication	0
Authenticity	14
Item construction	19
Scope and scale	20

*Each priority might contain up to four assessment practices.

Total number of submissions: 174.

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- in Part A — short items
 - referred to real-life contemporary scenarios. A variety of topical industry accounting issues were used to assess the subject matter, e.g. including specific contemporary technologies when describing the controls used for security and privacy of these technologies
 - assessed appropriate subject matter with questions of suitable scope, e.g. the design of effective questions incorporated targeted information to describe specific accounting and administrative controls in relation to a particular non-current asset
- in Part B — practical items, focused on different non-current assets (other than motor vehicles) to calculate the depreciation amounts. Reference to other non-current assets created opportunities to record different capital expenditure and other expenditure, enhancing authenticity by promoting an appropriately challenging context for the students

- in Part C — extended response item, provided contemporary contextualised financial data and information to manage resources (particularly items that focused on emerging technologies). This enabled some real insights for the potential evaluation of accounting practices in order to make decisions and propose recommendations for changes to improve the management of such emerging technologies.

Practices to strengthen

It is recommended that assessment instruments:

- in Part A — short items
 - enable students to demonstrate the depth of information, knowledge and skill for the Comprehending criterion. The design of questions should not be a restatement of the subject matter (e.g. ‘explain the impact of cloud computing on business data and information’) but rather focus on an aspect of the stated subject matter (in this example, an aspect of cloud computing)
 - are written from an accounting perspective. When focusing on the subject matter of ‘the impact of security of business data and information’, the question should address the accounting impact of security of business data and information
 - provide the opportunity for students to engage with the relevant cognition from the subject matter. Asking students to describe the historical cost principle or to describe the diminishing balance depreciation method does not provide enough information to be able to ‘give an account of the situation or process’ and lends itself to simply providing a definition of the term. Consider including more information in the question so that students can demonstrate ‘identification of significant characteristics’ in describing the process of the historical cost principle within their response
- in Part B — practical items
 - promote realistic and appropriately challenging contexts for students to respond to, and avoid structuring other expenditure items in the same sequence as the QCAA sample to elicit authentic responses. The design of the context for the item should be made meaningful by considering a range of capital expenditure and other expenditure items appropriate to two non-current assets. Consider using different non-current assets from those used in the published sample, or different non-current assets within the item
 - provide opportunities for students to demonstrate the top performance level for the Applying criterion, which requires students to use forward processing to produce a solution to a fundamental problem that is ‘structured and familiar’. ‘Structured and familiar’ does not mean replicating the same layout as the QCAA sample
- in Part C — extended response item
 - provide financial data and information with varying levels of significance and relevance to the accounting context and question so that appropriate evaluation of accounting practices can occur in order to make decisions (plural) and propose recommendations (plural) for proposed changes to improve the management of resources. The presented financial data and information should not lead students to limited and/or obvious decisions. Part of the evaluation requires students to use their knowledge from their analysis and interpretation to make decisions about existing or alternative accounting practices
 - include contextualised financial data and information relating to the control of resources for a sole trader trading GST business. Presenting contextualised financial data and information similar to that in the QCAA sample limits the opportunity for students to develop unique and authentic responses that demonstrate achievement of the assessment objectives.

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 priority	Number of times priority was identified in decisions*
Bias avoidance	1
Language	10
Layout	11
Transparency	2

*Each priority might contain up to four assessment practices.

Total number of submissions: 174.

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- communicated appropriate accounting terminology specific to the type of non-current asset highlighted in the question
- implemented appropriate language conventions to provide clear instructions. This was evident in the task component for Part C — extended response item.

Practices to strengthen

It is recommended that assessment instruments:

- choose a variety of layouts to ensure students can demonstrate the top performance level for the Applying criterion.

