

Accounting subject report

2022 cohort

February 2023



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Queensland Curriculum & Assessment Authority
PO Box 307 Spring Hill QLD 4004 Australia

Phone: (07) 3864 0299

Email: office@qcaa.qld.edu.au

Website: www.qcaa.qld.edu.au

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Introduction

Throughout 2022, schools and the QCAA worked together to further consolidate the new Queensland Certificate of Education (QCE) system. The familiar challenges of flood disruption and pandemic restrictions were managed, and the system continued to mature regardless.

We have now accumulated three years of assessment information, and our growing experience of the new system is helping us to deliver more authentic learning experiences for students. An independent evaluation will commence in 2023 so that we can better understand how well the system is achieving its goals and, as required, make strategic improvements. The subject reports are a good example of what is available for the evaluators to use in their research.

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

- how schools have applied syllabus objectives in the design and marking of internal assessments
- how syllabus objectives have been applied in the marking of 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, including those that demonstrate best practice.

Schools are encouraged to reflect on the effective practices identified for each assessment, consider the recommendations to strengthen assessment design and explore the authentic student work samples provided.

Audience and use

This report should be read by school leaders, subject leaders and teachers to:

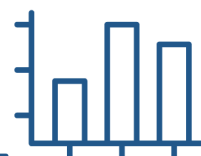
- inform teaching and learning and assessment preparation
- assist in assessment design practice
- assist in making assessment decisions
- help prepare students for external assessment.

The report is publicly available to promote transparency and accountability. Students, parents, community members and other education stakeholders can use it to 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



The following data includes students who completed the General subject.

Note: All data is correct as at 31 January 2023. 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: 169.

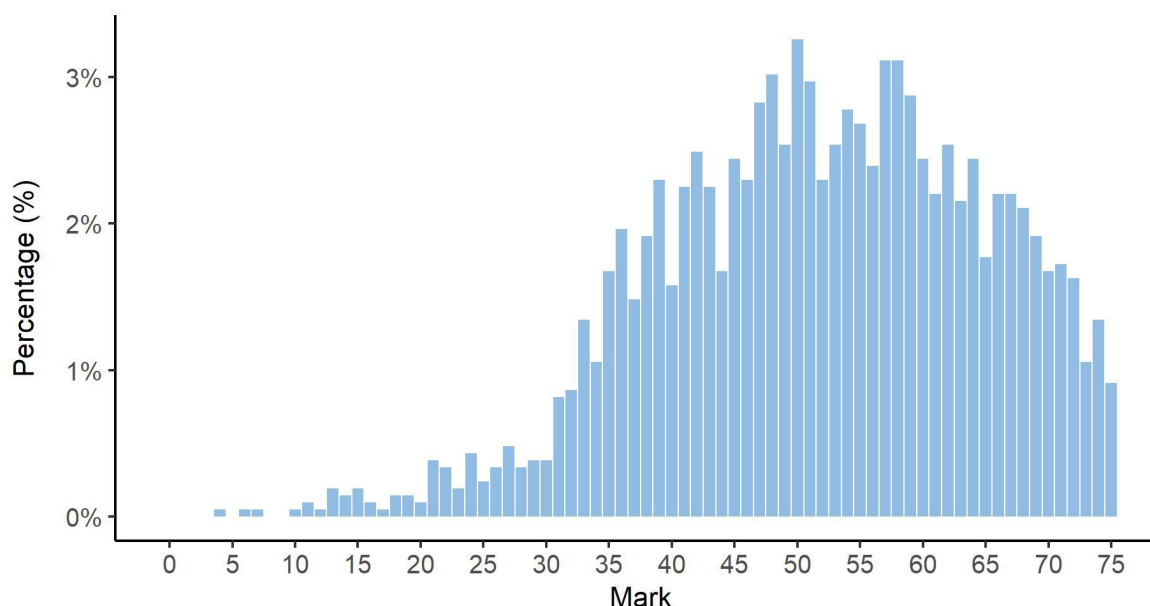
Completion of units	Unit 1	Unit 2	Units 3 and 4
Number of students completed	2636	2469	2057

Units 1 and 2 results

Number of students	Satisfactory	Unsatisfactory
Unit 1	2460	176
Unit 2	2342	127

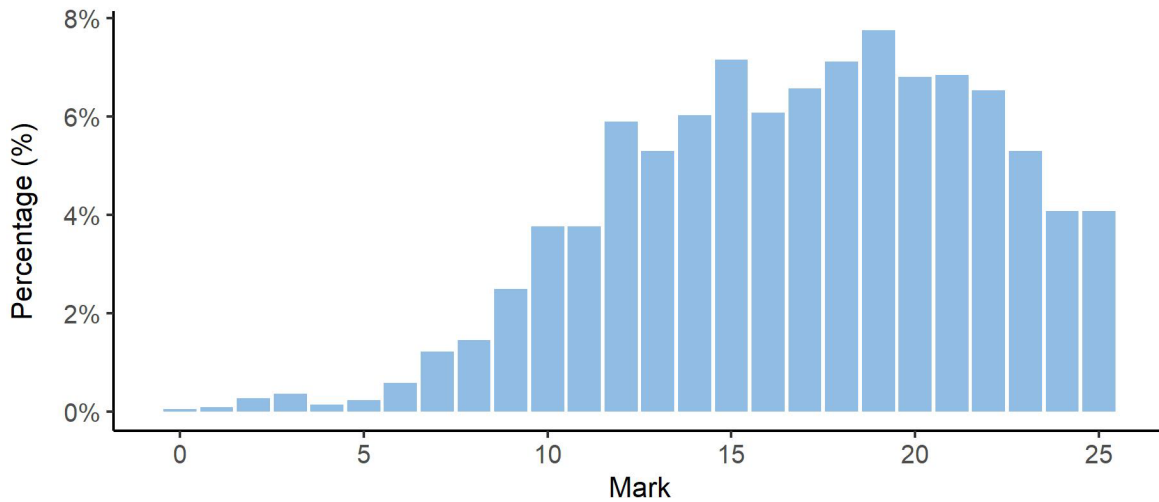
Units 3 and 4 internal assessment (IA) results

