



## Course report 2019

Subject	Accounting
Level	Higher

This report provides information on candidates' performance. Teachers, lecturers and assessors may find it useful when preparing candidates for future assessment. The report 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.

The statistics used in this report have been compiled before the completion of any post-results services.

# **Section 1: comments on the assessment**

## **Question paper**

The question paper was fair and most candidates performed well.

## **Assignment**

Candidates performed well in all aspects of the assignment. However, a number of candidates did not gain formula marks, as they did not use the cells in the spreadsheet appropriately.

## **Section 2: comments on candidate performance**

### **Areas that candidates performed well in**

#### **Question paper**

**Question 1** — Overhead analysis: candidates were well prepared for this question. Candidates performed very well, including in the job cost statement, which was completed much better than in previous years.

**Question 2** – Decision making and process costing: layouts for process costing have improved. The majority of candidates used running balance — this resulted in improved performance for this question.

**Question 3** — Manufacturing Account and Income Statement: the Manufacturing Account was generally well completed.

**Question 4** — Income Statement (appropriation section) and Statement of Financial Position: the Statement of Financial Position was well completed by some candidates. The layout was well done.

#### **Assignment**

Candidates generally did well in the assignment and seemed to have a good understanding of the topics covered, achieving high marks.

**Task 1** — Income Statement and Current Accounts: this was well done with many candidates gaining high marks. Most candidates gained all the marks for the adjustment to items from the notes to the accounts, and depreciation was well handled. Current Accounts were very well handled.

**Task 2** — Sales and Cash Budget: in the main, this was also very well done, as long as candidates used the appropriate cells in spreadsheet for the formula.

**Task 3** — Investment appraisal: again, this was well done by the majority of candidates. Payback was handled particularly well.

### **Areas that candidates found demanding**

#### **Question paper**

**Question 1** — Overhead analysis: candidates found it challenging applying the overhead absorption rates applied to the departments and working out the change in overheads applied to Job 99. Many candidates confused this with calculating over/under absorbed overheads.

Many candidates had a problem calculating the factory-wide overhead absorption rates.

Theory was very poorly answered and many candidates did not even make an attempt.

**Question 2** — Decision making and process costing: although candidates can attempt basic decision making, they continue to find decision making involving a limiting factor challenging. The reduction in units of a product due to a limiting factor continues to be poorly done.

Many candidates did not use an appropriate layout for the Abnormal Loss Account; they were not displaying units, CPU and balance, however and are instead simply showed Dr Cr Balance. This account should follow the layout of process costing.

There were instances where the nomenclature used was poor.

Many candidates did not attempt the theory question and those that did struggled to achieve 3 marks.

**Question 3** — Manufacturing Account and Income Statement: candidates continue to miss out on marks for incorrect headings, labels, arithmetic and extraneous items.

Factory cleaning costs were poorly handled.

**Question 4** — Income Statement (appropriation section) and Statement of Financial Position: the figure given in the question was the profit after tax and many candidates incorrectly adjusted this figure for tax. Very few candidates dealt with adjustments for cash and cash equivalents, and share premium correctly. Trade receivables were not adjusted.

Many candidates did not attempt the theory.

## **Assignment**

**Task 1** — Income Statement and Current Accounts: candidates often incorrectly handled warehouse expenses and many dealt with the adjustment for loan finance charges poorly. The headings, labels, arithmetic and no extraneous items mark continues to cause an issue.

**Task 2** — Sales and Cash Budget: a number of candidates used data instead of formulae, so they did not gain the formula marks. Some candidates did not use absolute formulae, so the formulae could not be replicated and the spreadsheet was not future-proof — this meant that marks were not awarded for these formulae.

**Task 3** — Investment appraisal: a number of candidates still round down the days for the payback period instead of always rounding up.

## Section 3: preparing candidates for future assessment

### Question paper

Ensure that candidates know how much time to spend on 20-mark and 40-mark questions. Candidates can answer questions in any order, so should consider answering the questions they are confident in first.

All accounting statements must have a heading and labels must be included in all statements. Candidates should check all arithmetic and not repeat items in financial statements, as this will result in them missing out on marks for headings, labels, arithmetic and no extraneous items, or an individual extraneous 'not entered' mark.

Candidates should follow SQA's layouts for positioning headings, and for other income and non-current liabilities. These are illustrated in the *Suggested layouts for financial statements in National 5 and Higher Accounting courses* document and the solutions are exemplified in the *Higher Accounting Exemplification with new terminology* document on the subject page of SQA's website. In addition, the finalised marking instructions illustrate the acceptable worked-through layouts.

Layouts for process accounts and abnormal loss accounts should follow the running balance method — each showing nine columns.

Ensure that candidates use current nomenclature and terminology correctly and that their handwriting is clear and legible.

### Assignment

All financial statements must have headings and labels clearly and accurately inserted. SQA provides a template for the spreadsheet task — candidates **must** use this layout and not alter it in anyway.

When using a spreadsheet, candidates must use the AutoSum function for totalling a list of items and not add each item individually — this will future-proof the spreadsheet. In order to future-proof formulae, candidates must use absolute formulae or named cells where appropriate.

Candidates must **only** use the current year's templates supplied by SQA — no other templates can be used.

## Grade boundary and statistical information:

### Statistical information: update on courses

Number of resulted entries in 2018	1254
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Number of resulted entries in 2019	1222
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### Statistical information: performance of candidates

#### Distribution of course awards including grade boundaries

Distribution of course awards	Percentage	Cumulative %	Number of candidates	Lowest mark
<b>Maximum mark</b>				
<b>A</b>	41.5%	41.5%	507	132
<b>B</b>	19.3%	60.8%	236	112
<b>C</b>	17.8%	78.6%	218	92
<b>D</b>	10.3%	89.0%	126	72
<b>No award</b>	11.0%	-	135	-

## General commentary on grade boundaries

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.

SQA aims to set examinations and create marking instructions that allow:

- ◆ a competent candidate to score a minimum of 50% of the available marks (the notional C boundary)
- ◆ 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.

Therefore, SQA holds a grade boundary meeting every year for each subject at each level to bring 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. Members of the SQA management team chair these meetings. SQA can adjust the grade boundaries as a result of the meetings. This allows the pass rate to be unaffected in circumstances where there is evidence that the question paper has been more, or less, challenging than usual.

- ◆ The grade boundaries can be adjusted downwards if there is evidence that the question paper is more challenging than usual.
- ◆ The grade boundaries can be adjusted upwards if there is evidence that the exam is less challenging than usual.
- ◆ Where standards are comparable to previous years, similar grade boundaries are maintained.

Grade boundaries from question papers in the same subject at the same level tend to be marginally different year to year. This is because the particular questions, and the mix of questions, are different. This is also the case for question papers set by centres. If SQA alters a boundary, this does not mean that centres should necessarily alter their boundary in the question papers that they set themselves.