Accounting marking guide and response

External assessment 2022

Short response (50 marks)

Assessment objectives

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

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

Note: Objective 6 is not assessed in this instrument.

Queensland Government
Queensland Curriculum & Assessment Authority

Purpose

This document consists of a marking guide and a sample response.

The marking guide:

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

The sample response:

- demonstrates the qualities of a high-level response
- has been annotated using the marking guide.

Mark allocation

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

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

Allow FT mark/s — refers to ‘follow through’, where an error in the prior section of working is used later in the response, a mark (or marks) for the rest of the response can still be awarded so long as it still demonstrates the correct conceptual understanding or skill in the rest of the response.

Marking guide

Multiple choice

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

Short response

Q	Sample response	The response:
11a)	See sample response below.	• correctly records – opening entry **[1 mark]** – entry for receipt of loan **[1 mark]**
11b)	See sample response below.	• correctly presents – 7 classification headings **[4 marks]** – 5–6 classification headings **[3 marks]** – 3–4 classification headings **[2 marks]** – 1–2 classification heading/s **[1 mark]** • correctly classifies – all 9 accounts **[5 marks]** – 8 accounts **[4 marks]** – 5–7 accounts **[3 marks]** – 3–4 accounts **[2 marks]** – 1–2 accounts **[1 mark]** • correctly calculates – 4 totals **[2 marks]** – 2–3 totals **[1 mark]**

Q	Sample response	The response:
12a)	See sample response below.	• correctly records as revenue and expenses for − at least 10 accounts **[5 marks]** − 9 accounts **[4 marks]** − 8 accounts **[3 marks]** − 5 accounts **[2 marks]** − 3 accounts **[1 mark]**
		• correctly determines gross and net profit figures **[1 mark]**
		• uses correct classifications **[1 mark]**
		• correctly classifies accounts **[1 mark]**

<table>
<tr><th>Q</th><th>Sample response</th><th>The response:</th></tr>
<tr><td>12b)</td><td>Profitability ratios will be used in providing advice:
The gross profit (GP) ratio (70% for each year) and the net profit (NP) ratio for the two years are 43% (2021) and 47% (2022).
Assumptions:
• constant expenses of the business
• constant sales and cost of sales so the GP ratio will not be affected
• ongoing costs, e.g. maintenance, insurance, registration, depreciation of both options are similar.
Loan repayments total $38 940 over the five years ($7 788 per year) including interest of $8 940 over the 5 years ($1 788 per year).
Over the five years, lease payments ($18 000) for the shed and vehicle hire costs ($30 000) would be incurred.
The vehicle is a depreciable non-current asset, but its lifespan could mean the need to acquire another vehicle in the near future.
The annual cash outflow is $9 600 for both shed lease and vehicle rental. Purchasing the shed would increase the cash outflow to $13 788 and purchasing the vehicle would increase the cash outflow to $11 388 annually. The vehicle purchase assists short-term cash flow.
Expenses would decrease by $1 812 per year if the shed is purchased and by $4 212 if the van is purchased. Both options produce a positive effect on NP ratio bringing it to 49% with shed purchase or 52% with van purchase.
Purchasing the shed provides an appreciating asset with the potential for access to future funding for the purchase of a delivery vehicle. Kurt will maintain his goal with this option.</td><td>• provides one or more plausible assumptions that underlie the options [1 mark]
• identifies the relevant profitability ratios
− gross profit ratio [1 mark]
− net profit ratio [1 mark]
• calculates the GP and NP ratios for 2021 and 2022 accurately [1 mark]
• uses financial data to support the viability of
− one option [1 mark]
− a second option [1 mark]
• explains a plausible effect on profitability for
− one option [1 mark]
− a second option [1 mark]
• provides plausible advice [1 mark]</td></tr>
</table>