Total marks for IA

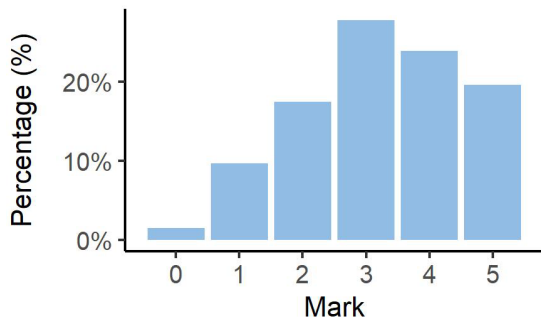


IA1 marks

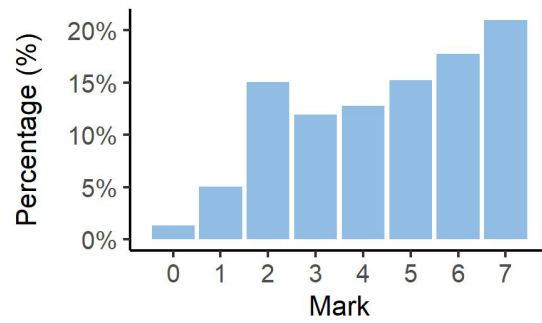
IA1 total



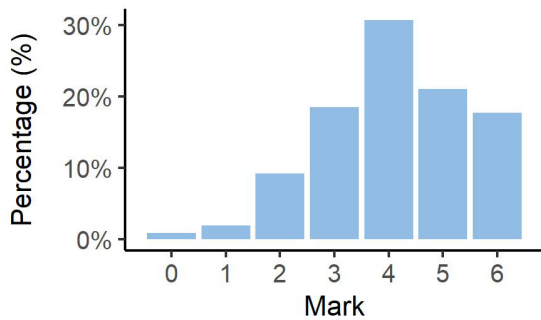
IA1 Criterion: Comprehending



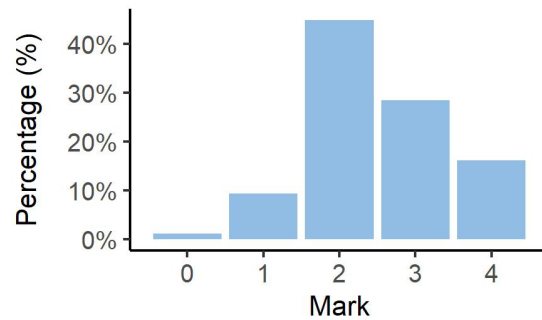
IA1 Criterion: Applying



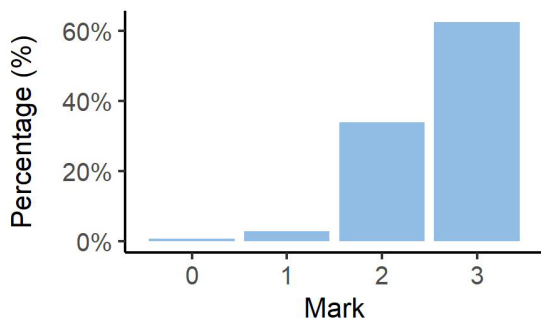
IA1 Criterion: Analysing



IA1 Criterion: Evaluating

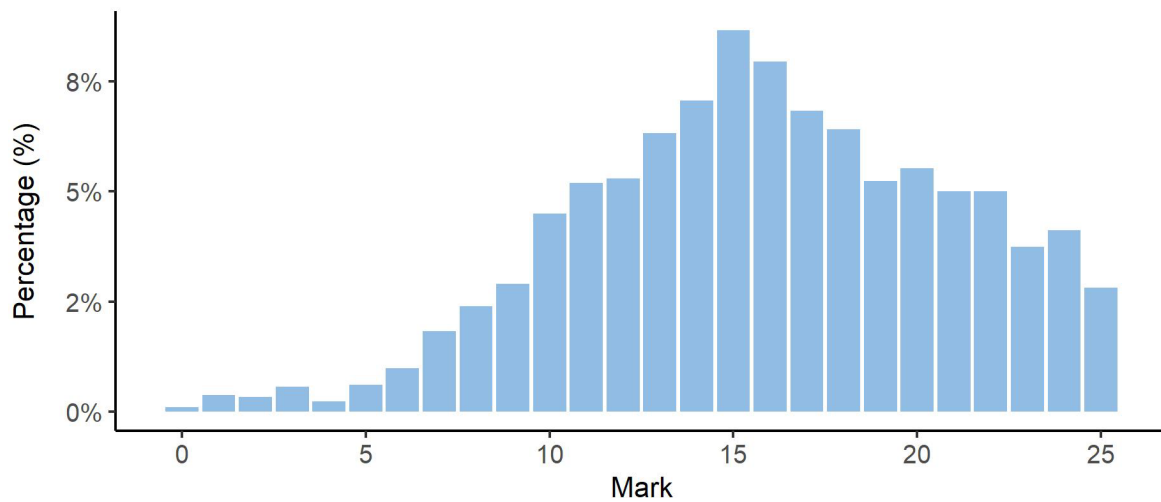


IA1 Criterion: Communicating

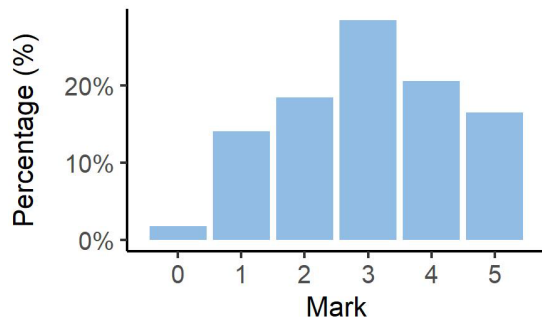


IA2 marks

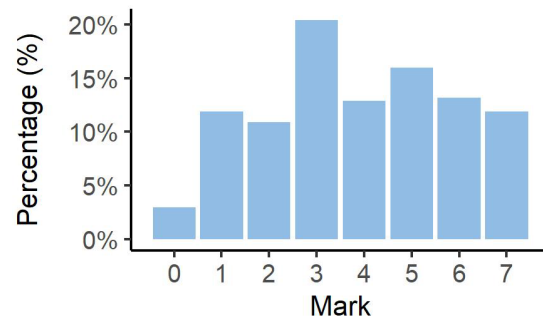
IA2 total



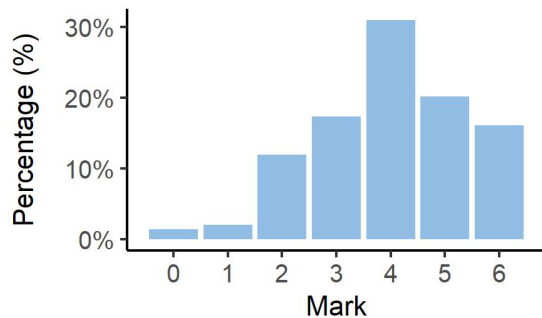
