

Accounting marking guide and response

External assessment 2025

Combination response (60 marks)

Assessment objectives

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

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

Note: Objective 6 is not assessed in this instrument.

Purpose

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

The marking guide:

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

The sample response demonstrates the qualities of a high-level response.

Mark allocation

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

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

Marking guide

Multiple choice

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

Short response

Q	Sample response	The response:
11	See sample response on pages 4–5.	<ul style="list-style-type: none"> • records <ul style="list-style-type: none"> – 8–9 general ledger entries [5 marks] – 6–7 general ledger entries [4 marks] – 4–5 general ledger entries [3 marks] – 2–3 general ledger entries [2 marks] – 1 general ledger entry [1 mark]

Question 11 sample response: Method 1

A Smith — General ledger (extract)					
Date	Particulars	\$	Date	Particulars	\$
Bad and doubtful debts					
29/6/25	Balance	6 250	30/6/25	Provision for doubtful debts	13 000
30/6/25	Accounts receivable	6 750			
	Provision for doubtful debts	8 203			
Accounts receivable					
29/6/25	Balance	150 000	30/6/25	Bad and doubtful debts	7 425
Provision for doubtful debts					
30/6/25	Bad and doubtful debts	13 000	29/6/25	Balance	10 500
			30/6/25	Bad and doubtful debts	8 203

Question 11 sample response: Method 2

A Smith — General ledger (extract)					
Date	Particulars	\$	Date	Particulars	\$
Bad and doubtful debts					
29/6/25	Balance	6 250	30/6/25	Provision for doubtful debts	10 500
30/6/25	Accounts receivable	6 750			
	Provision for doubtful debts	5 703			
Accounts receivable					
29/6/25	Balance	150 000	30/6/25	Bad and doubtful debts	7 425
Provision for doubtful debts					
30/6/25	Bad and doubtful debts	10 500	29/6/25	Balance	10 500
			30/6/25	Bad and doubtful debts	5 703

Q	Sample response	The response:
12a)	See sample response on page 9.	<ul style="list-style-type: none"> records <ul style="list-style-type: none"> 12–13 general ledger entries [4 marks] 9–11 general ledger entries [3 marks] 5–8 general ledger entries [2 marks] 1–4 general ledger entries [1 mark] formally balances the ledger account [1 mark]
12b)	See sample response on page 10.	<ul style="list-style-type: none"> correctly presents <ul style="list-style-type: none"> 3–4 classification headings [2 marks] 1–2 classification headings [1 mark] correctly classifies accounts and accurately records amounts for <ul style="list-style-type: none"> 9 accounts [5 marks] 7–8 accounts [4 marks] 5–6 accounts [3 marks] 3–4 accounts [2 mark] 1–2 accounts [1 mark] correctly calculates <ul style="list-style-type: none"> 3–4 subtotals [2 marks] 1–2 subtotals [1 mark] determines net profit figure [1 mark]
12c)	See sample response on page 11.	<ul style="list-style-type: none"> correctly presents <ul style="list-style-type: none"> 7–8 classifications [4 marks] 5–6 classifications [3 marks] 3–4 classifications [2 marks] 1–2 classifications [1 mark] correctly classifies accounts and accurately records amounts for <ul style="list-style-type: none"> all 11 accounts [5 marks] 9–10 accounts [4 marks] 6–8 accounts [3 marks] 3–5 accounts [2 marks] 1–2 accounts [1 mark] correctly balances the Statement of Financial Position [1 mark]

