

Principal Assessor Report 2003

Assessment Panel:

Financial Services and Accounting

Qualification area

**Subject(s) and Level(s)
Included in this report**

**Accounting and Finance
Advanced Higher**

Statistical information: update

Number of entries in 2002	130
Pre appeal	

Number of entries in 2003	138
Pre appeal	

General comments re entry numbers

No significant increase or decrease in presentations compared to 2002.

Grade boundaries at C, B and A for each subject area included in the report

Grade:	A	B	C
Marks gained	85	73	61
Cut-off score	70.8%	60.8%	50.8%

General commentary on passmarks and grade boundaries

- While SQA aims to set examinations and create mark schemes which will allow a competent candidate to score a minimum 50% of the available marks (notional passmark) and a very well-prepared, very competent candidate to score at least 70%, it is almost impossible to get the standard absolutely on target every year, in every subject and level
- Each year we therefore hold a passmark meeting for each subject at each level where we bring together all the information available (statistical and judgmental). 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 senior management team at SQA
- We adjust the passmark downwards if there is evidence that we have set a slightly more demanding exam than usual, allowing the pass rate to be unaffected by this circumstance
- We adjust the passmark upwards if there is evidence that we have set a slightly less demanding exam than usual, allowing the pass rate to be unaffected by this circumstance
- Where the standard appears to be very similar to previous years, we maintain similar grade boundaries
- 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 are different. This is also the case for exams set in centres. And just because SQA has altered a boundary in a particular year in say Higher Chemistry 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
- Our main aim is to be fair to candidates across all subjects and all levels and maintain standards across the years, even as syllabuses evolve and change

Comments on grade boundaries for each subject area

A slight increase in the grade boundary levels set this year compared to 2002. This resulted from the question paper being very slightly easier than last year.

Comments on candidate performance

General comments

In addition to the compulsory Questions 1 and 6 candidates chose to answer Questions 3, 5, 7 and 10. Very few candidates attempted computational questions 2 or 8 and essay questions 4 and 9.

Once again many candidates failed to show adequate workings for each question which resulted in them losing the **full award** for the wrong figures eg Sales or purchases figure in Question 1. When workings were shown the candidate gained most of the awards for these figures.

The standard of handwriting in many cases caused problems for the markers who found it very difficult to actually read what a candidate had written in their essay answer.

There was an improvement in the standard of the essays produced by candidates this year compared to previous years.

Areas of external assessment in which candidates performed well

Computational Questions

Question 1 — Single Entry

In general candidates made a good attempt at this question and answers were generally well presented. Areas where problems were encountered included:

- ◆ Calculation of Sales or Purchases figures
- ◆ Treatment of Bad Debts and Drawings
- ◆ Accruals and prepayments
- ◆ Loan interest

Question 3 — Internal and External Profit and Loss Account of Plc

In general candidates made a good attempt at this question, particularly the internal Profit and Loss Account.

Areas where problems were encountered included:

- ◆ Failure to group Distribution Expenses and Administration Expenses
- ◆ Failure to show workings
- ◆ External Profit and Loss Account layout and labelling
- ◆ Treatment of Bank Interest due
- ◆ Calculation of Debenture Interest
- ◆ Ratios were not well done. Candidates did not know the correct formulae.

Question 6 — Operation Costing

A popular question with candidates and most candidates made a good attempt at calculating the total cost for each of the two vehicles for Part (a). Layout of answers was generally good.

However, Part (b) proved problematic as most candidates did not understand the concept of calculating the cost per tonne/mile. Profit calculation was also a problem with many candidates basing the calculation on 25% of the cost

Essay Questions

Question 5 — Business organisations

Most popular Financial Accounting Techniques essay. There were some very good answers to this question but some candidates failed to actually answer the question. They were asked to discuss how business organisations were funded, managed and owned. No marks were given for other features which did not relate to the areas requested in the question. Eg Plc is a large organisation.

Candidates gave particularly poor answers for not for profit organisations and private limited companies.

Question 10 — Variance

A very popular question which was generally well done. Most candidates answered Part (a) very well but had problems with part (b) where they were asked to discuss the effect one variance may have on another in a corresponding or opposite way.

Areas of external assessment in which candidates had difficulty

Computational Questions

Question 2 — Ratio Analysis and Report

Few candidates attempted this question and those that did generally produced very poor answers. Candidates were able to identify and calculate the ratios required for part (b), but parts (a) and (c) were poorly done.

Areas where problems were encountered included:

- ◆ Candidates failed to recognise the relationship between cost of sales and margin.
- ◆ Report was poorly done, with candidates failing to link ratios

Question 6 (a) —Joint Costing

This part of the question was particularly badly done.

Question 8 —Flexible Budget

This was not a popular choice of question. There were a few good answers to part (a) —Flexible budget.

The Performance Report in Part (b) was very poorly done with many candidates failing to calculate the actual variance between the flexed budget and the actual cost.

Essay Questions

Question 4 — Concepts and Conventions and Accounting Standards

Not a popular choice with candidates and answers generally centred on the 4 Concepts. Very few candidates mentioned Accounting Standards Board or their role in setting standards.

Question 9 — Costing Systems and Contract and Process Costing

Very poor responses to this question with candidates failing to understand what the question was actually asking. Marks were generally given for the features of contract and process costing and the contrast between them.

Recommendations

Feedback to centres

In general candidates should be made aware of the importance of reading the question carefully and checking their answers to ensure that they have attempted all parts of the questions.

Computational questions

- ◆ Candidates should be made aware of the importance of showing full working notes for all calculations. Many candidates are losing the full award if a figure is wrong, whereas if workings were shown they may have gained most of the marks.
- ◆ Ratios and percentages need to be taught in greater detail with special attention being given to the effect one ratio may have on another.
- ◆ While candidates can cope well with internal final accounts the Published Accounts of a plc needs to be taught in greater detail.
- ◆ The preparation of performance reports for budgeting needs to be taught in greater detail.

Essay Questions

- ◆ As some handwriting was extremely difficult to read candidates should be made aware of the need to write legibly
- ◆ Candidates still need substantial practice in writing essays to improve their overall performance.