IA2 Criterion: Comprehending



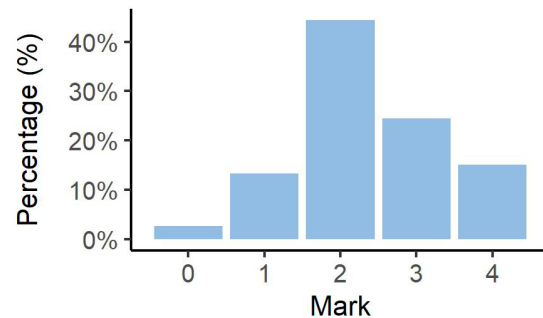
IA2 Criterion: Synthesising and solving



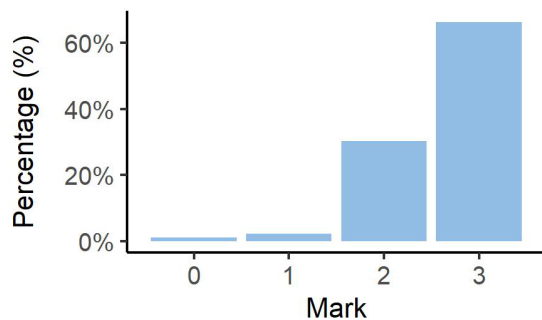
IA2 Criterion: Analysing



IA2 Criterion: Evaluating

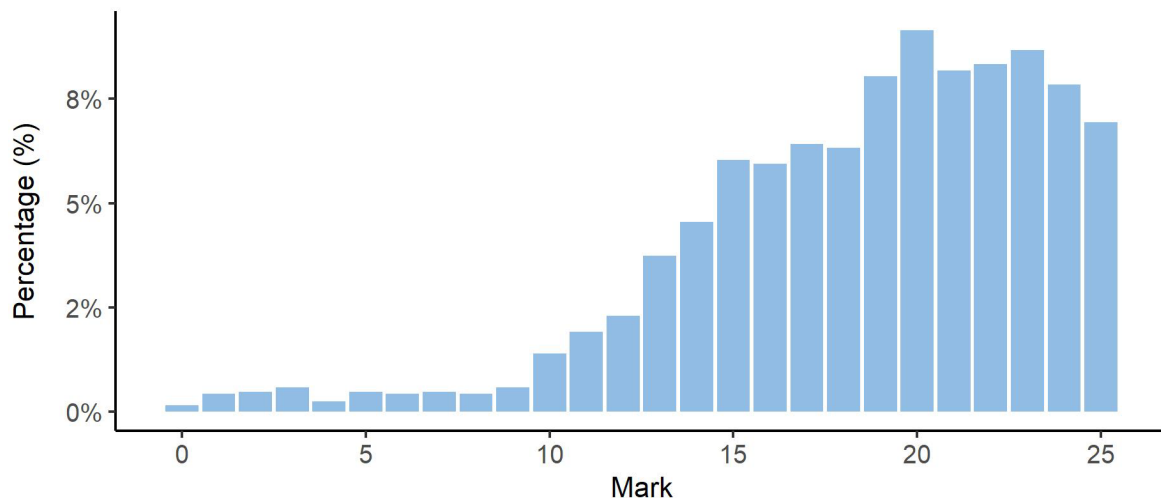


IA2 Criterion: Communicating

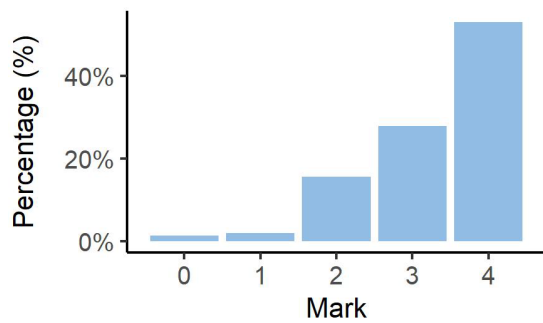


IA3 marks

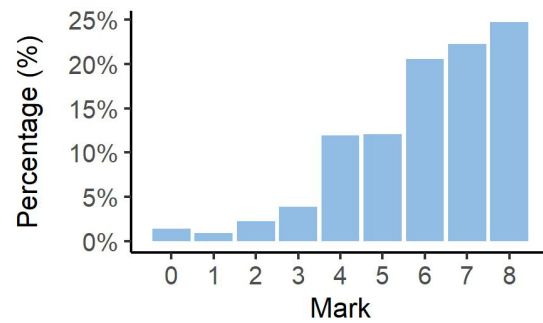
IA3 total



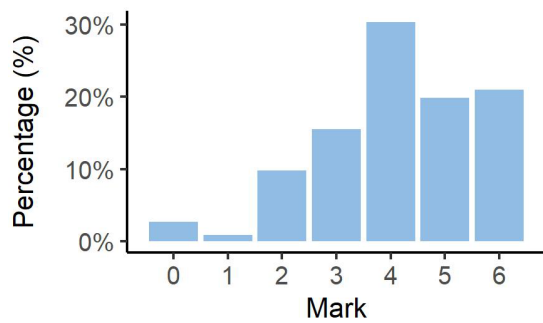
IA3 Criterion: Applying (practical response)



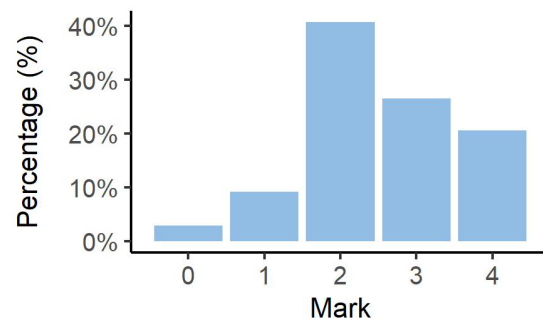
IA3 Criterion: Synthesising and solving (practical response)



