



EXAMINATIONS AND ASSESSMENT CHIEF DIRECTORATE

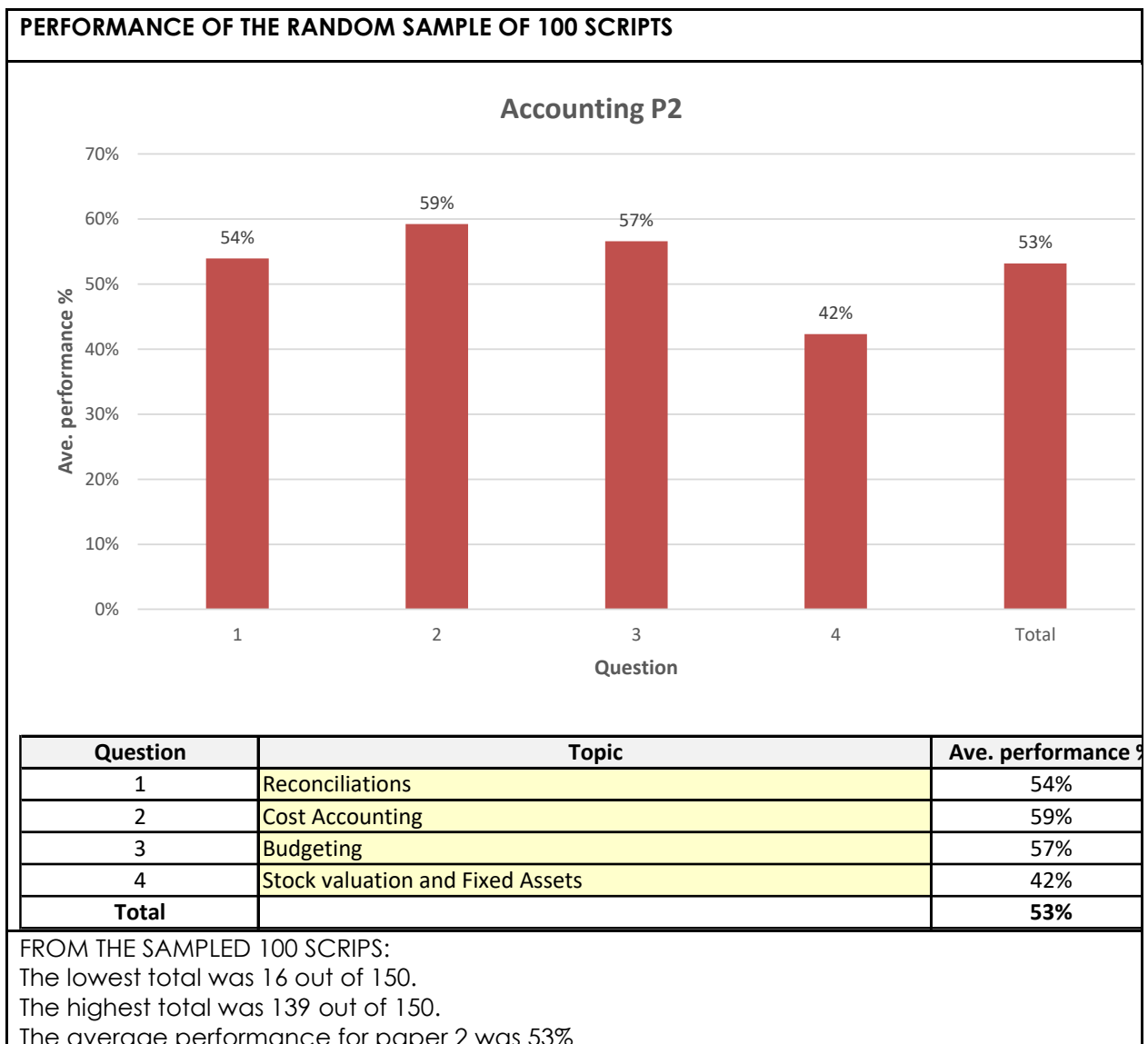
Home of Examinations and Assessment, Zone 6, Zwelitsha, 5600

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2023 NSC CHIEF MARKER'S REPORT

SUBJECT	ACCOUNTING
PAPER	2
DURATION OF PAPER	2 HOURS
PROVINCE	EASTERN CAPE
DATES OF MARKING	7 – 19 DECEMBER 2023

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



OVERALL:
 The lowest total is 2 out of 150.
 The highest total is 147 out of 150.