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 confirmed marks

Criterion number	Criterion name	Percentage agreement with provisional	Percentage less than provisional	Percentage greater than provisional	Percentage both less and greater than provisional
1	Comprehending	91.33%	8.67%	0%	0%
2	Applying	89.6%	7.51%	2.89%	0%
3	Analysing	78.03%	21.39%	0.58%	0%
4	Evaluating	85.55%	14.45%	0%	0%

Criterion number	Criterion name	Percentage agreement with provisional	Percentage less than provisional	Percentage greater than provisional	Percentage both less and greater than provisional
5	Communicating	95.95%	4.05%	0%	0%

Effective practices

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

- for the Comprehending criterion, the responses included the identification of characteristics, demonstrated understanding of accounting concepts and used accounting terminology. At the upper performance level, the evidence provided significant characteristics, included all important points, and showed thorough understanding that was complete and showed attention to detail
- for the Applying criterion, responses matched to the mid and upper performance level clearly provided evidence of forward processing to calculate, record and report on the purchase, depreciation, and disposal of non-current assets
- for the Analysing criterion, the explanation of issues with the management of resources used the interpretation of financial data and information in matching to both the mid performance level with a 3–4 mark range and upper performance level with a 5–6 mark range.

Samples of effective practices

The following are excerpts from responses that illustrate the characteristics for the criteria at the performance levels indicated. The excerpts may provide evidence of more than one criterion. The characteristics identified may not be the only time the characteristics have occurred throughout the response.

This student response excerpt has been included:

- to demonstrate the identification of significant characteristics and a thorough understanding of accounting concepts, e.g. the response identifies the application of depreciation to non-current assets for wear and tear and obsolescence and the application of that through the use of a negative asset account. The explanations are thorough and show perceptive use of accounting terminology, e.g. 'written down cost', 'book value' and 'realisable value'.

Comprehending (4–5 marks)

- identification of significant characteristics in the response
- thorough understanding of accounting concepts, principles and/or processes

Non-current assets' value diminishes over their useful life due to wear and tear, and obsolescence. However, following the historical cost principle, non-current assets are recorded at their original cost. In order to show that the value of these assets diminishes due to depreciation, an accumulated depreciation account is created. In the Statement of Financial Position, accumulated depreciation is taken away from the historical cost of the asset. This represents the carrying amount/written down cost and shows that the book value of the asset decreases over its useful life. This does not represent the realisable value.

These student response excerpts have been included:

- to demonstrate the effective application of double entry to record and process transactions.
 - Excerpt 1 has been included to show the recording of depreciation of non-current assets (delivery vehicles) in a columnar format of the general ledger.
 - Excerpt 2 has been included to show the recording of the disposal of a non-current asset in a T format of the general ledger.

Applying (3–4 marks)

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

Excerpt 1

Date	Particulars	Debit	Credit	Balance	
Depreciation on delivery vehicles					
30/6/19	Acc dep on Delivery Vehicle	13 000		13 000	Dr
	Profit or Loss Summary		13 000	0	
30/6/20	Acc dep on Delivery Vehicle	9 750		9 750	Dr
30/6/20	Acc dep on Delivery Vehicle	8 004		17 754	Dr
30/6/20	Profit or Loss Summary		17 754	0	

Excerpt 2

Date	Particulars	F	Amount	Date	Particulars	F	Amount
Disposal of Equipment 3304.1							
31/12/20	Equipment		14 000	31/12/20	Accumulated Depreciation on Equip		7 875
	Accumulated Depreciation on Equip		2 375		Coffee Machine		85 000
			\$ 16 375				\$ 16 375

Applying (3 marks)

- effective application of double entry to record and process transactions for the disposal of a non-current asset in the general ledger

Practices to strengthen

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

- the elaborations of the syllabus objectives be used together with the glossary to unpack the Analysing criterion, e.g. analysis includes the examination of financial data and information to *explain* issues. It should also identify relationships and recognise trends to *determine* how one part relates to another, i.e., conclude after consideration
- in the Evaluating criterion, recommendations for managing resources should be based on decisions made by assessing strengths and limitations of options drawn from and related to the stimulus provided. Recommendations should be justified by providing reasons relevant to the provided context to support the argument.

Additional advice

- Student responses should be clearly annotated to show where any errors were made and where consequential/follow-through marks have been awarded.



Internal assessment 2 (IA2)

Examination — combination 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 priority	Number of times priority was identified in decisions*
Alignment	35
Authentication	0
Authenticity	25
Item construction	24
Scope and scale	23

*Each priority might contain up to four assessment practices.

Total number of submissions: 174.

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- in Part A — short items, were of an appropriate scale, e.g. for questions that addressed the limitations of the Statement of Profit or Loss and the Statement of Financial Position, it was appropriate to focus the question on information that enabled two different limitations to be discussed
- in Part B — practical items, focused on a wide variety of stimulus material to develop the total of seven conceptual errors relating to Financial Statements. This further supported the intention of goal-oriented problems, as these problems were unstructured and unfamiliar
- in Part C — extended response item, provided contemporary contextualised financial data and information to enable students to engage with the one area of performance assessed.

