



Course report 2023

Higher Accounting

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. You should read the report in conjunction with the published assessment documents and marking instructions.

The statistics in the report were compiled before any appeals were completed.

Grade boundary and statistical information

Statistical information: update on courses

Number of resulted entries in 2022: 1,149

Number of resulted entries in 2023: 1,232

Statistical information: performance of candidates

Distribution of course awards including minimum mark to achieve each grade

A	Number of candidates	543	Percentage	44.1	Cumulative percentage	44.1	Minimum mark required	76
B	Number of candidates	194	Percentage	15.7	Cumulative percentage	59.8	Minimum mark required	63
C	Number of candidates	162	Percentage	13.1	Cumulative percentage	73	Minimum mark required	50
D	Number of candidates	125	Percentage	10.1	Cumulative percentage	83.1	Minimum mark required	37
No award	Number of candidates	208	Percentage	16.9	Cumulative percentage	100	Minimum mark required	N/A

Please note that rounding has not been applied to these statistics.

You can read the general commentary on grade boundaries in the appendix.

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 and information](https://sqa.my/) page of SQA's website.

Section 1: comments on the assessment

Question paper

Candidates engaged well with the question paper, which was perceived to be fair and accessible.

Assignment

The requirement to complete the assignment was removed for session 2022–2023. This was taken into account when setting the grade boundaries.

Section 2: comments on candidate performance

Areas that candidates performed well in

Question paper

Question 1(a)(ii) — Partnership current accounts: many candidates accurately updated each partner's current account based on figures calculated in the Income Statement, as well as those provided in the question.

Question 1(b)(i) and (ii) — Calculating the profit or loss on revaluation and a new profit-sharing ratio: many candidates attempted this part of the partnership question well.

Question 2 PART A(a)(b)(c) — Overhead analysis sheet and the re-apportionment of overheads: most candidates were well prepared for this question. Candidates performed very well in the preparation of the overhead analysis sheet and in the re-apportionment of overheads. Many candidates also performed well in the calculation of overhead absorption rates.

Question 2 PART B(a) — Decision making: most candidates coped well with the initial contribution per unit calculations and the total profit.

Question 3(a) — Manufacturing Account: most candidates knew the layout and had clearly practised using past papers, resulting in this question being tackled well.

Question 4 PART B — 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.

Areas that candidates found demanding

Question paper

Question 1(a)(i) and (iii) — Income Statement and Statement of Financial Position of a partnership: some candidates missed marks due to poor layout knowledge of both financial statements, incorrectly heading-up each statement, and using incorrect labels. A few candidates did not attempt the Statement of Financial Position or only completed a small section of it.

Most candidates did not know how to deal with the sale of a non-current asset.

Question 2 PART A(d) — Calculation of over-absorbed and under-absorbed overheads: candidates found applying the overhead absorption rates calculated in (c) to the actual figures provided for each department challenging. Many incorrectly compared the departmental overhead totals calculated in the overhead analysis sheet with the actual overheads provided in the question.

Question 2 PART B — Decision making: 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. The increase in the price per kg was particularly problematic for some candidates.

Question 3(b) — Income Statement up to gross profit (for a manufacturing business): some candidates displayed poor layout knowledge. The purchase of finished goods or the market value of finished goods was often omitted from the cost of sales calculation. Warehouse costs were often ignored or treated incorrectly in the cost of sales calculation.

Question 4 PART A — Investment appraisal: although many candidates knew how to calculate profit, some candidates could not progress with this question as they did not know the accounting rate of return formula. Some candidates continue to round down the days for the payback period instead of always rounding up.

Theory questions: apart from question 1(c) and question 3(c), most theory questions in the paper were poorly attempted by candidates. Some candidates made no attempt to respond to any theory questions.

Section 3: preparing candidates for future assessment

Question paper

General guidance

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.

Teachers and lecturers are encouraged to incorporate theory questions into timed questions and end of topic assessments. This should help to ensure candidates are better prepared and are able to tackle theory questions within the question paper.

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

Teachers and lecturers should reinforce to candidates that there are four questions in total, with some containing several parts which assess different topics. Candidates should be encouraged to ensure that they have seen and attempted all questions.

Candidates can use the answer booklet landscape rather than portrait when setting out overhead analysis sheet and inventory record card responses.

If candidates use spreadsheets rather than the answer booklet, they should display any workings in brackets. Many candidates are not awarded marks due to incorrect responses not being backed up by worked calculations. If candidates use spreadsheets, they must ensure their printouts include all parts of each response and are not truncated. They should also check that their printouts are clear and easily read. For question paper responses, candidates should not provide a formula printout.

Topic-specific guidance

Income Statement and Statement of Financial Position of a partnership

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 available from the [Higher Accounting subject page](https://sqa.my/) 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.

Interest on a loan — when the loan has been provided by a partner, for example Collins, the interest must be included as an expense and credited to that partner's current account.

Current accounts should have date, details, dr, cr and balance column headings.

Overhead analysis

Candidates must include an appropriate heading, for example overhead analysis sheet or overhead analysis statement.

Decision making

When a change is made to a variable cost, for example an increase in the price of raw materials, candidates should clearly show the updated variable costs for each product followed by each new contribution per unit.

Manufacturing Accounts

Candidates must include appropriate headings and labels. SQA marking instructions illustrate the recommended layout, as well as the required heading and labels for this financial statement.

Investment appraisal

Candidates should clearly show all calculations for both accounting rate of return (ARR) and payback. The payback period must be rounded up to the nearest whole day.

Inventory valuation

The inventory record card heading must include the item of inventory the card relates to, for example 'Material L8' rather than the name of the business. Candidates must include a 'date' and 'details' column. They must also show 'quantity', 'price', and 'value' for all receipts, issues, and balance entries. Omitting this necessary information disadvantages candidates. SQA marking instructions illustrate the recommended layout.

Appendix: 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 was developed to support learners and centres. This included modifications to course assessment, retained from the 2021–22 session. This support was designed to address the ongoing disruption to learning and teaching that young people have experienced as a result of the COVID-19 pandemic while recognising a lessening of the impact of disruption to learning and teaching as a result of the pandemic. The revision support that was available for the 2021–22 session was not offered to learners in 2022–23.

In addition, SQA adopted a sensitive approach to grading for National 5, Higher and Advanced Higher courses, to help ensure fairness for candidates while maintaining

standards. This is in recognition of the fact that those preparing for and sitting exams continue to do so in different circumstances from those who sat exams in 2019 and 2022.

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 2023 and the ongoing impact the disruption from the pandemic has had on learners. 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 the removal of revision support.

The grade boundaries used in 2023 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 2023 Awarding — Methodology Report](#).