



**EXAMINATIONS AND ASSESSMENT CHIEF DIRECTORATE**

Home of Examinations and Assessment, Zone 6, Zwelitsha, 5600  
REPUBLIC OF SOUTH AFRICA, Website: [www.ecdoe.gov.za](http://www.ecdoe.gov.za)

**2019 NSC CHIEF MARKER'S REPORT**

<b>SUBJECT:</b>	<b>ACCOUNTING</b>
<b>PAPER:</b>	<b>1</b>
<b>DURATION OF PAPER:</b>	<b>3 HOURS</b>
<b>DATES OF MARKING:</b>	<b>1 DECEMBER 2019– 14 DECEMBER 2019</b>

**SECTION 1: (General overview of Learner Performance in the question paper as a whole)**

The paper was well balanced. It covered a wide range of topics. The first sub question of every question was of a lower order. Question 1 started with True/False (3 marks); Question 2 started with EFT's (3 marks); Question 3 started with a calculation (6 marks); Question 4 started with matching of concepts (5 marks); Question 5 started with matching of concepts (4 marks); Question 6 started with Cash Budget and Projected Income Statement (11 marks). It was only in Questions 3 and 6 where not all the marks for the first sub question were of a lower order. Most candidates attempted these questions and earned a fair number of marks here. As such, candidates were supposed to be able to answer most questions, at least in part.

Application and interpretation questions followed after the easier introductory questions. Most candidates attempted most questions (except for Question 6) and even though many did not do well in the more challenging questions, there were not as many blank spaces as experienced during previous years. This was encouraging.

The overall structure and layout conformed to the trends set in past-year papers, though the many comments, identifications of problems and solutions/advice proved to be somewhat challenging for many learners. The well prepared, stronger candidates were still able to score high marks, but the average candidates experienced more challenges as expected.

The paper contained an appropriate balance of easy, medium and difficult questions. It also included a number of questions which required open-ended problem solving and comments. Markers were required to read carefully and credit candidates for valid responses that were beyond the marking guideline, as prescribed in the principles of marking which forms part of the instructions of the marking guideline (Principle no 13). We did not encounter many extra options here.

It was once again, disappointing to note the small percentage of candidates who did really well in the province. Unfortunately, many educators and candidates do not make enough use of previous years' question papers and recommendations made in previous reports compiled by Chief Markers and Marking Moderators.



**SECTION 2: Comment on candidates' performance in individual questions**

(It is expected that a comment will be provided for each question on a separate sheet).

<b>QUESTION 1: Manufacturing (40 marks)</b>				
<b>(a) General comment on the performance of learners in the specific question. Was the question well answered or poorly answered?</b>				
Sub-question	Topic	Maximum marks	Average mark	%
1.1	Concepts	3	2,52	84%
1.2.	FOHC; Cost of Production; Extra Profit	17	10,88	64%
1.3	BEP; Comments; Control over cost	20	10,6	53%
<b>Sample of 100 scripts</b>		<b>40</b>	<b>24</b>	<b>60%</b>

Being the first question in the paper, this question was answered by most candidates and they did moderately well in this question. The work-with marks for partially correct answers in Q 1.2.1, helped candidates to score marks here. The many options available to answer and mark Q1.2.3 and Q 1.3.3 were challenging for markers, but it helped candidates to score marks. Markers had to check carefully to award the deserved marks.

<b>(b) Why the question was poorly answered? Also provide specific examples, indicate common errors committed by learners in this question, and any misconceptions.</b>
<p>In Question 1.2.2 candidates were expected to <b>calculate</b> the total cost of production. They fail to recognize this as a different option to the well-known Production Cost Statement. Therefore they unnecessarily lost marks in this question where familiar content were tested in a slightly different way. Calculation of profit on additional units also proved to be problematic.</p> <p>A similar problem presented itself in Question 1.3.1 where the Break-even point was given and needed to be confirmed, instead of calculated. Candidates were not sure what was expected of them.</p> <p>Question 1.2.3 was very poorly answered because candidates experienced this as an unfamiliar question.</p> <p>Most candidates struggled to answer question 1.3.3 and fail to explain why the wood was not well controlled.</p>

**(c) Provide suggestions for improvement in relation to Teaching and Learning**

Teachers should encouraged learners to discuss problems, their causes and solutions. Thereby making sure that learners have a better understanding of concepts and information that they deal with. Much more focus is needed on ethics and internal control.

