

## Principal Assessor Report 2003

**Assessment Panel:**

**Financial Services and Accounting**

**Qualification area**

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

**Accounting and Finance — Higher**

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### **Statistical information: update**

<b>Number of entries in 2002</b>	
<b>Pre appeal</b>	2430

<b>Number of entries in 2003</b>	
<b>Pre appeal</b>	2441

### **General comments re entry numbers**

Uptake steady with only a slight increase of 11.

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

C	53
B	64
A	75

### 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

Paper was deemed to be 3-4 marks more difficult than last year. (In last year's paper marks were inflated by a relatively simple overhead analysis question). Banding grade still higher than the standardised 'a priori' 50%, 60% and 70%, due to level of difficulty, predictability and high marks scored in compulsory questions.

## Comments on candidate performance

### General comments

Candidates appeared by and large to be of a similar standard to last year. There was a significant number of very able candidates and some centres produced excellent results over all or the vast majority of their candidates. There is still however a significant “tail” of poor performing candidates.

### Areas of external assessment in which candidates performed well

Company Accounts  
Manufacturing Accounts  
Partnership  
Decision Making  
Break-even  
Process Costing

### Areas of external assessment in which candidates had difficulty

Question 1 — very few dealt correctly with market value of investments, treating the gain as an income or expense in the profit and loss or including the market value in the balance sheet calculations sometimes along with a balancing capital reserve for the profit.

Question 2 — ratios — very few knew the formulae. Many used total sales or a single debtor figure when calculating debtor payment period. Many missed this part out and lost 4 marks.

Question 5 — poorer candidates did not distinguish between variable overhead and total variable cost.

Question 6 — many attempted this question with little idea of the difference between marginal and absorption costing — some even produced profit statements consisting of a mixture of £s and units — some even managed to produce negative stock quantities. Many attempted to calculate under/over absorption by comparing actual cost to estimated cost.

Question 7 — most began well with this question but had difficulty in distinguishing between the charge for labour and the recovery charge for overheads. Very few had any idea how to complete the single recovery rate part of the question.

Question 8 — Abnormal loss account in almost every case did not include any entry for sale.

Questions 9 to 12 — Theory, as always seems to be the case, was less well done by most candidates.

## Recommendations

### Feedback to centres

In the Manufacturing Account question candidates were specifically asked for separate Manufacturing and then Trading and Profit and Loss Accounts. A minority however chose to do a single combined set of accounts starting with Sales. This is a high risk strategy — it leads in many cases to Sales being included in the manufacturing calculations (eg Sales minus Cost of Materials equals Gross Profit!) and it then becomes difficult to decide whether a given calculated figure is a cost or a profit. Whilst there is of course nothing wrong with a combined approach, I would not recommend this as the best layout especially for candidates of lower ability.

It is possible that many candidates took the view that if they covered Manufacturing Accounts, they did not need to revise anything else for the choice question in section A.

Many centres are to be commended for the very high standard they achieved across almost their entire presentation. Well done.