



Course report 2022

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| 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 appeals.

Grade boundary and statistical information

Statistical information: update on courses

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|------------------------------------|------|
| Number of resulted entries in 2022 | 1150 |
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Statistical information: performance of candidates

Distribution of course awards including grade boundaries

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|-----------------|------------|------|-----------------------|------|----------------------|-----|-----------------------|-----|
| A | Percentage | 41.3 | Cumulative percentage | 41.3 | Number of candidates | 475 | Minimum mark required | 74 |
| B | Percentage | 15.6 | Cumulative percentage | 56.9 | Number of candidates | 180 | Minimum mark required | 61 |
| C | Percentage | 13.9 | Cumulative percentage | 70.8 | Number of candidates | 160 | Minimum mark required | 48 |
| D | Percentage | 11.7 | Cumulative percentage | 82.5 | Number of candidates | 135 | Minimum mark required | 35 |
| No award | Percentage | 17.5 | Cumulative percentage | N/A | Number of candidates | 200 | Minimum mark required | N/A |

You can read the general commentary on grade boundaries in appendix 1 of this report.

In this report:

- ◆ 'most' means greater than 70%
- ◆ 'many' means 50% to 69%
- ◆ 'some' means 25% to 49%
- ◆ 'a few' means less than 25%

You can find more statistical reports on the statistics page of [SQA's website](#).

Section 1: comments on the assessment

Question paper

Candidates engaged well with the question paper, which overall was more challenging than intended. Question 2 proved to be demanding for all candidates. Question 4 (Part A) did not perform as expected.

The grade boundaries were adjusted to account for these factors.

Assignment

The requirement to complete the assignment was removed for session 2021–22. This was taken into account when setting the grade boundaries.

Section 2: comments on candidate performance

Areas candidates performed well in

Question paper

Question 1(a)(i) — Income Statement of a plc: candidates who knew the layout and had clearly practised using past papers tackled this question well.

Question 3(a)(i) — Inventory Record Card: most candidates performed very well in this question. This was especially the case when candidates used the layout outlined in past paper marking instructions. This ensured candidates provided all necessary information.

Question 3(b)(i)(ii) — Process Costing: most candidates performed well in both the process account and abnormal loss account. Many candidates used the recommended SQA layouts, which improved performance.

Question 4 Part B — Investment Appraisal (Payback): most candidates who attempted this question performed well.

Areas that candidates found demanding

Question paper

Question 1(a)(ii) — Statement of Financial Position of a plc: some candidates missed out on marks for poor layout knowledge, the inability to correctly head-up the statement, and using incorrect labels. Some candidates did not attempt this question or only completed a small section of it.

Many candidates did not understand how to calculate the debenture finance cost and did not appreciate that debenture finance cost referred to debenture interest paid. This resulted in finance costs being entered twice.

Some candidates continue to appear confused with a change to the provision for doubtful debts.

Most candidates did not know how to deal with the note regarding a bankrupt customer.

Some 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.

Question 2 — Sales Budget and Cash Budget: some candidates did not know how to construct a sales budget, or they incorrectly deducted opening inventory and added closing inventory.

Some candidates found calculating credit sales, for both one month and two months, problematic.

Most candidates did not know how to calculate the variable overhead rate per unit, which they needed to establish the monthly variable overheads. Some candidates did not deduct depreciation from the fixed overheads.

Many candidates failed to deal with the proceeds from the sale of a vehicle correctly.

Question 4 Part A (b) — Investment Ratios: candidates continue to find investment ratios challenging, with many not knowing how to calculate the profit available for distribution to the ordinary shareholders. This first step may be required before the investment ratios can be calculated.

Theory questions: generally, candidates attempted all the theory questions in the paper poorly. Many candidates achieved minimal marks for theory questions. Some candidates made no attempt to respond to any theory questions.

Section 3: preparing candidates for future assessment

General guidance

Centres should ensure candidates know how long to spend on 20-mark and 40-mark questions. Candidates can answer questions in any order, so should consider answering the questions they are most confident in first.

Practising past papers or individual past paper questions under timed conditions can help candidates considerably. Candidates should practise theory questions for each topic area in their preparation.

Candidates can use the answer booklet landscape rather than portrait when setting out inventory record cards and process and abnormal loss account responses.

If candidates use spreadsheets rather than the answer booklet, they must ensure their printouts include all parts of each response and are not truncated. For question paper responses, candidates should not provide a formula printout.