<table>
<tr><th>Q</th><th>Sample response</th><th>The response:</th><th>M</th><th>The response:</th><th>M</th></tr>
<tr><td rowspan="6">13</td><td rowspan="6">Gross profit ($50.86 m to $36.59 m) and net profit ($78.13 m to $25.11 m) decreased from 2021. The gross margin dropped from 56.79 in 2021 above the industry benchmark of 48.43 to 40.07 in 2022, below the industry benchmark of 47.28. Net profit ratios for both years are consistently above the industry benchmarks of 22.85 and 21.65.
Cost of sales as a percentage of sales has increased by 19.45 percentage points, therefore gross profit has decreased by $14.27 m or 16.72 percentage points. Changing suppliers should be considered to reduce these costs or reduce the amount of stock kept on hand.
Sales have increased by 1% in 2022 yet the cost of these sales has increased by 46% since 2021. Considering increasing sales prices could recoup some costs. Other revenue has increased since 2021 and it may be profitable to increase these items.
Effective management of most expenses resulted in consistent or decreasing costs. The revaluation of investment properties with gains of $63.49 m in 2021 and $13.46 m in 2022 overinflated the net profit figures, particularly in 2021. This explains the positive comparison with industry benchmarks. Without the revaluation, the net profit ratios would be 16.34% (2021) and 12.76% (2022), both below the industry benchmarks.
Employee expenses decreased by $3.77 m, indicating a reduction in staff or movement from casual to permanent positions. Marketing and administrative expenses have halved, indicating a reduction in spending or change of suppliers.
The profitability of the Motel Company could improve by changing purchasing policies (suppliers and quantities) and increasing selling prices.</td><td>• provides a detailed analysis of the scenario
• supports this analysis with relevant financial data and information from the stimuli</td><td>5</td><td>• provides valid and justified decisions, assessing strengths and limitations
• proposes two valid recommendations
• supports these two recommendations with relevant financial data and information</td><td>5</td></tr>
<tr><td>• provides an analysis of the scenario
• refers to relevant financial data and information from the stimuli</td><td>4</td><td>• provides valid decisions
• proposes two valid recommendations
• supports these recommendations with financial data and information</td><td>4</td></tr>
<tr><td>• explains the scenario
• refers to financial data or information from the stimuli</td><td>3</td><td>• proposes a valid recommendation
• supports this recommendation with financial data or information</td><td>3</td></tr>
<tr><td>• makes a statement about the scenario
• refers to financial data or information from the stimuli</td><td>2</td><td>• states a recommendation</td><td>2</td></tr>
<tr><td>• makes a statement about the scenario</td><td>1</td><td>• infers a recommendation</td><td>1</td></tr>
<tr><td>• does not satisfy any of the descriptors above.</td><td>0</td><td>• does not satisfy any of the descriptors above.</td><td>0</td></tr>
</table>

Sample responses

Question 11a)

General Journal				
Date	**Particulars**	**Ref**	**DR $**	**CR $**
Jun-23	Cash at Bank		5 000	
	Tools		2 500	
	Laptop		500	
	Office furniture		235	
	Machinery		3 000	
	Mobile phone		975	
	Inventories		950	
	Capital			13 160
Jun-30	Cash at Bank		10 000	
	Loan from Bank			10 000

Question 11b)

Statement of Financial Position as at 30 June 2020				
Assets			**Liabilities**	
Current Assets			**Non-Current Liabilities**	
Cash at Bank	15 000		Loan from Bank	10 000
Inventories	950	15 950		
Non-Current Assets			**Owner's Equity**	
Property, Plant and Equipment			Capital	13 160
Machinery	3 000			
Tools	2 500			
Laptop	500			
Office furniture	235			
Mobile phone	975	7 210		
		$23 160		$23 160

Question 12a)

Statement of Profit or Loss for year ended 30 June						
	2022			2021		
	$	$	$	$	$	$
Sales			74 880			62 400
Less Cost of Sales						
Cost of goods sold			22 464			18 720
Gross Profit			52 416			43 680
Less Other Expenses						
Selling Expenses						
Fuel - Delivery Vehicle	15 00			1 250		
Hire - Delivery Vehicle	6 000	7 500		6 000	7 250	
Administrative Expenses						
Depreciation - Equipment	1 245			1 205		
Depreciation – Office	24			24		
Electricity expense	1 600			1 600		
Insurance expense	1 750			1 600		
Lease expense - shed	3 600			3 600		
Telephone expense	1 200	9 419		1 200	9 229	
Finance Expenses						
Interest expense		200	17 119		500	16 979
Net Profit			35 297			26 701