



**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)**

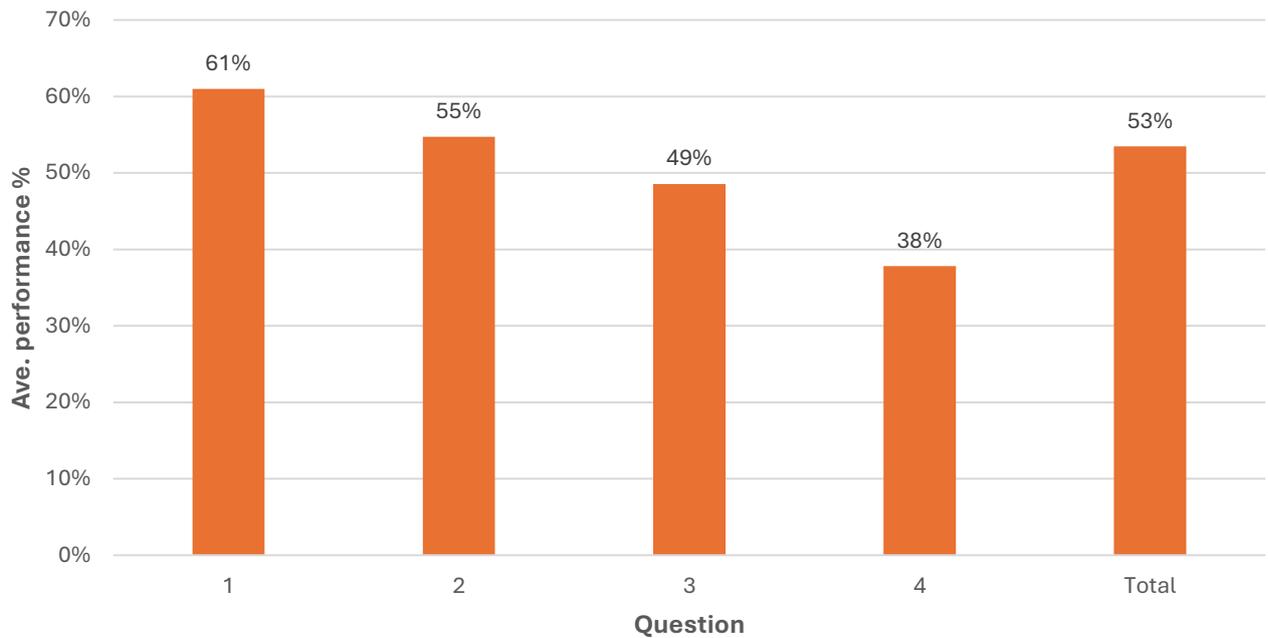
**2025 NSC CHIEF MARKER'S REPORT**

<b>SUBJECT</b>	ACCOUNTING		
<b>QUESTION PAPER</b>	1		
<b>DURATION OF QUESTION PAPER</b>	2 HOURS		
<b>PROVINCE</b>	EASTERN CAPE		
<b>NAME OF THE INTERNAL MODERATOR</b>	Fani N.P		
<b>NAME OF THE CHIEF MARKER</b>	Stemmer P.N		
<b>DATES OF MARKING</b>	2-11 DEC		
<b>HEAD OF EXAMINATION:</b>	Mr Mabona		

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

The graphs below are based on data from a random sample of candidates across the province. They provide clear picture of the general performance in each topic, which will be useful in assessing relative degrees of challenge of each question as experienced by candidates.

**Accounting P1**



Question	Topic	Ave. performance %
1	Company Financial Statements	61%
2	Cash flow Statement and Financial Indicators	55%
3	Interpretation of Financial Statements	49%
4	Corporate Governance	38%
<b>Total</b>		<b>53%</b>