Q	Sample response	The response:
12d)	<p>The business owner's goal of a 7% ROE for the financial year has not been met when the reports are prepared using the accrual accounting method, as the actual ROE for the financial year is 2.89% or 3%.</p> <p>If the reports had been prepared using the cash accounting method, the results would be different. When using cash accounting, transactions are recorded only when the cash flows occur. When using accrual accounting, transactions are recorded when they have an economic impact rather than mirroring the cash flow. In accrual accounting, balance day adjustments are required so that revenues and expenses, and assets and liabilities, appear in the correct accounting period.</p> <p>Because accrual accounting was used, the amount for advertising recorded in the Statement of Profit or Loss was \$600, compared to \$1 500 if the cash method had been used. The omission of additional balance day adjustments for depreciation and wages when using cash accounting would have led to an inaccurate profit result and a subsequent incorrect ROE.</p> <p>However, if the accrual accounting method for recording financial information had been adopted, the owner would have had an accurate picture of the progress of the business and would have then been able to make appropriate business decisions.</p> <p>It is strongly recommended that the accrual method of recording transactions is adopted from 1 July 2025.</p>	<ul style="list-style-type: none"> • calculates the return on equity (ROE) [1 mark] • identifies if the goal has been met [1 mark] • provides an explanation of the cash and accrual methods of recording financial information [1 mark] • refers to relevant financial data and information from the stimulus [1 mark] • states a valid and justified recommendation [1 mark]

Question 12a) sample response

Bicycle business — General ledger					
Cash at bank					
<i>Date</i>	<i>Particulars</i>	<i>\$</i>	<i>Date</i>	<i>Particulars</i>	<i>\$</i>
30/06/25	Capital	150 000	30/06/25	Advertising and GST	1 650
	Inventories and GST	660		Drawings	15 000
	Loan from bank	27 500		Electricity and GST	2 970
	Sales and GST	220 000		Interest	825
				Inventories and GST	165 000
				Delivery vehicle and GST	27 500
				Rent and GST	13 200
				Sales returns and GST	1 100
				Wages	55 000
				Balance c/d	115 915
		\$398 160			\$398 160
1/07/25	Balance b/d	115 915			

Question 12b) sample response

Bicycle business Statement of Profit or Loss for year ended 30 June 2025			
	\$	\$	\$
Sales		200 000	
Less sales returns		1 000	199 000
Less cost of sales			
Cost of goods sold	119 400		119 400
Gross profit			79 600
Less other expenses			
Selling expenses			
Advertising	600		
Electricity	2 700		
Rent	12 000		
Wages	56 800		
Depreciation of delivery vehicle	2 500	74 600	
Finance expenses			
Interest	825	825	
Total expenses			75 425
Net profit			4 175

Question 12c) sample response

Bicycle business Statement of Financial Position as at 30 June 2025				
	\$	\$	\$	\$
Assets				
Current assets				
Cash at bank		115 915		
Inventories		30 000		
Prepaid expense/advertising		900	146 815	
Non-current assets				
Property, plant and equipment				
Delivery vehicle	25 000			
Less accumulated depreciation of delivery vehicle	2 500		22 500	169 315
Liabilities				
Current liabilities				
GST clearing		840		
Accrued wages		1 800	2 640	
Non-current liabilities				
Loan from bank	27 500		27 500	30 140
				139 175
Owner's equity				
Capital		150 000		
Add net profit		4 175		
		154 175		
Less drawings		15 000		139 175

