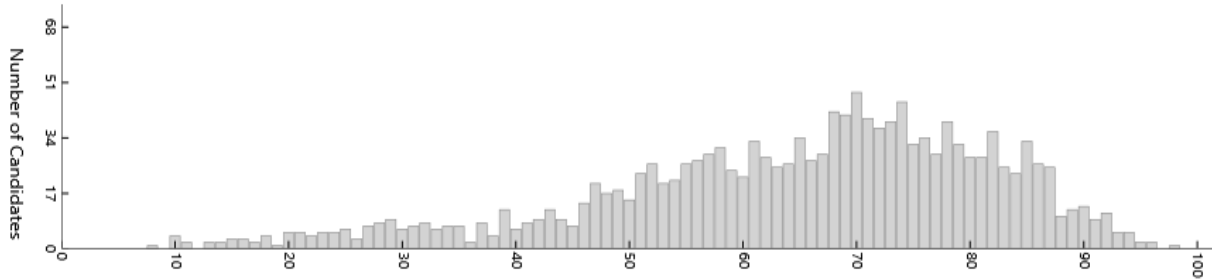




Summary report of the 2016 ATAR course examination: Accounting and Finance

Year	Number who sat	Number of absentees
2016	1486	20

Examination score distribution



Summary

The Accounting and Finance ATAR course was examined for the first time in 2016. The examination covered Units 3 and 4 equally, incorporating both management and financial accounting. The examination was pitched appropriately for the cohort. The examination feedback received from teachers and candidates indicates that the paper was considered to be fair, with sufficient depth and breadth of the syllabus content.

The mean score for the examination was 64.25%, which was higher than the mean scores for the past three years of 61.50% for 2015, 58.79% for 2014, and 63.58% for 2013. Candidate performance was similar across Section One: Multiple-choice and Section Two: Short answer, with the performance slightly better in Section Two: Short answer. Candidate performance was the weakest in Section Three: Extended answer.

Summary statistics for the examination are provided below.

Attempted by 1486 candidates	Mean 64.25%(/100)	Max 98.00%	Min 8.25%
Section means were:			
Section One: Multiple-choice	Mean 10.07(/15)	Max 15.00	Min 1.00
Section Two: Short answer	Mean 47.37(/70)	Max 68.75	Min 0.25
Section Three: Extended answer	Mean 7.02(/15)	Max 14.50	Min 0.00

General comments

Units 3 and 4 were examined equally in the examination, with an appropriate balance between theory and application questions. As well, there were questions on topics that were not examined in previous years. Candidates performed well on topics that had been tested regularly over the last few years, but not as well on those topics that have not been covered continuously. This year all sections of the examination paper provided good discrimination, producing scores across the full range of marks.

Candidates continued to find Section Three: Extended answer the most challenging section of the examination paper. The Extended answer questions were quite different and candidates showed a clear preference for Question 20 (981 candidate attempts) over Question 21 (463 candidate attempts). This year 42 (2.82%) candidates did not attempt this section, which was similar to 2015 with 41 (3.07%) candidates. Scaffolding and labelling of the expected responses for both questions clearly helped the candidates to address the

questions posed. However, this section is still the most difficult and problematic for candidates.

Advice for candidates

- Keep in mind that all of the syllabus content is examinable and that questions from each section can be quite broad and wide ranging.
- Remember that Units 3 and 4 builds on the concepts of Units 1 and 2 and that you are expected to be able to prepare general journal and general ledger entries to apply your knowledge and understanding of the course.
- Your responses to the syllabus content must include sufficient detail, explanation, examples and reasoning to address the questions posed.
- Read each question carefully to ensure that you answer the question posed.
- Show your workings.
- Label clearly the items in your workings, e.g. the reconstruction accounts you prepare to determine cash flows in a Statement of cash flows question.
- If spaces are provided for final answers, use these to write your answers.
- Present your answers using the conventions that are used in general business practice, e.g. when a financial ratio is required to be stated as a percentage, calculate the percentage to two decimal places (unless instructed otherwise).
- Present your answers as required by the question, e.g. you may be required to state a financial ratio as a ratio, a percentage or as a number of times.
- When preparing financial statements for external reporting requirements, you should show appropriate workings and follow appropriate formatting. If you are unsure of the type of formatting that is required, the published financial statements of Australian listed companies should be referred to for guidance.
- Be very familiar and understand the formulae and tables in the Specifications booklet, and use these resources in the examination to answer the questions posed.
- Use appropriate Accounting and Finance terminology when responding to theory questions, e.g. when explaining cash and cash equivalents, the elements of financial statements, and the definition and recognition criteria for the elements of financial statements.
- In Section Three: Extended answer, avoid rewriting the question. Instead concentrate on developing your answer in detail, ensuring that your answer addresses each element of the question.

