

Accounting subject report

2024 cohort

January 2025



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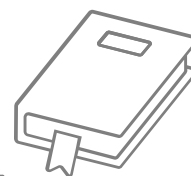
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Introduction



The annual subject reports seek to identify strengths and opportunities for improvement of internal and external assessment processes for all Queensland schools. The 2024 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 General and General (Extension) subjects. 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 2025.

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.

Subject highlights

154
schools offered
Accounting



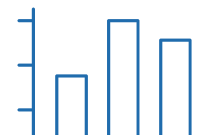
95.54%
of students
received a
C or higher



96%
agreement with
provisional marks
for IA3



Subject data summary



Subject completion

The following data includes students who completed the General subject.

Note: All data is correct as at January 2025. 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: 154.

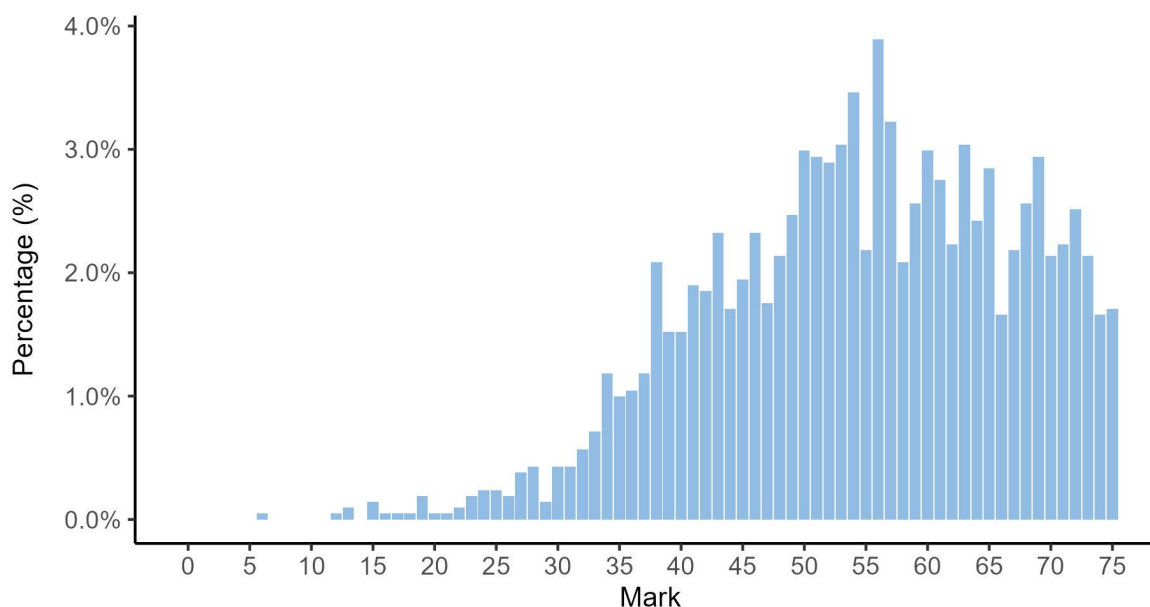
Completion of units	Unit 1	Unit 2	Units 3 and 4
Number of students completed	2,530	2,372	2,087

Units 1 and 2 results

Number of students	Satisfactory	Unsatisfactory
Unit 1	2,386	144
Unit 2	2,272	100

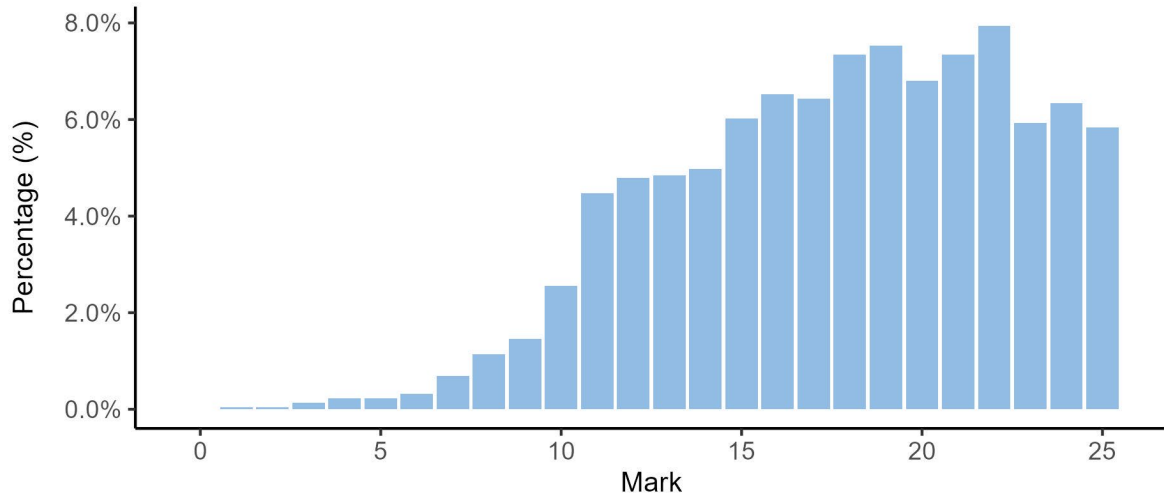
Units 3 and 4 internal assessment (IA) results

