

Accounting subject report

2023 cohort

January 2024





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

Phone: (07) 3864 0299

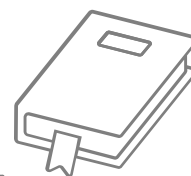
Email: office@qcaa.qld.edu.au

Website: www.qcaa.qld.edu.au

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Introduction



Throughout 2023, schools and the Queensland Curriculum and Assessment Authority (QCAA) continued to improve outcomes for students in the Queensland Certificate of Education (QCE) system. These efforts were consolidated by the cumulative experience in teaching, learning and assessment of the current General and General (Extension) senior syllabuses, and school engagement in QCAA endorsement and confirmation processes and external assessment marking. The current evaluation of the QCE system will further enhance understanding of the summative assessment cycle and will inform future QCAA subject reports.

The annual subject reports seek to identify strengths and opportunities for improvement of internal and external assessment processes for all Queensland schools. The 2023 subject report is the culmination of the partnership between schools and the QCAA. It addresses school-based assessment design and judgments, and student responses to external assessment for this subject. In acknowledging effective practices and areas for refinement, it offers schools timely and evidence-based guidance to further develop student learning and assessment experiences for 2024.

The report also includes 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 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 internal and 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 senior 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 highlights

166

schools offered
Accounting



81.2%

of students
completed
4 units

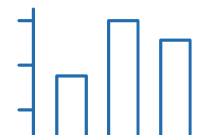


94.92%

of students
received a C
or higher



Subject data summary



Subject completion

The following data includes students who completed the General subject.

Note: All data is correct as at January 2024. Where percentages are provided, these are rounded to two decimal places and, therefore, may not add up to 100%.

Number of schools that offered Accounting: 166.

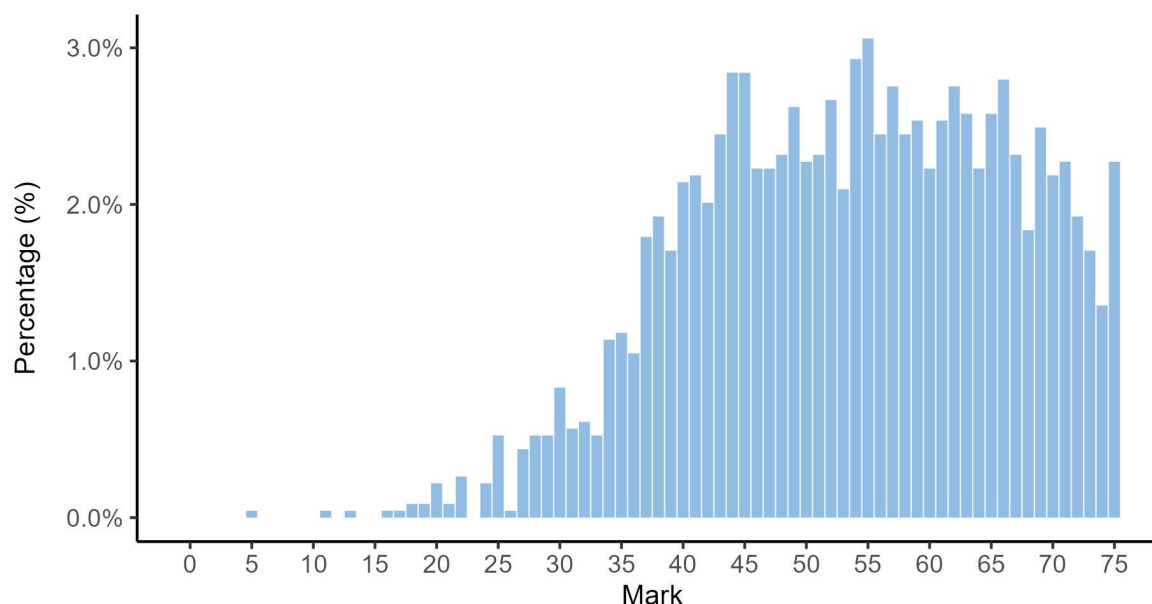
Completion of units	Unit 1	Unit 2	Units 3 and 4
Number of students completed	2,787	2,640	2,263

Units 1 and 2 results

Number of students	Satisfactory	Unsatisfactory
Unit 1	2,599	188
Unit 2	2,474	166

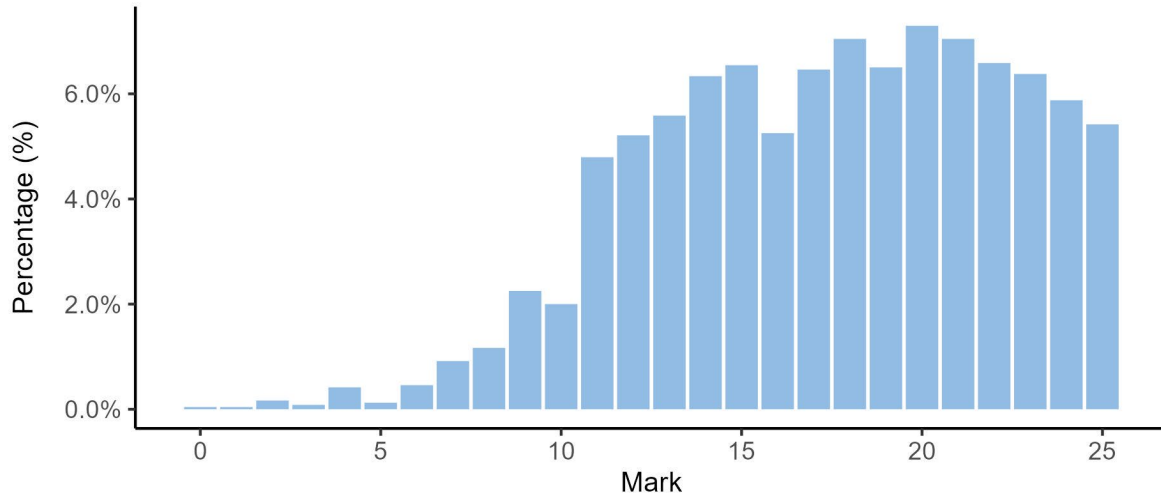
Units 3 and 4 internal assessment (IA) results