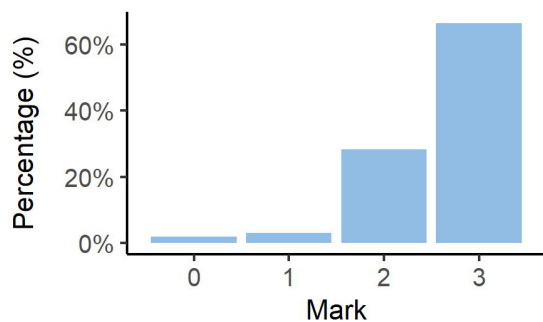
IA3 Criterion: Analysing



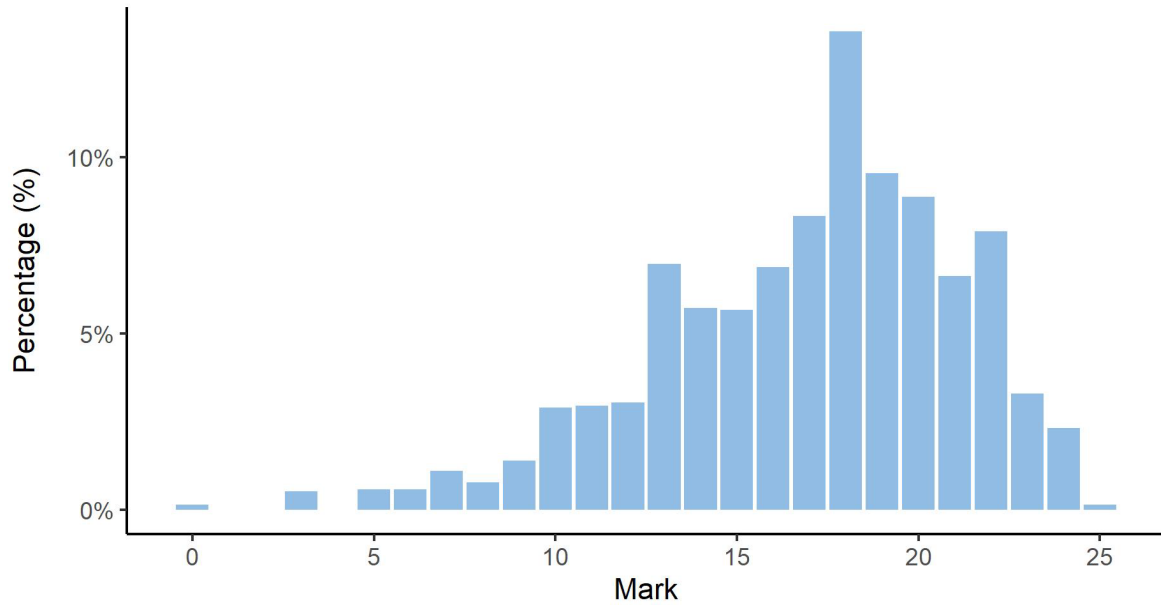
IA3 Criterion: Evaluating



IA3 Criterion: Communicating

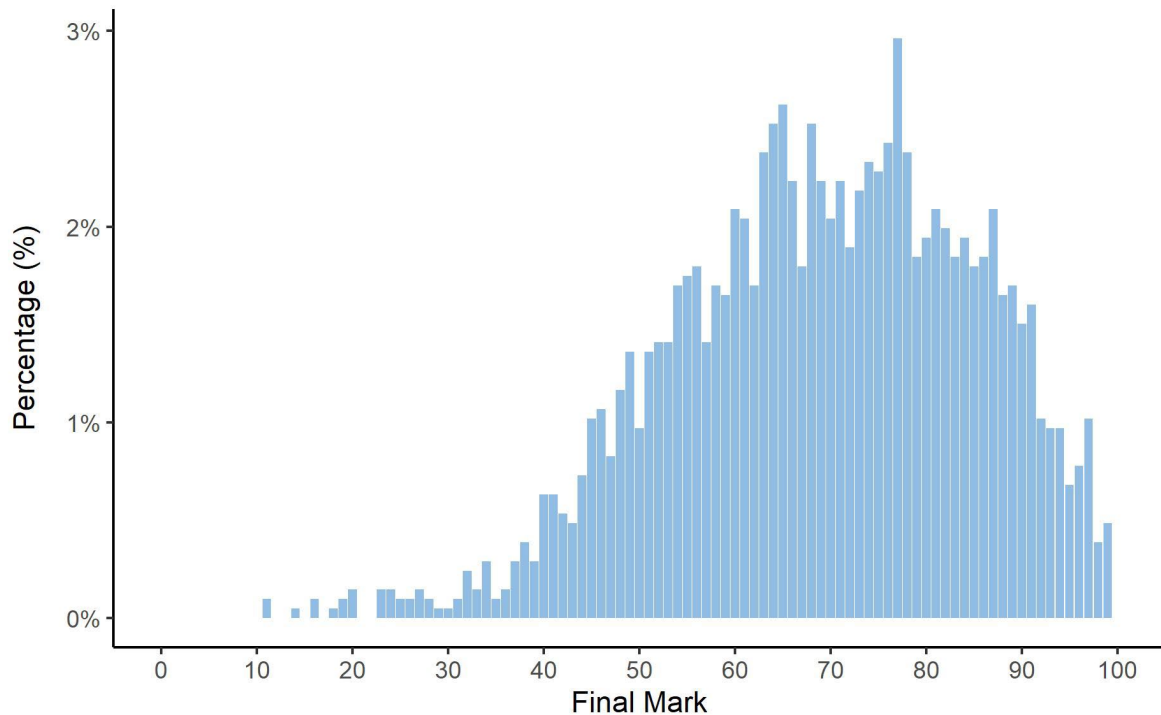


External assessment (EA) marks



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	100–84	83–67	66–44	43–20	19–0

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	420	762	759	108	8

Internal assessment



The following information and advice relate 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 *QCE and QCIA policy and procedures handbook v4.0*, Section 9.5.

Percentage of instruments endorsed in Application 1

Number of instruments submitted	IA1	IA2	IA3
Total number of instruments	169	169	168
Percentage endorsed in Application 1	57%	42%	56%

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 instrument-specific marking guide (ISMG), and are used to make decisions about the cohort's results.

Refer to *QCE and QCIA policy and procedures handbook v4.0*, Section 9.6.

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	166	971	116	74.1%
2	166	951	63	72.29%
3	166	861	12	93.98%



Examination — combination response (25%)

This examination assesses the application of a range of cognitions to multiple provided items — questions, scenarios and problems.

Student responses must be completed individually, under supervised conditions, and in a set timeframe.

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	47
Authentication	0
Authenticity	3
Item construction	24
Scope and scale	9

*Each priority might contain up to four assessment practices.

Total number of submissions: 169.

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- in Part A — short items, referred to engaging contemporary situations when explaining the impact of specific fraud issues on accounting and administrative practices
- in Part B — practical items
 - Item 1 — distinguished between realistic capital expenditure and other expenditure items for a range of non-current assets
 - Item 2 — used the disposal of a range of novel non-current assets, e.g. fixtures and fittings items in themed cafes

- in Part C — extended response item, provided a range of issues for the control of resources for a sole trader trading GST business. These issues included the treatment for the accounting disclosure of the resources, as well as the maintenance, storage and disposal of such resources. Effective practices included the use of a variety of contemporary resources, e.g. portable technology resources relevant to the COVID-19 pandemic experience and drone technologies.