Total marks for IA

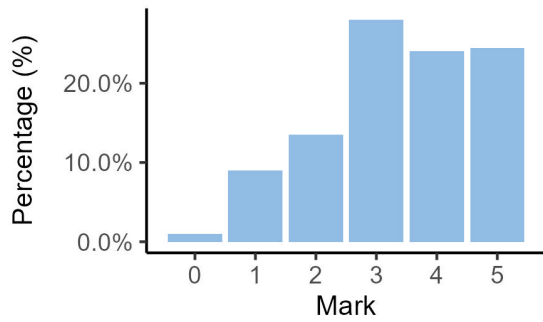


IA1 marks

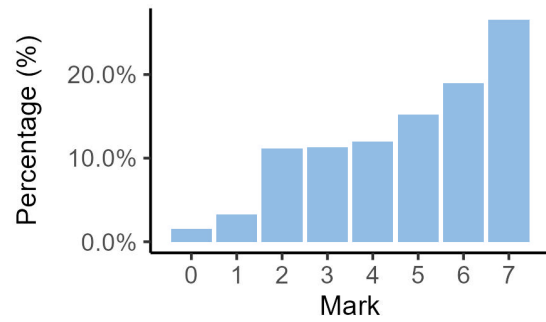
IA1 total



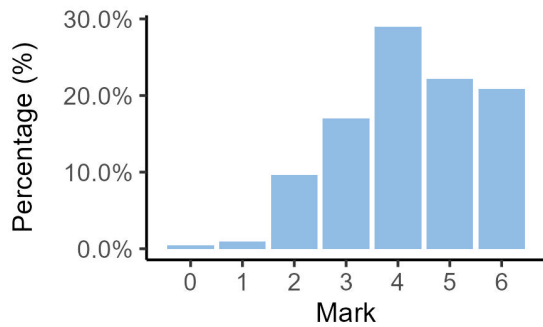
IA1 Criterion: Comprehending



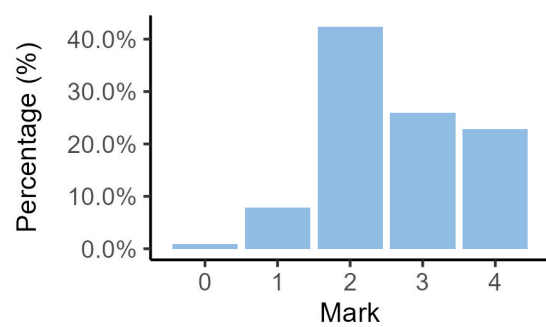
IA1 Criterion: Applying



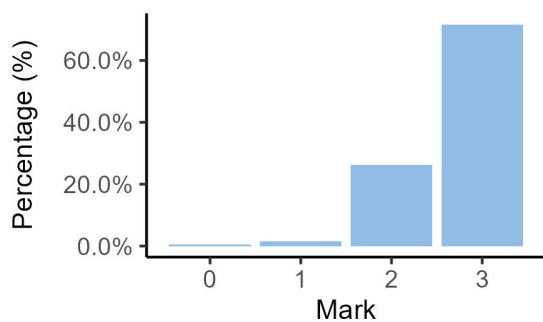
IA1 Criterion: Analysing



IA1 Criterion: Evaluating

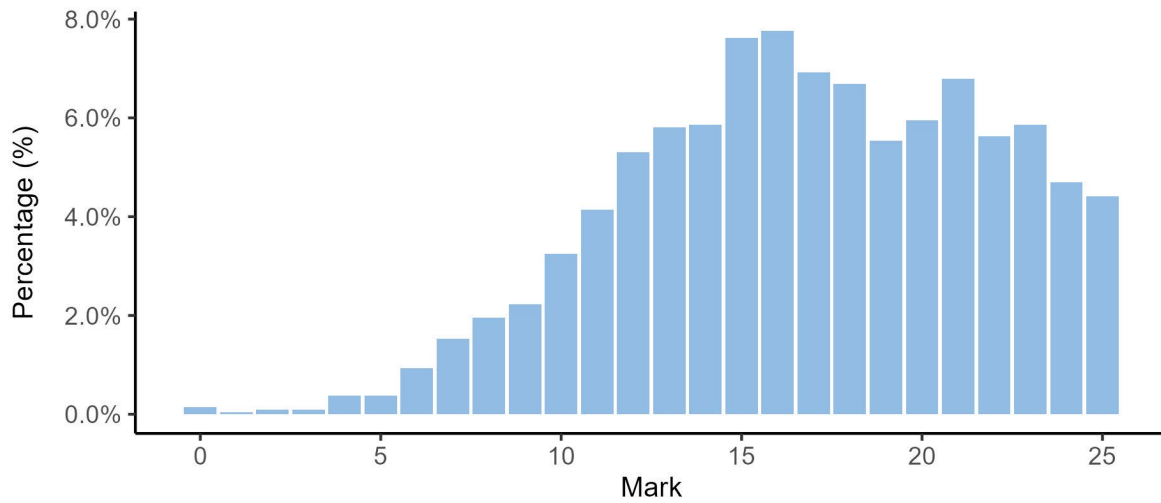


IA1 Criterion: Communicating

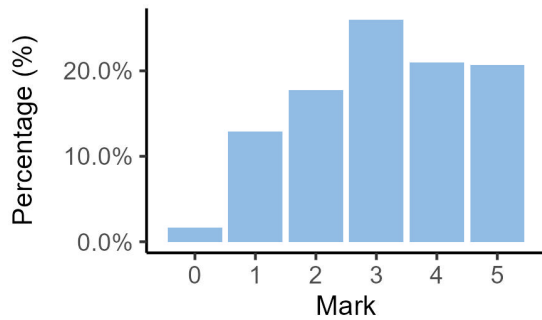


IA2 marks

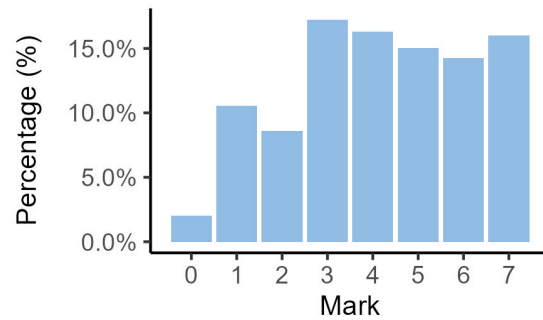
IA2 total



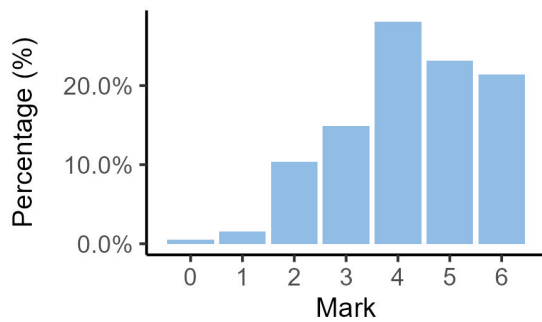
IA2 Criterion: Comprehending



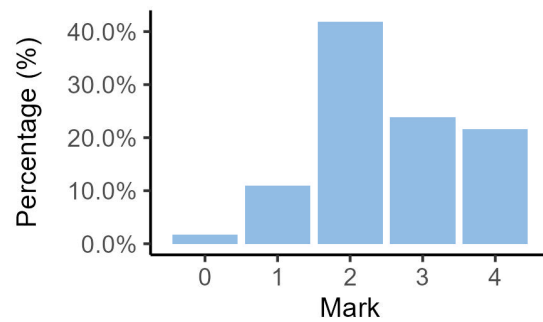
IA2 Criterion: Synthesising and solving



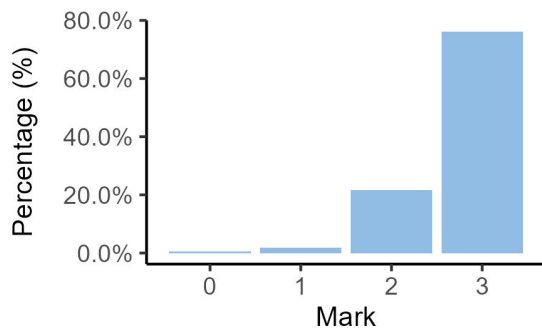
IA2 Criterion: Analysing



IA2 Criterion: Evaluating

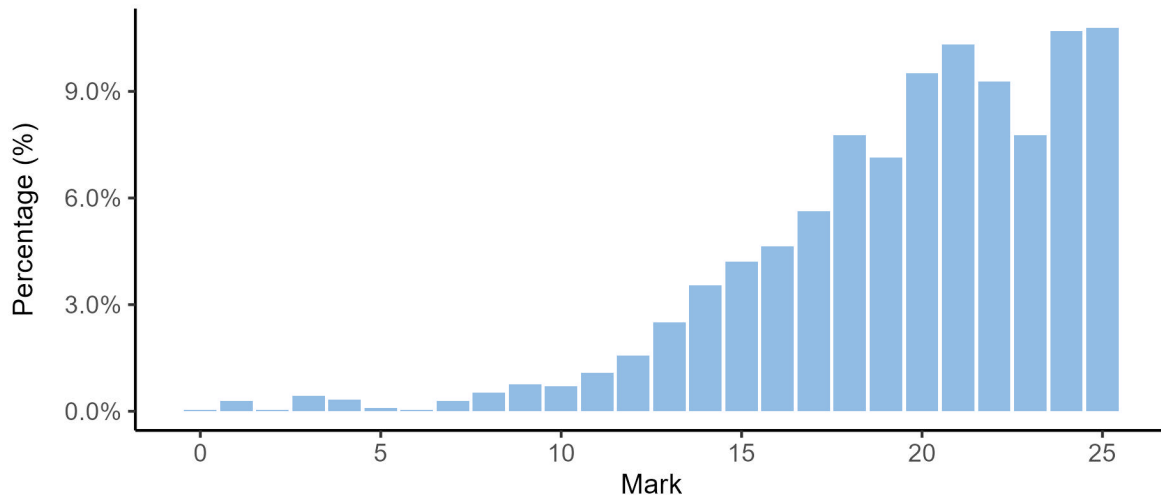


IA2 Criterion: Communicating

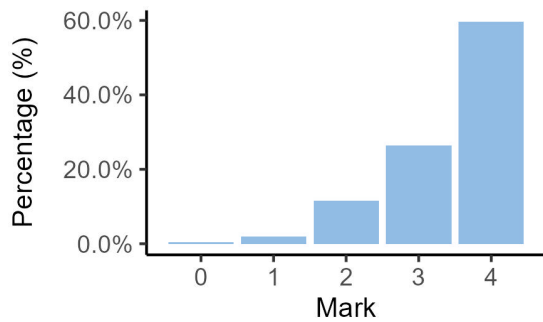


IA3 marks

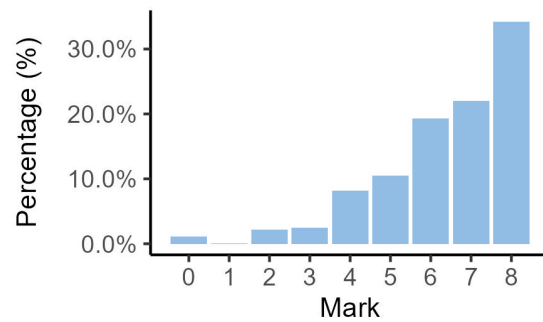
IA3 total



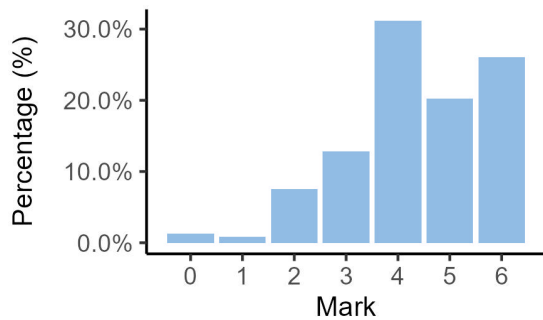
IA3 Criterion: Applying



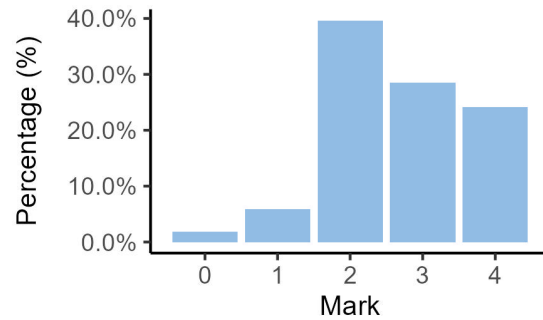
