



External Assessment Report 2012

Subject(s)	Accounting
Level(s)	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 performance of candidates in this year's examination was very encouraging. The percentage of candidates achieving a pass rose to 70%. The average mark achieved was 6 marks higher than 2011. Another encouraging feature was a significant reduction in the number of candidates receiving no award. This was down from 36% to 22%.

However, one has to bear in mind that we are dealing with a very small number of total candidates and therefore percentage changes in performance may be the result of just one or two candidates' results.

The most encouraging aspect of this year's performance came in the theory questions. For the first time we had averages over 50% for two of the questions and only marginal failure averages in the other two.

In terms of the optional questions, those in Section A of the paper were attempted by roughly an even number of candidates. However, there was a disparity in Section B with Question 8 proving much more popular than Question 7. Although the average mark for Question 7 was less than 50%, this conceals the fact that there were a number of very good answers to the question. The average was brought down by some very poor attempts, all but one of which came from candidates who ultimately received no award. The overall performance of candidates was not affected by their choice of optional questions. It is fair to say that one of the most challenging aspects of setting the paper is to achieve comparability between optional questions, and for the most part this was achieved with this year's paper.

Rather than pulling out areas where candidates performed well and those which they found demanding, each question is dealt with below, highlighting those areas in the context of each question.

Question 1 (Published P and L Account/Investment ratios)

This question was the best answered question in the paper, achieving an average mark of 32/50. The split of expenses into the categories of Cost of Sales/Distribution/Admin was well done. This may have resulted from the question clearly asking for those calculations prior to the production of the Profit and Loss Account. Some of the common errors seen were:

- ◆ Dividends paid appearing in the Balance Sheet
- ◆ Debentures included with Capital and Reserves
- ◆ Share Premium omitted from Capital and Reserves
- ◆ Labels in Balance Sheet omitted

There was one very peculiar aspect of the answers to this question, which is difficult to explain. A number of candidates stopped their answer after the Profit and Loss Account and did not do a Balance Sheet.

Part (b) of the question involving the calculation of investment ratios was well done, which has not always been the case in the past.

Question 2 (Single Entry)

This question produced an average just under 50%, ie 18/40. This was probably caused in the main by poor attempts at part (b) of the question.

As expected, most candidates got the straightforward marks available in part (a), but struggled with the figures for depreciation and loss on sale. In addition, calculating the figures for purchases and sales proved difficult for many candidates. Another common error was the entry of drawings in the Profit and Loss Account.

Part (b), the calculation of Net Book Value, Bank Balance and closing Capital, as mentioned above, was not well done. In particular the Net Book Value calculation caused problems for candidates, and the closing Capital calculation often contained the opening figure plus new capital with no adjustment for profit or drawings.

Question 3 (Cash Flow Statement/Share Premium calculation)

This question was quite well done with an average mark achieved of 25/40.

Part A, ie the Cash flow, part was well done on the whole although the calculation of the profits/losses on disposals did cause many candidates problems. Although the worksheet helped with layout, candidates need to be careful with the labelling of items, ie indicating whether they are adding them or subtracting them.

Part B was very well done, which was very pleasing. Although only for 9 marks, it asked the candidates to work out something they were maybe unused to, and for that reason it was pleasing to see a lot of perfect answers.

Question 4 (Ratios)

This was attempted by a large number of candidates and achieved an average mark of 17/30. It was characterised by good candidates achieving high marks and poor candidates achieving very low marks. As stated in the introduction above, it is pleasing to see a lot of good attempts at a theory question.

Question 5 (Social Accounting)

This question was attempted by more than a few candidates and achieved an average of 14/30. Although this is below a pass it is a better performance than previous questions on this topic. Part (c), where candidates were asked to give benefits of a Social Accounting policy, was the poorest part answered and probably caused the average to be below pass standard.

Question 6 (Investment Appraisal/Budgets)

This question produced an average mark just under 50%, ie 23/50, which was a little disappointing. However, Part A of the question was maybe not quite as straightforward as some in the past.

The main cause of difficulty was candidates not realising that the key to the question was the savings, not just the costs. However, in calculating the cash flows there were common errors ie not deducting depreciation from the 'other costs', and not dealing correctly with the sale of

machinery at the end. Marks were also lost, as referred to above, by candidates using costs to calculate NPV instead of savings.

Part B was quite well done, in particular the Sales Budget, with the Production Budget proving more difficult.

Question 7 (Process Costing)

This question was attempted by relatively few candidates and the marks were either very good or very poor (see comments in introduction above). In particular, there seems to be very little improvement in the area of the topic dealt with in Part A, ie equivalent units etc. The next time this topic is examined it may be that a worksheet with a layout will be included to give candidates some help in approaching the question by the correct method.

Part B which tested the apportionment of costs to joint products was answered much better.

Question 8 (Marginal/Absorption)

This question was the much more popular choice and achieved an average mark of 28/40. The main problems encountered were in the Absorption statement with the treatment of fixed costs, the resultant treatment of any over/under absorption and the valuation of stock.

Question 9 (Limiting Factors etc)

This was the least popular of the two theory questions in this section of the paper but was quite well done with an average mark of 17/30.

Question 10 (Variances)

Despite being the popular choice, this question achieved an average mark of only 13/30. Most candidates got good marks for the formulae for the variances, although not the overhead ones. However, the answers for other parts of the question were poorer and caused the average to fall below half marks. Some candidates may have seen the first part of the question and went for it without fully considering how they would answer the other parts.

Areas in which candidates performed well

See comments above.

Areas which candidates found demanding

See comments above.

Advice to centres for preparation of future candidates

General

As stated in the detailed comments above in relation to Question 1, candidates should make sure they read questions carefully to ensure they do not miss out a significant part.

Statistical information: update on Courses

Number of resulted entries in 2011	39
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Number of resulted entries in 2012	41
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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 240				
A	19.5%	19.5%	8	168
B	24.4%	43.9%	10	144
C	24.4%	68.3%	10	120
D	7.3%	75.6%	3	108
No award	24.4%	100.0%	10	-

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.