Total marks for IA

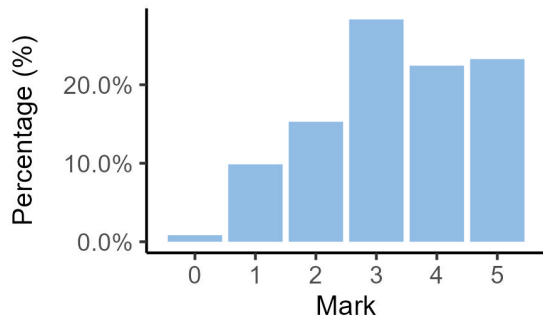


IA1 marks

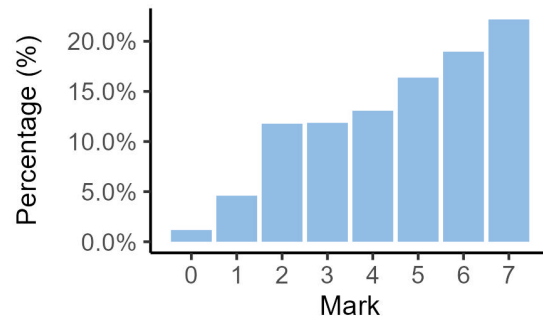
IA1 total



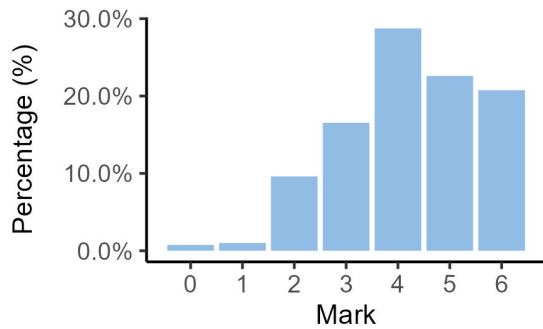
IA1 Criterion: Comprehending



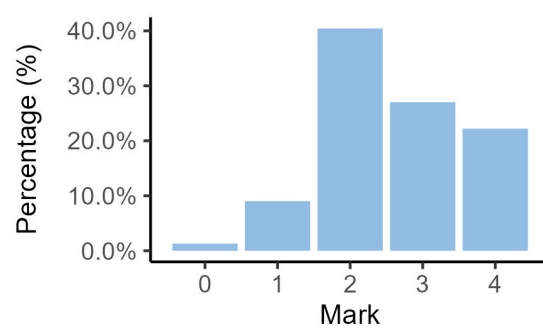
IA1 Criterion: Applying



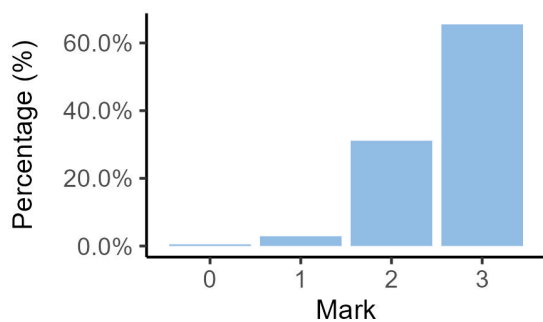
IA1 Criterion: Analysing



IA1 Criterion: Evaluating

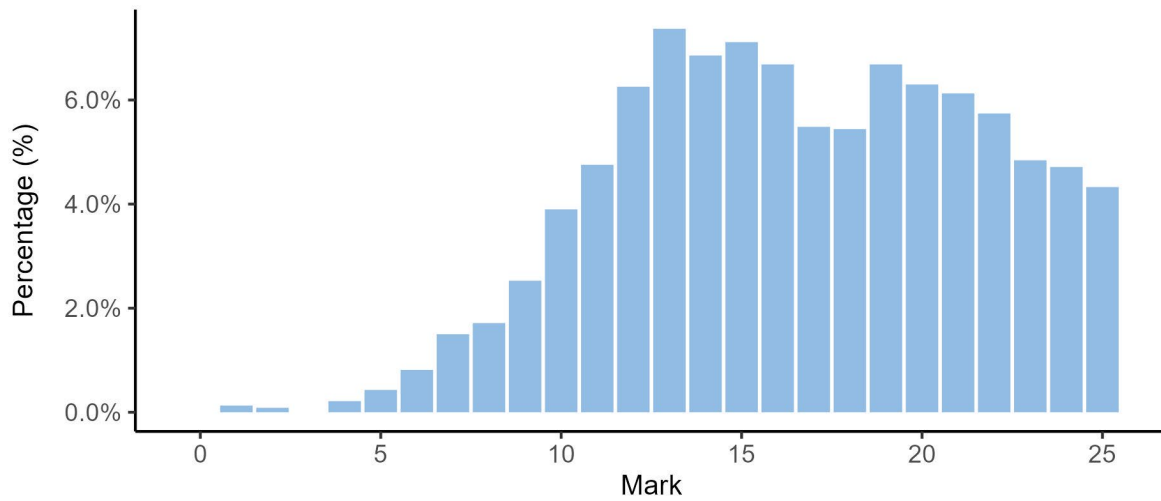


IA1 Criterion: Communicating

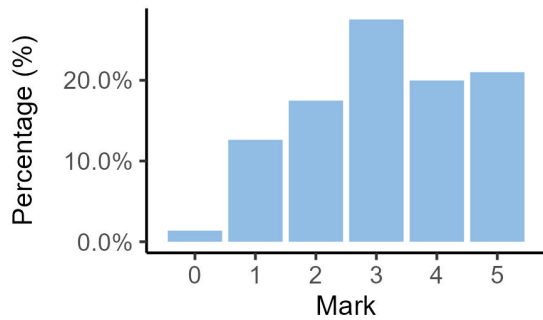


IA2 marks

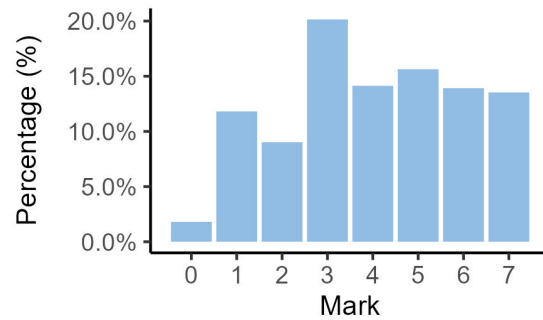
IA2 total



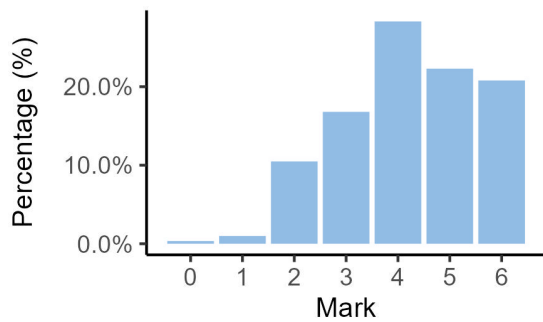
IA2 Criterion: Comprehending



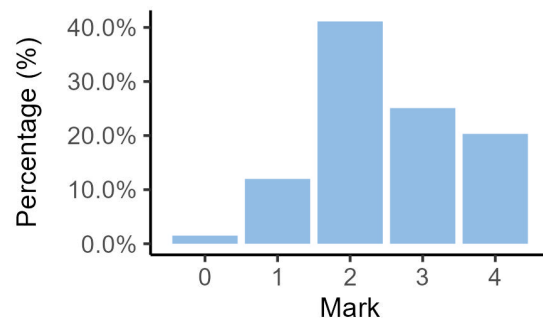
IA2 Criterion: Synthesising and solving



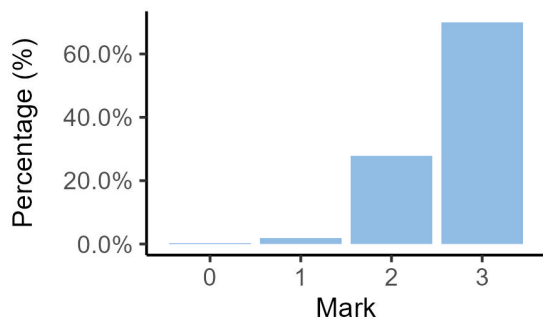
IA2 Criterion: Analysing



IA2 Criterion: Evaluating

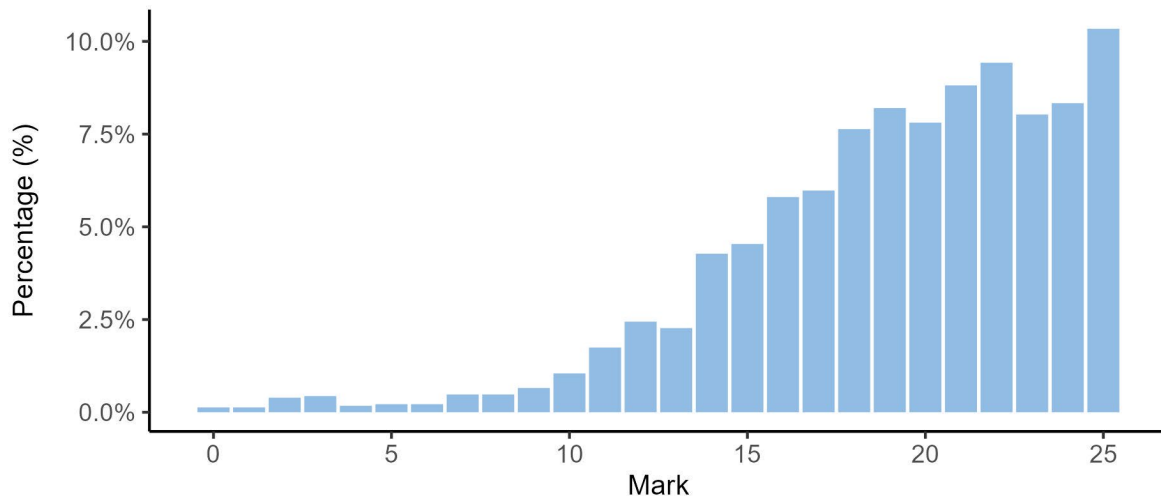


IA2 Criterion: Communicating

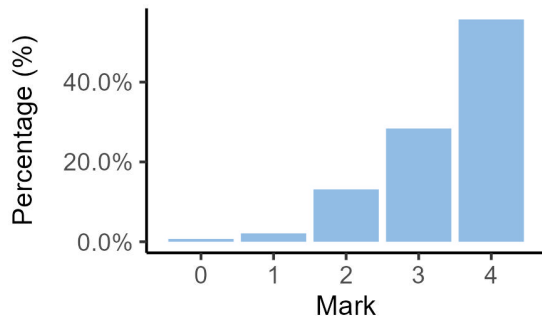


IA3 marks

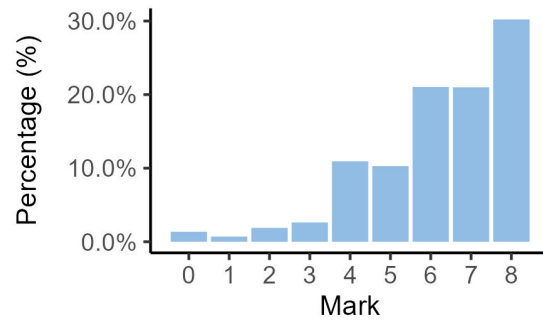
IA3 total



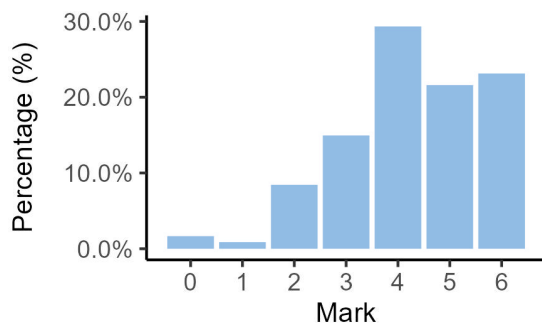
IA3 Criterion: Applying



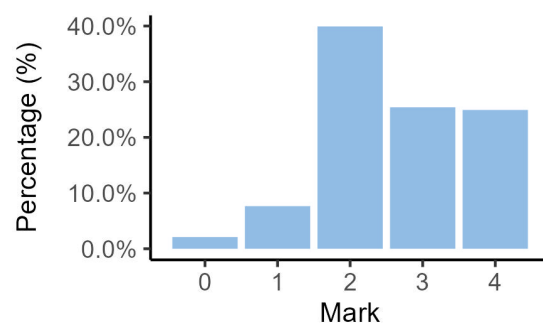
IA3 Criterion: Synthesising and solving



