



Course Report 2018

Subject	Accounting
Level	Higher

This report provides information on the performance of candidates. 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

Summary of the course assessment

Component 1: question paper

The question paper performed as expected. Most candidates found it accessible.

A number of candidates could not answer the question after the process-costing question because they had not completed the process account. This was taken into account when setting the grade boundary.

Component 2: assignment

Candidates performed quite well in the assignment, in particular, in the manufacturing account.

In the spreadsheet, many candidates did not gain formula marks, as they did not use the cell references. This was taken into account when setting the grade boundary.

Section 2: comments on candidate performance

Areas in which candidates performed well

Component 1: question paper

Question 1 (final accounts of a plc): candidates who knew this topic and had practised tackled this question very well. Most candidates gained all the marks for the adjustment to items from the notes to the accounts and handled depreciation well. The income statement was well handled, particularly to the gross profit.

Question 2 (investment appraisal): many candidates performed well in this question. Payback was handled particularly well.

Question 3 (inventory valuation and process costing): most candidates used running balance layout for process costing, which improved performance in this question.

Question 4 (production and cash budget): the majority of candidates completed the cash budget well. Cash and credit sales were handled much better than previous years.

Component 2: assignment

Candidates generally did well in the assignment and seemed to have a good grasp of the topics covered.

Question 1: the manufacturing account was well done, with many candidates gaining high marks. Apportionment of overheads and adjustments were handled very well.

Question 2: service costing was very well done, providing candidates used the appropriate cells in spreadsheet formulae.

Question 3: decision making was well done by a number of candidates. The majority of candidates coped well with the first part, prior to use of the limiting factor.

Areas which candidates found demanding

Component 1: question paper

Question 1 — final accounts of a plc

Very few candidates achieved the mark for headings, labels, extraneous and arithmetic as they did not head up the statements correctly, or missed out or incorrectly named labels. There were also a number of extraneous items in the accounts.

Warehouse expenses were often not dealt with, incorporated into the wrong part of the income statement, or wrongly treated in the income statement.

Many items were repeated in both statements resulting in marks not being awarded.

A number of candidates did not complete the appropriation section of the income statement.

Many candidates did not understand how to calculate the finance charges and those that did entered them in the statements several times.

Some candidates mixed figures with 000s and figures without 000s in the statements.

A number of candidates did not include either the value or number of shares in the equity section of the statement of financial position.

Many candidates did not know how to deal with the note regarding bonus shares.

Many candidates were unclear about how to deal with the revaluation of property.

A number of candidates entered the interest on loan along with or instead of actual loan in the statement of financial position.

A significant number of candidates did not know what to do with market value of investments.

Question 2 — investment appraisal

Treatment of depreciation caused a number of candidates an issue.

While payback was handled well, a number of candidates did not appreciate that the final figure should always be rounded up.

Theory on payback and ratios could be improved.

Question 3 — inventory valuation and process costing

Many candidates attempted this question poorly. The layouts were very poor, which disadvantaged candidates. In addition, many headings were missing from statements or accounts.

A number of candidates omitted the opening balance in the inventory valuation question.

In the process-costing question, nomenclature was an issue for some candidates.

A number of candidates inserted the number of hours for labour in the kg column.

Calculation of the cost per kg was either poorly handled or missed out.

Question 4 — cash budget

A large number of candidates handled the production budget very poorly.

A number of candidates did not head up the production budget and were unclear about how to handle opening and closing inventory.

Several candidates spent a lot of time on unnecessary pages of workings, which gained no additional marks, but cost them time in the exam.

Very few candidates correctly calculated the proceeds from sale of machinery or the fixed overheads.

Component 2: assignment

Question 1 — manufacturing accounts

Very few candidates received the mark for 'headings, labels and arithmetic'.

Some candidates treated profit on manufacture as 'other income' in error.

A number of centres are still using the old layouts and terminology — these are now not accepted. Teachers and lecturers should refer to the guidance on SQA's website regarding terminology.

Question 2 — service costing

This was the question that candidates found most demanding, not because they could not do the service costing, but because they did not use the spreadsheet appropriately.

Each time there was a formula mark indicated by an 'f', the candidate was required to use cells on the spreadsheet, if they were given, to calculate the answer, but many candidates keyed in figures instead. The spreadsheet must contain formulae, which will futureproof it.

A number of candidates used the number of vans in the cell as the number of employees.

Most candidates used > rather than >= in the conditional formula.

Question 3 — decision making

The first part of this question was handled well, but as in the past, candidates then ignored the limiting factor and did not calculate the contribution per machine hour and apply this to the calculation of the profit. Instead, the contribution per unit was used again in the second part of the question.

Some candidates removed product 'Z' when completing option two and replaced it with the special order in error.

Some candidates treated the bonus as a variable cost.

Nearly all candidates failed to attempt an answer to the theory question.

Section 3: Advice for the preparation of future candidates

Component 1: question paper

Teachers and lecturers should ensure that candidates know how much time they should spend on 40 mark and 20 mark questions so that they do not run out of time and find themselves unable to complete the question paper.

Teachers and lecturers should ensure that candidates do not enter items from the trial balance in both financial statements.

All accounting statements have a heading and labels must be included in all statements.

SQA layouts should be followed. These are illustrated in the 'suggested layouts for financial statements for National 5 and Higher Accounting courses' on SQA's website and also exemplified in the solutions uploaded to SQA's website. The positioning of headings, for example other income and non-current liabilities should follow these layouts.

Teachers and lecturers should ensure that nomenclature is correctly used and up to date.

Layouts for weighted average and process costing should follow the running balance method.

Although only approximately 10% of the question paper, teachers and lecturers should still focus on theory with candidates.

Component 2: assignment

All financial statements must have headings and labels clearly and accurately inserted.

A template is provided for the spreadsheet task and candidates must use this, and only this, layout. The layout should not be altered in anyway.

When using a spreadsheet, the formulae for totalling a list of items must be 'autosum', not each item added individually; this will futureproof the spreadsheet.

In order to futureproof formulae, candidates must use absolute formulae or named cells where appropriate. Also, rather than keying in figures from the question, cells with data in them must be used in the formulae, again to futureproof the spreadsheet.

Teachers and lecturers must teach candidates to print documents so that they are large enough to be legible. Candidates should know how to change from portrait to landscape if appropriate.

Grade boundary and statistical information:

Statistical information: update on Courses

Number of resulted entries in 2017	1319
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Number of resulted entries in 2018	1254
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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	35.2%	35.2%	442	103
B	22.8%	58.1%	286	87
C	19.1%	77.2%	240	71
D	6.5%	83.7%	81	63
No award	16.3%	-	205	-

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 which allows 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.

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 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.

Grade boundaries from exam 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 exams set by centres. If SQA alters a boundary, this does not mean that centres should necessarily alter their boundary in the corresponding practice exam paper.