SECTION 2: Comment on candidates' performance in individual questions

QUESTION 1																	
(a) General comment on the performance of learners in the specific question. Was the question well answered or poorly answered?																	
<p>QUESTION 1: AVERAGE PER SUB-QUESTION</p> <table border="1"> <caption>QUESTION 1: AVERAGE PER SUB-QUESTION</caption> <thead> <tr> <th>Sub-question</th> <th>Average Score</th> </tr> </thead> <tbody> <tr> <td>1.1.1(a)</td> <td>57.08</td> </tr> <tr> <td>1.1.1(b)</td> <td>86</td> </tr> <tr> <td>1.1.2</td> <td>60.125</td> </tr> <tr> <td>1.1.3</td> <td>48</td> </tr> <tr> <td>1.2.1</td> <td>35.11</td> </tr> <tr> <td>1.2.2</td> <td>46.66</td> </tr> <tr> <td>Total</td> <td>54</td> </tr> </tbody> </table>		Sub-question	Average Score	1.1.1(a)	57.08	1.1.1(b)	86	1.1.2	60.125	1.1.3	48	1.2.1	35.11	1.2.2	46.66	Total	54
Sub-question	Average Score																
1.1.1(a)	57.08																
1.1.1(b)	86																
1.1.2	60.125																
1.1.3	48																
1.2.1	35.11																
1.2.2	46.66																
Total	54																
1.1.1(a)	CRJ & CPJ																
1.1.1(b)	Bank Account in General Ledger																
1.1.2	Bank Reconciliation Statement																
1.1.3	Strategies to address missing cash																
1.2.1	Creditors reconciliation: Creditors Control & Creditors List																
1.2.2	Amount due to a creditor																
<p>Learners demonstrated performance exceeding the overall average of the entire paper in this question. The expectation was that Bank Reconciliation would be perceived as more straightforward, given the absence of cheques. However, contrary to expectations, learners continue to encounter challenges with reconciliation. The comprehensive content of this question encompasses material covered in grade 10 and 11, suggesting a potential lapse in thorough revision.</p>																	

(a) Why was the question poorly answered? Also provide specific examples, indicate common errors committed by learners in this question, and any misconceptions.	
1.1.1	<ul style="list-style-type: none"> • Candidates used minus signs to signify CRJ (Cash Receipts Journal) entries in the CPJ (Cash Payments Journal) and vice versa. • Learners encountered difficulties in recording the amount withdrawn from an ATM. • Learners lack familiarity with an official bank statement. • Learners duplicated the entry of transaction fees in the CPJ, even though it was inaccurately duplicated in the bank statement. • Learners are unfamiliar with entering an amount twice if it was initially recorded in the wrong journal or on the wrong side of a ledger account. • Learners omitted the entry of stolen money in the CPJ.
1.1.2	<ul style="list-style-type: none"> • Recording figures in the bank reconciliation without including details.

