



SAMPLE ASSESSMENT TASKS

ACCOUNTING AND FINANCE
GENERAL YEAR 12

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Sample assessment task

Accounting and Finance – General Year 12

Task 1 – Unit 3

Assessment type: Project

Conditions

Part A: Research component two weeks outside of class time (5 marks)

Part B: In-class validation: 50 minutes in class under invigilated conditions (30 marks)

Task weighting

12% of the school mark for this pair of units

Part A – Research

(5 marks)

In preparation to complete the in-class validation component of this task, you are required to research the following areas of the syllabus:

- characteristics of the main types of small business ownership: sole trader, partnership and small proprietary company, including:
 - number of owners
 - liability of owners
 - ability to raise capital or borrow funds
 - distribution of profits
 - transfer of ownership
 - separate accounting or legal entity
 - continuity of existence
- advantages and disadvantages of the main types of small business ownership
- different types and characteristics of business undertakings, including:
 - manufacturing
 - trading/retailing
 - service providing
- sources of finance, other than equity, available to small businesses
- advantages and disadvantages of these sources of finance
- factors considered by financial institutions when approving finance
 - risk (collateral, liquidity, history, guarantors)
 - return (interest rate, future business)

The in-class validation will consist of a series of questions based on some, or all of the content, you are required to research. You may only refer to your research notes during the completion of the in-class validation. You will need to submit your research notes at the conclusion of the in-class validation, including a bibliography.

Part B – In-class validation**(30 marks)****Question 1****(6 marks)**

Penny Lane is considering establishing her own small business and has estimated that she will require \$90,000 to be able to purchase a business she has investigated. At this stage, Penny has saved \$55,000. Describe three sources of finance that Penny may be able to obtain to enable her to purchase the business.

Question 2**(6 marks)**

Identify and explain two different risk factors that may be considered by a financial institution when approving finance.

Question 3**(18 marks)**

Ezra James has been considering establishing a business for a few years. He has recently been approached by a friend to consider going into partnership together. Ezra is not sure of the differences between a sole trader and a partnership.

- a) Describe to Ezra two advantages and two disadvantages of each type of business. (Note: do not provide the same advantage or disadvantage for different types of business ownership, i.e. do not use the same information more than once.) (8 marks)
- b) Ezra's friend has also suggested that they could establish a small proprietary company as this would protect owners more financially. Define for Ezra what a small proprietary company is and outline how this might provide more protection. (5 marks)
- c) Provide a recommendation for Ezra as to what type of business structure he should establish and why. (5 marks)

Marking key for sample assessment task 1 – Unit 3

Part A – Research

Description	Marks
Conducts research to identify a variety of relevant resources	5
Conducts research to identify a variety of mostly relevant resources	4
Conducts research to identify relevant resources	3
Conducts research to identify some relevant resources	2
Conducts limited research	1
Total	/5

Part B – In-class validation

Question 1

(6 marks)

Penny Lane is considering establishing her own small business and has estimated that she will require \$90,000 to be able to purchase a business she has investigated. At this stage, Penny has saved \$55,000. Describe three sources of finance that Penny may be able to obtain to enable her to purchase the business.

Description	Marks
For each source of finance	
Describes, in detail, a source of finance appropriate for purchasing a business	2
Briefly describes a source of finance appropriate for purchasing a business	1
Total	/6
Answer could include, but is not limited to, the following types of finance	
<ul style="list-style-type: none"> • bank loan – loans available for either a short-term or long-term for either current or non-current assets • mortgage – long-term finance, generally for non-current assets • lease – the business is able to hire and use a non-current asset over a period of time and then purchase at the expiration of the lease • overdraft – facility for businesses to keep withdrawing funds from their cash accounts when the balance reaches zero • loans from family and friends 	

Question 2**(6 marks)**

Identify and explain two different risk factors that may be considered by a financial institution when approving finance.

Description	Marks
For each risk factor	
Explains a risk factor	3
Describes a risk factor	2
Identifies a risk factor	1
Total	/6
Answer could include, but is not limited to	
<ul style="list-style-type: none"> collateral – security for repayment of borrowings, if the borrowings are not repaid, then the assets may be taken or kept by the lender liquidity – the availability of cash and the ability to turn assets into cash, to be able to repay the debt history – the borrower’s past record in repayment of other debts guarantors – a person or organisation that provides a guarantee/agreement to repay the loan if the borrower fails to do so 	

Question 3**(18 marks)**

Ezra James has been considering establishing a business for a few years. He has recently been approached by a friend to consider going into partnership together. Ezra is not sure of the differences between a sole trader and a partnership.

- a) Describe to Ezra two advantages and two disadvantages of each type of business. (Note do not provide the same advantage or disadvantage for different types of business ownership, i.e. do not use the same information more than once.)