Practices to strengthen

It is recommended that assessment instruments:

- in Part A — short items
 - are of appropriate scope and scale for the Comprehending criterion. The design of questions should consider the number of accounting concepts, principles or processes for a student to respond to within the 50–100 word limit for each item. For example, asking students to 'explain the qualitative characteristics of financial information that guide the preparation of general purpose financial statements' limits a student's ability to demonstrate comprehending at the top performance level. Instead, the instrument should provide a limited number of qualitative characteristics and a scenario to enable the student to fully explain the qualitative characteristics
 - ensure that Comprehending questions involve the demonstration of understanding through descriptions, explanations, completing calculations, identifying and ordering steps in a skill or process, and using accounting terminology. Questions that require a concept to be defined or compared do not align with the assessment objective
- in Part B — practical items
 - present a realistic goal-oriented problem relating to fully classified financial statement reporting for a sole trader trading GST business. In contrast, identifying errors, using backward processing, and producing the Financial Statements (as a solution) is not synthesising and solving a goal-oriented problem. Goal-oriented problems 'involve trying to find a "best" answer to a situation that the solver has not confronted before'.¹ These problems are unstructured and unfamiliar. The design of the question should enable students to make a comment on whether information in the reported Financial Statements can solve the goal-oriented problem
 - include conceptual errors that relate to the subject matter for Topic 2. At this stage, the miscalculation of the Sales Returns would be a 'clerical error' and not a 'conceptual error'. The conceptual errors (e.g. incorrect calculations for Balance Day Adjustments [BDAs], provision for doubtful debts) should relate to the topic
 - provide other stimulus material that provides additional financial data and information related to the goal-oriented problem. An example of this might be an unadjusted trial balance with Dr and Cr balances
- in Part C — extended response item
 - present a context that enables analysis and interpretation of financial data and information, as well as an evaluation of accounting practices in order to make decisions and propose recommendations for changes to improve one area of performance (profitability or liquidity). The context should indicate what areas of profitability or liquidity should be explored to answer the question. A vague context and instructions to comment on the performance (profitability or liquidity) of the business would limit the opportunity to demonstrate the range of performance levels (e.g. the top performance level of the Analysing or Evaluating criteria). For the Analysing criterion, a suitable context would enable the identification of significant and relevant relationships, and thorough and logical explanation of issues for the one area of performance. Similarly, for the Evaluating criterion, the suitable context should

¹ Kimmel, P 1995, 'A framework for incorporating critical thinking into accounting education', *Journal of Accounting Education*, vol. 13, no. 3, pp. 299–318. (See also Syllabus section 1.2.4.)

allow for perceptive judgments for proposed changes to accounting practices relating to the one area of performance

- provide stimulus materials that allow for analysis, interpretation and evaluation across both areas of performance. This means that the seen stimulus should not favour one performance area over the other, enabling students to easily determine which area of performance is stated in the unseen question. Additionally, while this extended response question can include stimulus material that contains relevant and irrelevant information, the relevant information in the stimulus must be accurate.

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 priority	Number of times priority was identified in decisions*
Bias avoidance	4
Language	7
Layout	10
Transparency	0

*Each priority might contain up to four assessment practices.

Total number of submissions: 174.

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- in Part C — extended response items, appropriately contextualised the use of accounting terminology for the evaluation of accounting practices to enable responses with decisions and proposed recommendations to improve the one area of performance identified (profitability or liquidity).

Practices to strengthen

It is recommended that assessment instruments:

- in Part B — practical items, consider a range of sources of financial data and information to present a unique layout.

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 confirmed marks

Criterion number	Criterion name	Percentage agreement with provisional	Percentage less than provisional	Percentage greater than provisional	Percentage both less and greater than provisional
1	Comprehending	86.71%	13.29%	0%	0%
2	Synthesising and solving	93.64%	3.47%	2.31%	0.58%
3	Analysing	73.41%	24.86%	1.73%	0%
4	Evaluating	79.77%	19.08%	0.58%	0.58%
5	Communicating	95.95%	3.47%	0.58%	0%

Effective practices

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

- for the Comprehending criterion, responses demonstrated understanding through, for example, descriptions and explanations at the mid and upper performance-level descriptors
- for the Synthesising and solving criterion, responses matched to the mid and upper performance level clearly provided evidence of forward processing and/or backward processing to produce a solution to the accounting problem
- for the Analysing and Evaluating criteria, responses matched to the mid performance level demonstrated examination and interpretation of financial data and information to identify issues which were then used to make decisions and propose recommendations.