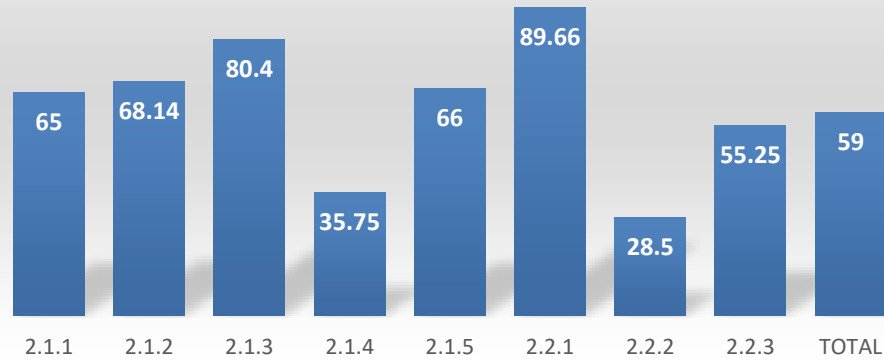
	<ul style="list-style-type: none"> Utilizing incorrect balances in the bank reconciliation. Transferring the balance of the bank account to the wrong side of the bank reconciliation. Entering amounts on the wrong side of the bank reconciliation. Failing to enter the money withdrawn at the ATM in the bank reconciliation. Learners employing the one-column method faced challenges in doing so.
1.1.3	<ul style="list-style-type: none"> Incomplete responses prevent learners from obtaining full marks. Frequently provided answers included the use of EFTs and division of duties. In many cases learners did not manage full marks – to earn two marks learners cannot only write: Division of duties. Candidates showed a lack of creative thinking. Learners consistently offer the following responses for strategy-related questions, even when these answers may not be relevant to the specific question. <ul style="list-style-type: none"> - Installing cameras - Terminating employees' contracts - Salary deductions - Conducting physical stock counts Some learners misinterpreted the question, believing it was related to missing of stock.
1.2.1	<ul style="list-style-type: none"> Learners faced challenges in determining whether to record amounts in the ledger or the creditor's list. Consequently, they entered the same amounts in both columns, leading to penalties. Incorrect signs were used. Learners neglected to duplicate a transaction treated as an invoice instead of a debit note.
1.2.2	<ul style="list-style-type: none"> Learners failed to use the correct signs. Some responses showed that learners do not understand subsidiary ledgers.

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

- Commence the instruction of reconciliations with fundamental concepts, covering entries in journals, transfers to ledgers, and subsequently progressing to statements.
- There is a lack of comprehension among learners regarding the reversal of debit and credit in bank reconciliations and general ledger, indicating a need for comprehensive teaching of this concept in grade 11.
- The revision of grade 11 topics holds significance for achieving favorable marks in grade 12.
- Facilitate class discussions on topics such as strategies and internal controls. Interpretation and analytical skills can be conducted within the classroom. Following the completion of an activity, prompt learners with questions that encourage responses in full sentences, fostering a deeper understanding beyond mere calculations of correct amounts.

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

- Advise learners that despite the use of banking apps and internet banking, an official bank statement with a date preceding the last day of the month is still in use.
- Ensure learners have a comprehensive understanding of the legal obligations associated with employee termination and salary deductions.
- Emphasize to learners the importance of thoroughly reading the questions in the question paper, as it includes information not available in the answer book.
- Demonstrate to learners the functionality of online banking.

QUESTION 2**(a) General comment on the performance of learners in the specific question. Was the question well answered or poorly answered?****QUESTION 2: Average % per sub-question**

2.1.1	Calculate direct material cost
2.1.2	Calculate factory overhead cost
2.1.3	Production Cost Statement
2.1.4	Calculate cost of wastage
2.1.5	Strategies to address wastage
2.2.1	Break-even point
2.2.2	Items contributed to increase in cost of production
2.2.3	Explain whether new product was a good idea or not

Out of all four questions in the exam, students performed best in question 2. It is likely that learners anticipated that one or more elements of production cost, as well as the production cost statement, would appear in the paper. All that was asked in question 2 have been covered in Grade 12. It seems that a thorough revision of this section has been undertaken.

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

2.1.1	<p>Instead of calculating the direct material cost, learners calculated:</p> <ul style="list-style-type: none"> the closing stock as the direct material cost. the stock available as the direct material cost. only the weighted average price and did not multiply the price with the number of units. <p>Learners were unable to calculate the average price.</p>
2.1.2	<p>Learners:</p> <ul style="list-style-type: none"> struggled to use the correct signs when correcting the incorrect figures. did not show calculations resulting in losing part marks. found it difficult to use two ratios in one transaction. Struggled with insurance and water and electricity adjustments.
2.1.3	<p>WIP at the end of the year were added instead of subtracted. Some learners did not know the structure of the Production Cost Statement / Poor presentation of PCS</p>
2.1.4	<ul style="list-style-type: none"> Most learners calculated the meters wasted instead of the cost of wasted material. Learners did not use the average price (WAM)
2.1.5	<p>Learners did not read properly and instead of providing strategies that can be used to address the problem of wastage, they gave reasons for wastage, reasons for theft, strategies to avoid theft, reasons for misuse of material and internal control methods.</p>