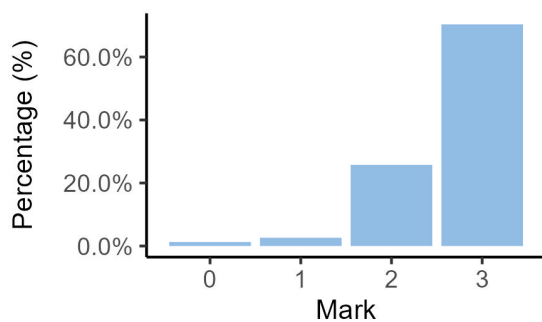
IA3 Criterion: Analysing



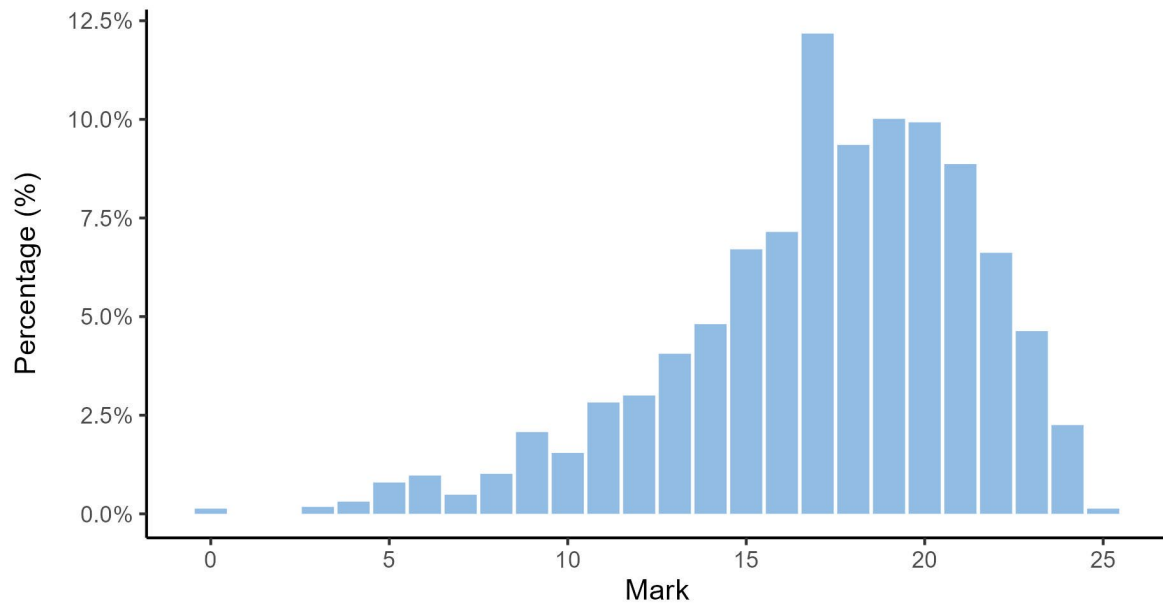
IA3 Criterion: Evaluating



IA3 Criterion: Communicating

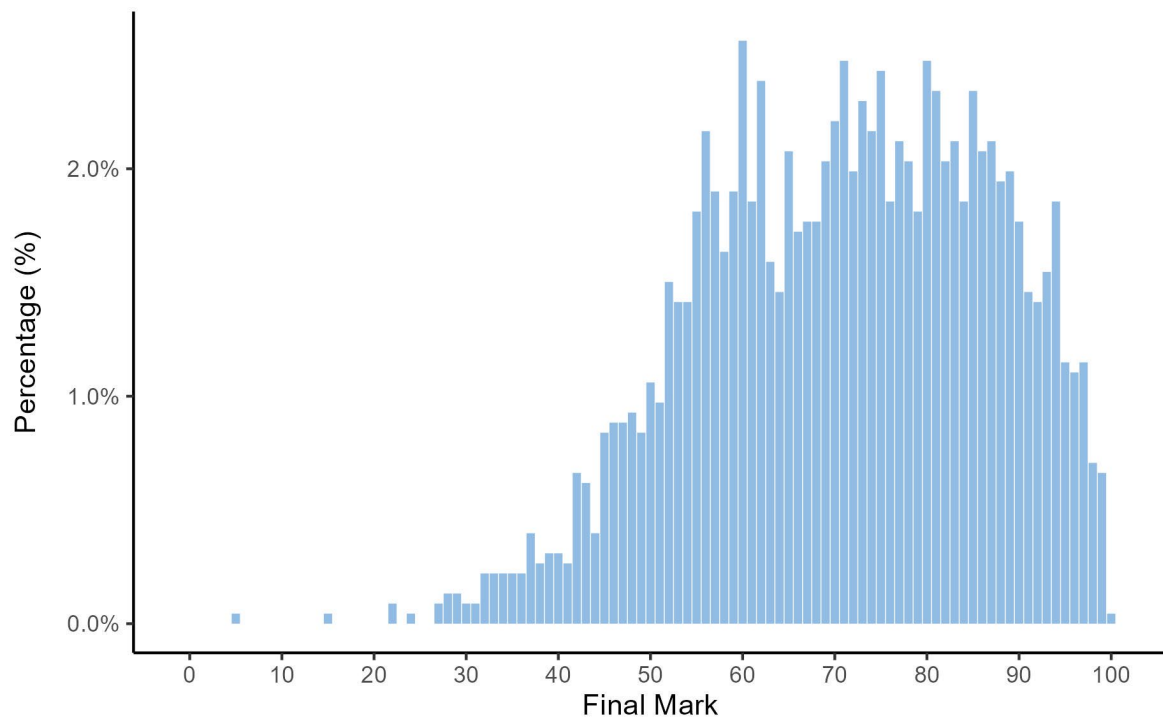


External assessment (EA) marks



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	100–85	84–68	67–45	44–21	20–0

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	528	815	805	113	2

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 v5.0*, Section 9.6.

Percentage of instruments endorsed in Application 1

Number of instruments submitted	IA1	IA2	IA3
Total number of instruments	165	165	165
Percentage endorsed in Application 1	7%	4%	61%

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 v5.0*, Section 9.7.

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	165	1,079	15	86.67%
2	165	1,083	67	76.36%
3	165	1,067	0	96.97%

Internal assessment 1 (IA1)



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	43
Authentication	0
Authenticity	19
Item construction	93
Scope and scale	102

*Each priority might contain up to four assessment practices.

Total number of submissions: 165.

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- in Part A — short items, referenced relevant and current real-life scenarios when illustrating, for instance, the effects of particular fraudulent matters on accounting and administrative practices
- in Part B — practical items
 - Item 1 — appropriately distinguished between realistic capital expenditure and other expenditure items for a range of non-current assets
 - Item 2 — explored a range of non-current assets to dispose of, e.g. fixtures and fittings items in themed cafes
- In Part C — extended response item, encouraged a comprehensive examination of resource control issues within a GST business operated by a sole trader. The issues encompassed various aspects such as the appropriate accounting disclosure of resources, as well as their maintenance, storage and disposal. A diverse array of contemporary resources had been considered, including drone technologies and portable technology resources. These are highly relevant to an authentic context and provide realistic and interesting options for resources rather than the conventional use of delivery vehicles.