Samples of effective practices

The following are excerpts from responses that illustrate the characteristics for the criteria at the performance levels indicated. The excerpts may provide evidence of more than one criterion. The characteristics identified may not be the only time the characteristics have occurred throughout a response.

This student response excerpt has been included:

- to demonstrate understanding by thoroughly explaining balance day entries and identifying significant characteristics of the concept such as the spread across accounting periods and their importance for reporting.

Comprehending (4–5 marks)

- identification of significant characteristics in the response
- thorough understanding of accounting concepts, principles and/or processes

Balance day entries are ^{general journal entries} made at the end of financial year to match revenues and expenses to specific accounting periods. ✓

Sometimes, accounts do not fit neatly into an exact accounting period. This makes recording balance day adjustments gives accurate representation of profit ~~financial reports~~. ✓ Financial reports are more accurate as a result of these recordings. ~~More~~ True representation of financial statistics in year, $\$$ and profit is more accurate and true. For example, if Sarah's shoes paid for advertising on 12th $\$$ April for 12 months, a balance day adjustment would be made so that the expense (advertising) can be matched to a specific accounting period. ✓

These student response excerpts have been included to:

- demonstrate high level responses for the Analysing criterion.
 - Excerpt 1 shows the identification of significant and relevant relationships and thorough interpretation of trends, e.g. the excerpt links the change in the inventory turnover to sales and advertising and subsequently to cash flows over the periods presented.
 - Excerpt 2 identifies significant and relevant relationships, e.g. between accounts payable and the cost of holding inventories and advertising expenses. The movement in the ratio identified has been interpreted.

Analysing (5–6 marks)

- examination of financial data and information through the identification of significant and relevant relationships
- thorough interpretation of trends in the financial data and information

Excerpt 1

1.7 Turnover of Inventories

✓ Inventory turnover (days), has increased unfavourably by 7 days (2019: 45 days, 2020: 52 days) meaning inventories are taking a longer time to sell. This is due to higher inventory levels (2019: \$21,000, 2020: \$25,000) and sales stagnation. ✓ Sales stagnation is likely a consequence of significantly reducing advertising expenditure (-98.3%) in 2020. Reduced cash inflows from sales is detrimental to liquidity. ✓ It is also of high concern that inventory turnover ^(days) exceeds the benchmark (33 days) by 19 days. ✓

Excerpt 2

This is evidenced by a 54% ~~(increase)~~ increase in accounts payable with a ~~disproportionate~~ decrease of 10% of inventories. This shows that the business is holding less inventories but the inventories are costing more to hold. Although there has been a slight increase in the rate of turnover of inventories going from 1.35 times in 2019 to 1.63 times in 2020, this is still well below the industry average of 4 times. This indicates that although the business has spent ~~more~~^{38% more} money on advertising, the business may need to look at other marketing strategies.

Practices to strengthen

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

- for the Analysing criterion, the focus should be on the examination of financial data and information to explain issues. Responses should also identify relationships and recognise trends to determine how one part relates to another. Responses matched to the upper performance level require an examination of financial data *and* information through the identification of significant and relevant relationships, *and* a thorough interpretation of trends in the financial data and information from the stimulus
- for the Evaluating criterion, the evidence in responses should include an appraisal by making judgments about ideas or solutions in relation to selected criteria. Responses matched to the upper performance level must provide *perceptive* judgments for proposed alternatives with a *thorough* justification of recommendations.

Additional advice

- The extended response Part C business report (extract) should focus on analysing one area of performance (profitability or liquidity), so that students have an opportunity to demonstrate the upper performance levels of the ISMG.
- Student responses should be clearly annotated to show where any errors were made and where consequential/follow-through marks have been awarded.
- Teaching and learning activities preparing students for the IA2 should encourage students to use data generated or found in the stimulus throughout the report to enable significant relationships to be examined and trends to be 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 priority	Number of times priority was identified in decisions*
Alignment	24
Authentication	1
Authenticity	16
Item construction	1
Scope and scale	0

*Each priority might contain up to four assessment practices.