	Some wrote the same strategy in two different ways – but result in only one mark.
2.2.1	Well answered.
2.2.2	<p>Two mistakes were made:</p> <ol style="list-style-type: none"> 1) The cost of production comprises of three different costs – Direct labour cost, Direct material cost and Factory overhead costs. Learners clearly did not know this. They quoted administration cost and selling and distribution costs as cost of production. 2) 7% Inflation was not taken into consideration – Direct material was identified, although it increased with less than inflation. <p>Learners did not see that the total FOC stayed the same over the two years – therefore the only change was the number of units produced - no increase in specific expenses e.g., rent had an influence on the increase in FOC per unit. Economies and diseconomies of scale is still not grasped by learners.</p>
2.2.3	Candidates lose marks for failing to compare figures of different products. They tend to quote only one figure, and not comparative figures.

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

- Utilize previous year's question papers as part of the revision process.
- Conduct informal assessments periodically throughout the year.
- Incorporate real case scenarios into classroom discussions.
- Teach learners the formats and structures of PCS (Production Cost Statements) and notes.
- Teach learners how to calculate DMC (Direct Material Cost) using various stock valuation methods.
- Place emphasis on comparisons when dealing with two or more products.
- Ensure learners comprehend the terminology and concepts of cost accounting.
- Foster an understanding of the factors influencing different costs among learners.
- Guide learners in discerning when to add or subtract figures in statements and calculations.

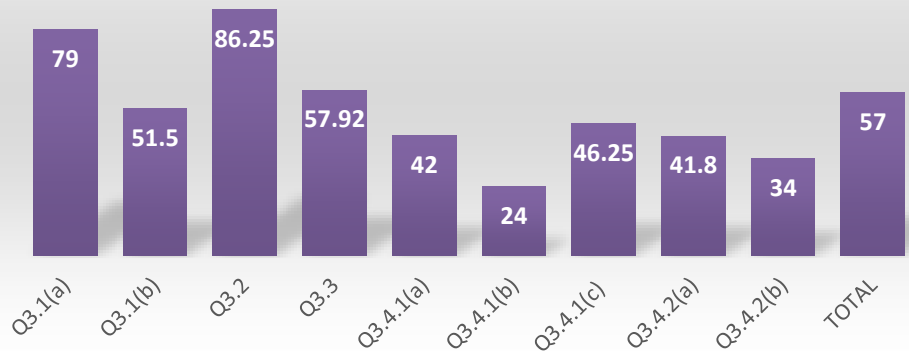
(d) Describe any other specific observations relating to responses of learners and comments that are useful to teachers, subject advisors, teacher development etc.

- To enhance learners' comprehension of cost accounting concepts, additional practice activities are essential.
- Incorporate activities that integrate stock elements (e.g., weighted average, etc.) with production cost elements.
- Existing textbooks inadequately cover the topic of economies and diseconomies of scale. Teachers should develop supplementary materials.
- Basic example of economies of scale:

Total Factory overheads: R5 000 000 (Factory overheads is a fixed cost, it does not change according to the number of products produced)	
NUMBER OF PRODUCTS PRODUCED:	
100 000	200 000
FOC/unit: R50	FOC/unit: R25
ECONOMIES OF SCALE: The more products you produce the less is FOC/unit	DISECONOMIES OF SCALE: The less products you produce the higher the FOC/unit

Economies of scale are cost advantages reaped by companies when production becomes efficient. Companies can achieve economies of scale by increasing production. This happens because costs are spread over a larger number of goods.

- Conduct class tests more often, encompassing assessments on formats and structures.
- Give guidance to learners on condensing their thoughts into concise explanations, as writing a few sentences instead of delivering a brief explanation can be time-consuming.