**Accounting P1**

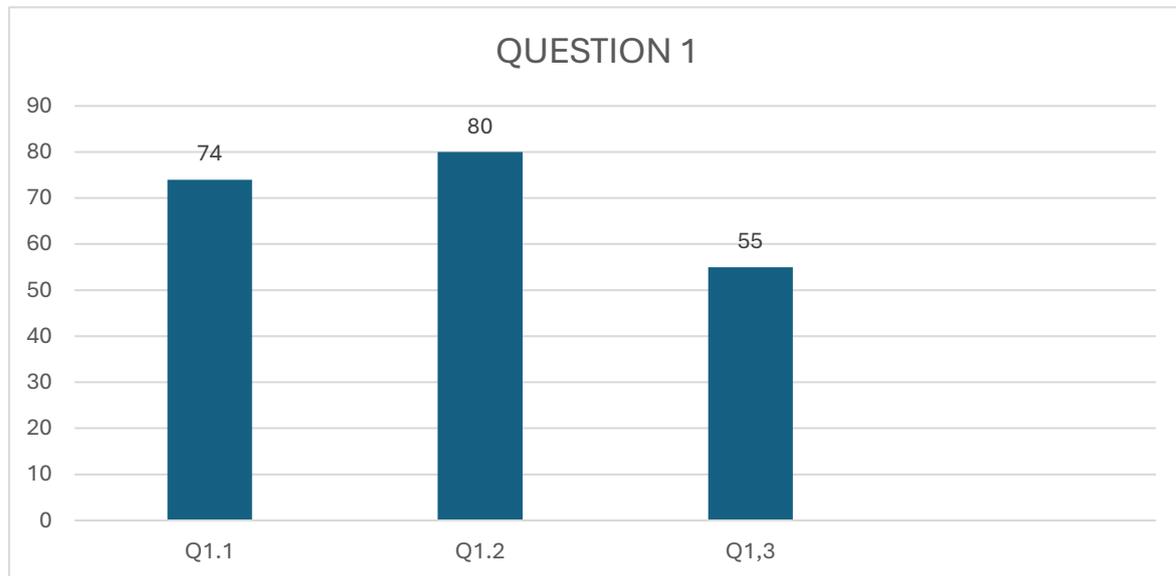


<b>Sub-question</b>	<b>Topic</b>	<b>Ave. performance %</b>
1.1	Calculate the value of closing stock	74%
1.2	Prepare Ordinary share capital	80%
1.3	Statement of financial position	55%
2.1 a	Calculation of change in payables	54%
2.1 b	Calculation of trade and receivables	44%
2.2	Cash flow statement	62%
2.3 a	calculation of financial indicators: AV	76%
2.3 b	ACID TEST RATIO	61%
2.3 c	DIVIDEND PAY-OUT RATE	25%
2.4	Reasons by directors to be concerned about cash resources	25%
3.1	Analysis and interpretation: Concepts	69%
3.2	Operating efficiency, Liquidity and shareholding	44%
3.3	Retuns, DPR and share price	51%
3.4	Return on total capital employed	49%
3.5 a	Audit report	54%
3.5 b	Decisions by shareholders based on Audit report	35%
4.1	Corporate Governance: donations	72%
4.2 a	Importance of reporting unethical behavior by employees	63%
4.2 b	How to prevent unethical behavior	35%
4.3	Meaning of Insolvent	40%
4.4	How the "rights issue "improved the solvency of the company	14%
4.5	Reasons for the shareholders responding positively to participating to rights issue	27%

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

### QUESTION 1: COMPANY FINANCIAL STATEMENTS

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



This question was attempted by most candidates, and outcomes demonstrated average level of achievement across the group. Some candidates could not differential between the FIFO and Weighted Average Methods of valuing inventories. Many candidates could not score full marks in Q 1.2 as they overlooked the date in which additional shares were issued. In Q 1.3, the performance was average due to candidate's inability to calculate adjustment amounts such as Rent income, Director's fees and the Ordinary Shareholders Equity amount.

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

- 1.1 Candidates swapped the numerator and the denominator in the calculation of the value of closing stock.  
Some candidates got the formular correct but neglected to multiply by closing number of units.  
Other candidates misinterpreted the question and used FIFO method instead of WAM to calculate the value of closing stock.
  - 1.2 Candidates overlooked the date in which 750 000 shares were issued and treated those shares as the number of shares at the beginning of the financial period.  
For the shares repurchased they used the acquisition price of R1 710 000 instead of an average share price of R6.50
  - 1.3 Candidates could not equate the remaining fixed deposit to 60% ( $320\,000 \times 60/40$ ), they instead used 60/100 in their calculation.
- Candidates also failed to correct an error that occurred while determining the closing stock value, but instead they only added the stock value calculated in Q 1.1.  
Calculation of Shareholders equity was challenging for most candidates with limited Mathematical ability.  $[(4721700 \times 100/24) \times 2] - 16200000 = 23147500$

Use of post adjustment amount to calculate Rent and Directors fees was a surprise to most candidates as most of them couldn't get the correct answer as they treated these amounts as though they were taken from the pre-adjustment trial balance.

Calculations were as follows:

Rent  $220/1230 \times 430\,500 = 77\,000$

Directors' fees  $75/3075 \times 1\,998\,750 = 48\,750$

Use of Current ratio to calculate current liabilities still posed a challenge to weaker candidates.

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

Learners must be taught to make a clear distinction between the three stock valuation methods also integrating how to correct an error if a wrong method was used and the effect of changing from one method to the other in the gross profit of the business.

