2020 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.

School Assessment

Assessment Type 1: Accounting Concepts and Solutions (40%)

The introduction of a new subject outline in 2020 provided teachers more freedom to design assessment tasks that were engaging and provided students the opportunity to apply the skills and knowledge they were developing to more realistic scenarios and contexts. External moderation for this year showed a commitment by teachers to embrace the change and opportunity provided by the subject outline with development of high quality and varied tasks that allowed students to display their knowledge and skills and perform at all levels of the performance standards. There was a good balance of some “traditional” stand alone test style assessments with innovative approaches including video presentations and assessments that built on one another throughout the subject.

The more successful responses commonly:

* were in response to well-designed tasks that incorporated both practical and theory tasks and enabled students to discuss managing financial sustainability and provide accounting advice in the context of the practical component
* included accurately completed financial statements, budgets, journals/ledgers, debtor schedules or bank reconciliations that were based on real world examples or fictitious data based on realistic contexts
* resulted from students being provided corrected accounting data based on their work in a previous assessment piece which could then be used to explore theory concepts or provide accounting solutions relevant to the situation being investigated
* provided accounting solutions that took into account the scenario provided and moved beyond making generic or broad statements while using correct accounting terminology and communicating clearly and concisely.

The less successful responses commonly:

* resulted from tasks that were not designed with the new subject outline in mind which limited the student’s ability to provide the depth of responses needed fully explore the ideas of financial sustainability or providing accounting advice
* gave brief and generic responses that were not linked to the scenario provided
* were heavily focussed on the practical aspects of accounting and showed consistent errors in recording and in the preparation of reports
* made limited use of accounting terminology or used it incorrectly.

Assessment Type 2: Accounting Advice (30%)

The change in the 2020 subject outline introduced Accounting Advice as assessment type 2. This assessment type has many similarities to the previously required report but can be seen as a development of that approach that allows students an opportunity to explore a broader range of ways to communicate accounting information. Assessment type 2 also highlights the fact that a primary aim of accounting is to provide information for decision making and a key role for accountants is to provide advice based on the information generated. A large number of student submissions adhered to a “traditional” report style format, but it was encouraging to see teachers exploring ways to present information to students and providing opportunities for students to communicate their findings in different ways.

The more successful responses commonly:

* focussed on providing advice to the stakeholder that communicated advice in an appropriate format with extensive use of correct accounting language and terminology
* specifically addressed the scenario provided and considered the stakeholders being addressed while supporting the advice being given with evidence from the information provided
* used a range of appropriate external sources, either identified by the student or guided by the teacher, to support the advice being given
* provided insightful advice and made connections between the information provided, the scenario in question, and additional information such as calculated ratios
* went beyond the “obvious” or generic implications of the data and gave insightful responses that properly considered the scenario being investigated.

The less successful responses commonly:

* only discussed the “obvious” or generic implications of the data and did not link the information provided to the scenario being investigated
* discussed several ratios and their movement but did not explore the impacts of these movements
* only used selected information from the task sheet, limiting the ability to fully explore the scenario
* used limited or no external sources and did not reference those sources correctly.

External Assessment

Assessment Type 3: Examination (30%)

Students undertake one 2-hour written examination.

The updated 2020 subject outline include a change to the examination structure to reflect the increased focus on accounting advice as key component of the accounting practice. The exam was formatted with three questions focussed on the more practical aspects of the course with appropriate theory included and a fourth question designed to allow students to demonstrate their ability to provide accounting advice. The exam was presented with an information booklet and two question booklet (for answers to question 1-3 and 4) this presentation carried over from the previous year appeared to work successfully and was accessible to students.

Question 1 – This question focussed on Cash Flows

The more successful responses commonly:

* showed detailed calculations in part a) including a breakdown of totals used in part b)
* correctly accounted for the bank overdraft when calculating the change in cash
* referred back to the cash flow statement and provided specific and distinct examples when discussing cash management
* were able to explain their reasoning for their interpretation of the quick ratio.