Total number of submissions: 173.

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- used unique real-life accounting contexts. A diverse range of industries selected across Queensland resulted in some very meaningful goal-oriented problems presented in the task
- provided a range of transactions for one month (not at the end of the financial year) as source documentation, which was typical of the listed business type identified in the question, rather than just giving a list of generic business transactions
- ensured alignment between the proposed accounting goal-oriented problem and the range of financial data and information presented so that appropriate projected data relating to revenues and expenses could be reported to aid the decision-making process and determine

a thorough solution to the goal-oriented problem, e.g. implementing a new project required careful consideration of all the project's actual and budgeted expenses to realise potential revenue, so that students could realistically determine whether the implementation of the project was plausible.

Practices to strengthen

It is recommended that assessment instruments:

- promote a realistic and appropriately challenging goal relating to cash management and the accounting context. If the goal is to move to new premises, for example, then a wide range of financial data and information should be presented. Additionally, to ensure authenticity, consider allowing students to choose the location and value of the new premises. The financial data used for this choice will enable multiple solutions and unique responses in the business report
- enable the financial data and information to be used for the computerised accounting package to be presented in a variety of modes. The pre-set up of MYOB accounts with transactions for two months (July–August) is only an example. Another example would be to consider presenting a list of account balances prior to the one month's transactions to be entered into the accounting package
- allow for appropriate calculations for transactions. Simply asking students to determine the balance of outstanding accounts' receivable amounts does not allow for calculations as the computerised accounting package automatically provides the amount. The calculations for transactions should require variables not automatically generated from the computerised accounting package (e.g. the calculation of wages as opposed to stating the wages amount)
- provide financial data and information to produce a solution in response to the accounting goal using spreadsheet software which allows for a range of unique student responses in the business report. The inclusion of only one variable (e.g. that cash sales are expected to be between 25% and 30% of credit sales from October onwards) limits the opportunity for a range of unique responses in the associated section/s of the business report. Consider providing a range of variables so that each business report can produce varying outcomes.

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 priority	Number of times priority was identified in decisions*
Bias avoidance	1
Language	5
Layout	0
Transparency	4

*Each priority might contain up to four assessment practices.

Total number of submissions: 173.

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- allowed for variable layout options to be considered when calculating, recording, processing and reporting accounts for transactions for one month, e.g. instead of listing the transactions, consider presenting the source documents to enable students to engage with forward processing from a different perspective.

Practices to strengthen

It is recommended that assessment instruments:

- provide clear, specific and appropriate accounting terminology for the spreadsheet requirement but not the steps or tasks necessary to complete the assessment.

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 confirmed marks

Criterion number	Criterion name	Percentage agreement with provisional	Percentage less than provisional	Percentage greater than provisional	Percentage both less and greater than provisional
1	Applying	98.84%	1.16%	0%	0%
2	Synthesising and solving	97.69%	2.31%	0%	0%
3	Analysing	94.22%	5.78%	0%	0%
4	Evaluating	91.91%	8.09%	0%	0%
5	Communicating	98.27%	1.73%	0%	0%

Effective practices

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

- for the Applying criterion, there was evidence of the effective use of a computerised accounting package to produce financial statements and spreadsheets to produce cash budgets. The data from these accounting reports allowed for interpretation of data and identification of trends which were then examined in the business report. The application of accounting principles and processes to generate financial documents is required at the top two performance levels in this criterion
- a considered approach in the use of graphs was evident and this data was interpreted to justify decisions in the business report.

Samples of effective practices

The following are excerpts from responses that illustrate the characteristics for the criteria at the performance level indicated. The excerpts may provide evidence of more than one criterion. The characteristics identified may not be the only time the characteristics have occurred throughout a response.

This student response excerpt has been included:

- to demonstrate the examination of financial data and information through the identification of *significant* and *relevant* relationships, e.g. the loss over quarter 1 is examined through the relationship between expenses and their effect on gross revenue and subsequently on total equity. Significant relationships are ones which are of consequence or noteworthy.