QUESTION 3**(a) General comment on the performance of learners in the specific question. Was the question well answered or poorly answered?****QUESTION 3: AVERAGE % PER SUB QUESTION**

3.1(a)	Incorrect items: Cash Budget
3.1(b)	Items: Projected Statement of Comprehensive Income
3.2	Debtors' Collection Schedule
3.3	Calculations: Discount allowed Interest on savings account, Payments to creditors, Rent expense
3.4.1(a)	Change in salary structure/ Commission
3.4.1(b)	Regret decision
3.4.1(c)	Points to support opinions
3.4.2(a)	Effect on cash budget
3.4.2(b)	Reason for purchasing of property

Learners did well in Question 3 (average 57%) – above the overall average of the paper. Some learners did not attempt all the sub-questions in Question 3. Unfortunately, it is not possible to determine if this was due to the time constrain or due to a lack of knowledge. Many learners did the calculations but did not attempt the commentary parts of the question.

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

3.1	Despite being a lower-order question, which covers content from both grade 11 and 12, learners still struggled to identify items that would not appear in the Cash Budget and Projected Income Statement. This aspect should be evaluated in class tests.
3.2	Well answered. Be aware of entering superfluous amounts, which result in losing marks.
3.3(i)	Calculating discount allowed: Learners encounter difficulties when applying percentages. Additionally, they are uncertain about whether to use the total sales, budgeted credit sales, or actual credit sales when calculating the discount.
3.3(ii)	Candidates struggled to accurately compute the interest, attributing the challenge to the rise in the savings account. Among those who recognized the alteration in the invested amount, there was a lapse in calculating interest for just one month.
3.3(iii)	Learners who got this wrong made two mistakes: <ul style="list-style-type: none"> ✓ They were unable to determine which month's sales to use. ✓ They multiplied by $\frac{75}{100}$ or $\frac{75}{175}$ Despite the inclusion of the calculation of the cost of sales and sales in Grade 9

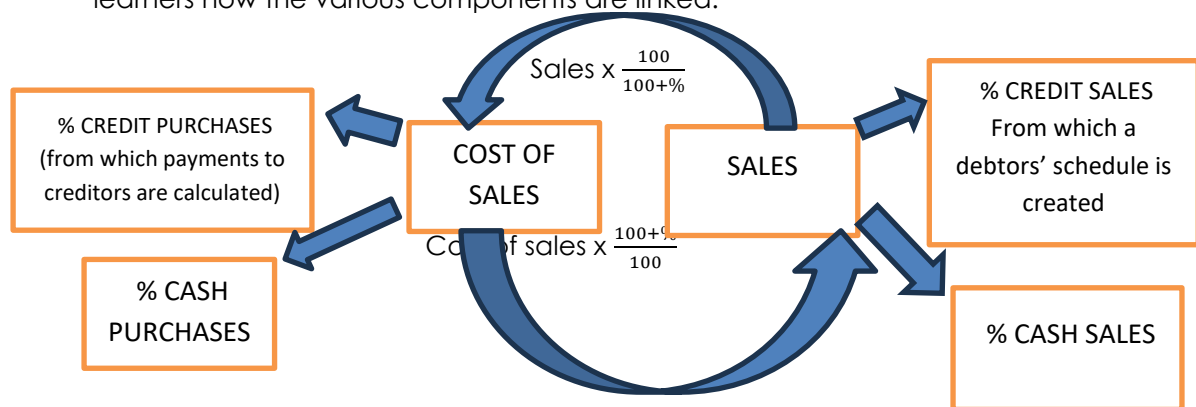
	Economic and Management Sciences (EMS), as well as in Mathematics and Mathematical Literacy, learners continue to face challenges in mastering these concepts.
3.3(iv)	Learners encounter difficulty when tasked with calculating percentage increases or decreases, particularly when the provided amount is post-adjustment, requiring them to determine the amount before the increase or decrease.
3.4.1 (a & b)	<ul style="list-style-type: none"> • Learners are not familiar with the idea of fixed salary versus commission and how they differ. • Learners would do better if they understood the above mentioned. • Most learners did not consider the amount of commission; as a result, they failed to get the two marks for the comparative figures. • A considerable number of learners simply re-wrote the question from the exam paper as their response. • Learners failed to quote comparing figures.
3.4.1 (c)	<ul style="list-style-type: none"> • Figures quoted did not confirm the comments – the correct comment, but wrong figures or no comparison OR the correct figures, but the wrong comment accompanied it. • Comments and figures for and against the decision were swapped. They quoted comments and figures against the decision for Adam, who was for the decision and vice versa. • When comparing budgeted versus actual figures, learners used incorrect wording. In their comments, they indicated that amounts increased or decreased (e.g., "Total sales increased with R417 700), when the accurate comment should be that Total sales exceed the budget by R417 700.
3.4.2(a)	<ul style="list-style-type: none"> • Many learners attempted this question and earned marks. Unfortunately, they included unnecessary figures, leading to a loss of marks. • Some learners did not use the correct signs
3.4.2(b)	Learners did not read the question properly in the question paper and therefore they did not comment on the purchase of a property. Some learners commented on the purchase of other assets.

