



## Course Report 2018

Subject	Accounting
Level	National 5

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**

Due to the increased size of the paper, it covered more topics, and questions 1 and 2 were split into parts A and B. Candidates' average overall mark was slightly lower than in previous years and the number of candidates not attempting to answer certain questions was significant.

Computational questions performed more or less the same as in previous years; however, the theory questions proved very challenging — especially for candidates of lower ability. The grade boundaries were lowered to take account of this.

### **Component 2: assignment**

Once more, candidates achieved very high marks in the assignment, with the average mark again hovering at approximately 80%. Most candidates performed better in the assignment than they did in the question paper. They scored, on average, 20% higher in the assignment than they did in the question paper.

As was the case in previous years, this was taken into account when setting the grade boundaries. Despite the time allowed for the assignment being reduced by one hour (and the mark allocation remaining unchanged), there was no drop in candidate performance.

## Section 2: comments on candidate performance

### Areas in which candidates performed well

#### Component 1: question paper

Of the two 35-mark questions, candidates answered question 2 slightly better than question 1. Of the four 15-mark questions, candidates answered question 5 significantly better than the others.

Question 1, Part A (a) to (e): candidates carried out standard break-even calculations to a high standard — (a) (i) to (v) was particularly well answered. As the question progressed in difficulty, (b) to (e), many candidates answered these questions correctly. However, a significant number of candidates did not attempt to answer questions (b) to (e).

Question 2, Part A (a): candidates calculated ratios very well. Although they were provided with a formulae sheet, candidates still had to calculate certain ratio components, and the majority were able to do so.

Question 2, Part B (a): this was a fairly straight forward labour question. Most candidates gained some marks when calculating overtime.

Question 4 (a) to (f): although decision making with a limiting factor is traditionally one of the more demanding topics, candidates performed better in this question than they had done in previous years.

Question 5: this seemed to be a straightforward question as the majority of candidates performed well. A significant number though, thought carriage in and carriage out were opposites in terms of Dr/Cr and lost a mark.

#### Component 2: assignment

Task 2: candidates scored highly in very straightforward inventory record sheet questions. The majority of marks candidates lost were due to not showing two sets of inventories in the balance column (where applicable) and not totalling the value of these inventories in the balance column. (The marking instructions show the correct layout.)

Task 3: candidates completed the cash budget very well. The majority of marks candidates lost were due to formula issues rather than their knowledge and understanding. Candidates were able to differentiate between sales units and production units when calculating figures.

## **Areas which candidates found demanding**

### **Component 1: question paper**

Question 1, Part B (b): the majority of candidates were not able to work the overhead analysis backwards.

Question 1, Part B (c) (i): although candidates were able to perform allocations and apportionments of overheads, this question demonstrated that they were unable to describe each process.

Question 2, Part A (b) (i): candidates struggled to calculate the purchases figure, with many treating inventory incorrectly.

Question 2, Part A (c): candidates found the analysis of possible differences in the ratios demanding. It was evident that while many candidates knew how to calculate ratios, they did not understand how ratios work. Instead of giving potential reasons for the difference, many candidates just indicated that the ratio was higher or lower or better or worse. Many candidates also got confused about whose ratio they were referring to, despite the question emphasising that this needed to be made clear in responses.

Question 2, Part B (b): most candidates confused a flat rate with an hourly rate rather than a fixed payment or salary.

Question 3: although this was a straightforward statement of financial position, the average mark for this question was only just above 50%. Many candidates did not know the layout and the items that they should show.

Question 4 (g) (ii): many candidates responded with a description of a variable cost rather than an indirect cost (maybe because the preceding question had asked for a description of a fixed cost).

Question 6: candidates found the problem-solving aspect of this topic difficult — the average mark for this question reflected this. This topic was included in last session's question paper, but there was no discernible improvement in performance by candidates this year. Candidates also answered the theory section poorly: most candidates did not name the types of error in the question from the description.

### **Component 2: assignment**

Task 1: candidates performed relatively poorly in this task compared to the other two tasks, although the overall standard was still good. Marking instructions were very generous with regard 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:

- ◆ confusing sales with purchases (and vice versa)
- ◆ calculating VAT when it is included in the amount shown
- ◆ entering the acquisition of a non-current asset as a purchase
- ◆ dealing with a bankruptcy and subsequent bad debt

## **Section 3: advice for the preparation of future candidates**

### **Component 1: question paper**

Although only approximately 10% of the question paper, candidates still need to focus on theory. In previous question papers, candidates achieved, on average, just above half marks for theory. This year, it was significantly lower (just under 40%).

Although a basic topic, teachers and lecturers need to reinforce layouts of financial statements and the items they contain to candidates.

Correction of errors has proved challenging for candidates in the last two question papers and their knowledge of the different classification of errors has not improved. Teachers and lecturers should devote more time to this topic.

Teachers and lecturers should share the advice in this report with candidates when they are preparing for the question paper.

### **Component 2: assignment**

Teachers and lecturers should reinforce that candidates should perform all arithmetic calculations as a formula using cell references, wherever possible.

Many candidates used the worksheets provided to add additional information and perform working calculations. While this is not penalised at present, it may be in future assignments. This would mean that candidates would have to use longer formulae in the cells they are instructed to enter information.

## Grade boundary and statistical information:

### Statistical information: update on courses

Number of resulted entries in 2017	846
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Number of resulted entries in 2018	896
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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
Maximum mark				
A	48.7%	48.7%	436	124
B	16.1%	64.7%	144	105
C	14.6%	79.4%	131	86
D	11.0%	90.4%	99	67
No award	9.6%	-	86	-

## **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 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.

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.