Candidates should be made aware that stock valuation may be asked in both papers, which require thorough revision.

Teaching learners to underline key words in the instructions and using a timeline to keep the chronological order of events/ business transactions.

Teachers must emphasise the importance of completing the SOFP in its entirety, as this enables candidates to earn method and part marks.

Teachers are encouraged to provide candidates with varied activities that require different approaches when preparing the SOFP, ensuring they are well-prepared for all question formats.

Teachers should also focus on training candidates to complete all sections of the statement, as this maximises their potential to score marks. Providing regular feedback after tests and exams is vital for reinforcing learning and identifying areas for improvement.

Candidates must be taught how to score method marks, especially when they are uncertain about specific calculations. Operation and method marks are relatively easy marks to secure, but candidates frequently lose valuable marks when leaving blank spaces on the SOFP.

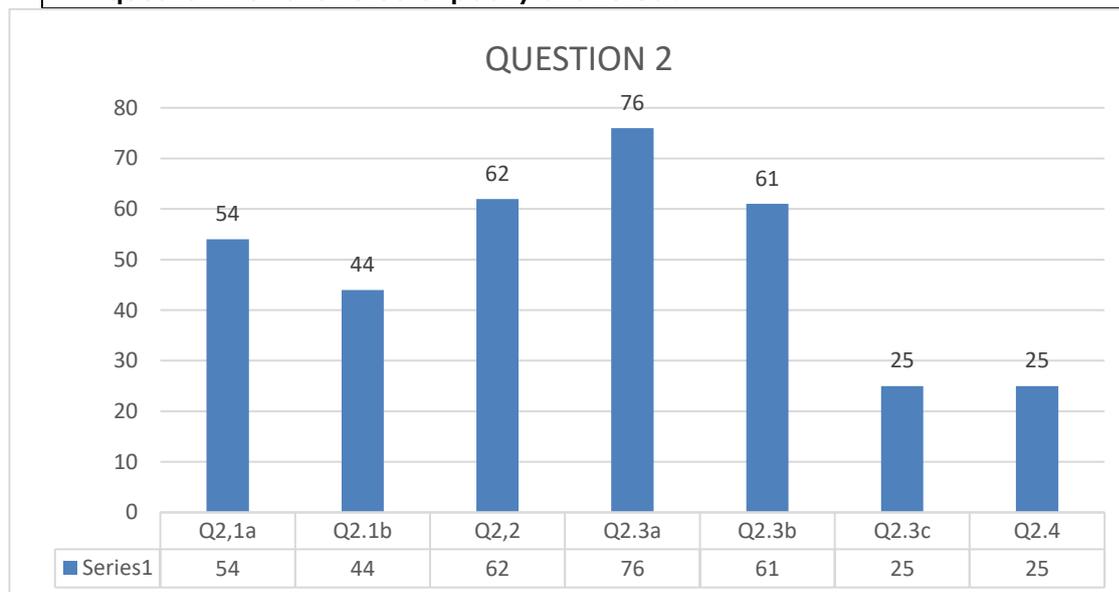
The pre adjustment figure is what we usually use when we are given adjustment but now teachers should not only concentrate on the pre adjustment but post adjustment figures should also be used.

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

- Teachers should always use financial indicators to calculate missing amounts in their class tests so that the learners can get used to these types of questions and be able to answer questions when such indicators are given.
- Basic calculations such as calculation of Unknown figure when given a % should be thoroughly taught to prepare the candidates for exam papers.
- Teaching the layout of the Financial statements from Grade 10 to avoid candidates losing marks for poor presentation and placement.
- Teacher development workshops  
These should focus on enhancing and providing practical strategies for teaching complex topics. Subject advisors play a critical role in equipping teachers with the knowledge, resources, and tools necessary to support learner success. By focusing on active learning, formative assessment, technology integration, and continuous reflection, workshops can empower teachers to deliver high-quality education and help candidates achieve their full potential.

## QUESTION 2: CASH FLOW STATEMENT AND FINANCIAL INDICATORS

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



Performance by candidates in this question is not as good as anticipated, they could not differentiate between inflows and outflows. Candidates struggled with layout of the CFS, mixing items under investing and financing activities. Calculations for Acid test ratio and dividends pay-out rate were also poorly answered. Some candidates were unable to round off figures properly and lost easy method marks by using %/cents signs incorrectly.