Practices to strengthen

It is recommended that assessment instruments:

- in Part A — short items, include Comprehending criterion questions that are different from the QCAA sample or from the listed subject matter statements. Simply restating the subject matter statements presents a scope and scale issue. Students could be asked to explain the importance of an appropriate accounting practice for internally controlling a specific non-current asset or technology or be provided with a scenario to focus the selection of internal controls appropriate to that specific non-current asset or technology
- in Part B — practical items
 - Item 1 — contain transaction dates that are yearly, half-yearly or quarterly for the calculations of depreciation as stated in the syllabus specifications. It is appropriate to include 30 September or 1 October as the requirement is to promote a quarterly calculation. Dates like 1 February or 1 August do not align with specifications for this question
 - Item 2 — remove 'Expenses' as a heading in the Statement of Profit or Loss (Extract) as this leads to a predetermined response that a loss (and not a gain) on disposal of the non-current asset is the outcome
- in Part C — extended response item
 - provide realistic contextualised financial data and information relating to the control of resources for a sole trader trading GST business so that there are varying levels of significance and relevance to the accounting context and question, e.g. use source documents or internally generated accounting reports to assist in providing significance and relevance to the accounting context and question. Images of the specific non-current assets could also provide realistic contextualisation of the information
 - include financial data and information so that students are provided with the opportunity to achieve the upper performance level in the Analysing 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 priority	Number of times priority was identified in decisions*
Bias avoidance	2
Language	11
Layout	6
Transparency	5

*Each priority might contain up to four assessment practices.

Total number of submissions: 169.

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- Part B — Item 1 — included imagery to visually represent the non-current asset and the associated unlabelled capital and other expenditure items
- Part C — extended response item — implemented appropriate language conventions to provide clear instructions for the task requirements.

Practices to strengthen

It is recommended that assessment instruments:

- Part B — Items 1 and 2 — present a layout that is different from the QCAA sample to avoid leading students to a predetermined response
- for the Applying criterion, allow forward processing to produce a solution to a fundamental problem (structured and familiar) requires a layout that will enable students to demonstrate the characteristics in the upper performance-level descriptor
- are formatted using the page break tool in the Endorsement application to ensure tables are not separated across pages. The print preview function is used to ensure the layout of the task is appropriate
- use appropriate accounting terminology in terms of accounting and administrative internal controls specific to the type of non-current asset highlighted in the question.

Additional advice

- When designing a question for Part C, schools are encouraged to be discerning in the range of financial data chosen to disclose the recording and reporting of resources. The range of information relating to the current processes and practices implemented should be presented in authentic formats to ensure that evaluation of the accounting practices can occur. This will allow alignment to specifications and the ISMG by providing opportunities for students to make decisions and propose recommendations for changes to improve the management of the stated resources.

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	86.14%	10.84%	1.81%	1.2%
2	Applying	91.57%	3.61%	4.82%	0%
3	Analysing	82.53%	16.27%	1.2%	0%
4	Evaluating	84.94%	14.46%	0.6%	0%
5	Communicating	93.98%	4.22%	1.81%	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 in the mid performance level identified appropriate characteristics and showed an adequate understanding of the accounting concepts
- for the Applying criterion, responses matched to the mid and upper performance levels showed effective application of forward processing to calculate, record and report the purchase, depreciation and disposal of non-current assets
- for the Analysing criterion, examination of financial data and information through the identification of significant and relevant relationships was evident in the upper performance levels
- for the Communicating criterion, succinct and effective language choices were evident in the upper performance levels and the report had logical sequencing with minimal errors in grammar and spelling.

Samples of effective practices

The following excerpt has been included to demonstrate the characteristics of the Comprehending criterion at the upper performance level. The excerpt identifies significant characteristics and a thorough understanding of accounting processes. For example, the response identifies the security risk of data theft and privacy of client information when outsourcing accounting processes and the benefit to the business of reducing expenses.

Note: The characteristic/s identified may not be the only time the characteristic/s has occurred throughout a response.

- ① One risk of outsourcing accounting processes is the lack of security. Data is provided to another company in another place in the world, therefore the business in change may have a hard time keeping track of the data and privacy policies of its clients. This may lead to data theft of us or unauthorised access.
- ② A benefit of outsourcing accounting process would be its cost. Many outsourcing employs labor from India or places where labour is cheap. This may save the company a lot of money on labour and the employees in Australia may focus on other jobs.

The following excerpt illustrates the characteristics for the Analysing criterion at the upper performance level. The excerpt examines data and information through the identification of significant and relevant relationships, a thorough interpretation of trends and a thorough and logical explanation of issues between the lack of maintenance and the delay in processing.

Note: The characteristic/s identified may not be the only time the characteristic/s has occurred throughout a response.

Another issue identified is that the value of a computer is insured for \$10,000 less than its true value (\$15,000), and the coffee roaster is insured for \$20,000 below its true value (\$70,000). If any unforeseen circumstance were to occur, the value of insurance for these non-current assets would be fairly low. This could occur to a lack of maintenance, which is seen in the financial statement provided. Coffee roaster maintenance has not been conducted since July 2021, even though the user manual claims it should be conducted monthly. This may also be the reason why Sarah (the manager) has been experiencing delays in the roaster process from previously 2 hours to 3.5 now.

Practices to strengthen

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

- in the Comprehending criterion, responses identify significant characteristics and show a thorough understanding of the accounting concepts to align with the upper performance level
- where evidence in the response for Part B shows inconsistent calculations for the purchase or disposal of non-current assets or partial completion of the Financial Statement (extracts), a mark of 1 should be awarded
- in the Analysing criterion, a thorough interpretation of trends in the financial data and information and a thorough and logical explanation of issues with the management of resources are required in the upper performance level
- the explanatory paragraphs of the Syllabus objectives (Syllabus section 1.2.1) be used together with the glossary (Syllabus section 6) to better understand the Evaluating criterion, e.g., weigh up the strengths and limitations of decisions and make a judgment using selected criteria. Convincing recommendations for managing resources should be pertinent to the accounting context and based on the stimulus provided.

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 in Part B.
- Teachers should continue to implement the assessment policy of the school to either redact or rule out student responses where the word limit has been exceeded.



Examination — combination response (25%)

This examination assesses the application of a range of cognitions to multiple provided items — questions, scenarios and problems.

Student responses must be completed individually, under supervised conditions, and in a set timeframe.

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	54
Authentication	0
Authenticity	28
Item construction	24
Scope and scale	27

*Each priority might contain up to four assessment practices.

Total number of submissions: 169.