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

- Calculating the percentage increase and decrease from one month to another is common in budgeting questions.
 - Use the same method used for calculating sales and cost of sales to calculate figures before and after an increase or a decrease. As cost of sales is seen as 100% and sales as 100+%, the amount before the change is seen as 100% and after the change as 100+%. The same applies to VAT.

OR

- Have a meeting with the Mathematical Literacy and Mathematics educators at your school to understand the method they use for explaining percentage increases/decreases. Apply the same method in Accounting to prevent learners from getting confused.
- For learners to comprehend budgets effectively, it needs to be a practical application for them, not merely a theoretical concept. Use the following diagram to illustrate to learners how the various components are linked.

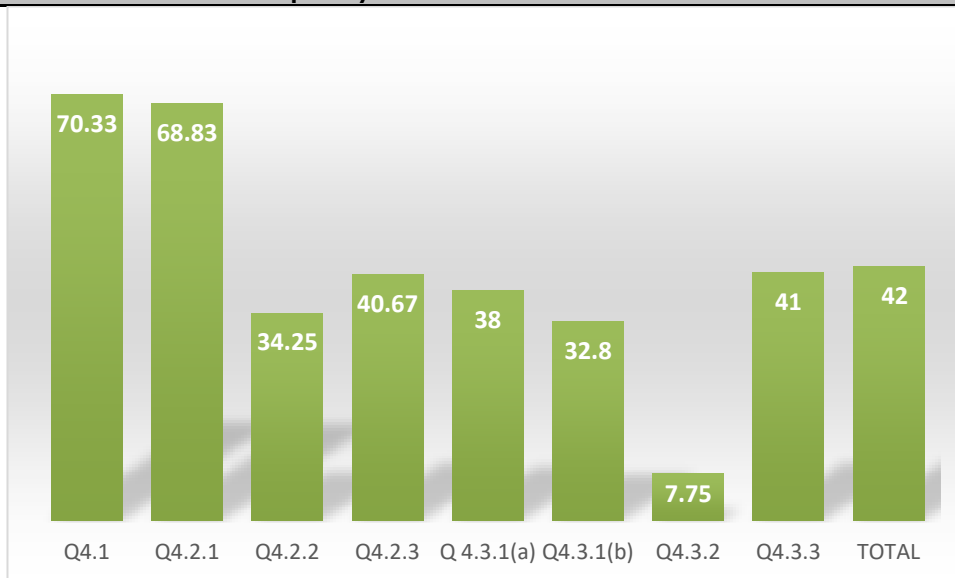


(d) Describe any other specific observations relating to responses of learners and comments that are useful to teachers, subject advisors, teacher development etc.

- Teach learners how to make comparisons using percentages. This approach is becoming more common, and teachers and learners need to apply it.
- Learners need to be able to make the connection between Accounting and real-life situations, for example the difference between earning a fixed salary and earning commission.
- Teachers must use the correct terminology when teaching Accounting. For example, when teaching the CRJ and CPJ ensure that learners start to understand the difference between an income and a receipt as well as the difference between payments and expenses.
- Learners use the wrong terminology in budget questions (above by vs increased from). They need to understand that a budget is drawn up before the transactions take place and the actual figures are calculated after the transactions take place. The before(budgeted) is them compared to the after(actual) figures.

QUESTION 4

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



Question 4 was poorly answered.

