



External Assessment Report 2011

Subject	Accounting
Level	Intermediate 2

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

Candidates generally coped well with this year's exam paper.

In Section A of the paper — the Financial Section — Question 1 (the compulsory question) was based on the final accounts of a plc, which candidates coped with well with. In the choice of practical questions in this section a majority of candidates opted for Question 2 — Manufacturing and Bank Reconciliation. The Manufacturing Account was very well done but the Bank Reconciliation question was poorly attempted. The candidates who chose Question 3 — the Ratios and Partnership question — performed well in the partnership part but poorly in the ratios question. Theory in both questions was handled much better than in previous years.

In Section B of the paper — the Management Section — Question 4 (the compulsory question) based on Cash Budgets was very well done as was the theory. The optional questions were generally quite well handled, particularly Question 6 — Overhead Analysis.

Areas in which candidates performed well

Question 1

This question was generally done well with candidates scoring high marks.

Areas of strength:

- ◆ Layout of Trading and Profit and Loss Accounts was good.
- ◆ Layout of the Balance Sheet was good.
- ◆ Candidates handled accruals and prepayments well.

Question 2

Most candidates attempted this question. Those who did, completed Part A the Manufacturing Account very well — the layout and treatment of most items and adjustments were well done.

The theory in Part C on not-for-profit accounts was well done.

Question 3

Part B of this question was well handled.

Areas of strength:

- ◆ The Partnership Appropriation Account was well done, the layout was well done and items and calculations were well treated.
- ◆ The Current Account was very well done.

Question 4

The Cash Budget was very well done. The theory in this question was also very well handled.

Question 5

The calculation of Part A (a) (iv) and (v) and (b) (i)–(iii) were very well done. Part B was very well done.

Question 6

Part A was very well done by nearly all candidates — in particular part (a).

Part B — Service Costing — was again very well handled.

The theory was also very well handled.

Areas which candidates found demanding

Areas within questions which candidates found challenging were:

Question 1

- ◆ Many candidates missed or had incorrect headings.
- ◆ The provision for doubtful debts was dealt with incorrectly.
- ◆ The Appropriation Account was not well handled or missing.
- ◆ Ordinary dividend was often either calculated incorrectly or included in the Profit and Loss account instead of the Appropriation Account.
- ◆ The depreciation was frequently incorrect in the Balance Sheet, ie current year's depreciation or previous year's depreciation only.
- ◆ The number or value of the shares was often missing in the Balance Sheet.
- ◆ The order of items in the financed by section was often incorrect.
- ◆ Totals were sometimes missing in the Balance Sheet.

Question 2

- ◆ Many candidates incurred penalties because of incorrect or missing headings or labels.
- ◆ There was a large number of extraneous penalties because candidates included office light and heat or administration expenses in the Manufacturing Account.
- ◆ Direct costs were often included in Factory Overheads therefore the prime cost award was lost.
- ◆ Most candidates performed very poorly in the Bank Reconciliation question — items were included in both statements and layouts were poor.

Question 3

- ◆ The ratios question was poorly completed, in particular many candidates did not know the formula for Rate of Stock Turnover.
- ◆ In the partnership question, many candidates included capital/drawings in the Appropriation Account.

- ◆ Harrison's interest on capital was often calculated incorrectly, ie as 5% of 20 or 60 rather than 80.
- ◆ In the Current Account, many candidates did not show the whole year's drawings — only including one month's drawings of £500.
- ◆ In the Current Account, capital was often included.
- ◆ Candidates performed well in the theory except for part (c) which asked about errors which do not affect the Trial Balance.

Question 4

- ◆ The heading for the Cash Budget was often either missing or there was no time period included.
- ◆ In the Cash Budget, the share issue was frequently included as a payment rather than a receipt.

Question 5

- ◆ Most candidates could not identify the lines marked A–C in (a) (i)–(iii).
- ◆ The calculation of the profit earned and sales units necessary for a certain profit (b) (iv) and (v) were poorly done.
- ◆ The theory was very poor — apportionment formulae rather than absorption rates were often given.

Question 6

- ◆ In Part A (b), again some candidates forgot to take the employees from Dept X away before working out the rate to re-apportion the service cost centre costs.
- ◆ Many candidates did not cope with Part A (c) — incorrect percentage used or wrong figure used to re-apportion.
- ◆ In Part B (a) (ii) VAT was often included before profit.

Advice to centres for preparation of future candidates

General

Teachers should check the special instructions for specific instructions regarding errors which are frequently made by candidates, eg opening balances, extraneous items and labels.

Candidates should take care to head-up questions correctly especially including dates or time periods where necessary.

Time should be spent on theory as candidates are losing what should be straightforward marks as they appear unprepared for these questions. Although it should be noted that there was an improvement in this in 2011.

Statistical information: update on Courses

Number of resulted entries in 2010	335
------------------------------------	-----

Number of resulted entries in 2011	282
------------------------------------	-----

Statistical information: performance of candidates

Distribution of Course awards including grade boundaries

Distribution of Course awards	%	Cum. %	Number of candidates	Lowest mark
Maximum Mark 160				
A	43.6%	43.6%	123	107
B	12.8%	56.4%	36	91
C	14.2%	70.6%	40	75
D	4.6%	75.2%	13	67
No award	24.8%	100.0%	70	-

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, therefore, SQA 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 Head of Service 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.