



External Assessment Report 2013

Subject	Accounting
Level	Advanced Higher

The statistics used in this report are pre-appeal.

This report provides information on the performance of candidates which it is hoped will be useful to teachers/lecturers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding. It would be helpful to read this report in conjunction with the published question papers and marking instructions for the examination.

Comments on candidate performance

General comments

The overall performance of candidates was slightly poorer than last year, particularly at the top end of the scale. No candidates achieved an Upper A pass, although 20% of candidates did achieve an A pass.

This may have been partly due to a disappointing performance in one of the compulsory questions (see detailed comments on Q1 below).

Once again the theory questions were poorly answered overall, with the exception of Question 5.

In terms of the optional questions in Part A, very few candidates attempted Q2, albeit those who did performed reasonably well. The average marks for Q2 and Q3 were very similar.

The compulsory question in Part B was well answered.

More candidates answered Q8 than Q7 and performed slightly better in terms of the average mark achieved.

As stated above, the theory questions in Part B were poorly answered with Q9 given particularly disappointing responses.

Overall, approximately 55% of candidates achieved a pass mark.

Candidate performance by question

Question 1 (Single entry)

The average mark for this question was a disappointing 24/50.

- (a) This part of the question was generally well done. The main error made was reversing the effect of the opening and closing balances.
- (b) In the Trading Account, many candidates did not realise they had to work back from Gross Profit ie 65% of their sales figure, to allow them to arrive the correct Cost of Goods Sold figure and consequently the correct closing stock figure. The common mistake was to enter the closing stock as 0 and then calculate Cost of Goods Sold and Gross Profit.

In the Profit and Loss section, the common error was not to halve the relevant figures for advertising/wages/general expenses/depreciation, to account for producing statements for six months. Some candidates also introduced drawings, which are of course extraneous in this part of the question.

In the Balance Sheet very few candidates worked out the bank figure correctly, and almost no candidates got the correct capital at start figure. Most other marks were picked up consequentially.

Question 2 (Ratios/Interpretation)

Although this question was attempted by very few candidates, the average mark achieved was 27/40.

- (a) Candidates were mostly able to identify the correct ratios to calculate and to calculate the correct answer. As is often the case, candidates found it more difficult to give correct explanations.
- (b) The same comments could be applied to this part of the question, with the calculations well done but the advice less well answered.

Question 3 (Company Final Accounts)

The vast majority of candidates attempted this question and the average mark achieved was 28/40.

- (a) This part of the question was well answered. Most of the marks were gained, with only the occasional misplacing of items causing marks to be lost.
- (b) This part was less well done. In the Profit and Loss Account, Operating Profit was poorly identified/labelled and many candidates omitted interest received and interest paid. In the Balance Sheet the bank figure was rarely adjusted for the dividend paid, and instead it often appeared as a current liability.

Question 4 (Cash Flow Statement)

There were few attempts at this question and these were very poor, with an average mark of 8/30.

- (a) Very few listed the statements required, ie Profit and Loss Account and 2 Balance Sheets.
- (b) This part of the question was almost totally misunderstood. The bulk of the answers referred to the items required for the note which calculates the Net Cash Flow from Operating Activities and not the sections of the Cash Flow Statement itself.

Question 5 (Consolidated Balance Sheet)

This question achieved an average mark of 16/30, which although not outstanding is historically a high outcome for a theory question.

Good candidates achieved high marks in this question.

Question 6 (Overhead Absorption/ABC)

The average mark for this compulsory question was 36/50, contrasting with the relatively poor average for the compulsory question in Section A.

It was well done even by candidates who seemed to have difficulties with the remainder of the question paper.

Question 7 (Multi Product Break Even/Limiting Factor)

There were few attempts at this question, and the average mark was a disappointing 16/40.

Part (a) was better done than (b) which was very poorly answered. The main error was failing to take the limiting factor into account.

Question 8 (Variance Analysis/Budget Statement)

This was a popular choice and provided an average mark of 21/40.

Part A

(a) Candidates either achieved 4/4 or 0/4, mostly the latter.

(b) Too many candidates are still having difficulty in adjusting the quantity elements of formulae from budget to standard for actual. The variances for sales, material and labour reasonably well done but the overhead variances were poor.

Part B

This part was quite well done. The figures for sales and miscellaneous expenses seemed to cause the most problems.

Question 9 (Process Costing)

This question produced the poorest performance, with an average mark of 4/30.

(a) Any marks gained were in this part of the question.

(b) Almost no marks were gained in this part, with candidates failing to realise what was being asked ie to discuss areas such as WIP, degree of completion, by-products, joint products.

Question 10 (Investment Appraisal)

Average mark was 9/30 mostly gained in part (b).

Parts (a) and (c) were very poorly answered, with candidates not understanding what mutually exclusive projects are.

There were some good answers in part (b) from better candidates.

Statistical information: update on Courses

Number of resulted entries in 2012	41
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Number of resulted entries in 2013	45
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Statistical information: Performance of candidates

Distribution of Course awards including grade boundaries

Distribution of Course awards	%	Cum. %	Number of candidates	Lowest mark
Maximum Mark 100				
A	20.0%	20.0%	9	168
B	26.7%	46.7%	12	144
C	8.9%	55.6%	4	120
D	6.7%	62.2%	3	108
No award	37.8%	100.0%	17	-

General commentary on grade boundaries

- ◆ While SQA aims to set examinations and create marking instructions which will allow a competent candidate to score a minimum of 50% of the available marks (the notional C boundary) and a well prepared, very competent candidate to score at least 70% of the available marks (the notional A boundary), it is very challenging to get the standard on target every year, in every subject at every level.
- ◆ Each year, SQA therefore holds a grade boundary meeting for each subject at each level where it brings together all the information available (statistical and judgemental). The Principal Assessor and SQA Qualifications Manager meet with the relevant SQA Business Manager and Statistician to discuss the evidence and make decisions. The meetings are chaired by members of the management team at SQA.
- ◆ The grade boundaries can be adjusted downwards if there is evidence that the exam is more challenging than usual, allowing the pass rate to be unaffected by this circumstance.
- ◆ The grade boundaries can be adjusted upwards if there is evidence that the exam is less challenging than usual, allowing the pass rate to be unaffected by this circumstance.
- ◆ Where standards are comparable to previous years, similar grade boundaries are maintained.
- ◆ An exam paper at a particular level in a subject in one year tends to have a marginally different set of grade boundaries from exam papers in that subject at that level in other years. This is because the particular questions, and the mix of questions, are different. This is also the case for exams set in centres. If SQA has already altered a boundary in a particular year in, say, Higher Chemistry, this does not mean that centres should necessarily alter boundaries in their prelim exam in Higher Chemistry. The two are not that closely related, as they do not contain identical questions.
- ◆ SQA's main aim is to be fair to candidates across all subjects and all levels and maintain comparable standards across the years, even as arrangements evolve and change.