Q	Sample response	The response:	M	The response:	M
13a)	<p>Profitability worsened in 2025, with sales revenue and other income decreasing to \$1 829 533* and total comprehensive income falling \$67 566, to \$166 891.</p> <p>While revenue has fallen, expenses increased, and implementing a new major IT project costing \$26 459 has affected profits. In 2024, the disposal of subsidiaries boosted profits by \$13 457. This did not occur in 2025, affecting profitability, reflected in the fall in income tax expense from \$88 977 to \$61 862. The exchange rate was less favourable in 2025, reducing profits.</p> <p>It is expected that revenues should be increasing. A publishing company relies on advertising income, and this has fallen. Licensing fees have fallen a significant 38.54%. Advertising and marketing expenses have increased to \$35 795, but this has not been reflected in increased advertising revenue. Because profit for the year has fallen, with the net profit ratio decreasing to 9.80% from 13.72% in 2024, the earnings per share has decreased to 9.4 cents per share, which is disappointing.</p> <p>Liquidity has improved and is a strength. Net assets increased by \$141 621, made up principally of an increase in cash and cash equivalents of \$23 940, with an overall decrease in current liabilities. Rights and inventories contributed positively, with an increase of \$36 534, and current tax liabilities have improved from \$77 773 in 2024 to current tax receivable of \$22 846 in 2025. The current ratio improved from 1.05:1 to 1.30:1.</p> <p>* \$'000</p>	<ul style="list-style-type: none"> provides a detailed horizontal analysis of the profitability and liquidity of the company identifies relevant relationships in profitability and liquidity supports this analysis with relevant financial data and information from Stimulus 3 and 4 	5	<ul style="list-style-type: none"> provides valid and justified conclusions about the profitability and liquidity of the company supports these conclusions with <ul style="list-style-type: none"> identified trends correct calculation of two relevant ratios 	5
		<ul style="list-style-type: none"> provides a horizontal analysis of the profitability and liquidity of the company identifies relevant relationships supports this analysis with relevant financial data and information from Stimulus 3 and 4 	4	<ul style="list-style-type: none"> provides valid conclusions about the profitability and liquidity of the company supports these conclusions with <ul style="list-style-type: none"> identified trends calculation of two relevant ratios 	4
		<ul style="list-style-type: none"> provides a horizontal analysis of the profitability or liquidity of the company identifies relationships refers to financial data and information from Stimulus 3 and 4 	3	<ul style="list-style-type: none"> provides a conclusion about the profitability and liquidity of the company supports this conclusion with <ul style="list-style-type: none"> one identified trend calculation of one relevant ratio 	3
		<ul style="list-style-type: none"> makes a statement about the profitability or liquidity of the company refers to financial data or information from Stimulus 3 or 4 	2	<ul style="list-style-type: none"> provides a conclusion about the profitability or liquidity of the company supports this conclusion with <ul style="list-style-type: none"> one identified trend <p>OR</p> <ul style="list-style-type: none"> calculation of one ratio 	2
		<ul style="list-style-type: none"> makes a statement about the scenario 	1	<ul style="list-style-type: none"> states a conclusion about the profitability or liquidity of the company <p>OR</p> <ul style="list-style-type: none"> calculation of one ratio 	1
		<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0	<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0

Q	Sample response	The response:	M
13b)	<p>The purchase of the new media company should not be considered. Though liquidity is healthy, profitability is falling. Investigation is required as to why revenue decreased while expenses increased, especially as the company is in a growth phase, as evidenced by an increase in net assets of \$141 621*.</p> <p>The cash position has improved from \$46 664 to \$70 604 in 2025, and current assets, currently at \$619 201, show an improvement of \$96 643 from 2024. The current liabilities of trade and other payables have increased from \$217 494 to \$253 658, and deferred income has substantially increased by \$16 626. The non-current liabilities of deferred tax liabilities have increased from \$178 670 in 2024 to \$240 819, and borrowings have increased from \$362 148 to \$377 406.</p> <p>While the expansion should lead to increased revenue, the ability to service additional debt is questionable, especially as the growth in 2025 has not led to improved profitability.</p> <p>Therefore, the proposed purchase is not recommended at this stage and should be investigated in twelve months, provided the opportunity to purchase is still available and profitability improves in the subsequent year.</p> <p>* \$'000</p>	<ul style="list-style-type: none"> clearly explains the scenario makes a clear decision to propose a valid recommendation supports recommendation with relevant financial data and information relating to profitability and liquidity 	5
		<ul style="list-style-type: none"> explains the scenario makes a decision to propose a valid recommendation supports recommendation with relevant financial data and information relating to profitability or liquidity 	4
		<ul style="list-style-type: none"> explains the scenario states a valid recommendation supports recommendation with financial data or information relating to profitability or liquidity 	3
		<ul style="list-style-type: none"> makes a statement about the scenario states a recommendation refers to financial data or information 	2
		<ul style="list-style-type: none"> makes a statement about the scenario OR states a recommendation OR refers to financial data or information 	1
		<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0



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