Accounting marking guide and response

External assessment 2024

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
- has been annotated using the marking guide.

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.

Where no response to a question has been made, a mark of ‘N’ 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	C
2	D
3	D
4	B
5	A
6	A
7	C
8	C
9	B
10	A

Short response

Q	Sample response	The response:
11	See sample response on page 4.	• correctly records – 6 general journal entries **[6 marks]** – 5 general journal entries **[5 marks]** – 4 general journal entries **[4 marks]** – 3 general journal entries **[3 marks]** – 2 general journal entries **[2 marks]** – 1 general journal entry **[1 mark]** • correctly records amounts in – 6 general journal entries **[3 marks]** – 3–5 general journal entries **[2 marks]** – 1–2 general journal entries **[1 mark]**

Question 11 sample response

Garden Supplies — General journal (extract)			
Date	**Particulars**	**DR $**	**CR $**
30 June 2024	Machinery/bobcat	30 000	
	GST clearing	3 000	
	Bobcat Sellers		33 000
	(Bought machinery/bobcat from Bobcat Sellers)		
	Machinery/bobcat	4 000	
	GST clearing	400	
	Cash at bank		4 400
	(Paid for installation of air-conditioning)		
	Bobcat Sellers	1 650	
	Cash at bank		1 650
	(Paid 5% deposit)		
	Cash at bank	31 350	
	Loan		31 350
	(Obtained a loan)		
	Bobcat Sellers	31 350	
	Cash at bank		31 350
	(Paid Bobcat Sellers amount owing)		
(30 000 + 4000) − 11 000/5	Depreciation of machinery/bobcat	3 450	
= 4600 × 9/12	Accumulated depreciation of machinery/bobcat		3 450
= 3450	(Depreciation for nine months)		

Q	Sample response	The response:
12a)	See sample response on page 8.	• correctly presents – 4 classification headings **[3 marks]** – 2–3 classification headings **[2 marks]** – 1 classification heading **[1 mark]** • correctly classifies accounts and accurately records amounts for both years – all 13 accounts **[5 marks]** – 9–12 accounts **[4 marks]** – 6–8 accounts **[3 marks]** – 3–5 accounts **[2 marks]** – 1–2 accounts **[1 mark]** • correctly calculates for both years – 4 sub-totals **[2 marks]** – 1–3 sub-totals **[1 mark]** • correctly determines gross profit figures for both years **[1 mark]** • determines net profit figures for both years **[1 mark]**
12b)	See sample response on page 9.	• correctly presents – 5 classifications **[4 marks]** – 4 classifications **[3 marks]** – 2–3 classifications **[2 marks]** – 1 classification **[1 mark]** • correctly classifies accounts and accurately records amounts for both years – all 10 accounts **[5 marks]** – 8–9 accounts **[4 marks]** – 5–7 accounts **[3 marks]** – 3–4 accounts **[2 marks]** – 1–2 accounts **[1 mark]** • correctly balances the Statement of Financial Position for both years **[1 mark]**
12c)	See sample response on page 10.	• correctly calculates for both years – 4 ratios **[4 marks]** – 3 ratios **[3 marks]** – 2 ratios **[2 marks]** – 1 ratio **[1 mark]**

Q	Sample response	The response:
12d)	Owing to the projected increases in sales of 30% and cost of goods sold of 15%,Tamara’s gross profit is estimated to increase from 71.67% to 74.94% or by $15 450 in 2025. This reaches the benchmark of 75%.There is also a very pleasing increase in net profit from $7 418 to a projected $22 868 or from 12.36% in 2024 to 29.32% in 2025. Once again, these compare favourably with the current benchmark of 30%. With the ROE of 17.41% increasing to 41.02% and the current ratio increasing from 3.74:1 to 8.07:1, the benchmark results of 40% and 2:1 respectively have been easily met. The ROE shows a healthy return and the level of the current ratio suggests the business is well able to meet its debts in the short term. With the cash balance of $36 889, Tamara could consider repaying the loan of $7 000 before the due date. The expenses are projected to remain constant at 2024 levels. Tamara’s results are excellent overall and represent an outstanding opportunity for a ‘bricks and mortar’ business to acquire a profitable and growing ‘online’ business in order to diversify and expand.	• discusses − 4 ratios **[4 marks]** − 3 ratios **[3 marks]** − 2 ratios **[2 marks]** − 1 ratio **[1 mark]** • provides justified advice regarding the sale of her business **[1 mark]**

Q12a) Sample response

[redacted] Health Foods Statement of Profit or Loss for year ended 30 June						
	2025			2024		
	$	$	$	$	$	$
Sales		78 000			60 000	
Less Cost of sales						
Cost of goods sold		19 550			17 000	
Gross profit			58 450			43 000
Add Other Revenue						
Interest revenue		790	790		790	790
			59 240			43 790
Less Other Expenses						
Selling Expenses						
Advertising	2 331			2 331		
Delivery vehicle expenses	3 663			3 663		
Depreciation on delivery vehicles	1 021			1 021		
Website maintenance	666	7 681		666	7 681	
Administrative Expenses						
Bookkeeping expenses	1 665			1 665		
Depreciation on computer equipment	1 000			1 000		
Electricity	4 650			4 650		
Insurance	555			555		
Wages — office staff	20 000	27 870		20 000	27 870	
Finance Expenses						
Interest on loan	821	821		821	821	
Total Expenses			36 372			36 372
Net profit			22 868			7 418