<p>Analysing (5–6 marks)</p> <ul style="list-style-type: none"> examines financial data and information through the identification of significant and relevant relationships 	<p>2.0 Overview:</p> <p>██████████ incurred an \$8862.05 net loss over quarter 1 (Q1) of the 2019 financial year (see workpaper 3). This undesirable outcome can be attributed to the high Cost of Sales (\$15170) and Wages and Salaries expense (\$12000) for the period, which, when added together equaled 88.44% of gross revenue (\$30720) (Workpaper 3). It is a general rule that for these two expense accounts should not exceed 65% of gross revenue when combined. Due to poor performance, total equity decreased \$3589.78 over Q1, despite a \$1100 capital injection by the owner into the business in September (Negative Return on Equity). While profitability is essentially a concerning issue, it is advantageous that the business has a strong balance sheet. This is evidenced by the low debt ratio of 35.11%, (Total Assets= \$34270.15, Total Liabilities= \$12032.2 as of September 2019) which indicates that most assets are fully owned by ██████████ (see Workpaper 4). Furthermore, the current ratio of 2.09, and quick ratio of 1.4 provides assurance that the business is equipped to meet short term and immediate financial obligations (improved credit worthiness). ✓ <i>Rel</i></p> <p>██████████ Redacted for copyright</p>
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These student response excerpts have been included to:

- demonstrate perceptive judgments, thoroughly justified decisions and convincing recommendations pertinent to cash management and the accounting context.
 - Excerpt 1 shows perceptive judgments about financing renovations and thoroughly justified decisions relating to cash management relevant to the store renovations.
 - Excerpt 2 provides convincing recommendations that are linked to cash management in the provided context.

<p>Evaluating (3–4 marks)</p> <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 	<p>Excerpt 1</p> <p>3.1 Business Liquidity While Financing the Store Renovations</p> <p>Regarding the business's current cash management, there is evident value in the business with the bank balance at the end of October expected to increase significantly to \$(1962) and move out of an overdraft at the end of November (Appendix 6). However, with the business currently in an overdraft a mid-range \$38,000 towards renovations is feasible and will provide substantial long-term value to the business whilst ensuring no significant impacts on the business's liquidity in the short-term. To finance the store renovations the business would need to seek external financing. If external financing were approved, the business could finance the loan through Suncorp Bank as this provides a relatively low small business loan interest rate of 4.69% p/a with residential security (Suncorp, 2021). The business would, have to foresee a significant increase in sales, as a result of renovations, in order to justify meeting this additional debt commitment of \$712 per month. While a short-term decrease in liquidity may occur, taking out a 5-year loan decreases the loan repayment amount per month to \$712 (Appendix 1), with just an additional \$15 of bank fees monthly and a one-off establishment fee of \$375 (Suncorp, 2021). ✓</p>
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**Evaluating
(3–4 marks)**

- convincing recommendations for cash management pertinent to the accounting context

Excerpt 2**6.0 Recommendations**

- The implementation of an online store is not feasible at this point in time due to the businesses poor cash flow. The current cash position is unable to support setup costs without pushing the business into a long-term bank overdraft which is too unstable (Appendix 6 & 9).
- If cash continues to increase by approximately \$1000 each month, then by December 2022, the business will have \$15,000 in cash (Workpaper 5). Therefore, it is recommended that the business waits until at least December 2022 before expansion, as the business will recover from a bank overdraft within 6 months (if Proposal C is implemented).
- Instead of a bank overdraft, the owner could finance expansion through capital contributions, implementation of schemes which improve sales, or with a bank loan. However, the bank loan must have a minimum repayment under a year and an interest rate below 6.35%. Alternatively, the business has a significant amount of non-current assets (Workpaper 4), which could be sold.

Practices to strengthen

To further ensure accuracy and consistency of the application of the ISMG for 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 Analysing and Evaluating criteria. In particular, note that
 - for Analysing, responses should show the examination of financial data and information to explain issues. Responses should also identify relationships and recognise trends to determine how one part relates to another
 - evaluating requires making an appraisal by making judgments about ideas or solutions based on criteria. Responses must show evidence of perceptive judgments for proposed alternatives and thoroughly justified decisions for cash management pertinent to the accounting context to be matched to the upper performance level
- schools note that judgments must distinguish between effective (successful in producing the desired result) application and appropriate (suitable for a particular purpose) application in the Synthesising and solving criterion.