IA3 Criterion: Synthesising and solving



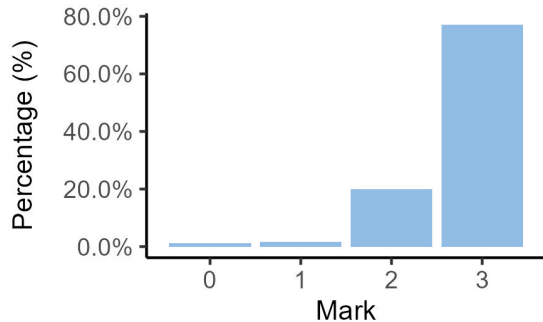
IA3 Criterion: Analysing



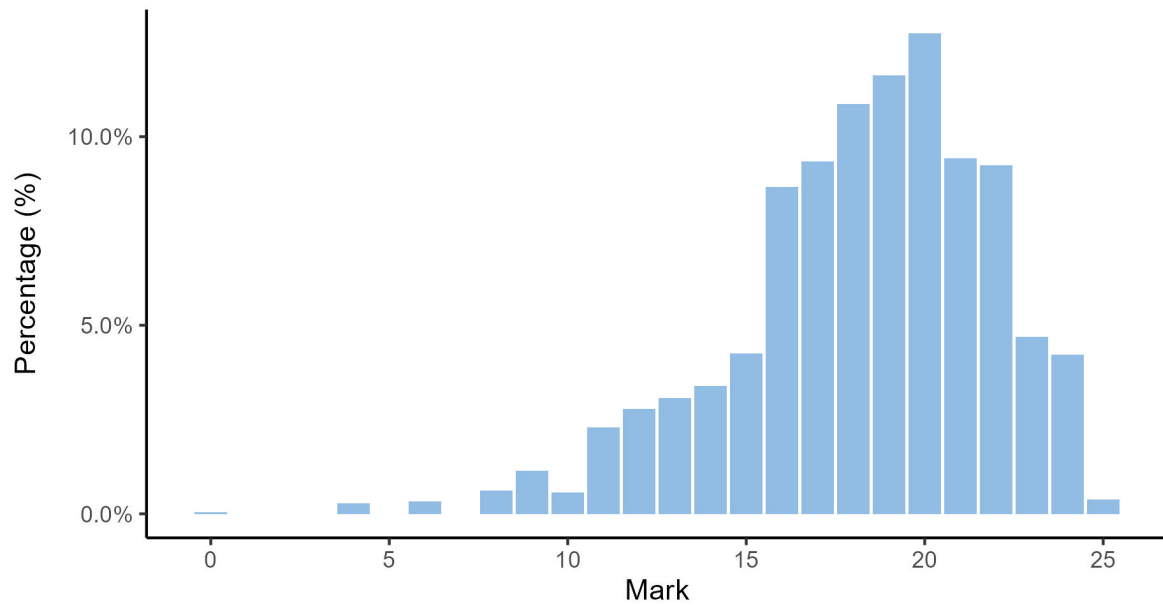
IA3 Criterion: Evaluating



IA3 Criterion: Communicating

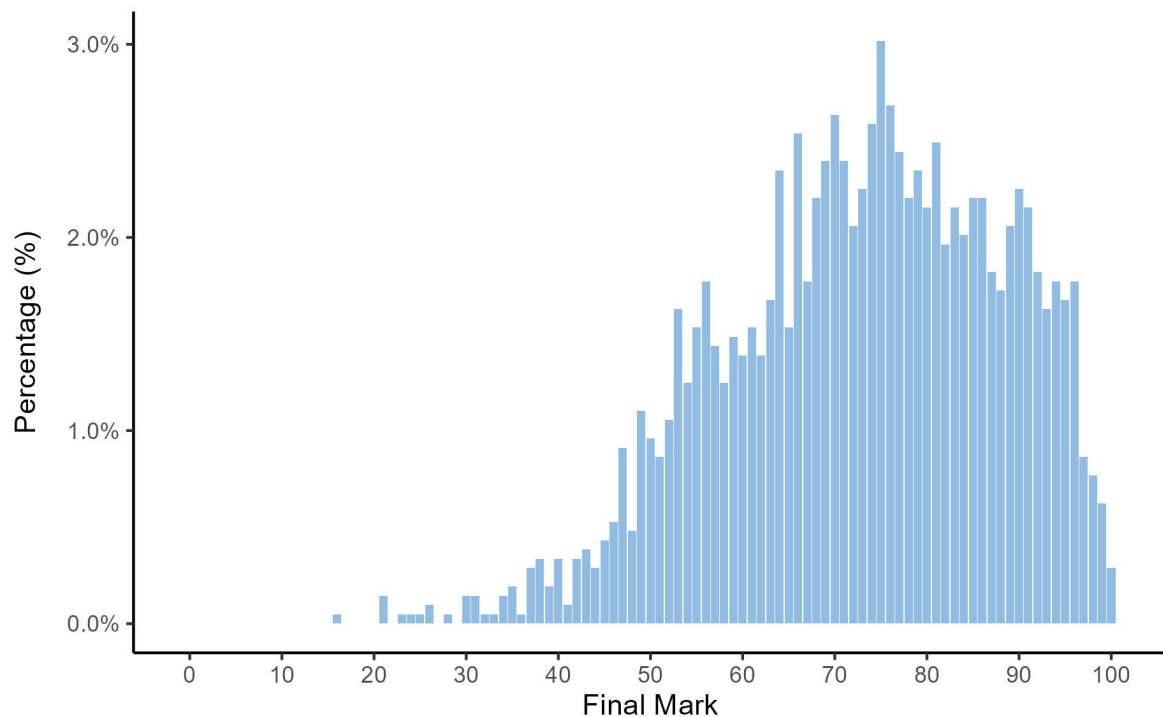


External assessment (EA) marks



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	84–69	68–47	46–21	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	535	789	670	92	1

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 assessment. 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 v6.0*, Section 9.5.

Percentage of instruments endorsed in Application 1

Instruments submitted	IA1	IA2	IA3
Total number of instruments	154	154	153
Percentage endorsed in Application 1	26	29	44

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 v6.0*, 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	152	979	0	88.82
2	151	976	0	81.46
3	150	967	6	96.00

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	59
Authentication	0
Authenticity	8
Item construction	50
Scope and scale	57

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- in Part A — short items included references to specific accounts and financial data pertaining to the subject matter item. This enabled appropriate scope of the syllabus subject matter to be assessed, e.g. use of invoices to enable students to explain the difference between capital expenditure and other expenditure
- in Part B — practical items
 - Item 1 included alternative non-current assets so that it did not lead students to a predetermined response, e.g. speed boats, aircraft tow tractor, agriculture and farming equipment, excavation machinery, commercial coffee machines, shop display cabinets
 - Item 2 included alternative non-current assets so that it did not lead students to a predetermined response, e.g. Hyster forklift, trailer, commercial ovens
- in Part C — the extended response item established a business context that promoted the opportunity to investigate the management of alternative non-current assets, e.g. studio and lighting equipment for a photography business, snorkelling and diving equipment for an adventure business.