Description	Marks
For each advantage	
Describes an advantage for each type of business	2
Identifies an advantage for each type of business	1
Subtotal	/4
For each disadvantage	
Describes a disadvantage for each type of business	2
Identifies a disadvantage for each type of business	1
Subtotal	/4
Total	/8
Answer could include, but is not limited to	
<p>Advantages of sole trader</p> <ul style="list-style-type: none"> one owner doesn’t need to consult with others ease of formation the owner makes all business financial and operational decisions the owner keeps all profits <p>Advantages of partnership</p> <ul style="list-style-type: none"> ease of formation business responsibilities may be shared among the partners losses may be shared among the partners additional capital and expertise may be contributed by partners 	

Disadvantages of sole trader

- unlimited liability
- not a legal entity
- sources of finances may be limited
- limited expertise in all aspects of business operation

Disadvantages of partnership

- unlimited liability
- not a legal entity
- business profits shared
- mutual agency – each partner responsible for the implications of business actions of other partners

Note: A duplicated advantage or disadvantage for a particular business type does **not** receive a second mark

- b) Ezra's friend has also suggested that they could establish a small proprietary company as this would protect owners more financially. Define for Ezra what a small proprietary company is and outline how this might provide more protection.

Description	Marks
Defines a small proprietary company	3
Partially defines a small proprietary company	2
Identifies a criterion of a small proprietary company	1
Subtotal	/3
Outlines how a small proprietary company can protect owners financially	2
Identifies how a small proprietary company can protect owners financially	1
Subtotal	/2
Total	/5

Answer could include, but is not limited to

A small proprietary company is defined by ASIC, as one which satisfies as least two of the following criteria in a financial year

- the consolidated revenue for the financial year of the company and any entities it controls is less than \$25 million
- the value of the consolidated gross assets at the end of the financial year of the company and any entities it controls is less than \$12.5 million
- the company and any entities it controls have fewer than 50 employees at the end of the financial year.

Small proprietary companies, which are a separate legal entities, usually have limited liability; this limits the liability of owners/shareholders for the debts of the company to amount of their investment in the company. An owner/shareholder would only need to contribute towards the debts of the company to the extent of any unpaid amounts owing on their shares.

- c) Provide a recommendation for Ezra as to what type of business structure he should establish and why.

Description	Marks
Provides a recommendation for a type of business structure with a detailed, valid explanation	4–5
Provides a recommendation for a type of business structure with an explanation	2–3
Provides a recommendation for a type of business structure	1
Total	/5
Answer could include, but is not limited to	
Sole trader – ease of formation, ability to make all decisions, owner keeps all the profits	
Partnership – ease of formation, ability to raise additional capital by having more owners, additional expertise and ability to share decision making, shared workload and ability to take leave	
Proprietary company – limited liability, ability to raise additional capital by having a greater possible number of owners, transfer of ownership of shares may be possible, separate legal entity, continuity of existence	

Sample assessment task

Accounting and Finance – General Year 12

Task 10 – Unit 4

Assessment type: Test

Conditions

Time for the task: 30 minutes under invigilated conditions

Calculators may be used

Task weighting

5% of the school mark for this pair of units

Part A: Multiple-choice

(3 marks)

For each of the following, please circle your selected response.

Questions 1–3 are based on the following information:

Peter Candid owns and operate a mobile pizza truck. On 1 May 2017, he replaced the fridge in the truck at a total cost of \$19,500. The fridge is expected to last seven years and have a residual value at the end of its useful life of \$2,000.

1. What is the amount of the depreciation expense at 30 June 2017?
 - (a) \$208
 - (b) \$417
 - (c) \$2,500
 - (d) \$2,786

2. What is the amount of the depreciation expense at 30 June 2018?
 - (a) \$208
 - (b) \$417
 - (c) \$2,500
 - (d) \$2,786

3. What is the carrying amount of the fridge that would be recorded in the balance sheet as at 30 June 2018?
 - (a) \$17,000
 - (b) \$16,583
 - (c) \$14,000
 - (d) \$2,500

Part B: Practical**(20 marks)****Question 4**

Larry's Lawns operates as a sole trader doing small, private gardening work. It purchased three new lawn mowers on 1 January 2015. Each mower cost \$13,000.

Larry's Lawns uses the straight line method to depreciate its assets.

Lawn mowers are expected to last for five years and to be sold for \$2,500 each at the end of this period.

Required

Show the workings and General Journal entries to record the depreciation charges each year to the end of June 2016.

Workings

General Journal – Larry’s Lawns

Date	Details	Debit	Credit

Marking key for sample assessment task 10 – Unit 4

Part A: Multiple-choice

(3 marks)

1	(b)
2	(c)
3	(b)

Part B: Practical

(20 marks)

Question 4

Workings

Description	Marks
Calculations	
Total cost = 13,000 (1) x 3 (1) = 39,000 Total residual value = 2,500 (1) x 3 (1) = 7,500 Depreciation per annum = (39,000 – 7,500) / 5 (1) = 31,500 / 5 = 6,300	5
Depreciation for year ending 30 June 2015 (i.e. six months) = 6,300 (1) x 6/12 (1) = 3,150	2
Depreciation for year ending 30 June 2016 (i.e. one year) 6,300 per annum (1)	1
Total	/8

General Journal – Larry's Lawns

Date	Details	Debit	Credit	Marks
30/6/15 (1)	Depreciation – Lawn mowers (1)	3,150 (1)		3
	Accumulated depreciation – Lawn mowers (1)		3,150 (1)	2
	Depreciation charge for six months			1
30/6/16 (1)	Depreciation – Lawn mowers (1)	6,300 (1)		3
	Accumulated depreciation – Lawn mowers (1)		6,300 (1)	2
	Depreciation charge for the year			1
			Subtotal	/12