Additional advice

- Schools should ensure that the complete assessment response for each sample in the submission is uploaded. Submissions must provide complete evidence, such as transaction journals, the initial cash budget, and associated spreadsheets (e.g. input area or 'What if Budgets') so the evidence used by the school to make judgments is clear at confirmation.
- Student responses should be clearly annotated to show where any errors were made and where consequential/follow-through marks have been awarded.



External assessment

External assessment (EA) is developed and marked by the QCAA. The external assessment for a subject is common to all schools and administered under the same conditions, at the same time, on the same day.

Examination — short response (25%)

Assessment design

The assessment instrument was designed using the specifications, conditions and assessment objectives described in the summative external assessment section of the syllabus. The examination consisted of one paper:

- Paper 1, Section 1 consisted of 10 multiple choice questions (10 marks)
- Paper 1, Section 2 consisted of three short response questions (55 marks).

The examination assessed subject matter from Unit 4. Questions were derived from the context of Topic 2: Complete accounting process for a trading GST business and Topic 3: Performance analysis of a public company.

The assessment required students to respond to:

- multiple choice items
- problem/s requiring the application of accounting principles and processes
- problem/s requiring synthesis to solve accounting problem/s
- short item/s to unseen stimulus requiring analysis, interpretation and evaluation of the financial statements of a public company.

The stimulus items were presented as three separate case studies and included a range of accounting data and information.

Assessment decisions

Assessment decisions are made by markers by matching student responses to the external assessment marking guide (EAMG). The external assessment papers and the EAMG are published in the year after they are administered.

Multiple choice item responses

There were 10 multiple choice items.

Percentage of student responses to each option

Note:

- The correct answer is **bold** and in a **blue** shaded table cell.
- Some students may not have responded to every question.

Question	A	B	C	D
1	32.17	29.26	20.88	16.98
2	19.05	36.31	24.55	19.24
3	24.22	57.15	15.19	2.16
4	17.4	10.54	57.38	13.97
5	72.44	6.96	6.49	13.36
6	24.22	59.97	3.25	11.76
7	4.47	20.46	49.58	24.74
8	20.37	54.7	14.58	9.36
9	6.49	33.91	49.34	9.27
10	20.65	16.98	27.05	33.82

Effective practices

Overall, students responded well to:

- instructional terms such as 'record', 'calculate', 'prepare', 'evaluate' and 'analyse'
- applying accounting principles and processes
- using relevant data and information to support recommendations, explanations, and conclusions.

The following excerpts have been selected to illustrate effective student responses in one or more of the syllabus assessment objectives. The characteristics identified may not be the only time the characteristics have occurred throughout a response.

Samples of effective practices

Practical

Assessment objective: Synthesise and solve

Question 12a

This question required students to identify errors and correctly record the required general ledger entries using a columnar format.

Effective student responses:

- identified and explained the incorrectly recorded entries.

This student response excerpt has been included:

- to demonstrate the identification and explanation of errors. The date of the error, and its nature and amount were explained, e.g. an error in the recording of the installation expense on 1 April caused a flow-on effect with errors in depreciation, accumulated depreciation and disposal.
- to demonstrate the recognition that previously identified errors resulted in the recording of a gain of \$11 000 rather than a loss of \$9680 on disposal on the asset.

Synthesise and solve

Due to ^{the installation expense} ~~depreciation~~ error, the fourth error was on 1 April 2021 when ~~the~~ transferring the asset to the disposal account, the value should be \$51 000, not \$50 000. Due to the depreciation errors, the fifth error was the wrong value of ^{accumulated} depreciation being transferred to the disposal account - should be \$16 320, not \$14 000. Finally, as a result of the previous errors, the sixth error was in the ~~last entry~~ gain on disposal. The business actually incurred a loss ^{on} at disposal of $\$96\ 800$, ^(51 000 - 16 320 - 25 000) not a gain of \$11 000.

Short response

Assessment objective: Evaluate

Question 13a

This question required students to evaluate the profitability of Business 3 to propose recommendations regarding the future operations and direction of the business.

Effective student responses:

- clearly explained the scenario
- made clear decisions to propose valid recommendations
- supported explanations and recommendations with relevant financial data and information.