Practices to strengthen

It is recommended that assessment instruments:

- in Part A — short items
 - provide questions relating to specific syllabus subject matter (e.g. historical cost principle), that allow for significant characteristics to be identified. Simple statements asking students to ‘describe the historical cost principle’ lead to a definition response, which is out of scope and prevents students from demonstrating the top performance-level descriptors. Use of scenarios, visual stimulus and financial data provide opportunities for students to demonstrate their scope of comprehension of the subject matter, by giving an account of the situation, event, pattern or process
 - include questions that address the chosen subject matter (e.g. impact of cloud computing on business data and information) from an accounting perspective. For appropriate scope of subject matter, the question should include an aspect of the stated syllabus subject matter. For instance, if students are to explain the impact of cloud computing on business data and information, then the question should be scaled to focus on an aspect of cloud computing (e.g. software as a service [SaaS]) and its impact on business data for accounting (e.g. financial data stored offsite)
- in Part B — practical items
 - Item 1, avoid questions that are too similar to the QCAA sample, enabling students to simply substitute the identical application of the accounting principles and diminishing balance into the examination question. The question should be designed so that it does not lead students to a predetermined response. Consider a range of capital expenditure and other expenditure items at different stages of the life of the non-current asset
 - Item 2, remove the heading ‘Revenue’ or ‘Expenses’ in the Statement of Profit or Loss template. These headings lead students to a predetermined response as they will anticipate the gain or loss on the disposal of the non-current asset if the heading has been provided for them
- in Part C — extended response item
 - provide a question that specifically focuses on the control and management of resources for the sole trader trading GST business
 - present financial data and information (both relevant and irrelevant to managing resources) in a variety of ways to enable actual trends to be evident. Including vague trends from the stimulus information (and not trends in the financial data) does not enable students to achieve at either a top or mid performance level in the Analysing criterion for this characteristic.

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	12
Layout	5
Transparency	3

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- in Part B — practical 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, contained a range of stimulus material, including source documentation, to present relevant and irrelevant financial data and information. Financial data and information could be presented as the graphing of logbook vs. odometer kilometres, organisational policies and procedures manual (extracts), purchase orders, insurance quotes, invoices, visual images of relevant non-current assets such as plant or the latest technology, and an organisation chart (extract).

Practices to strengthen

It is recommended that assessment instruments:

- in Part B — practical items, Items 1 and 2, contain questions that are presented in a layout distinct from the previous QCAA sample. To promote authentic student responses, the use of pre-determined financial data substitution is discouraged. A distinct layout of the question prompts students to transcend basic calculations and instead showcase their comprehension and application of accounting principles and processes in managing resources for a trading GST business. This involves precise calculations, recording, and reporting of non-current asset purchase, depreciation, and disposal. Selecting a layout that facilitates students to effectively address core challenges through forward processing will enable them to demonstrate proficiency at the highest performance levels of the Applying criterion
- include precise accounting terminology relevant to accounting and administrative internal controls pertinent to the specified type of non-current asset in the question
- have been designed using the page break tool within the Endorsement application to ensure tables remain intact without splitting across pages. Additionally, the **Print preview** function should be accessed to verify the task layout is suitable, before submitting the assessment item for endorsement.

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	98.03	1.32	0.66	0
2	Applying	98.68	0.66	0.66	0
3	Analysing	91.45	8.55	0.00	0
4	Evaluating	94.08	5.92	0.00	0
5	Communicating	100.00	0.00	0.00	0

Effective practices

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

- in the Comprehending criterion, the responses in the upper performance level referred to the context and information provided in the question, rather than a definition of the subject matter
- in the Applying criterion, responses in the mid and lower performance levels were clearly annotated by teachers to show where consequential errors had been made and allowed for. This made it easier for confirmers to support teacher judgments
- in the Communicating criterion, responses did not include introductions and conclusions in the report (extract). This allowed students to use the word limit to provide a more thorough and insightful response.

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 include evidence of interpretation of both financial data and information and use this to identify trends to support the analysis
- in the Evaluating criterion, student responses should ensure decisions and recommendations are convincing and thoroughly justified, not simply stated. Students who achieved in the upper performance level also included information about how the recommendation would help minimise the impact of the issue identified.

Samples

The following excerpt has been included as it demonstrates the characteristics of the Analysing criterion at the upper performance level. The response clearly shows the application and inclusion of contextualised information. The student has also explained how prior poor management of internal controls is impacting the business's performance and accuracy of their financial statements.

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

Proposed Changes

Asset Register (AR) implementation should be included in the OPPM. This should contain instructions for using logbooks correctly and procedures for monitoring NCAs such as audit register, security procedures and logbook checks. NCA controls within the OPPM should be accessible to both existing and new staff in order to allow all relevant personnel to familiarise themselves with these policies and procedures, ensuring the safeguarding of the business assets and preventing issues such as voiding of warranties, NCAs misuse and theft. A clear policy should be included within the OPPM regarding authorisation and responsibility. This allows all staff to know who is responsible and provide management greater ability to monitor staff performance and hold them accountable for their actions.

Additional advice

- In the Applying criterion, if a student has attempted either question in Part B, consider awarding a mark of 1 if the response meets the ISMG characteristics for this to be awarded.

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	89
Authentication	0
Authenticity	6
Item construction	33
Scope and scale	45

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- in Part A — short items, contained questions that enabled demonstration of the relevant concept, principle and/or process in the context of the fully classified financial statement reporting for a trading GST business. Such questions allowed for an appropriate scope of the subject matter to be demonstrated rather than enabling a definition response, e.g. effective questions that incorporated a scenario and/or financial data and/or information to enable students to describe specific balance day adjustments and their purpose
- in Part B — practical item, provided a question that focused on how the identification and correction of the seven conceptual errors and the resultant generation of the accurate and fully classified Statement of Profit or Loss and Statement of Financial Position were then synthesised to solve the explicitly stated goal-oriented problem. There was a good range of goal-oriented problems developed across the state (e.g. the problem could require the net profit figure to be above a certain percentage from last year's profit for a bank loan application; or that the new budgeted marketing campaign costs were to be at or below a certain percentage of last year's net sales in order for the business to pursue this new marketing campaign; or that the closing Cash at Bank account had sufficient funds to be able to purchase a low value non-current asset item outright). There was also a range of thoughtful ways for students to record how they solved the goal-oriented problem (e.g. where students were asked to find the net worth of the business, they completed a bank loan application extract to determine if the net worth was at or above the bank's desired amount)

- in Part C — extended response item, provided opportunity for students to demonstrate the full range of performance-level descriptors by ensuring that the provided stimulus could enable interpretation of trends in the financial data and information. To establish trends, three years of financial data could be presented (instead of the typically presented two years of financial data).