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- in Part A — short items, provided appropriate scope by stating a scenario where students had to determine which qualitative characteristic (e.g. materiality) was an issue in order to explain how that qualitative characteristic guided the preparation of general purpose financial statements for a specific business
- in Part B — practical item, ensured the goal-oriented problem involved trying to find a best answer to a situation that the student has not confronted before. This occurred after the identification and treatment of the seven conceptual errors to present the true and accurate financial statements, so that these statements could be examined to develop a solution to solve the accounting problem

- in Part C — extended response item, seen stimulus included a context and range of financial data and information of varying significance to allow for analysis, interpretation, and evaluation across both areas of performance.

Practices to strengthen

It is recommended that assessment instruments:

- in Part A — short items, include Comprehending criterion questions that are different from the QCAA sample or from the listed subject matter statements. Restating the subject matter statements presents a scope and scale issue. A question could be designed to explain two limitations that only focus on one section of the Statement of Profit or Loss or provide a scenario to focus the two limitations
- in Part B — practical item, enable the identification of seven conceptual errors that would impact the accuracy of reporting of the Financial Statements. It is expected the business would generate true and accurate Financial Statements which should be used to synthesise and solve the goal-oriented problem
- in Part C — extended response item, select an appropriate task that enables students to demonstrate perceptive judgments for proposed changes to accounting practices relating to the one area of performance (profitability or liquidity), within the Evaluating criterion. This is different from the context section where the context should focus on both profitability and liquidity issues and not lead students to a predetermined response by identifying the focus of the task.

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	0
Language	7
Layout	5
Transparency	5

*Each priority might contain up to four assessment practices.

Total number of submissions: 169.

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- in Part B — practical item, communicated using appropriate accounting terminology specific to both backward processing and forward processing to generate a solution.

Practices to strengthen

It is recommended that assessment instruments:

- in Part B — practical item, present the task in a layout that is different from the QCAA sample and not lead students to a predetermined response by substituting financial data
- present the task in a way that will enable students to engage with stimulus not previously encountered, or situations or materials that have not been the focus of prior learning experiences or activities (unstructured and unfamiliar)
- avoid providing account classifications in Part C seen stimulus as these lead to predetermined responses for the completion of Part B financial statements
- are formatted using the page break tool in the Endorsement application to ensure tables are not separated across pages. The print preview function should be used to ensure the layout of the task is appropriate.

Additional advice

- When designing a question for Part C, schools are encouraged to provide sufficient financial data and information to allow for analysis, interpretation and evaluation across both areas of performance. This could include images of products, certain account balances (e.g. yearly sales of different product lines) presented as graphs, internal reports, internal and external source documentation, and ratio results presented differently from the QCAA sample.

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	88.55%	10.84%	0.6%	0%
2	Synthesising and solving	95.18%	2.41%	2.41%	0%
3	Analysing	80.72%	16.87%	1.81%	0.6%
4	Evaluating	87.35%	12.05%	0%	0.6%
5	Communicating	98.8%	0.6%	0.6%	0%

Effective practices

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

- in the upper performance level of the Comprehending criterion, significant characteristics were identified, and perceptive use of accounting terminology was evident
- in the Synthesising and solving criterion, responses that matched to the mid and upper performance level provided evidence of forward and backward processing to produce a solution to an accounting problem
- in the upper performance level of the Communicating criterion, responses provided a business report that was succinct, logically sequenced and contained minimal errors in spelling, grammar and punctuation.

Samples of effective practices

The following excerpt has been included to illustrate the characteristics for the Analysing criterion at the upper performance level. The response has examined the financial data and information through the identification of significant and relevant relationships, thorough interpretation of trends and a logical explanation of issues.

Note: The characteristic/s identified may not be the only time the characteristic/s has occurred throughout a response.

Similarly, corresponding trends saw a \$9000 decrease (53.9%) in net profit, corresponding to a decrease in net profit ratio from 3.3% to 1.5%. Other businesses within the industry currently maintain 2 cents of profit for every dollar of revenue, however, the organisation has only 1.5 cents of net profit per revenue dollar, indicating an avenue for growth. This can be correlated with a 600% increase in bad debts over the year and a turnover of accounts receivable of 60 days: 30 days above industry average. Significantly, a 38.8% increase in accounts receivable and 100% increase in credit sales relate to the bad debts increase – evidence of an increased push for credit sales and indication of poor management of the credit function.

The following excerpt illustrates the characteristics for the Evaluating criterion at the upper performance level. The response shows perceptive judgments for proposed changes and thoroughly justified decisions with convincing recommendations provided.

Note: The characteristic/s identified may not be the only time the characteristic/s has occurred throughout a response.

Proposed Changes

Net sales must be reviewed to improve the gross profit. Sales should be investigated to determine if increasing the selling margin, by increasing selling prices, produces a better gross profit. The 'no refund' policy must be reviewed as a sales return account is essential because investigations can be done to determine if there are issues with the goods, or if cheaper inventories can be sought by either renegotiating terms, buying in bulk, or finding a new supplier. The Gross Profit ratio must increase so the business can cover expenses and remain viable.

Practices to strengthen

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

- in the Comprehending criterion, thorough understanding of accounting concepts needs to be evident in responses at the upper performance level
- in the Analysing criterion, data and information should be examined to explain issues, identify relationships and recognise trends in one area of performance (profitability or liquidity) (Syllabus section 4.5.2), so that the student responses can be matched to the upper performance level (Syllabus section 4.5.2)
- in the Evaluating criterion, responses need to provide judgments for proposed changes in accounting practices in one area of performance (profitability or liquidity) (Syllabus section 4.5.2). The strengths and limitations of the proposals should be clear, and the decisions should be thoroughly justified for the area of performance relevant to the accounting context.

Additional advice

- Synthesising and solving responses should provide additional information about how the solution provided solves the accounting problem to meet the requirements of the third criterion descriptor in the ISMG
- The business report is an extract and does not require an introduction or conclusion so that student responses are able to analyse and evaluate the case study thoroughly within the word count parameters (Syllabus section 4.5.2)
- Teachers should continue to provide samples that are clearly annotated to show where any errors were made and where consequential marks have been awarded.



Project — cash management (25%)

This assessment focuses on a problem-solving process that requires the application of a range of cognitive, technical and creative skills and theoretical understandings. Students document the iterative process undertaken to develop a solution to a problem. The response is a coherent work that includes the use of technology (computerised accounting package, spreadsheet software and word processing software) to generate financial documents and a business report. This assessment occurs over an extended and defined period. Students may use class time and their own time to develop a response.

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	48
Authentication	4
Authenticity	22
Item construction	12
Scope and scale	3

*Each priority might contain up to four assessment practices.

Total number of submissions: 168.