Practices to strengthen

It is recommended that assessment instruments:

- in Part A — short items, include Comprehending criterion questions that are distinct and dissimilar from the previous QCAA samples and the subject matter statements provided. These subject matter statements serve as focal points and necessitate a thorough exploration within an appropriate scope. Merely restating the subject matter statements results in a scope and scale issue, as it would be unreasonable to expect students to provide anything more than a superficial response given the nature of this item type. For instance, expecting a comprehensive explanation of the importance of internally controlling non-current assets and technology in a short response question would be impractical and not allow students to showcase the depth of their knowledge. Instead, questions can be formulated to emphasise the significance of suitable accounting practices for specific non-current assets or technologies, or to present scenarios that require the selection of internal controls tailored to the mentioned non-current assets or technologies
- in Part B — practical items
 - Item 1 — ensure that the transaction dates for the calculations of depreciation are yearly, half yearly or quarterly, as per the syllabus specifications. It is appropriate to include 30 September or 1 October if the requirement is to promote a quarterly calculation. Dates of, for example, 1 February or 1 August are out of scope for this question
 - Item 2 — should not contain template headings in the Statement of Profit or Loss (Extract) as this leads to a predetermined response in that only a loss (and not a gain) on disposal of the non-current asset is evident
- in Part C — extended-response item
 - feature realistic contextual elements to enhance the authenticity and relevance of the financial data and information pertaining to resource control in a GST business operated by a sole trader. This ensures that the data and information carry varying degrees of importance and applicability within the accounting context and the given question. Instead of presenting the information as a mere list of concerning issues in paragraph form, it is advisable to employ diverse sources such as source documents, internally generated accounting reports, e.g. sales reports, inspection reports and extracts from policies and procedures. The use of these sources will contribute to the significance and relevance of the accounting context and question. Incorporating images of the specific non-current assets can provide a realistic context to further enhance the understanding of the provided information
 - include financial data and information so that students are provided with the opportunity to achieve the top 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	5
Language	18
Layout	10
Transparency	5

*Each priority might contain up to four assessment practices.

Total number of submissions: 165.

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- in Part B — Item 1, included imagery to visually represent the non-current asset and the associated unlabelled capital and expenditure items
- in 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:

- should prevent students from providing a predetermined response by merely substituting financial data. Part B — Items 1 and 2 should be presented in a layout that differs from the previous QCAA sample. The intention is to encourage students to go beyond simple calculations and instead demonstrate their understanding and application of accounting principles and processes in the management of resources for a trading GST business. This includes accurately calculating, recording, and reporting the purchase, depreciation and disposal of non-current assets. To allow students to demonstrate the characteristics of the top performance levels of the Applying criterion, it is advised to select a layout that enables students to effectively address a fundamental problem through forward processing
- use appropriate accounting terminology to explain relevant accounting and administrative internal controls specific to the type of non-current asset highlighted in the question.

Additional advice

- When formulating a question for Part C, it is advisable that schools exercise discernment in selecting the financial data to be disclosed for the purpose of recording and reporting resources. Additionally, the range of information presented should encompass the current processes and practices implemented in authentic formats. This approach facilitates an effective evaluation of the accounting practices, enabling a more comprehensive demonstration of how decision-making and the proposal of recommendations can be aligned to enhance the management of the specified 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	96.97%	3.03%	0%	0%
2	Applying	96.36%	2.42%	1.21%	0%
3	Analysing	93.94%	6.06%	0%	0%
4	Evaluating	95.15%	4.24%	0.61%	0%
5	Communicating	98.79%	0.61%	0.61%	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 upper performance level identified significant characteristics and thorough understanding of the accounting concepts, principles and processes of managing resources in a trading GST business
- for the Applying criterion, the responses in the mid and upper performance levels showed effective application of accounting principles and depreciation methods to calculate, record and report the purchase, depreciation and disposal of non-current assets
- for the Communicating criterion, succinct and effective language choices were evident in the upper performance levels, and the business report was sequenced logically and mostly error free with minimal errors in spelling and grammar.

Samples of effective practices

The following excerpt has been included as it demonstrates the characteristics of the Comprehending criterion at the upper performance level. The response identifies significant characteristics and a thorough understanding of how authentication and physical controls can minimise technology risks.

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

Authentication controls are extremely important to minimise technology risks. This includes appropriate passwords which aren't easily guessed. With the use of technology allowing people to crack passwords it is important the password used does not include names, ^{or} birthdays, and should have a minimum of 8 characters, with both numbers and letters. Physical controls, however, are also very important, such as servers, and central control devices. These should further be locked in secure rooms, with authorised access to ensure any technology risks, along with theft and fraud, are minimised.

The following excerpt illustrates the characteristics for the Analysing criterion and shows good interpretation of stimulus data and information and the relationships between inadequate insurance over non-current assets and risk.

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

The businesses insurance bill is overdue on the invoice. This means that the NCA's of the business are not protected if in the event of an incident. This leaves the business having to 'write off' an asset when damaged, which adds to the businesses expenses as a loss of disposal, hence affecting profits. The insurance also only covers \$35000 ^{worth} of assets, therefore even if the bill was paid \$160000 worth of assets would be left uninsured.

Practices to strengthen

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

- in the Analysing criterion, student responses should examine both financial data and information contained in the stimulus and thoroughly explain the issue. They should not state general information regarding internal controls that has no relevance to the case study, but rather interpret the financial data and information to recognise trends to support their analysis
- in the Evaluating criterion, student responses should ensure perceptive judgments for proposed changes to accounting practices in managing resources are evident and that recommendations are also convincing and thoroughly justified.

Additional advice

- Teachers should remind students that an introduction and conclusion are not required in a business report (extract) as they limit the ability to provide a thorough response within the word limit.
- In the Part B Applying task, teachers should annotate student responses to show where any errors were made and where allowance has been made for consequential errors.
- In the Part B Applying criterion, marks should be awarded for attempting to calculate depreciation and using double entry to record and process transactions.

Internal assessment 2 (IA2)



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	154
Authentication	0
Authenticity	35
Item construction	26
Scope and scale	87

*Each priority might contain up to four assessment practices.

Total number of submissions: 165.

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- in Part A — short items, presented a scenario of appropriate scope that required students to identify the relevant qualitative characteristic (such as reliability) that posed an issue. This scenario aimed to illustrate how the mentioned qualitative characteristic influenced the preparation of general purpose financial statements for a particular business
- in Part B — practical item, included a range of financial data and information containing seven (7) conceptual errors. These errors involved incorrectly applied accounting concepts, principles and processes. Appropriate contexts in the practical item required students to respond to a situation they had not encountered before and prepare an answer to the goal-oriented problem. The goal-oriented problem required the identification and treatment of the seven (7) conceptual errors to present the true and accurate financial statements so that these statements could be examined to develop a solution that solved the accounting problem
- in Part C — extended-response item, the seen stimulus included a context and range of financial data and information of varying significance to allow for analysis, interpretation, and evaluation across both profitability and liquidity.