Practices to strengthen

It is recommended that assessment instruments:

- in Part A — short items
 - contain questions pertaining to specific syllabus topics (e.g. provision for doubtful debts) that facilitate the identification of key characteristics, promoting a thorough comprehension of the process of the stated subject matter. To enable students to demonstrate an appropriate scope of comprehension, consider a scenario with financial data that would require the disclosure of the specific subject matter item (i.e. avoid straightforward prompts that merely elicit definitional responses to this negative asset account)
 - include questions that enable students to demonstrate an appropriate scope of the required subject matter (e.g. consider using stimulus for students to use as the focus for explaining a specific qualitative characteristic)
- in Part B — practical item, ensure the seven errors are in actual fact ‘conceptual errors’ (in accounting, errors that occur as a result of incorrectly applying accounting concepts, principles and processes) as opposed to ‘clerical errors’ (in accounting, errors committed in the process of calculating, recording, processing and reporting financial transactions, and that are the result of carelessness)
- in Part C — extended response item
 - offer stimulus materials that enable thorough analysis, interpretation, and evaluation across both performance areas (profitability and liquidity)
 - present the financial data and information to enable an appropriate evaluation of accounting practices. This should assist the students to make decisions and propose recommendations for proposed changes to improve the one performance area stated in the task
 - include financial data and information for three years to enable interpretation of trends.

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	3
Language	7
Layout	6
Transparency	2

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- in Part A — short items, enabled students to apply their perceptive use of accounting terminology to demonstrate comprehension of the accounting concept, principle and/or process in the context of fully classified financial statement reporting for the trading GST business.

Practices to strengthen

It is recommended that assessment instruments:

- in Part B — practical item, are presented using a layout that is distinct from a previous QCAA sample while still providing stimulus material that must not have been previously used with the students. This approach promotes the development of solutions to goal-oriented problems that are both unstructured and unfamiliar, fostering a more authentic problem-solving experience.

Additional advice

- In Part B, if the stimulus includes a list of account balances presented in debit/credit format, then it should not be a complete trial balance.

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	94.04	5.96	0.00	0
2	Synthesising and solving	97.35	0.66	1.99	0
3	Analysing	88.74	11.26	0.00	0
4	Evaluating	92.05	7.95	0.00	0
5	Communicating	98.68	0.00	1.32	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 upper performance levels were able to clearly identify significant characteristics from the context provided and demonstrate effective and perceptive use of accounting terminology.

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, responses must include financial data and information from the stimulus provided and include analysis beyond simply stating the movement in ratio figures between years
- in the Synthesising and solving criterion, teachers should clearly annotate where consequential or carry-through errors have been made and allowed for when determining a student's mark
- in the Evaluating criterion, recommendations need to be thoroughly justified and should include reasoning that shows how the recommendations made will help solve or improve the issue that has been identified.

Samples

The following excerpt has been included as it demonstrates the characteristics of the Comprehending criterion at the upper performance level. The response shows an understanding of accounting concepts and principles to explain how the application of the historical cost principle can lessen the relevance of financial statements.

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

The historical cost principle states that non-current assets such as property, plant and equipment (PPE) should be recorded at the purchase price to achieve an objective value rather than subjective. In the statement of financial position accumulated depreciation is subtracted from the assets purchase price, however the loss of service potential conveyed through accumulated depreciation depends on the method chosen, estimated residual value and depreciation rate, thus may be inaccurate. For example accumulated depreciation on furniture may be inaccurate, limiting the relevance of the statement of financial position, and the usefulness in helping users make future decisions.

The following excerpt shows how the teacher has annotated the error that had been found and fixed. Numbering which error the student had found and corrected helped confirmers support the provisional mark awarded by the teacher.

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

Statement of Financial Position			As at 30 June 2024		
	\$	\$	\$		
Assets					
Current Assets					
Cash at Bank			9000		
Accounts Receivable	8000				
Provision for Doubtful Debts	320		7680	(6)	
Inventories			31785		
Accrued Revenue			250		
Prepaid Expenses		600		49315	Error - Remove Stationery
Non-Current Assets					
Other Financial Assets					
Shares			34000		
Property, Plant and Equipment					
Motor Vehicle (at cost)	21500				(7)
Less Accumulated Depreciation-Motor Vehicle	1300		20200		
Intangibles					
Goodwill			41000	95200	
				144515	
Less Liabilities					
Current Liabilities					
Accounts Payable	4000				
GST Clearing (payable)	800				
Accrued Expenses	850		5650		
Non-Current Expenses					
Bank Loan			36400	42050	
NET ASSETS				<u>\$ 102,465</u>	✓
Owner's Equity					
Capital	63740				
Add Net Profit	39,625		103,365		
Less Drawings			900	<u>\$ 102,465</u>	✓

Additional advice

- In Part C — extended response item, students should only focus on the one area of performance, liquidity or profitability, as required in the task.
- Students should be reminded that an introduction and conclusion are not required in the business report (extract).

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	55
Authentication	2
Authenticity	26
Item construction	16
Scope and scale	8

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- included a variety of alternative ways to present the stimulus material so that students could engage with the context, e.g. the use of different source documentation to complete transactions, reference to current industry benchmark data and statistics to inform budgetary considerations, investigation of market trends and available business loan interest rates
- provided appropriate financial data to enable the goal to be realistically investigated within the chosen accounting context, e.g. if the goal were to move to new premises, then the financial data provided would realistically enable the investigation of options for acquiring the new premises.

