



External Assessment Report 2012

Subject(s)	Accounting
Level(s)	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 appeared to be well prepared for the exam. Layouts were well followed with labels in the correct place on all questions.

In Section A of the paper, the Financial section, Question 1 (the compulsory question) was based on the final accounts of a not-for-profit organisation. This question was reasonably well done. In the choice of practical questions in this section, a majority of candidates opted for Question 2 — Accounts of a plc. This question was done well. Theory in both questions was well done.

In Section B of the paper, the Management section, Question 4 (the compulsory question) was based on Service Costing and Process Costing. The Service Costing part was well done but the Process Costing part was poorly handled with many candidates only managing to deal with the inputs, The optional questions were generally very well handled. The theory for the Management section was also quite well done this year.

Areas in which candidates performed well

Question 1: Profit and loss on dance and raffle was done very well with most candidates getting full marks. The Income and Expenditure Account was also generally well done.

Question 2: The Balance Sheet was well done and headings and labels were well done. Dividends were calculated correctly. Ratios theory was also well done.

Question 3: The Manufacturing Account was well done. Again labels and headings were done well. Adjustments were handled correctly. Theory was well done.

Question 4: The calculation of the cost per kg and number of lengths and selling price excluding mark-up were very well done. Service Costing was excellent.

Question 5: Candidates who chose this question were in the minority but handled the Decision Making very well. LIFO was also well done.

Question 6: Break-even was well done as was Overhead Analysis. Reasonable attempts were made at answering the theory questions.

Areas which candidates found demanding

Question 1

- ◆ Depreciation was often not taken into account in the Accumulated Fund.
- ◆ The Mortgage, and more frequently the Bank Loan, were treated as assets in the Accumulated Fund.
- ◆ The Receipts and Payments rarely included an opening balance.
- ◆ Income and expenditure items, ie adjustments, were often included in the Receipts and Payments Account and the purchase of the fixed asset excluded.

- ◆ Interest on the loan was often treated as income in the Receipts and Payments Account and the Income and Expenditure Account.
- ◆ Calculation of depreciation was poor.

Question 2

- ◆ Discount received was often included as an expense Profit and Loss Account.
- ◆ Calculation of provision for bad debts was poorly done.
- ◆ Debenture interest was poorly calculated and often included as an appropriation of profits in error.
- ◆ VAT was often included in the Profit and Loss Account.
- ◆ If VAT was included in the Balance Sheet it was often entered as an asset.
- ◆ Discount received was often included in the Balance Sheet.
- ◆ The order in the Financed By section was frequently incorrect.

Question 3

- ◆ Royalties were frequently included in Factory Overheads.
- ◆ Discount Received was included in Factory Overheads.
- ◆ Factory Overheads were often deducted from Prime Cost.
- ◆ Bank Reconciliation was poorly handled in the main. Many do not know which statement the items go in and a number of candidates repeat items in both the Bank Account and the Bank Reconciliation Statement.
- ◆ Labels were poorly done in the Bank Reconciliation question.

Question 4

- ◆ Process Costing continues to cause candidates difficulties — many only managing inputs.
- ◆ Normal loss scrap and waste were poorly handled.
- ◆ Mark-up was poorly done in the selling price of the length of fabric.

Question 5

Despite the theory on spreadsheets having been asked on a number of occasions in the past, candidates still give answers which are not appropriate for accounting or are too simple/not well explained, eg saves space, is neat.

Question 6

- ◆ The only real issue with the Overhead Analysis question was the calculation of the overhead absorption rates.

Advice to centres for preparation of future candidates

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

Time should be spent ensuring that candidates learn layouts as this is crucial for success.

Time should be spent on theory as candidates are losing what should be straightforward marks as they appear unprepared for these questions.

Teachers should share advice given in this report and previous reports with candidates prior to the exam.

Statistical information: update on Courses

Intermediate 2

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

Number of resulted entries in 2012	286
------------------------------------	-----

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	49.0%	49.0%	140	107
B	17.1%	66.1%	49	91
C	12.9%	79.0%	37	75
D	7.3%	86.4%	21	67
No award	13.6%	100.0%	39	-

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.