By studying question papers from previous years they should be able to pick up a trend in the questions and comments on internal control and ethics.

**(d) Describe any other specific observations relating to responses of learners and comments that are useful to teachers, subject advisors, teacher development etc.**

Most candidates were not able to comment on what they have calculated, therefor teachers should not focus on calculations only, but on **comments** on what was calculated.

In **all** questions learners should show their workings to earn part marks.

**QUESTION 2: Bank Reconciliation (30 marks)**

(a) General comment on the performance of learners in the specific question. Was the question well answered or poorly answered?

Sub-question	Topic	Maximum marks	Average mark	%
2.1	EFT; Internal auditor's concern	7	4,27	61%
2.2.	CRJ; CPJ	11	5,61	54%
2.3	Calculation of Bank account balance	4	2,64	66%
2.4	Bank Reconciliation	8	4,88	61%
<b>Sample of 100 scripts</b>		<b>30</b>	<b>17,7</b>	<b>59%</b>

Most candidates attempted this question as it is part of the work covered in grade 11. It was noted that some candidates did very well, but others got confused with whether figures should be in the CRJ, CPJ or Bank Reconciliation Statement.

The advantages of EFT's proved to be problematic for some candidates and it was clear that some did not have any idea of what an EFT is.

(b) Why the question was poorly answered? Also provide specific examples, indicate common errors committed by learners in this question, and any misconceptions

Some candidates fail to differentiate between the items that should be recorded in the CRJ and CPJ. In the Bank Reconciliation Statement there were a lot of foreign items.

Candidates did not know how to treat Cheque 516 where the wrong amount was entered in the CPJ for May (previous month). Nor did they know how to treat an outstanding EFT.

(c) Provide suggestions for improvement in relation to Teaching and Learning

It should emphasise that Bank Reconciliation is part of the Grade 12 syllabus and candidates/teachers should not only rely on the work that has been done in grade 11. This topic should be **taught and not only revised** in grade 12.

Question papers from previous years can be of great assistance on these topics to show the many different ways in which the same information can be presented or required.

(d) Describe any other specific observations relating to responses of learners and comments that are useful to teachers, subject advisors, teacher development etc.

Many candidates showed very little understanding of the term EFT, while many of them or someone in their families receive / transfer money using EFT's. This showed a lack of linking the academics in the classroom with their everyday life.

**QUESTION 3: Inventories (45 marks)**

(a) General comment on the performance of learners in the specific question. Was the question well answered or poorly answered?

Sub-question	Topic	Maximum marks	Average mark	%
3.1	Calculate Closing stock using FIFO	6	4,38	73%
3.2	Mark up; Comments on pos and neg	14	7,7	55%
3.3	Calculate stock holding period	3	1,6	54%
3.4	Calculate missing stock; Solutions	9	7,02	78%
3.5	Calculate Closing stock: Specific Identification	7	4,06	58%
3.6	Ethical concerns	6	1,08	18%
<b>Sample of 100 scripts</b>		<b>45</b>	<b>26</b>	<b>58%</b>

Many candidates chose not to do this question. Those who attempted this question, focused on the calculations and left out the comments and ethical concerns.

In Question 3.1 they had to calculate closing stock using FIFO and in Question 3.5 they had to calculate closing stock using the Specific Identification method. Though many failed to achieve what was tested here, they still earned a fair number of marks due to the method-marks in this question.

(b) Why the question was poorly answered? Also provide specific examples, indicate common errors committed by learners in this question, and any misconceptions.

Candidates could not work out the closing stock balances for FIFO, nor for Specific Identification method. Many failed to subtract the stock returned, in their calculations. Candidates still failed to quote figures in their comments in Question 3.2.2 and 3.2.3. A lot of candidates used mark-up % as part of the comments in these 2 questions.

In Question 3.5 the small space provided in the Answer Book was misleading and a more structured layout should have been provided to guide candidates as to what was expected here.