Practices to strengthen

It is recommended that assessment instruments:

- in Part A — short items, ensure the design of Comprehending questions deviates from questions featured in the previous QCAA sample and the subject matter statements to ensure distinctiveness. The subject matter statements serve as focal points and require an appropriate scope for thorough examination. Merely restating the subject matter statements would pose a scope and scale issue, as it would be unrealistic to expect students to provide anything beyond a superficial response given the nature of this item type. For instance, asking students to ‘explain the limitations of the Statement of Profit or Loss’ would be challenging to accomplish within a short response question while demonstrating the extent of their knowledge. Alternatively, questions could be formulated to address two limitations that specifically focus on one section of the Statement of Profit or Loss or provide a scenario that directs attention to these two limitations
- in Part B — practical item, ensure the item contains seven (7) conceptual errors that could potentially affect the accuracy of financial statement reporting. It is important to note that presenting true and accurate financial statements under examination conditions is not considered a problem to be solved, as it is expected that the business would naturally generate such statements. The accurate financial statements serve as a foundation for addressing a goal-oriented problem, which should be an accounting problem that can be resolved by using the fully classified financial statement reporting for a trading GST business
- in Part C — extended response item
 - provide a suitable task that allows students to showcase perceptive judgments regarding proposed changes to accounting practices in relation to one specific area of performance (either profitability or liquidity) within the Evaluating criterion. It is crucial to differentiate the context section where the focus should encompass both profitability and liquidity issues to avoid guiding students towards a predetermined response. While the context should be included in the stimulus provided to students, it should not explicitly indicate which area of performance will be the task’s focal point. Further, setting a context involving the purchase of a new delivery vehicle is more aligned with a stability focus, which falls outside this topic’s scope
 - provide a range of stimulus materials that allow for analysis, interpretation and evaluation across both areas of performance. Only presenting a list of balances and ratios limits the opportunity for students to demonstrate the range of performance levels, e.g. the top performance level of the Analysing or Evaluating criteria.

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	15
Layout	16
Transparency	5

*Each priority might contain up to four assessment practices.

Total number of submissions: 165.

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

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

Practices to strengthen

It is recommended that assessment instruments:

- in Part B, present the practical item in a different layout from the previous QCAA sample to avoid prompting students to generate a predetermined response by simply replacing financial data. The Synthesising and solving criterion requires a layout that is different from that of the QCAA sample and yet allows students to engage with stimulus that they have not previously encountered. This approach facilitates the development of solutions to goal-oriented problems that are unstructured and unfamiliar
- do not provide account classifications in the Part C seen stimulus as these may result in predetermined responses for the completion of Part B in the financial statements
- are formatted using the page break tool in the Endorsement application (app) to ensure tables are not separated across pages. Teachers should also use the print preview function to ensure the layout of the task is appropriate and accessible for all students.

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 or select account balances, e.g. yearly sales of different product lines presented as graphs, internal reports, internal and external source documentation, and ratio results presented in different layouts.

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	92.12%	6.06%	1.82%	0%
2	Synthesising and solving	95.76%	2.42%	1.82%	0%
3	Analysing	85.45%	13.94%	0.61%	0%
4	Evaluating	88.48%	10.91%	0.61%	0%
5	Communicating	97.58%	1.21%	1.21%	0%

Effective practices

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

- in the Comprehending criterion, responses in the mid performance level provided evidence of appropriate characteristics identified and adequate understanding of the accounting concepts, principles and processes for this unit
- in the Synthesising and solving criterion, responses that matched to the mid and upper performance levels provided evidence of effective application of accounting principles and processes. That is, the errors were corrected using backward processing and then forward processing to solve the accounting problem
- in the upper performance level of the Communicating criterion, responses provided in the business report were succinct, logically sequenced and contained minimal spelling or grammatical errors.

Samples of effective practices

The following excerpts have been included to illustrate the characteristics for the Comprehending criterion at the upper performance level. In Excerpt 1, the response was thorough and used the context to explain prepaid expenses. In Excerpt 2, the response was well-written and thorough and contained an explanation of the significant characteristics of depreciation.

Note: It is important to note that the characteristic/s identified may not be the only time the characteristic/s has occurred throughout the response.

Excerpt 1

According to the accrual accounting system, expenses are recorded in the financial period corresponding to their usage, not their payment. Thus, on balance day, the rent expense account would have to be adjusted. As within the \$4800 payment, one-third was for rent in July (\$1600), which is in the next financial year, this would be deducted from "Rent Expense", and added (debited) to the asset account "Prepaid Expenses." This asset will be converted back into an expense in the next financial period, thus allowing for the expenses in each period to represent the actual funds used, as opposed to those paid.

Excerpt 2

Question 2

The cost allocation concept aims to spread the cost of the asset over each of the years it is used. This is done by writing off depreciation each year of the asset's useful life. The depreciation balance day adjustment increases the accumulated depreciation so the asset account more closely reflects its true value in the Statement of Financial Position, so that net worth is more accurately represented. It ensures that revenue generated by the assets is matched with the loss of value associated with the asset's use, according to the matching principle.

The following excerpt from a response in the Synthesising and solving criterion illustrates an example of how additional information provided to that business to solve the problem could be presented. The response was handwritten and the financial statements were correct.

Note: It is important to note that the characteristic/s identified may not be the only time the characteristic/s has occurred throughout the response.

Bank Loan Application (extract)

Fill in the form below using the figures from the fully classified financial statements you have completed for Ethan.

OzBank Business Loan Application Form (extract)			
Statement of Position (Company/Business)			
	Amount (\$)		Amount (\$)
Total Assets	✓ 1,130,949	Total Liabilities	✓ 224,584
Net Worth	✓ 906,365		

Practices to strengthen

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

- in the Analysing criterion, data and information relating to one area of performance (profitability or liquidity) should be examined to identify significant and relevant relationships and demonstrate thorough interpretation of trends and logical explanation of issues so that the student responses can be matched to the upper performance level
- in the Evaluating criterion, responses in the upper performance level propose perceptive judgments for proposed changes to one area of performance (profitability or liquidity) and are relevant to the accounting context. The strengths and limitations of the recommendations should be clear and thoroughly justified.

Additional advice

- Teachers should continue to clearly annotate where any errors were made in the Part B Synthesising and solving task and where allowance has been made for consequential/follow-through errors.
- The business report is an extract and does not require an introduction or conclusion. This allows student responses to thoroughly analyse and evaluate the case study while remaining within the word limit.
- Students need to know which ratios cover which area of performance to ensure that they are analysing the correct ones for the task. They also need to be selective in choosing relevant ratios for one area of performance (profitability or liquidity) to analyse data and information so that their responses are thorough.

Internal assessment 3 (IA3)



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	32
Authentication	0
Authenticity	17
Item construction	9
Scope and scale	0

*Each priority might contain up to four assessment practices.

Total number of submissions: 165.