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- promoted a realistic contemporary and novel business context to allow for the problem-solving model (Syllabus section 1.2.4) to be used as the tool to develop a solution to achieve the accounting goal for the trading GST business. Projects that allowed for clear documentation of the iterative process undertaken to develop a solution to the accounting problem recognised the task as a coherent work. These projects consistently interconnected the financial data and information disclosed in the financial documents and the cash budgets with the business report to enable thoroughly justified decisions and convincing recommendations for cash management pertinent to the accounting context

- ensured the financial data and information contained in the stimulus to calculate, record, process and report accounts using a computerised accounting package were presented in a variety of ways. This included the use of different approaches to disclosing past transactions in order to inform the effective application of computerised accounting processes to record and process transactions.

Practices to strengthen

It is recommended that assessment instruments:

- enable students to choose an aspect of the cash management goal to individually source and input into the cash budgets to ensure authenticity and focus on the problem-solving process, e.g. to promote a real-life accounting context for the trading GST business, the goal could include students sourcing specific plant or machinery needed to implement a new project for the business
- provide a wide and variable range for financial data within the spreadsheet software so that multiple solutions can be generated, and a range of unique responses can be presented in the relevant sections of the business report, e.g. depending on the goal chosen, it could be quite possible to have credit sales increasing by 10–200% each month due to seasonal changes for the product/s sold and credit purchases increasing between 5–300% based on anticipated supply shortages and external environmental factors
- allow for relevant calculations for transactions. An example of a calculation would be for students to find the interest owing on a loan and then inputting this amount into the computerised accounting package
- recognise that the Evaluating criterion evaluates accounting practices relating to cash management to make decisions and propose recommendations. The financial data and information chosen for the generation of the financial documents and the cash budgets needs to allow for specific proposed alternatives or changes relating to cash management to be addressed, based on criteria, and presented within the business report.

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	9
Layout	1
Transparency	6

*Each priority might contain up to four assessment practices.

Total number of submissions: 168.

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- presented a range of financial data and information in unique layouts based on the use of real-life source documents and business documentation.

Practices to strengthen

It is recommended that assessment instruments:

- are formatted using the page break tool in the Endorsement application to ensure tables are not separated across pages. The print preview function should be used to ensure the layout of the task is appropriate.

Additional advice

- When determining inventory items (as product lines) for sale in the business, consider using more expensive inventory items to decrease the number of inventory transactions needed for each month. This will decrease the data being inputted yet still provide realistic data for analysis, interpretation and evaluation.

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	98.8%	0.6%	0%	0.6%
2	Synthesising and solving	96.99%	1.81%	0.6%	0.6%
3	Analysing	98.19%	1.81%	0%	0%
4	Evaluating	98.19%	1.2%	0.6%	0%
5	Communicating	98.8%	0%	1.2%	0%

Effective practices

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

- in the Applying criterion, responses matched the mid and upper performance levels where students effectively calculated, recorded, and processed accounting data using a computerised accounting package or spreadsheet software if using the alternative approach, and generated the required financial documents
- in the Synthesising and solving criterion, financial data and information were used to complete an input area using spreadsheet software and cash budgets were prepared to effectively solve the accounting problem
- in the Analysing criterion, examination of financial data and information through the identification of relationships was undertaken and interpretation of trends and issues explained relating to cash management. To be in the upper performance level, this needs to be significant, relevant and thorough
- in the Evaluating criterion, perceptive judgments for proposed alternatives relating to cash management and convincing recommendations relating to the accounting context were made. These decisions also needed to be thoroughly justified to be in the upper performance level.

Samples of effective practices

The following excerpts have been included to demonstrate high-level responses for the Evaluating criterion. Both excerpts have provided perceptive judgments for proposed alternatives with a thorough justification of decisions.

Note: The characteristic/s identified may not be the only time the characteristic/s has occurred throughout a response.

Excerpt 1**3.2. Option 2: Relocate and Downsize Business**

Relocating the business will initially cost \$10,000. This payment is required in full during the moving month significantly impacting the cash position of the business. Cash budget projections and Figure 2 stipulate that the initial \$10,000 payment will temporarily cause the business to incur a negative cash position. Relocating comes with additional expenses including advertising, internet, telephone, postage, and stationery which contribute to the incline in estimated payments. However, relocating will reduce rent by 50% and is likely to boost sales by approximately 14%. Projections suggest that sales are expected to trend upwards consistently resulting in an increased in estimated receipts. If this trend is capitalised on, the business is expected to move out of its negative cash position by March. Given the trends aforementioned the cash position of the business is expected to increase by 602% from March to June, indicating a positive cash flow and appropriate management of expenses.

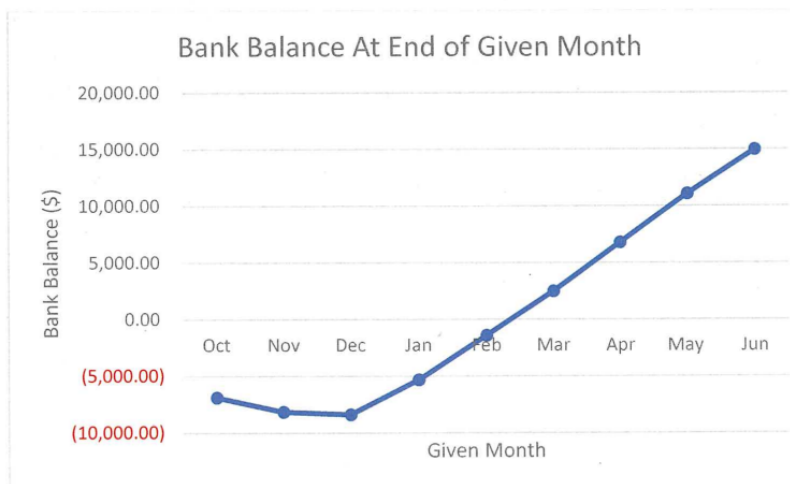


Figure 2: Bank Balance of [redacted] If Business Was To Relocate

[redacted] Business name redacted

Excerpt 2

It is not feasible to expand the business as an outright expense as Figure 1 shows the negative impact on cash position, ranging from -\$266,841 to -\$23,973. Although this option highlights the negligible impact on payments in Figure 2 when excluding October 2022, Figure 3 reveals that this option would require the Cash at Bank account to be recorded as Bank Overdraft. Therefore, the negative impact on the liquidity and financial security of the business would be too significant for this option to be considered reliable as the business would be restricted from accessing physical cash funds. This is especially concerning as the business has only been in operation for 3 months.

evaluates links

Practices to strengthen

There were no significant issues identified for improvement.