These student response excerpts have been included:

- to demonstrate clear explanations of the scenario, including reference to the context of expansion into India. The excerpts demonstrate the use of data and information and valid recommendations drawn from clear decisions.
 - Excerpt 1 demonstrates a clear explanation through the contextual reference of expansion into India. Decisions, such as the statement that the increase in cost of sales 'is not concerning', have been supported by using data and information.
 - Excerpt 2 provides recommendations supported by data and information, e.g. to review expenses, allocate funds, and continue to expand into India.

Evaluate

Excerpt 1

have a thriving profitability after their ~~exp~~ expansion into India. This is seen in the great ^{68%} increase in sales ~~between 2020~~ from \$183 082 000 in 2020 to \$307 451 000 in 2021. ~~by 68%~~ It is noted that cost of sales also increased, however this was proportional to the increase in sales and thus is not concerning. As a result, gross profit also increased by \$66 944 000 to \$154 783 000 in 2021, with the gross profit ratio being 50.34% compared to 2020's 47.98%. This is a pleasing increase. In a similar trend, net profit after tax also experienced a growth of 86% to \$65 228 000 in 2021. Consequently, greater profits allow for greater earnings per share, which have increased by 14.34 cents to

Excerpt 2

the business should review its expenses and ensure appropriate allocation of funds. Secondly, it is clear that expanding to India influenced increased income, thus efforts must be made to continue the expansion, since the business's market share in India is only 5.10% compared to Australia's 32.00%. Further expansion should influence greater profitability. Finally, ~~it~~ due to the significantly increased total assets of the business, by more than double since 2020, it should be evaluated ~~to~~ to what extent those assets are contributing to profits, ~~to ensure funds profits are managed efficiently~~ ^{to maximise profitability.}

Assessment objective: Analyse

Question 13b

This question required students to use trend analysis of Business 3 to determine the business's stability and liquidity.

Effective student responses:

- clearly explained the scenario
- stated a valid conclusion
- supported explanations and conclusions with relevant financial data and information.

These student response excerpts have been included:

- to demonstrate clear explanations of the scenario, including reference to the context of expansion into India, and the use of data and information across the three years to support valid conclusions.

- Excerpt 1 provides a clear explanation of the context and the stability of the business, supported by reference to the data and information drawn from the stimulus, e.g. sources of finance from share issues.
- Excerpt 2 illustrates the analysis of the liquidity of the business supported by data and information from the stimulus, e.g. the use of the cash generating power ratio and operating cash flow ratio.

Analyse	Excerpt 1
	<p>Over the three years (2019 - 2021), the business's payments for property, plant and equipment ^{and} have increased ^{and their payment for investments was highest in 2019} which can be attributed to their expansion. Each year the business has increased their issue of shares, which ^{was used} could have to finance their expansion. As the only inflow from financing activities was from share issues, this suggests that the business has not relied on external sources to finance their expansion, only the ^{equity} finance from their shareholders. Thus, This would have positively impacted the business's stability ratios. The As the business does not rely on external ^{financers} creditors, they are also not paying any interest expenses. The net increase in</p>
	<p>Excerpt 2</p> <p>is ^{likely to be highly} liquid. * The cash generating power ratio ^{and operating cash flow ratio} has increased overall suggesting that the business's liquidity ^{is likely to have} has been improving. ** To improve, the business could consider ^{tightening its credit policy} investing their excess cash as they have a strong reliance on credit swaps ^{investments} and their expansion. Customers in 2019 being only 32% of the sales. The business could use their excess cash ^{to further} to pay to their invest and expand as they appear to be ^{liquid and} stable. * Payments to suppliers and employees have increased but less than the increase in receipts from customers which is positive. ** Their cash flow has improved by \$86061000 over the three</p>

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, e.g. a successful response to Question 11 required missing Balance Day adjustments to be recorded and the completion of a fully classified Statement of Financial Position showing working capital
- ensuring that students are prepared well for both Topics 2 and 3 in Unit 4
- preparing students through teaching and learning to include references to the context of the question when analysing, interpreting and evaluating stimulus items.



Senior External Examination

The Accounting Senior External Examination (SEE) is a standalone examination offered to eligible Year 12 students and adult learners. It contributes 100% to a student's final subject result.

The assessment was designed using the specifications, conditions and assessment objectives described in the summative external assessment section of the Accounting Senior External Examination syllabus.

Number of students who completed the Accounting Senior External Examination: 0.

This subject will no longer be offered after 2021.