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- ensured a realistic and current novel business context was introduced to facilitate the use of the problem-solving model (refer to Syllabus section 1.2.4) as a tool for devising a solution to achieve the accounting objective for the trading GST business. Projects that enabled a clear documentation of the iterative process employed to develop the accounting solution reflected the cohesive nature of the task. Such projects effectively established connections between the financial data and information presented in the financial documents and cash budgets, and the corresponding business report. This approach fostered the generation of well-justified decisions and compelling recommendations for cash management that were directly relevant 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 to disclose past transactions and to inform the effective application of computerised accounting processes to record and process transactions.

Practices to strengthen

It is recommended that assessment instruments:

- provide students with the opportunity to independently select a specific aspect of the cash management goal and incorporate it into the transactions for a designated month, as well as develop cash budgets. This approach emphasises authenticity and centres around a problem-solving process that necessitates the application of various cognitive, technical and creative skills, as well as theoretical understandings. As an illustration, to create a genuine accounting context for the trading GST business, the goal could involve students sourcing a particular plant or machinery required for implementing a new project within the business. This entails considering the associated initial costs of the project (e.g. research and development costs sourced by the student) and incorporating them into the transactions for the designated month within the computerised accounting package. Students would also need to source the plant or machinery to be acquired throughout the budgetary period
- should allow for relevant calculations related to transactions. These calculations should require students to use mathematical processes to determine or find a specific numerical answer and demonstrate the relevant stages in their working. The goal is for students to ascertain or determine the answer based on given facts, figures, or information. It is important to note this differs from having the calculations automatically generated within the computerised accounting package. For instance, accessing the relevant area within the computerised accounting package to find the balance remaining on an account (e.g. accounts receivable) would not be considered a calculation as it is readily available. On the other hand, students finding the interest owed on a loan by identifying the interest rate, calculating the applicable interest based on the loan amount, and then inputting this transaction into the computerised accounting package would be considered a calculation. It is essential to incorporate multiple calculations throughout the month of transactions that students input into the computerised accounting package or spreadsheeting software to enable them to achieve the top performance levels in the Applying criterion
- provide a wide variable range for financial data within the spreadsheet software so that students can generate multiple solutions and present a range of unique responses in the relevant sections of the business report. For instance, depending on the realistic and appropriately challenging goal chosen, it could be quite possible to have credit sales increasing 10%–500% each month due to seasonal changes for the product/s sold. Credit purchases may also increase 5%–500% based on anticipated supply shortages and external environmental factors
- allow for evaluation of accounting practices relating to cash management to make decisions and propose recommendations. In accounting, practices relate to the daily implementation of accounting principles and processes within the organisation. Therefore, 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. This is to be 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	0

Accessibility priority	Number of times priority was identified in decisions*
Language	19
Layout	5
Transparency	5

*Each priority might contain up to four assessment practices.

Total number of submissions: 165.

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 (as opposed to simply listing information).

Practices to strengthen

It is recommended that assessment instruments:

- are formatted using the page break tool in the Endorsement app to ensure tables are not separated across pages. Teachers should also use the print preview function to ensure the layout of the task is appropriate.

Additional advice

- When determining inventory items (such 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 amount of data input yet still provide realistic data for analysis, interpretation and evaluation to occur.

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	100%	0%	0%	0%
2	Synthesising and solving	99.39%	0%	0.61%	0%
3	Analysing	98.18%	1.82%	0%	0%
4	Evaluating	100%	0%	0%	0%
5	Communicating	99.39%	0.61%	0%	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 to the mid and upper performance levels when students effectively used the computerised accounting package or spreadsheet software to process accounting data and generate the required financial documents
- in the Synthesising and solving criterion
 - a considered approach in the use of graphs was evident and the data was interpreted to identify trends, explain issues relating to cash management, and justify decisions in the business report
 - significant and relevant financial data and information were used to facilitate the preparation of multiple cash budgets and 'what-if' cash budgets (Syllabus section 5.6.1) to thoroughly solve the accounting problem.

Samples of effective practices

The following excerpt has been included to illustrate the characteristics for the Analysing criterion at the upper performance level. The use of a table to analyse the effect of taking out a new loan for the purchase of a motor vehicle is different from the norm, and the analysis of the data and information is thorough and well thought out.

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

3.2.2 Option 2	
Cost	Benefit
<ul style="list-style-type: none"> - Additional loan repayments every month - An additional total interest amount of \$4,430 once the loan is fully repaid. - The increase in sales is not significant to match the increase in expenses, regarding loan repayments etc. - Significant immediate effect on April bank balance due to large deposit payment - Large initial fees to pay when securing loan - Bank Balance overdraft of \$613 as at 31st December 2023 	<ul style="list-style-type: none"> - An increase in clientele due to the expansion of the market - Reduction in vehicle-on costs, by establishing a new vehicle insurance policy, and fuel usage dependent on sales made that month. - No longer paying for ongoing repairs. - Sale of old van helps cover the initial impact of purchasing a new van - Once the loan is paid bank balance will increase significantly - The loan policy secured, allows you to make additional payments without extra fees (Appendix 7). - Due to the deposit, monthly repayments will be less. - No additional monthly fees (Appendix 6)

The following excerpt is a well-written paragraph evaluating the impact on the bank account if the business obtains a new bank loan for the vehicle.

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

3.1 Financing the purchase of the mobile food truck

Assuming that the food truck payment will be completed by June 1, the owner needs to secure appropriate financing options. A bank loan could be an option to secure funding; however, the business already has a bank loan for \$75,000 therefore this may not be feasible. ✓
 For the initial cash budget (Workpaper 6), the excess receipts over payments indicate a negative cash flow for all three months with figures such as -\$88946 in March, resulting in negative bank balances at the end of each month, and that is before the extra strain on cash flow a new asset would provide. In contrast, the what if cash budget (Workpaper 10) reflects the financial impact of purchasing the food truck. The estimated payments show a significant increase due to the additional expenses incurred by the food truck purchase. As a result, the excess receipts over payments are also much lower than in the initial cash budget, indicating a larger negative cash flow. The bank balance at the end of each month is also significantly lower, with negative balances reaching as high as \$214,147 in May. ✓

Practices to strengthen

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

- in the Analysing criterion, a thorough interpretation of the financial data and information is required to explain issues relating to cash management, not profitability
- in the Evaluating criterion, responses at the top performance level should identify both strengths and limitations of the proposed alternatives. This could be achieved through determining the impact of the proposed alternative on the business ('what-if' budget) compared to the normal operations (cash budget). For recommendations to be convincing, they should address the issues identified in the analysis and provide a thorough justification.