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.
- All documents used in determining the grade awarded for each criterion for each sample should be uploaded at confirmation for the assessor to review. This includes all solutions generated from a computerised accounting package, solutions generated using spreadsheet software, and the business report.
- Appendixes should only contain supplementary material that is not directly used as evidence when marking the response (*QCE and QCIA policy and procedures handbook v4.0*, Section 8.2.6).

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 (50 marks).

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

The assessment required students to respond to 10 multiple choice items and 3 short response items involving:

- the application of accounting principles and processes to prepare general journal entries, a fully classified Statement of Profit or Loss and a fully classified Statement of Financial Position
- synthesis to solve a goal-oriented problem involving a financing decision
- analysis, interpretation and evaluation of the financial statements of a public company to provide recommendations to improve profitability.

The stimulus items were presented as two separate case studies and included a range of accounting data and information. The first case study involved the establishment and early operation of an outdoor furniture cover business. The second, provided the Statement of Profit or Loss and the Consolidated Statement of Comprehensive Income of an accommodation company.

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 question responses

There were 10 multiple choice questions.

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	37.4	44.49	8.81	8.81
2	16.54	9.74	37.49	35.58
3	14.29	4.31	6.46	74.45
4	50.66	8.03	32.16	8.66
5	25.7	23.84	14.34	35.19
6	4.45	3.38	8.61	83.02
7	59.18	14.29	22.91	3.03
8	26.24	24.23	40.68	7.88
9	9.69	5.78	74.74	9.2
10	28.54	24.62	22.32	23.74

Effective practices

Overall, students responded well to:

- interpretation of the stimulus and identification of relevant accounts and amounts from the source documents
- classifying accounts when preparing the fully classified Statement of Profit or Loss and Statement of Financial Position
- referring to financial data and information from the stimulus in the analysis and evaluation of the performance of a public company.

Samples of effective practices

Short response

Question 12a required students to prepare a fully classified Statement of Profit or Loss for the first two financial years of operation following the establishment of a new business.

Effective student responses:

- correctly recorded the amounts and accounts as revenue and expenses
- correctly determined gross and net profit figures
- used correct classifications and correctly classified accounts.

This excerpt has been included:

- to demonstrate the correct recording and classification of revenue and expense accounts

- to show accurate interpretation of stimulus to recognise correct depreciation figures for a range of business equipment, including the recognition of the diminishing balance method for the depreciation expense for tools.

Statement of Profit or Loss for year ended 30 June					
	2022			2021	
	\$	\$	\$	\$	\$
Sales		74880		62400	
Less cost of goods sold		22464	52416	18720	43680
Gross Profit			52416		43680
Less other expenses					
Selling Expenses					
Fuel-Delivery Vehicle	1500			1250	
Hire fees - Delivery Vehicle	6000	7500		6000	7250
Admin Expenses					
Electricity Expense	1600			1600	
Insurance Expense	1750			1600	
Lease Expense - Shed	3600			3600	
Telephone Expense	1200			1200	
Depreciation Expense on loose ^{expense}	125			125	
Depreciation on Machinery	300			300	
Depreciation Expense on Mobile	240			240	
Depreciation Expense on Furniture	24			24	
Depreciation Expense on tools	580	9419		540	9229
Finance Expense					
Interest Expense	200	200	35297	500	500
Net Profit			35297		26701

The following excerpt is from Question 13. It required students to analyse and evaluate the performance of a listed company to propose two recommendations to improve the profitability of the company.

Effective student responses:

- provided a detailed analysis of the scenario which was supported with relevant financial data and information from the stimulus
- provided valid and justified decisions, assessing strengths and limitations
- proposed two valid recommendations that were supported with relevant financial data and information.

This excerpt has been included:

- to demonstrate a detailed analysis of the scenario which was supported with relevant financial data and information from the stimulus and referred to the change in fair value of the investment properties which resulted in a decrease in net profit.

The [redacted] Company has had poor performance for the year ended 30th June ²⁰²². Although sales have slightly increased by 0.01% from ~~\$89.31~~ ^{\$89.56} million in 2021 to \$91.31 million in 2022, the business has become extremely unprofitable as seen through a decrease in the Net profit of the company ~~by~~ by 59.7 basis points, to 27.5% in 2022. ^{Find star to read neg}

~~This is a result of~~. A declining profitability is also shown through the company's gross profit ratio, decreasing from 56.77% in 2021 to 40.07% in 2022. Although this can be attributed to the \$18.54 million increase in cost of ^{Sales} goods sold, despite only a 0.01% increase in sales. This means that the increased quality of the goods has not resulted in increased sales and therefore must be investigated. ~~No~~ No increase in sales following this change could be a result of \$3 million ~~decrease~~ decrease in marketing, ~~which was~~ ~~Although~~ ~~Although~~ The gross profit ratio of the business in 2022 is 7% below the industry average of 47.28%, however the industry average in 2021 of 48.43% depicts that ~~to~~ ~~the~~ ^{the increase in} cost of goods sold was not a result of supply issues as it was not industry wide.

★ This significant decrease in net profit was also not industry wide as the industry average has only decreased from 22.85% in 2021 to 21.65% in 2022. [REDACTED] Company's declining net profit is a result of a \$50.03 million decrease in revenue from the change in fair value of investments. (GO BACK TO AFTER STAR HERE)

[REDACTED] Business name redacted

These excerpts have been included to demonstrate a valid and justified decision that assesses strengths and limitations of a change in marketing expense and the associated impact on sales, and the resultant proposal of a valid recommendation to increase marketing expenses; this is supported with relevant financial data and information from the stimulus.

Excerpt 1

Many other expenses fell between the two years including marketing, which decreased from \$6.7m to \$3.07m. This may explain the sluggish sales growth of just 1.95%. The business should aim to improve this result in the next year, through an increase in marketing expenditure. The business achieved a net profit ratio of 27.5%.

Excerpt 2

as a result of an increase in cost of goods sold. As stated, the business should also increase marketing expenditure. expenditure. The Sales growth was sluggish in 2022, and correlated with a reduction in marketing expenditure. Though it is an expense, as marketing should result in increased sales, it is generally beneficial to profitability to increase the amount of expenditure on it. Therefore, it is recommended the business investigates the cost of sales increase, ~~and~~ and increases marketing expenditure to improve profitability.

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. the inclusion of Accumulated Depreciation in the Trial Balance in Stimulus 7 indicated that there was an associated Depreciation expense for both financial years
- providing students with the opportunity to synthesise and solve a range of goal-oriented problems including the application of the syllabus problem-solving model and giving consideration to any assumptions made
- using teaching and learning activities to evaluate accounting practices which assess the strengths and limitations in the decision-making process.