Topic-specific guidance

Income Statement and Statement of Financial Position of a plc

Candidates must include appropriate headings and labels for both financial statements. Candidates should follow the layouts illustrated in the 'Suggested layouts for financial statements in National 5 and Higher Accounting courses' document on [SQA's website](#). Past paper marking instructions also illustrate acceptable layouts.

Teachers and lecturers should reinforce to candidates that trial balance items are only included in one financial statement and not both.

Centres should be aware that candidates are no longer assessed on general reserves.

Sales Budgets and Cash Budgets

Candidates must include appropriate headings and labels in both budgets. In the case of the cash budget, candidates should use the terms 'receipts' and 'payments' or 'cash in' and 'cash out'.

Candidates will always be assessed in the calculation of cash sales and credit sales for one month and two months in a cash budget at Higher level.

Inventory Valuation

The inventory record card heading must include the item of inventory the card relates to, for example material K rather than the name of the business.

Candidates must include a 'Date' and 'Details' column. They must also show 'Qty', 'Price', and 'Value' for all receipts, issues, and balance entries. Omitting this necessary information disadvantages candidates. SQA marking instructions illustrate the recommended layout.

Process and Abnormal Loss Accounts

Both the process account and abnormal loss account must begin with an appropriate heading. Also, each 'Inputs', 'Outputs', and 'Balance' section must contain 'Qty', 'CPU', and '£' to ensure all available marks are attainable. SQA marking instructions show the most appropriate layout for these accounts.

Investment Ratios

When calculating the 'Total profit available for distribution to the ordinary shareholders', candidates must deduct debenture finance costs first from operating profit before the calculation and deduction of Corporation Tax. Candidates can then deduct Preference Dividends. The 2022 question paper marking instructions illustrate this.

Investment Appraisal — Payback

The payback method focuses on 'Net Cash Inflow'. If Net Cash Inflow is provided, then candidates do not have to adjust the figures given. Candidates should always round up the payback period to the nearest whole day.

Appendix 1: general commentary on grade boundaries

SQA's main aim when setting grade boundaries is to be fair to candidates across all subjects and levels and maintain comparable standards across the years, even as arrangements evolve and change.

For most National Courses, SQA aims to set examinations and other external assessments and create marking instructions that allow:

- ◆ a competent candidate to score a minimum of 50% of the available marks (the notional grade C boundary)
- ◆ a well-prepared, very competent candidate to score at least 70% of the available marks (the notional grade 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 for each course to bring together all the information available (statistical and qualitative) and to make final decisions on grade boundaries based on this information. Members of SQA's Executive Management Team normally chair these meetings.

Principal assessors utilise their subject expertise to evaluate the performance of the assessment and propose suitable grade boundaries based on the full range of evidence. SQA can adjust the grade boundaries as a result of the discussion at these meetings. This allows the pass rate to be unaffected in circumstances where there is evidence that the question paper or other assessment has been more, or less, difficult than usual.

- ◆ The grade boundaries can be adjusted downwards if there is evidence that the question paper or other assessment has been more difficult than usual.
- ◆ The grade boundaries can be adjusted upwards if there is evidence that the question paper or other assessment has been less difficult than usual.
- ◆ Where levels of difficulty 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 on year. This is because the specific questions, and the mix of questions, are different and this has an impact on candidate performance.

This year, a package of support measures including assessment modifications and revision support, was introduced to support candidates as they returned to formal national exams and other forms of external assessment. This was designed to address the ongoing disruption to learning and teaching that young people have experienced as a result of the COVID-19 pandemic. In addition, SQA adopted a more generous approach to grading for National 5, Higher and Advanced Higher courses than it would do in a normal exam year, to help ensure fairness for candidates while maintaining standards. This is in recognition of the fact that those preparing for and sitting exams have done so in very different circumstances from those who sat exams in 2019.

The key difference this year is that decisions about where the grade boundaries have been set have also been influenced, where necessary and where appropriate, by the unique circumstances in 2022. On a course-by-course basis, SQA has determined grade boundaries in a way that is fair to candidates, taking into account how the assessment (exams and coursework) has functioned and the impact of assessment modifications and revision support.

The grade boundaries used in 2022 relate to the specific experience of this year's cohort and should not be used by centres if these assessments are used in the future for exam preparation.

For full details of the approach please refer to the [National Qualifications 2022 Awarding—Methodology Report](#).