Advice for teachers

- Provide students with adequate practice to demonstrate their depth of understanding the syllabus content by answering theory-based questions as part of their school-based assessment program. This includes the theory components for questions in Section Two: Short answer and Section Three: Extended answer.
- The Accounting and Finance Units 3 and 4 syllabus has a balance of application and theoretical content and teachers must cover both aspects thoroughly to adequately prepare students for the examination. A noticeable trend this year was students not attempting the theory questions posed in the Section Two: Short answer section of the examination.
- This year there was evidence that students did not grasp fully some concepts that are fundamental to the course, including financial reporting disclosure, the difference between cash and non-cash accounting events and records, accrual accounting, cost-volume-profit analysis and capital investment techniques for capital expenditure.
- Remind students that Units 3 and 4 builds on the concepts of Units 1 and 2. Students need to have a sound grasp of the concepts of Units 1 and 2 to extend and apply their knowledge to Units 3 and 4.
- When teaching students multiple formats for the presentation of financial information, remember to advise them of the most effective and efficient way to present this

information in an examination, and use Australian listed company financial statements as a reference point. For example, in the Property plant and equipment note, remind students to disclose separately historical cost and any revaluation gain for the property which has been revalued for the period.

- Be aware that conventions used in general business practice should be followed, as it would be expected that students should be able to produce financial information that can be read and followed easily by either internal or external users of the information. This includes showing sub-totals and totals where required, using percentages correctly and presenting calculated items such as payback period and financial ratios with their associated calculation format, e.g. years and months for payback period and times for price/earnings ratio.
- Advise students to read the questions posed in examinations carefully. (This year an issue arose with Question 17(e) where students treated the depreciation expense as not being included in the Net profit after tax calculation for the year.)
- Provide adequate examples to students of corporate social disclosure made by Australian companies, as required by the course syllabus. In this year's examination, students often referred to corporate social disclosure made by international franchises that operate in Australia, Australian charities, government owned enterprises, or other forms of Australian businesses rather than a public or private company. It is recommended that teachers use large Australian listed company websites and associated reports when teaching corporate social disclosure, as this will assist students to fully grasp the syllabus content.
- The company accounting section of the course follows pronouncements made by the AASB. Use all available syllabus pronouncements and support materials to assist students to master the course.

Comments on specific sections and questions

Section One: Multiple-choice

Attempted by 1486 candidates

Mean 10.07(/15)

Max 15.00

Min 1.00

The easiest questions were Questions 4, 5, and 7. The most difficult question was Question 11, which required candidates to understand fully the concepts relating to Statements of cash flow and to read each of the distractors carefully, using a process of elimination to select the correct answer. This was followed by Question 10, which required candidates to understand and apply ethical issues encountered in financial dealings between business owners/managers and their employees, clients and investors. The next most difficult question was Question 2, which required candidates to distinguish between management accounting and financial accounting by considering carefully each of the distractors. The mean achieved by candidates for this section was higher than last year's mean.

Section Two: Short answer

Attempted by 1486 candidates

Mean 47.37(/70)

Max 68.75

Min 0.25

Overall this section of the examination challenged candidates slightly less than last year's paper. It was the first time that candidates had to calculate cash flows from accrual accounting information, prepare an analysis of elements of financial statements using the conceptual framework and prepare the notes to accounts for Dividends. Candidates' application and theory of accrual accounting concepts were tested in Questions 18 and 19, while cost concepts, cost-volume-profit analysis and capital budgeting techniques were tested in Questions 16 and 17. Candidates were challenged most by Question 17, followed by Question 18.

Section Three: Extended answer

Attempted by 1444 candidates

Mean 7.02(/15)

Max 14.50

Min 0.00

The choice of question in this section was not distributed evenly across the candidates, with more than twice the number of candidates choosing Question 20 over Question 21. Some candidates gave brief and incomplete answers to this section of the examination paper. Two different types of questions were given to candidates; however, both questions required candidates to apply their knowledge of the syllabus. The mean achieved by candidates this year was lower than that of 2015. Despite the increased attention to this section, evidenced by candidates' detailed responses, some candidates were able to perform well on a number of the questions posed, but not on all. Candidates are reminded to label each of the answers to the questions posed when labels are stated in the examination.