



## External Assessment Report 2010

Subject	<b>Accounting</b>
Level	<b>Intermediate 2</b>

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 partnership, which candidates coped with reasonably well. In the choice of practical questions in this section, a majority of candidates opted for Question 3 (not-for-profit accounts and bank reconciliation) but the candidates who chose Question 2 (the plc and correction of errors question) actually performed better than those choosing Question 3. Theory in both questions, however, was not handled well.

In Section B of the paper — the management section — Question 4 (the compulsory question) was based on the often less popular topics of breakeven analysis and decision making. While a few candidates scored highly, most candidates found this question challenging and performed better in Questions 5 and 6. There was a fairly even spread of candidates choosing Question 5 or 6, which were well handled.

## 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.
- ◆ The main headings and labels in final accounts were much improved.
- ◆ Candidates handled accruals and prepayments well.
- ◆ Naming documents used in buying and selling goods was done well.

### Question 2

Although few candidates attempted this question, those who did completed it quite well — the layout and treatment of most items in the appropriation account and balance sheet was well done.

Examples of capital and revenue expenditure were generally good.

### Question 3

- ◆ The income and expenditure account was laid out well and completed accurately.
- ◆ Depreciation was correctly handled.
- ◆ Subscriptions and subscriptions due were handled much better than in previous years.

#### **Question 4**

Calculation of number of machine hours was done well, but sometimes the total was not shown — candidates must check the instructions given in the question.

#### **Question 5**

This question was handled best in the management section, with candidates completing the cash budget well.

The theory for this question was well done.

#### **Question 6**

The service costing question was generally handled quite well.

The job costing question was well done.

### **Areas which candidates found demanding**

In general, theory was again poorly done. Even straightforward questions resulted in vague/incorrect answers.

### **Areas within questions which candidates found challenging**

#### **Question 1**

- ◆ Returns in and out caused some problems — they were mixed up quite often.
- ◆ Discount received was included in the cost of sales section.
- ◆ Drawings were frequently included in the appropriation account.
- ◆ Interest in capital was often added to the net profit.
- ◆ Current accounts were not done as an account but as a sum — this resulted in a maximum of half marks. Capital was often included in the current accounts.
- ◆ Most candidates could list the documents requested but could not explain the purpose of the documents.

#### **Question 2**

- ◆ Shares, debentures and VAT were often included in the appropriation account.
- ◆ Debenture interest was missed out of the balance sheet but preference dividend was repeated.
- ◆ VAT was often treated incorrectly in the balance sheet.
- ◆ Errors were very poorly attempted.
- ◆ Capital and revenue expenditure was poorly defined and often mixed up.

#### **Question 3**

- ◆ Accumulated fund calculation — candidates included the bank overdraft as an asset frequently.
- ◆ Although the profit/loss on the dance was asked for, it was often not calculated.

- ◆ Purchase of equipment was often included in the income and expenditure account.
- ◆ Candidates did not know how to handle opening/closing stock in the bar trading account.
- ◆ Many candidates missed out part (b), but of those who did it, the revised bank account was quite well done. The bank reconciliation statement caused candidates some problems.
- ◆ Candidates again experienced difficulty with the terms asked for in the theory questions, especially the work in progress.

#### **Question 4**

Most candidates struggled with this question, which generated the poorest responses in the paper.

- ◆ Candidates did not know the formula for contribution and breakeven point, and found calculation of units required to make a particular profit difficult.
- ◆ Contribution per machine hour was very often done incorrectly.

#### **Question 5**

- ◆ The date or time period was frequently missing in the heading for cash budget.
- ◆ Candidates should take care with time delays in credit sales.
- ◆ The loan and shares were frequently treated as payments.
- ◆ The layout of process accounts continues to cause candidates problems, as does the calculation of normal loss.

#### **Question 6**

- ◆ Calculation of wages was poorly done — candidates must take care with instructions.
- ◆ Depreciation of equipment was often missing.
- ◆ Theory was poor — pricing was very rarely mentioned.
- ◆ Candidates found calculation of mark-up and VAT challenging.
- ◆ Candidates did not link price to issues in the definition of FIFO/LIFO.

### **Advice to centres for preparation of future candidates**

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

Candidates should be encouraged to take time to choose the most appropriate questions.

Candidates should take care to head up questions correctly, especially including dates or time periods where necessary. However, there has been an improvement in this in 2010.

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

It should also be stressed that, when candidates are asked to present an account, it must be in that form and not that of a list — again marks can be lost here. Also, if a statement is required, then a relevant heading must be given to this statement.

## Statistical information: update on Courses

Number of resulted entries in 2009	348
Number of resulted entries in 2010	335

## 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	28.4%	28.4%	95	107
B	15.8%	44.2%	53	91
C	17.6%	61.8%	59	75
D	4.5%	66.3%	15	67
No award	33.7%	100.0%	113	—

### 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.