Question 3.6, (3 concerns that George had about the "kickback" and/or bulk purchases) was widely misunderstood and very poorly answered. It seemed as if candidates did not understand what was asked and each of the required 3 responses carried 2 marks. Of the 100 scripts that had to be analysed, the performance in this sub-question was the worst (18%).

(c) Provide suggestions for improvement in relation to Teaching and Learning

Learners should be encouraged to read with understanding to expand their vocabulary and terminology. They often do not seem to understand what a question required from them. Ethics should be integrated into all topics throughout the year, not done as separate entity.

(d) Describe any other specific observations relating to responses of learners and comments that are useful to teachers, subject advisors, teacher development etc.

Many blank spaces were seen in this question. Candidates should be encouraged to attempt every question.

**QUESTION 4: Financial statements; Audit report (70 marks)**

(a) General comment on the performance of learners in the specific question. Was the question well answered or poorly answered?

Sub-question	Topic	Maximum marks	Average mark	%
4.1	Concepts	5	4,65	93%
4.2	Fix Ass; Adj to NP; Ret Inc; Balance Sheet	56	34,16	61%
4.3	Audit report; Financial Indic; prevention	9	3,06	34%
	<b>Sample of 100 scripts</b>	<b>70</b>	<b>42</b>	<b>60%</b>

Of the 100 scripts that had to be analysed, the performance in Question 4, along with Question 1, was the best of this question paper (60%). Most candidates were able to do at least part of this question and could apply the correct principles to get many method marks. A fair portion of the candidates earned surprisingly good marks for the Balance Sheet. Sub-question 4.1 showed the highest score of all the sub-questions (93%). Question 4.2.3 (Retained Income Note) was also very well answered. Candidates expected this question and knew how to complete the note and how to carry the figures over to the Balance Sheet. It was also encouraging to see that many learners knew to subtract the current portion from the mortgage loan.

(b) Why the question was poorly answered? Also provide specific examples, indicate common errors committed by learners in this question, and any misconceptions.

In Question 4.2.1 the candidates found the calculation of the figures for the Fixed Asset Note challenging, especially considering the sale of an asset during the year. Question 4.2.2(i), showed that candidates did not grasp how to adjust the net profit. Rent income required a few complicated and time-consuming workings and carried only 2 marks. The omission of brackets in Question 4.2.2 cost candidates a lot of marks. The Balance Sheet in Question 4.2.4 had too many balancing figures and candidates had to spend a lot of time trying to find the correct figures. The reversal of figures to calculate a balancing figure presented problems. Calculating the Current assets by way of a ratio proved to be unfamiliar for some candidates. The better candidates did not experience this as a problem and many scored marks here. Fortunately, the Balance Sheet carried a lot of method-marks and many candidates did well in this question. Question 4.3.2 and 4.3.3(ii) proved to be a very challenging question for most candidates. Question 4.3.3(i) could not be completed by candidates who have not done the Balance Sheet.

#### **QUESTION 4 (continue)**

##### **(c) Provide suggestions for improvement in relation to Teaching and Learning**

The teaching of Balance Sheets starts in Grade 10 already and the format and concepts should be mastered there. Notes to the Balance Sheet should be learned by heart, including the use of brackets.

Different ways of how to calculate net profit should be practiced. Candidates know how to do an Income Statement, but fail to do calculations relating to net profit. Candidates lost easy marks by not showing their workings.

Audit reports should be discussed in detail.

##### **(d) Describe any other specific observations relating to responses of learners and comments that are useful to teachers, subject advisors, teacher development etc.**

Candidates seem to prefer the accounting aspects of the questions, while they still struggled to express themselves clearly where comments were required. Their answers were generally vague and incomplete.

Regarding the audit report, candidates should be taught the proper terminology/jargon to use in their answers.

**QUESTION 5: Cash flow and interpretation (75 marks)**

(a) General comment on the performance of learners in the specific question. Was the question well answered or poorly answered?