Practices to strengthen

It is recommended that assessment instruments:

- provide clear instructions detailing the specific financial documents required, including MYOB records, spreadsheets, and budget sections necessary for the preparation of the business report. This ensures students are well informed about which documents to use and the requirements for compiling the report
- enable accurate manual calculations for transactions based on the stimulus provided in order to meet the syllabus requirements. If an accounting software program performs these calculations automatically, it does not fulfill the syllabus specifications. The task should require specific manual computations, such as determining a 30% payment of the sale price as a first instalment or calculating 25% of capital withdrawn by the owner. This ensures students engage in and demonstrate their understanding of essential accounting concepts, principles and processes, as outlined in the syllabus (Syllabus section 5.6.1)
- provide appropriate variances within the stimulus, e.g. for the budgeting section. The degree of variance needs to be significant so that students are able to produce unique responses both in the cash budgeting section and the business report. Only providing a 5–10% range, as an example, results in similarity across the business report responses.

Accessibility

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

Reasons for non-endorsement by priority of assessment

Accessibility priority	Number of times priority was identified in decisions
Bias avoidance	3
Language	14
Layout	4
Transparency	7

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- incorporated a diverse range of financial data and information presented in distinctive layouts, using real-life source documents and business documentation rather than merely listing information. This approach involved organising and displaying data in formats that reflected actual business scenarios, such as incorporating actual financial statements, transaction records, and other relevant documentation. Use of realistic formats allowed the presentation of financial information to be more contextually meaningful and aligned with real-world applications. This enhanced the clarity and relevance of the data, facilitating a deeper understanding and more accurate analysis and evaluation.

Practices to strengthen

It is recommended that assessment instruments could provide the budgetary considerations in different layouts (e.g. extracts of sales reports, market trends and graphs) to then inform budgetary projections that can lead to students producing authentic responses.

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	100.00	0.00	0.00	0
2	Synthesising and solving	99.33	0.00	0.67	0
3	Analysing	96.67	2.00	1.33	0
4	Evaluating	99.33	0.67	0.00	0
5	Communicating	98.67	0.00	1.33	0

Effective practices

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

- in the Applying criterion, there was evidence of effective application of accounting principles to generate required documentation. This allowed for effective interpretation of the data to inform the preparation of the business report
- in the Evaluating criterion, student responses in the upper performance level included financial data from their own analysis to justify why their chosen solution was the most effective. The decisions were arrived at through the assessment of strengths and limitations, which then allowed for the presentation of convincing recommendations.

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
 - students should be encouraged to analyse the impact of the proposed alternative against the current situation. This allows students to objectively demonstrate the effectiveness of the changes
 - student responses should include graphs and/or tables, and/or screenshots of the cash budgets to support the analysis, and to help prove the credibility of the solution proposed.

Samples

The following excerpt illustrates the characteristics for the Evaluating criterion, demonstrating perceptive judgments and thoroughly justified decisions by explaining why the chosen option is the most effective in solving the goal-oriented problem. The student has used relevant financial data and information to substantiate their decision while also disproving the alternative options.

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

5.0 Recommendation

After extrapolating the data for many months after the current period, it is unlikely that either option will surpass the adjusted cash balance by a high enough margin to justify such significant costs such as the new boat or marina. Hence, it is recommended that Mary not proceed with either option, as they are not viable to the business. Below in Figure 12, it is evident that Options 1 and 2 do steadily increase, yet it is not a justifiable rate of increase to recommend either, particularly as they will both cost upwards of \$200,000. For either option, Mary would be required to take out a loan, resulting in a minimum of \$25000 in interest payments over 5 years. It is recommended that Mary revise the two options, or other possible options in a period, where the cash flow of her business has significantly improved, and her monthly receipts have increased.

Figure 12: Cash Balances of Adjusted Vs Option 1 Vs Option 2 over 5 month period



The following excerpt has been included to illustrate the characteristics for the Evaluating criterion and demonstrates the use of a table to identify strengths and limitations to assist when making decisions and recommendations.

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

5.0 Cost benefit analysis

All 3 what-if budgets have advantages and disadvantages, with a comparison of these aspects seen below in Table 1.

Table 1: Comparison of strengths and limitations of what-if budgets		
	Strengths	Limitations
What-if budget 1 (Workpaper 2)	- Depositing 20% decreases the amount owed to the bank and interest expense on the loan. ① ✓	- Overdraft of \$56,884 in January 2025. - Small June balance of \$13,963 which could send the business into an overdraft during the quiet period - March to November. This may lead to sale of assets and possible bankruptcy. ✓ - Total loan repayment including interest expense of \$134,400. ✓ ①
What-if budget 2 (Workpaper 3)	- A guarantor causes a projected bank balance of \$13,116 in January. ① ✓ - Cash can be saved in anticipation for the quiet period, with June valued at \$68,798. ✓	- Total loan repayment and interest expense of \$151,200. - Will affect the cash balance of the business by causing payments over receipts for April, May and June. ✓ ②
What-if budget 3 (Workpaper 4)	- Has an estimated balance of \$64,963 in June allowing the business to save for the predicted quiet period. ① ✓ - There are other ways to procure cash, such as outside investors. ✓	- Causes an overdraft of \$5,884 in January. - Only feasible if the owner has enough money saved themselves. ✓ - Total loan repayment including interest expense of \$134,400. ✓

Additional advice

- Teachers should annotate student work, particularly the reports for the Applying and Synthesising and solving criteria.
- Schools should ensure that each submission includes all required documentation. This includes all MYOB (or other software) reports, as well as all relevant budgets to satisfy the Applying and Synthesising and solving criteria.
- When preparing each submission, schools should ensure appropriate formatting when printing cash budgets to avoid having spreadsheets separated across multiple pages or font so small the student response cannot be easily read.

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 (60 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 and balance day adjustments, a fully classified Statement of Profit or Loss and a fully classified Statement of Financial Position for two consecutive years and calculations of ratios
- providing advice to a business owner about how to present the business in the best possible light for a prospective buyer
- the analysis, interpretation and evaluation of the financial statements of a public company to provide recommendations in connection with the possible creation of a new division to sell their catering equipment.