4.1	Terminology
4.2.1	Calculate closing stock using specific identification method
4.2.2	Calculate stock holding period
4.2.3	Interpretate, compare and explain stockholding periods of two products
4.3.1(a)	Calculate cost price of vehicles
4.3.1(b)	Calculate trade-in value
4.3.2	Explain the calculation of depreciation of an almost fully depreciated asset
4.3.3	Arguments for donation of computers to a school

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

4.1	Mostly well answered. It is however a concern that more learners were not able to score marks in this question.
4.2.1	<ul style="list-style-type: none"> It is evident that learners practiced FIFO and WAM more than Specific Identification method. Learners calculated the value of only one of the items. Some learners calculated both products but did not add the two to earn the final mark. Returns were not taken into calculation. Selling price was used to calculate value of closing stock, instead of the cost price.
4.2.2	<ul style="list-style-type: none"> Learners used the average stock, while the question clearly stated the closing stock. When a question requests information in days, use multiplication by 365 and not by 100, as many learners did.
4.2.3	<ul style="list-style-type: none"> Learners lack the ability to make comparisons. Explanations were given, without quoting figures. Many learners' explanations and reasons for differences were not substantial enough to earn full marks.
4.3.1(a)	<ul style="list-style-type: none"> Learners struggled to do a reversed calculation starting with the cost price

	<p>at the end of the year working backwards to the cost price at the beginning of the year.</p> <ul style="list-style-type: none"> The impression was created that learners did not know how to use calculations using the asset disposal note nor the ledger accounts.
4.3.1(b)	<ul style="list-style-type: none"> Learners did not make use of the Asset Disposal T/Accounts, which could have assisted them
4.3.2	<ul style="list-style-type: none"> Many learners struggled to articulate the concept of 'fully depreciated,' both in verbal explanation and formulaic representation. A significant number of candidates failed to recognise that an asset had reached full depreciation, implying that it could not depreciate beyond its carrying value. Some candidates refrained from attempting question 4.3.2, indicating potential confusion or a lack of understanding regarding the question's expectations. Many who earned marks in explaining the concept were unable to provide a calculation to support the explanation.
4.3.3	<ul style="list-style-type: none"> Learners made comparisons with local businesses and relevant examples, particularly in terms of advertising, image, and community support. There was a noticeable absence of references to pertinent accounting terms such as CSR, King Code, and a perceived lack of awareness about tax deductions among the learners. Concerning the content of their responses, many learners provided individual points that, although conveying similar ideas, were presented separately. Examples include "Attracts more customers," "Brings in more investors," "Form of advertising," and "Improves image." Rather than consolidating these into a cohesive and comprehensive point, they were listed as separate elements.

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

- In calculating depreciation, teach the learners a fixed calculation method they can use e.g. the SON method (Sold, Old, New)
 - Sold:** $(CP - \text{previous depreciation}) \times \% \times \text{months}/12 = \text{answer} + \text{previous}$
= Total depreciation of sold asset
 - Old:** $[(CP - \text{sold CP}) - (\text{All depr begin} - \text{sold depr begin})] \times \% \times 12/12 = \text{Answer}$
 - New:** $(CP - 0) \times \% \times \text{months}/12 = \text{Answer}$
- Do not refrain from doing specific identification method as it is regarded as "easy"

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

- Be sure to tackle fixed assets, depreciation, and asset disposal consistently. By regularly delving into this topic, working through as many questions as possible, and understanding the memorandum requirements, learners will become accustomed to the process and know what is expected from them.

GENERAL:

- It is evident that candidates struggle to articulate basic accounting concepts or answers accurately in English.
- Candidates are not conversant with the words justify, comment, provide, name, increase, decrease, under budget, over budget, under budgeted, over budgeted, overspend, under spent, etc. Educators must teach their learners the different terms in Bloom's taxonomy, and also certain words, like those mentioned, and the effect it has on their answers.
- Educators should familiarize themselves with using comparative figures as a tool for

explanation. When this becomes integrated into their daily teaching approach, learners will develop the skill to use it in their interpretations.

- Merely comparing figures is insufficient; learners should also be able to calculate the percentage difference and apply it in their explanations.
- Candidates should confine their responses to the question asked (e.g., if the question pertains to property purchased, it is not the appropriate context to provide information on computers).
- Teachers should initiate the use of an "Accounting dictionary" / Summary book in grade 10. All accounting concepts, summaries, and explanations are recorded by the learners in this dictionary/summary book. This resource should remain with them until their final exam in grade 12.