Q12b) Sample response

[redacted] Health Foods Statement of Financial Position as at 30 June								
	2025				2024			
	$	$	$	$	$	$	$	$
Assets								
Current assets								
Cash at bank		36 889				14 000		
Inventories		5 800	42 689			5 800	19 800	
Non-current assets								
Property, plant and equipment								
Computer equipment	2 500				2 500			
Less accumulated depreciation on computer equipment	2 200	300			1 200	1 300		
Delivery vehicles	45 000				45 000			
Less Accumulated depreciation on delivery vehicles	9 521	35 479	35 779	78 468	8 500	36 500	37 800	57 600
Liabilities								
Current liabilities								
A/c payable		5 290	5 290			5 290	5 290	
Non-current liabilities								
Loan due 30 June 2030		7 000	7 000	12 290		7 000	7 000	12 290
Net assets				66 178				45 310
Owner's equity								
Capital		45 310					39 892	
Add Net profit		22 868					7 418	
		68 178					47 310	
Less drawings		2 000		66 178			20 00	45 310

Q12c) Sample response

	2025	2024
Gross profit ratio	$\frac{58\,450}{78\,000} \times 100$	$\frac{43\,000}{60\,000} \times 100$
	74.94%	**71.67%**
Net profit ratio	$\frac{22\,868}{78\,000} \times 100$	$\frac{7\,418}{60\,000} \times 100$
	29.32%	**12.36%**
Return on owner's equity	$\frac{22\,868}{0.5(45\,310 + 66\,178)} \times 100$	$\frac{7418}{0.5(39\,892 + 45\,310)} \times 100$
	41.02%	**17.41%**
Current ratio	$\frac{42\,689}{5\,290}$	$\frac{19\,800}{5\,290}$
	8.07:1	**3.74:1**

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Q	Sample response	The response:	M	The response:	M
13	XYZ Catering Company’s net profit has decreased to $59 173 in 2023. Total revenue increased by 1.35%, while expenses increased by 1.98%. This has resulted in a decrease of 13 cents in EPS and ROE decreasing from 18.2% to 16.2%. The 84.3% decrease in Other income from $3 254 to $511 has negatively impacted profitability. Reasons could include a reduction in interest revenue due to decreases in cash and equivalents, and/or financial asset investments. If the expansion proceeds, inventories costs may increase significantly to stock the additional equipment. Liquidity should not be negatively impacted, as inventories could be funded from cash and cash equivalents. Trade and other receivables have increased $23 102. Further credit sales could increase the risk of bad debts. If liquidity and cash flow are not monitored closely, payment of trade and other payables, which have increased $22 466, could be further impacted. If equipment is sold, as well as leased, the possible decrease in lease revenue could be offset somewhat if the business moves into repairs and maintenance of equipment that has been sold. The board should proceed with the expansion, especially given the success of the trial. Once established, additional sales should increase net profit. The introduction of a tight credit policy is recommended to ensure prompt payment is received from trade and other receivables. This should result in an improved cash position, a reduction in bad debts and the ability to pay trade and other payables in a timely manner to maintain an excellent business reputation.	• provides a detailed horizontal analysis of the scenario • supports this analysis with relevant financial data and information from Stimulus 5 and 6	5	• provides valid and justified decisions • proposes two valid recommendations • supports these two recommendations with relevant financial data and information	5
		• provides a horizontal analysis of the scenario • refers to relevant financial data and information from Stimulus 5 and 6	4	• provides a valid decision • proposes two valid recommendations • supports these two recommendations with financial data and information	4
		• explains the scenario • refers to financial data or information from Stimulus 5 and 6	3	• provides a valid decision • proposes a valid recommendation • supports this recommendation with financial data or information	3
		• makes a statement about the scenario • refers to financial data or information from Stimulus 5 or 6	2	• makes a decision • proposes a recommendation	2
		• makes a statement about the scenario	1	• states a recommendation or decision	1
		• does not satisfy any of the descriptors above.	0	• does not satisfy any of the descriptors above.	0

Notes
Valid: sound, well-founded; legitimate and able to be supported. *Relevant financial data and information* may include: **Profitability** – net profit ratio – NP/net sales x 100 ▪ 2023: $\frac{62\,707}{677\,378}\times 100 = 9.26\%$ ▪ 2024: $\frac{59\,173}{686\,496}\times 100 = 8.62\%$. – ROE: is provided in stimulus **Liquidity** – Current ratio ▪ 2023: $\frac{580\,316}{401\,724} = 1.44{:}1$ ▪ 2024: $\frac{599\,436}{419\,204} = 1.43{:}1$ – Turnover of a/c receivable ▪ 2024: $\frac{678\,811}{(172\,353 + \frac{195\,455}{2})} = 3.69$ times or 99 days approximately **Stability** – Equity: 45% – Liabilities: 55% Other *relevant relationships/trends/ratios* may include: – current tax receivables increased by 169.26% or \$2 544 – investment in joint ventures increased by 331.94% or \$12 741 – PPE increased by 18.48% or \$10 245 – intangibles increased by 5.34% or \$6 131 – trade and other payables increased by 6.1% or \$22 466 – borrowings increased by 65.81% or \$8 447 – or other suitable response consistent with a reasonable understanding.