Additional advice

- Appendixes should only contain supplementary material that is not directly used as evidence when marking the response. The practical component of this project should not be exclusively contained in the appendix (*QCE and QCIA policy and procedures handbook v.5.0*, Section 8.2.6).
- All documents used in determining the grade awarded for each criterion for each sample should be uploaded for the assessor to review at confirmation. This includes all solutions and reports generated from the computerised accounting package (e.g. transaction journal), the solutions and reports from the spreadsheet software (e.g. input area and 'what-if' budgets), and the business report. Documents uploaded should be legible. Teachers should continue to provide samples that are clearly annotated to show where any errors were made and where allowance has been made for consequential errors.
- If a student has attempted a criterion, then the evidence may be more appropriately matched to 1 mark rather than 0.

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 (78 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 balance day adjustments, a fully classified Statement of Profit or Loss and a fully classified Statement of Financial Position for two consecutive years
- synthesis to solve a goal-oriented problem involving a financing decision
- analysis, interpretation and evaluation of the financial statement of a public company to provide recommendations in connection with the feasibility of proposed expansion plans.

The stimulus items were presented as three separate case studies and included a range of accounting data and information. The first case study involved the calculation and recording of amounts for two balance day adjustments and an explanation of the theoretical aspects underpinning the calculation of the adjustment for one of these items. The second required the preparation and analysis of financial reports to provide advice to a business as to whether they would be able to meet the bank's requirement for a loan. The third required a detailed analysis of a Statement of Financial Position for a public company to decide whether the proposed expansion was feasible given their current financial situation.

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	12.11	65.41	5.21	16.74
2	82.99	5.83	4.9	5.25
3	13.71	24.27	47.51	12.11
4	7.26	50.71	25.73	14.83
5	13.89	12.38	7.21	65.49
6	37.44	27.34	9.35	24.67
7	31.12	13.45	21.68	32.68
8	5.21	43.37	39.05	11.18
9	10.37	26.8	49.47	11.89
10	30.32	16.34	11.22	40.78

Effective practices

Overall, students responded well to:

- Question 12a) and Question 12b), applying accounting principles and processes to prepare fully classified accounting reports for two consecutive years
- Question 12c) interpreting and referring to information from the stimulus and prepared financial reports to calculate ratios and provide advice to a business about whether it would be possible for them to achieve their stated goal.

Samples of effective practices

Short response

Question 11b) required students to explain a plausible limitation and a plausible benefit when choosing net realisable value for recording the value of an inventory item at 30 June 2023.

Effective student responses:

- provided a detailed and plausible limitation and benefit for the use of this method of valuing inventory at 30 June 2023.

This excerpt has been included:

- to provide an example of a response that contained a plausible benefit of the use of this method of valuing inventory for a particular inventory item at 30 June 2023.

A benefit is that it ~~allows~~ allows a business to know the value of its inventory on hand, so the amount of money it could actually make in selling the inventory (less selling, marketing and distribution expenses). This is more beneficial than just recording the inventory at historical cost, which does not accurately show how much the inventory could actually be sold for. A disadvantage is that

Question 12a) and Question 12b) required students to prepare fully classified Statements of Profit or Loss and Statements of Financial Position for two consecutive years.

Effective student responses:

- correctly identified and recorded accounts and amounts in the fully classified Statements of Profit or Loss for two consecutive years
- correctly identified and recorded accounts and amounts in the fully classified Statements of Financial Position for two consecutive years.

This excerpt from Question 12b) has been included:

- to demonstrate the correct selection and classification of asset, liability and owner's equity accounts that had been presented in an alphabetical list
- to show correct presentation of formal Statements of Financial Position for two consecutive years.

Camilla's Coffee Van						
Statement of Financial Position for year ended 30 June						
	2023			2022		
	\$	\$	\$	\$	\$	\$
<i>Current Assets</i>						
Cash at Bank		76005		70000		
Inventory		13000	89005	12000	82000	
<i>Less non current liabilities</i>						
Accounts Payable		18000		15000		
GST clearing		560	18560	4150	15450	
Working capital			70445		66550	
<i>Non Current Assets</i>						
<i>Property, Plant, & Equipment</i>						
Coffee van	120000			120000		
Less accum. dep. on van	(33000)	116700	116700	(20000)	118000	118000
<i>Less Non Current liabilities</i>						
Bank loan		12000	12000	13000	13000	
Net Assets			175145		171550	
<i>Represented By</i>						
<i>Owner's Equity</i>						
Capital		171550		168120		
Add Net Profit		4795		4430		
Less Drawings		(1200)	175145	(1000)	171550	

Question 12c) required students to use the financial data from the reports that had been prepared in Question 12a) and Question 12b) to calculate ratios and provide advice to the business regarding the likelihood of whether the stated goal of meeting the bank's requirements for a loan would be achieved.

Effective student responses:

- correctly calculated the percentage increase in net profit
- correctly calculated the required ratios
- provided plausible advice regarding the likely potential for the business to achieve the stated goal
- provided a plausible solution for the business to achieve the goal.

The following excerpt is from Question 13a), which required students to calculate the liquidity ratios for a public company for two years and then analyse and interpret the results obtained to draw a valid and justified conclusion on the company's liquidity.

Effective student responses:

- selected and correctly calculated the relevant liquidity ratios
- provided an analysis of the liquidity of the company, based on the results obtained from the ratio calculations
- stated a valid and justified conclusion, and supported this with a discussion of relevant calculations, financial data, and information.

This excerpt has been included:

- to demonstrate correct identification and calculation of the rate of turnover of inventories
- to demonstrate an analysis of the movement of inventories during the year
- to demonstrate identification of relevant relationships and trends using information from the ratio calculations
- to show analysis of the liquidity of inventories for that year.

Turnover of inventories 2022 = $\frac{1512883}{105486}$	2023 = $\frac{1089921}{127741}$
= 14.3	= 8.5

Turnover of inventories was slower in 2023 than 2022 as the business turned over stock 5.8 times less in the year. which indicates cash being tied up in stock which will negatively impact liquidity as cash flow is slow. overall the company is in a poor financial position in terms of liquidity seen in slow turnover of inventory and A/C reducing cash flow and little volume of current assets to pay debts.

or write outside this box.

Practices to strengthen

When preparing students for external assessment, it is recommended that teachers consider:

- using teaching and learning activities that incorporate the identification and sorting of the ratios (e.g. profitability, liquidity, stability and the extra specific ratios for companies) into their respective sections
- emphasising the need to read the question carefully and respond accordingly, e.g. in Question 13b), students were required to calculate ratios for four years, not two, as was required in Question 13a)
- emphasising the requirement that, when analysing and providing valid and justified conclusions, the conclusions must be supported with relevant relationships drawn from the financial data and information contained either in the financial reports or stimulus.