Sub-question	Topic	Maximum marks	Average mark	%
5.1	Concepts	4	2,92	73%
5.2	Calc for Cash flow; Financial indicators	31	20,46	66%
5.3	Comments Share price; Dividends; ROSHE; EPS; Decisions	40	12,4	31%
	<b>Sample of 100 scripts</b>	<b>75</b>	<b>36</b>	<b>48%</b>

Candidates did fairly well in Question 5.1 and 5.2, but they really struggled with Question 5.3 where a lot of comments and explanations were required from them. From the sample of 100 scripts, the score for question 5.3 was from the lowest scores (31%). It is clear that candidates are still reluctant to answer questions on financial comments.

(b) Why the question was poorly answered? Also provide specific examples, indicate common errors committed by learners in this question, and any misconceptions.

In Question 5.2.1(iv) few candidates were able to calculate the fixed assets purchased. In Question 5.3.1 it was clear that candidates did not know why directors would be interested in their companies' share price. Nor did they understand the correlation between share price and NAV. Candidates found the required response to this question very challenging. Question 5.3.1(ii) there were some confusion about which company to use in their discussion, but the marking guideline made provision for this and any/both companies were accepted. In Question 5.3.2 candidates did not know what was required when asked to discuss the dividend pay-out policy, the return on equity for each company nor the earnings per share. In Question 5.3.3 candidates unnecessarily lost marks for not quoting figures. It became clear that candidates did not know which financial indicators refer to risk and gearing.

(c) Provide suggestions for improvement in relation to Teaching and Learning

The correlation between share price and NAV, EPS, DPS, dividend pay-out policy and other financial indicators should be emphasized because it shows/influence demand for the shares. This is one of the topics where the use of previous years question papers are of utmost importance.

When teaching financial indicators, it should be explained **how** it can assist decision making. Candidates should grasp the link between financial information and financial indicators.

(d) Describe any other specific observations relating to responses of learners and comments that are useful to teachers, subject advisors, teacher development etc.

This question required a lot of analyses and interpretations and candidates should be taught how to approach such questions. Again, old question papers can be put to good use. Candidates should be encouraged to take up reading, as it was clear that language is still a huge barrier.



**QUESTION 6: Cash budget and Projected Income statement (40 marks)**

(a) General comment on the performance of learners in the specific question. Was the question well answered or poorly answered?

Sub-question	Topic	Maximum marks	Average mark	%
6.1	Cash Budget; Projected Income Stmtnt	11	3,3	30%
6.2	Calc % Deb settlement; % Bad debt	7	2,66	38%
6.3	Com Wages; Costs; New competitor	22	7,26	33%
	<b>Sample of 100 scripts</b>	<b>40</b>	<b>13</b>	<b>33%</b>

Being the last question, many candidates did not do Question 6. It could be seen as the result of poor time management, because the candidates who attempted this question, answered it fairly well.

In Question 6.1 it was clear who grasped the difference between the Cash Budget and the Projected Income Statement, because some did very well here, while others hardly scored any marks.

However, candidates found the comments in Question 6.3 very challenging and scored very low marks here.

(b) Why the question was poorly answered? Also provide specific examples, indicate common errors committed by learners in this question, and any misconceptions.

Even though candidates should know the difference between a Cash Budget and a Projected Income Statement, seeing the two next to each other in the Answer Book confused them. In Question 6.3 some candidates fail to provide figures with the comments and this cost them a lot of marks.

(c) Provide suggestions for improvement in relation to Teaching and Learning

The Cash Budget and a Projected Income Statement should be done together exercises, as in this question to clarify the difference between the two. These two topics should not be neglected in grade 12 and seen only as grade 11-work.

(d) Describe any other specific observations relating to responses of learners and comments that are useful to teachers, subject advisors, teacher development etc.

The differences between the impact a transaction has on the Cash Budget as to the impact on a Projected Income Statement should be emphasized.

Candidates should be trained to exercise better time management, seeing that the last question is usually not the most difficult one, but the one least candidates complete.

#### CONCLUDING REMARKS/ ADVICE FOR EDUCATORS

- Teachers must try to work according to the Annual Teaching Plan
- Make sure there is enough time to recap grade 10 and grade 11 work
- Class work and home work must be controlled and checked, with corrections
- Time must be allocated for revision, especially exercises that include **question papers** from previous years → of utmost importance