



Course Report 2016

Subject	Accounting
Level	Higher

The statistics used in this report have been compiled before the completion of any Post Results Services.

This report provides information on the performance of candidates which it is hoped will be useful to teachers, lecturers and assessors in their preparation of candidates for future assessment. 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 assessment documents and marking instructions.

Section 1: Comments on the assessment

Component 1: Question paper

Overall the question paper was regarded as fair. However question 1 (decision making) proved more challenging than intended for grad C candidates. This was taken into account when setting the grade boundaries.

Component 2: Assignment

The Assignment performed as expected.

Candidates, in the main, did very well in the plc question, and generally well in the Cash Budget. Most candidates performed well when calculating investment ratios, but they found the analysis of the ratios challenging. The investment ratios question was expected to be the discriminator.

Section 2: Comments on candidate performance

Areas in which candidates performed well

Component 1: Question paper

Question 1: Candidates who knew this topic and had clearly practised using past papers tackled this very well. Candidates were able to calculate unit contribution and profits based on units.

Question 3: Candidates performed well in this question — layouts were good. Adjustments were well handled in the main.

Question 4: Most candidates calculated the new profit sharing ratio correctly in the partnership question and calculated the profit on the revaluation of assets very well.

Component 2: Assignment

Candidates in the main handled the Assignment very well. Many candidates found the analysis of the ratios, in the investment ratio question, very demanding.

Question 1: This question was handled well, with most candidates using the new layout and terms.

Most candidates knew how to complete the Income Statement and many knew how to complete the Statement of Financial Position.

The completion of the Income Statement was better than that of the Statement of Financial Position.

Question 2: The Cash Budget was generally well done.

The 'if' statement was very well handled by the majority of candidates.

Question 3: The investment ratio calculations were generally well handled.

Areas which candidates found demanding

Component 1: Question paper

Some candidates had spent a lot of time on unnecessary pages of workings.

Question 1

Many candidates could not work out the total machine hours for production. This caused them major problems with the rest of the question.

This was a decision making question, but many candidates made no attempt at using the limiting factor at any point in the question.

Many candidates correctly calculated the order of priority but, when applying it to the profit calculation, were not careful enough at identifying the appropriate units for each product.

Many candidates did not calculate or include variable overheads in the variable overhead total.

Opportunity cost was not well explained.

Question 2

Many candidates included unnecessary information when reapportioning their overheads, eg direct machine hours.

Several candidates, having reapportioned their overheads and having correctly calculated total departmental overheads, used the original overheads to calculate the overhead recovery rates.

Candidates found the calculation of over/under-absorption of overheads challenging.

A number of candidates could not calculate the selling price of the job. Layout was poor in a number of cases, and very few managed to calculate profit margin.

Theory was poorly tackled.

Question 3

Many candidates could not distinguish between direct and indirect (factory overheads) costs.

Many candidates completed the whole income statement rather than the trading section only.

Advertising and some other selling, admin and distribution costs frequently appeared in the Manufacturing Account.

The layout used by some candidates was poor, particularly in the trading section, leading to an incorrect effect of their costs.

Question 4

Many candidates listed items in the appropriation account with no indication of 'add' or 'less'. Poor layout was again an issue. Many candidates incorrectly included loan interest in the appropriation account.

Many candidates included the equity account balances in the current accounts.

Component 2: Assignment

Question 1

Headings incorrectly titled were: 'Income Statement as at' and 'Statement of Financial Position for year ending' or 'as at year ending'.

Candidates' attempt at the Statement of Financial position was much poorer than the Income Statement.

The layout of the equity section was sometimes poor. Candidates mixed shares and reserves, and some included debentures in the middle of this section.

Many candidates did not achieve the mark for shares as they did not include the number or value of shares.

Many candidates did not handle the following adjustments correctly: Goodwill written off, Preliminary Expenses written off, omission of the preference dividend payment by cheque and debenture interest (either omitted from expenses/current liabilities).

Question 2

Many candidates did not use the closing inventory from question 1 as their opening inventory in the Sales Budget.

Many candidates failed to ensure that the formulae in the cash budget were future proofed, ie the use of absolute formulae or named cells where appropriate.

Some candidates produced their own template, which did not test them in the way the assignment was designed. As a result, they were unable to access the full range of marks available.

Candidates should not add rows/columns, eg to insert their name — it is preferable that this is in a footer or a position that does not impact on the body of the spreadsheet.

Some candidates did not show total receipts — instead they incorporated the opening balance in the total receipts.

Many candidates did not gain the formula mark for fixed costs as they failed to refer to the cell in formulae.

Question 3

Many candidates lacked understanding of associated theory when analysing the performance of one business against another. Instead many just described the ratio.

Many candidates used the profit before tax rather than after tax in the Dividend Yield and Dividend Cover ratios.

Many candidates did not understand the concept of capital gearing.

Several candidates lacked understanding of market value/price, confusing these terms with market share.

Section 3: Advice for the preparation of future candidates

The accepted layouts are on the Accounting subject pages on SQA's open website. These are the only layouts which will be accepted. Centres are reminded that the old terminology will not be used or accepted in the assignment and question paper in the 2016–17 diet.

Centres are reminded that candidates are no longer assessed on proposed dividends and general reserves.

Component 1: Question paper

Candidates should be reminded to label their work clearly with the question and part of the question they are working on.

Handwriting should be clear and legible.

Practice of past papers under timed conditions would help the candidates considerably.

Component 2: Assignment

Candidates should be reminded that the tasks in the assignment may be linked, and information given or calculated in one task may be required in a later task.

Centres are reminded that there is a template provided for the spreadsheet task and that candidates are required to use this, and only this, layout.

Several candidates started all formulae with 'sum'; this should be discouraged unless a column is being totalled.

In order to future proof formulae, candidates must use absolute formulae or named cells where appropriate.

Candidates should be aware that printouts should be large enough, legible and not truncated (full formulae must be displayed) to gain the marks.

Candidates should be reminded that they should not use pencil anywhere in the assignment or examination.

Candidates should show calculations for ratio analysis questions, not just the final answer.

Centres are reminded to use the correct year's flyleaf as supplied by SQA.

Grade Boundary and Statistical information:

Statistical information: update on Courses

Number of resulted entries in 2015	585
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Number of resulted entries in 2016	1364
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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 -				
A	37.6%	37.6%	513	105
B	20.5%	58.1%	280	86
C	18.7%	76.8%	255	68
D	6.4%	83.2%	87	59
No award	16.8%	-	229	0

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.