



Course Report 2016

Subject	Accounting
Level	National 5

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

This component performed as expected and the average overall mark was in-line with previous years. The majority of candidates were able to gain marks in the less demanding questions, while the more demanding questions were accessible to the more able candidates. However, question 1 — Ledger Accounts — proved very difficult for some candidates to gain marks and as a result, the Boundary at Grade C was lowered to reflect this.

Component 2: Assignment

Again, candidates achieved good marks in this component. Candidates tended to perform better in this component than they did in the question paper, as in the 2015 diet. As was the case in previous years, an adjustment to the Grade Boundaries was made.

Section 2: Comments on candidate performance

Areas in which candidates performed well

Component 1: Question paper

Overall, candidates showed good knowledge of the syllabus. Of the two 25-mark computational questions, question 1 was answered slightly better than question 2. Of the four 10-mark questions, questions 3, 4 and 5 were answered considerably better than Question 6.

Question 1 (c) (i): This was a well-answered theory question for 1 mark. The majority of candidates knew why Trade Discount is given.

Question 2 Part A (b) and (c): Candidates showed good knowledge in calculating Contribution and Break-even point.

Question 2 Part B (a): The majority of candidates were able to work the Break-even formula backwards to calculate Fixed Costs.

Question 3: Candidates were able to score better on this question since, after legislation changes by HMRC, Cash Discount is now more straightforward to calculate. This meant the normal 'discriminator' for the Grade A candidate was not there.

Question 4: Although this question was answered well, many candidates completed a three-month budget instead of just a one-month budget. It should also be noted that many candidates did not show working for Cash and Credit sales and, in many cases, consequential marks could not be awarded as a result of this.

Question 5: Candidates were able to complete the LIFO Inventory Record Card to a high level. Again, providing a template appeared to help candidates. On many occasions

candidates were unable to gain marks because they did not subtotal the Balance column when there were two sets of inventories.

Component 2: Assignment

Task 1: This was a very straightforward Trial Balance question. However, some candidates were unable to gain marks because of incorrect use of nomenclature and miscalculation of the Equity figure.

Task 2: Candidates answered this very well and nearly all candidates had excellent layouts. The main areas candidate lost marks were in their treatments of Depreciation, Provision for Bad Debts and Accrual/Prepayment adjustments.

Areas which candidates found demanding

Component 1: Question paper

Question 1 (a): Many candidates were well prepared and scored accordingly. However, it was evident that many candidates did not know basic double-entry procedures. Marking Instructions were very generous with regards to consequentiality, which meant marks were still accessible to candidates who had, for example, mixed up their debits and credits. Specifically, candidates struggled with the following:

- ◆ treating the sale as a purchase
- ◆ entering the acquiring of a non current asset as a purchase
- ◆ dealing with a bankruptcy and subsequent bad debt

Question 1 (b): This scored less than half marks on average with many candidates either being too vague in their answers, or confusing Financial with Management Accounting.

Question 1 (c) (ii): Describing Cash Discount proved challenging for many candidates.

Question 2 Part A (d) and (e): These questions proved challenging to some candidates. As expected, candidates' performance was poorer in the more complex break-even questions, although most were able to pick up some consequential marks, even if they had made errors earlier in the question. Many candidates who had correctly given the Margin of Safety in units were unable to correctly give the Margin of Safety in sales value (in most cases they multiplied by contribution instead of selling price).

Question 2 Part B (c): On average this question scored less than half marks, with many candidates struggling to make the correct adjustments to the existing Contribution.

Question 2 Part B (d) (i): Out of context and not alongside a ratio computational question, many candidates gave very vague answers like 'to see how the business is doing'. Such responses did not attract any marks.

Question 2 Part B (d) (ii): Many candidates just outlined three sources of finance or three expenses that could be cut and did not gain full marks as there were max awards in these areas.

Question 6 (b): Many candidates correctly identified the order of production but did not give a reason for why they chose that order. As the question asked them to 'justify', it was necessary for candidates to give some written indication about why an order was chosen so it was clear that they had understood what they were doing.

Question 6 (e) and (f): As the Decision Making question became more difficult, candidate performance lowered. Many candidates missed these questions out if they had struggled with the preceding questions. Of those that did them, most were able to pick up some marks through consequentiality.

Component 2: Assignment

Throughout the assignment, many candidates were unable to access formula marks because they either did not link cells from different worksheets or they performed arithmetical calculations manually.

Task 4 (a): Many candidates only said if a ratio was higher/lower when they needed to indicate if the ratio was better/worse.

Task 4 (b): Candidates found the analysis of possible differences in the ratios demanding. It was evident that, whilst many candidates knew how to calculate ratios, they did not fully understand how ratios work.

Section 3: Advice for the preparation of future candidates

Component 1: Question paper

Although only approximately 10% of the paper, theory still needs to be an area of candidates' focus; candidates are losing out on marks in fairly straightforward questions.

Ledger Account questions need to be practised more to prepare candidates more thoroughly.

Statistical analysis has shown that candidates find the Management/Analysis questions more difficult than the Financial questions. This proved to be the case this year; Break-Even and Decision Making questions were those that candidates found most challenging. Candidates need more practice on these types of question to be fully prepared for the question paper.

Centres should share advice given in this report with candidates before the exam.

Component 2: Assignment

Centres should ensure candidates are familiar with cell references and use them wherever possible in every calculation carried out by spreadsheet.

Centres should reinforce that all arithmetic calculations should be performed as a formula.

Grade Boundary and Statistical information:

Statistical information: update on Courses

Number of resulted entries in 2015	938
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Number of resulted entries in 2016	895
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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	48.5%	48.5%	434	109
B	19.6%	68.0%	175	92
C	15.2%	83.2%	136	75
D	5.5%	88.7%	49	66
No award	11.3%	-	101	-

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.