The stimulus items were presented as three separate case studies and included a range of financial data and information. The first case study involved the recording at 30 June 2024 of a variety of transactions, including the purchase and depreciation of a new item of machinery. The second required the preparation and analysis of fully classified Statements of Profit or Loss and Statements of Financial Position for the current year and (projected) for the following year, with the results to be made available for a prospective purchaser. The third case study required a detailed analysis and evaluation of financial reports of a public company to arrive at a conclusion as to whether the proposed expansion was advisable at that time.

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	22.13	4.31	44.94	27.75
2	15.40	6.68	14.24	62.81
3	24.50	14.04	21.50	39.23
4	13.61	44.46	24.16	17.19
5	53.32	7.55	29.01	9.35
6	28.57	34.24	21.74	14.53
7	12.35	30.36	41.65	14.29
8	6.34	10.36	72.35	9.98
9	4.94	53.46	9.98	30.75
10	68.14	11.19	7.31	12.59

Effective practices

Overall, students responded well to:

- Question 12a) and Question 12b), applying accounting principles and processes and synthesising and solving goal-oriented problems to prepare fully classified accounting reports for the current year and for the projected year
- Question 12d), analysing, interpreting and evaluating the reports and ratios prepared in Question 12a), Question 12b) and Question 12c) and other information provided in the stimulus, to advise the owner of a business about how to convince a prospective purchaser that her business would be a suitable addition to their operations.

Practices to strengthen

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

- including teaching and learning activities incorporating revision of the calculation and recording of GST, in both the general journal and the general ledger (T format and columnar) to try to ensure that marks are not lost unnecessarily
- emphasising that when analysing, students need to include references to financial data and information from all relevant stimulus documents, e.g. Question 12 specifically stated that students should refer to Stimulus 2, 3 and 4 and their responses to Question 12a), 12b) and 12c) when providing advice to the owner of a business
- emphasising that valid and justified decisions and recommendations need to be supported with relevant financial data and information from the financial reports and/or stimulus.

Samples

Short response

Question 11 required students to apply accounting principles and processes to record all transactions for the acquisition, payment and depreciation of an item of machinery that had been bought during the financial year.

Effective student responses:

- provided the correct recording of all required general journal entries, the correct calculation and recording of GST where applicable, and depreciation calculations for nine months.

The following excerpt has been included to illustrate the correct recording of all entries required at 30 June for that acquisition.

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

Date	Particulars	DR S	CR S
1/10/23	Machinery	30000	
	GST Credits Received	3000	
	Accounts Payable-Bobcat Sellers		33000
1/10/23	Accounts Payable-Bobcat Sellers	1650	
	Cash at bank		1650
1/10/23	Machinery	4000	
	GST Credits Received	400	
	Cash at bank		4400
1/10/23	Cash at bank	31350	
	Bank loan		31350
1/10/23	Accounts Payable-Bobcat Sellers	31350	
	Cash at bank		31350
30/6/24	Depreciation of Machinery	46 3450	
	Accumulated Depreciation-Machinery		3450

Question 12b) required students to use Stimulus 2 and 3 to prepare fully classified Statements of Financial Position for two consecutive financial years.

Effective student responses:

- showed the correct selection and identification of accounts and amounts to record in the fully classified Statements of Profit or Loss and Statements of Financial Position for the years ended 30 June 2024 and (projected) for 2025.

The following excerpt from Question 12b) has been included:

- to show the correct selection, classification and recording of all sections of the Statements of Financial Position for both years
- to illustrate that, in the Owner's equity section, the final balance for 2024 became the opening balance for 2025.

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

Statement of Financial Position as at 30 June								
....	2025				2024			
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current Assets								
Cash at Bank			36889			14000		
Inventories			5600	42689		5800	19800	
Non Current Assets								
Property Plant and Equipment								
Computer Equipment		2500				2500		
less Accumulated Depn.		2200	300			1200	1300	
Delivery Vehicles		45000				45000		
less Accumulated Depn.		9521	35479	35779		8500	36500	37800
				78468				57600
less Liabilities								
Current Liabilities								
Accounts Payable			5290			5290		
Non-current Liabilities								
Loan due 30 June 2030			7000	12290		7000	12290	
NET ASSETS				\$ 66178				\$ 45310
Owner's Equity								
Capital			45310			39892		
add Net Profit			22868	68178		7418	47310	
less Drawings				2000			2000	
				\$ 66178				\$ 45310

Question 12d) required students to use Stimulus 2, 3 and 4 and the responses to Questions 12a), 12b) and 12c) to advise an owner of a business on how best to convince a prospective purchaser to add that business to their operations.

Effective student responses:

- included references to financial data and information contained in both the stimulus documents and the completed Statements of Profit or Loss and Statements of Financial Position
- provided justified advice to the owner regarding the sale of her business.

The following excerpt from Question 12d) has been included:

- to demonstrate the inclusion of comprehensive references to the profitability and liquidity of the business

- to illustrate how the student used evidence from Questions 12a), 12b), 12c) and the stimulus documents to provide justified advice to the owner to use when promoting her business to a prospective purchaser.

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

From 2024 to 2025, Tami Health Foods' (THF) financial position - profitability and liquidity - ~~has~~ ^{is projected to} significantly improved, making it an appealing investment for Health in your Kitchen ^(HIYK) to ~~buy~~ buy. From 2024 to 2025, THF expects an increase in ~~net~~ gross profit ratio from 71.67% to 74.94%, indicating THF is predicted to generate 75c gross profit per \$1 of net sales (3c higher than 2024). While THF's gross profit ratio was below the industry average of 75% in 2024, its 2025 prediction is equal this, making THF a competitive business within its industry, and hence an appealing business ^{for HIYK} to purchase. THF's net profit ratio is budgeted to significantly increase from 12.36% in 2024 to 29.32% in 2025, indicating THF is predicted to generate 29c net profit (17c higher than in 2024) per \$1 of net sales. This increase will make THF's net profit ratio competitive with the industry average in 2024 of 30%. Additionally, THF's return on owner's equity ^{is expected to} increase from 17.41% in 2024 to 41.02% in 2025, indicating every \$1 invested in the business by the owner, 41c net profit ^{is expected to be} generated. This, being slightly higher than the 2024 industry average of 40%, makes THF an appealing business for HIYK to purchase, as it is likely to yield high returns, and ~~is~~ is expected to have significant improvements in profitability.