The less successful responses commonly:

* included non-cash items in the cash flow
* did not separately identify the interest payment
* did not calculate the cash increase by using the cash figures on the balance sheet
* provided generic answers about cash management without providing examples from the scenario
* incorporated a discussion of profit and expenses rather than focussing on cash
* stated the quick ratio was a positive result without providing a justification for this.

Question 2 – This question focussed on Inventories and Debtors

The more successful responses commonly:

* correctly completed the stockcard including the stock loss
* calculated the turnover using the average inventory and identified turnover as a number of times
* provided clear advice and a justification on which toy to sell
* identified an impact on liquidity and a risk
* used the correct account names in the journal entry
* included figures and all subtotals in the balance sheet extract
* identified a practice that would limit future bad debts such as screening debtors.

The less successful responses commonly:

* used selling price in the stockcard rather than cost price
* were not able to use the information to calculate the COGS figure for the ratio
* reported the ratio result as a dollar amount or a percentage
* were not able to provide a justification for their advice
* included Accounts Receivable in the journal entry
* did not provide subtotals, particularly the net debtors figure
* suggested a penalty to encourage early payment rather than a method of eliminating future bad debts
* identified benefits for customers rather than for the business as required.

Question 3 – This question focussed on Balance Day Adjustments, Accounting Reports and related accounting concepts

The more successful responses commonly:

* correctly calculated depreciation and used correct account names in the journal and ledger
* were able to identify the adjustment needed in the Allowance account after writing off the bad debt against accounts receivable then calculating the required balance
* classified income statement items correctly, including recording discount allowed in the revenue section
* transferred their calculated profit figure into the statement of changes in equity to calculate ending capital
* clearly explained the concept of faithful representation and used a specific example from the question to show the impact of balance day adjustments.

The less successful responses commonly:

* used incorrect account names in the journal and ledger entries
* did not included the write off of the bad debt or formally balance the ledger
* did not use adjusted figures in the income statement, particularly sales
* incorrectly classified items or included balance sheet items
* 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
* did not include account names or use profit figure in the statement of changes in equity
* did not use an example or clearly explain the concept of faithful representation.

Question 4 – This new style of question focussed on Providing Accounting Advice based on Budgeted Information and other concepts

The more successful responses commonly:

* used specific examples from the information provided and focused on the fact that budgeted information is forward looking in their explanations
* identified the fact that the predicted result was based on a flawed assumption and that a trend can only be calculated over a minimum three-year period
* selected two distinct ratios and clearly explained what information those particular ratio calculations provided
* provided concise answers consistent with the mark allocation for the question
* clearly selected a format for their communication and adhered to that format throughout their response
* addressed the audience directly and appropriately showing good communication, letters were addressed to Chris and were written professionally but with a more personal tone, reports identified Chris as the owner and recipient of the report and maintained a formal structure and tone throughout
* structured their responses in a way that matched the amount and depth of discussion to the mark allocations
* selected appropriate ratios, financial and non-financial information to include in the discussion and related these directly to the scenario
* were able to bring in realistic and relevant real-world examples to their answers
* engaged in a balanced discussion of the positive and negative aspects of the key questions being explored
* provided clear advice to the audience that was relevant and actionable in the context of the scenario provided.

The less successful responses commonly:

* used no examples or generic examples rather than referring to the information in the scenario
* did not discuss accounting concepts such as relevance or faithful representation when producing accounting information for decision making
* selected ratios that were not related to profitability
* answered part e) as a series of questions with each dot point addressed separately
* presented a generic “report” that did not consider the audience or address their concerns directly
* attempted to calculate several other ratios that were not necessary or relevant to the questions being explored
* only focussed on one or two of the dot points or presented one sided arguments without considering alternative viewpoints or all of the financial information available
* did not provide clear advice to the intended audience, either by not including any specific recommendations or providing generic advice that may be of interest to stakeholders in general but did not specifically address the questions raised or could not be actioned by Chris.