# 2019 Accounting Subject Assessment Advice

## Overview

Subject assessment advice, based on the previous year’s assessment cycle, gives an overview of how students performed in their school and external assessments in relation to the learning requirements, assessment design criteria, and performance standards set out in the relevant subject outline. They provide information and advice regarding the assessment types, the application of the performance standards in school and external assessments, and the quality of student performance.

Teachers should refer to the subject outline for specifications on content and learning requirements, and to the subject operational information for operational matters and key dates.

2019 was the final year for the assessment of the current course. The new course begins in 2020 and teachers should make careful reference to the new assessment criteria in the performance standards as well as the changes to assessment, especially to the requirements of Assessment Type 2.

# School Assessment

Assessment Type 1: Skills and Applications Tasks (50%)

The skills and application tasks provide an opportunity for all learning requirements from the subject outline to be explored throughout the year with varying assessment design criteria included in each task. External moderation for this year showed a continued commitment by the vast majority of teachers to providing high quality and varied tasks that allowed students to display their knowledge and skills and perform at all levels of the performance standards

The more successful responses commonly:

* were in response to well-designed tasks that incorporated both practical and theory enabling students to demonstrate their application skills and provided opportunities for students to succeed at all levels
* included accurately completed financial statements, journals/ledgers, debtor schedules or bank reconciliations and used appropriate language, formatting and terminology throughout
* made reference to the supporting documents and figures provided in the task showing application and communication skills
* generated relevant suggestions that took into account the scenario provided and moved beyond making generic or broad statements.

The less successful responses commonly:

* resulted from tasks that lacked variation in the depth of responses required, meaning that only students at the higher level of the performance standards were able to answer or students were limited to providing responses that could only be assessed at the middle performance standard levels
* gave brief responses that were not supported by evidence or reference to information in the task.
* made limited use of accounting terminology or used it incorrectly
* focussed on practical aspects of the tasks and skipped or gave limited responses to any discussion or theory.

Assessment Type 2: Report (30%)

The report continues to be developed by teachers, providing interesting and well-designed questions for their students. The majority of reports were produced in word processed form and this is encouraged where it appropriate, taking into account resources available and student skills levels. Successful report questions provide opportunities for students to show their understanding but then spend the majority of their time on interpretation and communication.

The more successful responses commonly:

* specifically addressed the scenario provided and supported recommendations with evidence from the information provided
* were responding to a limited number of ratios but had a clear “problem” to address and interpret
* provided well-structured responses where the logic and interpretations provided in the answer were clear
* went beyond the “obvious” or generic implications of the data and gave insightful responses that properly considered the scenario being investigated
* correctly interpreted ratios and could discuss them in the context of the problem rather than just outlining their movement.

The less successful responses commonly:

* included limited interpretation, predominantly outlining the movement of ratios
* provided generic statements that did not take into account the particular scenario presented
* provided very structured answers in a generic format, this sometimes led to students discussing ideas or criteria not present in the scenario
* outlined the meaning of ratios but not what the ratio results actually revealed about the scenario

# External Assessment

## Assessment Type 3: Examination

Students undertake a 130-minute examination.

The 2019 examination was formatted with 4 questions with the organisation of material adjusted to try and ensure students were able display evidence of their abilities across the whole range of performance standards. The exam was presented with an information booklet and question booklet (for answers) for the first time and feedback indicated this worked successfully and was more accessible to students.

### Question 1 – This question focussed on Cash Budgets and included a bank reconciliation

The more successful responses commonly:

* related the social issue to the question being asked
* correctly calculated the cash budget amounts and were able to account for changes between months, both increases and decreases
* referred back to the cash budget in assessing the decision to purchase the asset and when discussing the unexpected payment
* followed the formatting and processing requirements for bank reconciliations including indicating Dr or Cr balance.

The less successful responses commonly:

* indicated depreciation was related to valuation
* did not apply discounts to payments appropriately
* included non-cash items
* did not make changes to budget figures between months
* did not reference the cash budget when discussing the new purchase or unexpected payment and likely overdraft
* did not reconcile their ledger account and reconciliation.

### Question 2 – This question focussed on Cash Flow Statements and included some ratio calculations

The more successful responses commonly:

* correctly calculated profit and selected appropriate figures for the equity ratio
* provided thoughtful reasons for the capital investment and the need for it given the existing bank overdraft
* followed all processes and fully completed the cash flow statement
* provided a clear explanation of the difference between profit and cash
* took into account all information from the question when recommending about the investment.

The less successful responses commonly:

* selected the incorrect values for the equity calculation
* provided generic statements about the capital investments and did not consider the scenario
* included non-cash items and left out key figures when completing the cash flow
* were not able to clearly articulate the difference between cash and profit or profits and dividends
* did not include the appropriate units ($) or (%) when completing calculations
* recommended whether to invest or not without supporting the recommendation with evidence from the question.

### Question 3 – This question focussed on Balance Day Adjustments and related accounting concepts

The more successful responses commonly:

* correctly identified the concept of duality and provided clear examples of the impacts on a trial balance
* provided the specific names of the legal entities
* correctly calculated depreciation using both the correct method and identifying the partial period
* classified all balance sheet correctly and updated all figures for adjustments
* showed the bank figure as an overdraft in current liabilities
* updated expenses and correctly classified them
* identified the overdraft as a liquidity issue despite a reasonable ratio calculation.

The less successful responses commonly:

* were not able to provide reason a trial balance may not reveal errors
* could not identify COGS as the relevant information about the recording system
* confused the accounting and legal entities
* did not account for the partial period depreciation
* reversed the debit and credit entries in the general journal
* left out relevant entries in the allowance ledger account and did not balance it
* classified balance sheet and income statement items incorrectly
* stated the business liquidity good was despite a bank overdraft
* did not provide a full definition only stating “care and caution”
* suggested vertical or trend rather than horizontal analysis.

### Question 4 – This question focussed on inventories and break-even analysis

The more successful responses commonly:

* correctly identified the entry as a stock loss and provided a sensible explanation for it needing to be recorded
* used the correct terminology in the ledger account
* determined gross profit correctly using the information from the cost of goods sold account and question information
* were able to distinguish between gross profit and a breakeven calculation that included other expense
* identified the schedule of debtors as the link between control and subsidiary accounts.

The less successful responses commonly:

* were not able to explain why a stock loss may have occurred
* used terminology other than inventory for the account names in the ledger account
* did not record the sales return or stock loss in calculating gross profit
* attempted to calculate COGS rather than showing the process without an inventory card
* did not round the breakeven calculation up to a whole number or did not identify the units
* included unnecessary items in the subsidiary ledger account

left out relevant entries in the allowance ledger account and did not balance it.