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

- 2.1 Candidates added SARS and Shareholders for dividends amounts when they were calculating the receivables and payables and were unable to identify inflow and outflow
- 2.2 Calculation of sale of fixed assets was challenging for most candidates (16 000-2 750) =13 250. This calculation needed the candidates to understand asset disposal thoroughly which is expected to have been covered in Grade 11.  
Candidates are unable to use correct signs in their calculations of taxation paid, fixed assets purchased and sold, proceeds from sale of shares and for repurchase of shares, losing clear marks/method marks.  
Misplacing items in the CFS which led to candidates earning marks for working only and get penalized for the final answer.  
Some candidates also struggled with the calculation of loan balance using the given ratio (Debt equity ratio)
- 2.3 Candidates confuse NAV with Dividend payout rate which shows that there is a lack of formula understanding, they can't differentiate which formula is in cents and which formula is in %.  
Most candidates seemed not to be aware of the second formula for calculating the DPR (Dividends for the year ÷ Net income after tax) and insisted on using the DPS/EPS yet the date for the repurchase of shares was not given.

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

**Thorough Coverage of Formula Sheet**

Teachers are encouraged to thoroughly unpack and explain every formula included in the formula sheet. No formula should be overlooked or ignored. This ensures that candidates are familiar with all the tools available to them and understand their application in various contexts

It is essential to emphasize the correct use of brackets in the preparation of the Cash Flow Statement (CFS). This will help candidates accurately reflect cash inflows and outflows, thereby avoiding unnecessary loss of marks.

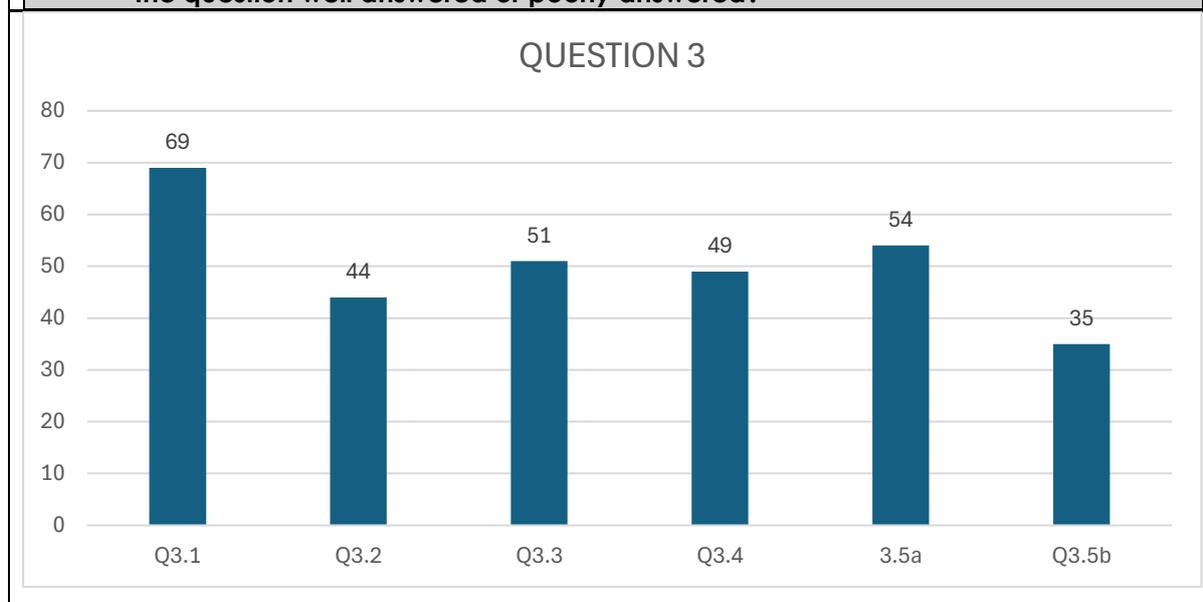
Using AI as a teaching tool teachers can make videos; it is possible to enhance lesson with AI conversation about a specific topic

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

Educators are encouraged to move beyond rote memorization and focus on teaching candidates to understand the concepts and principles behind financial calculations. This will enable candidates to apply their knowledge effectively in different scenarios

**QUESTION 3: ANALYSIS AND INTERPRETATION OF FINANCIAL INFORMATION**

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



This question covered the analysis and interpretation of Financial Information. Performance was generally average, with Q3.5b (Audit reports) being the worst poorly answered at 35%. Candidates neglected key words in the question (Pricing policy, Credit policy and financial data and lost marks as they quoted incorrect financial indicators.

**(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. Candidates confused IFRS and CIPC, this showed a lack of company theoretical knowledge.
- 3.2. Operating efficiency, liquidity and shareholding:
  - 3.2.1. Most candidates did not notice the key term "pricing policy" in this question and quoted incorrect financial indicators that fall under profitability and lost marks in this section.
  - 3.2.2. Numerous candidates responded with current ratio and acid-test ratio, they did not acknowledge the term credit policy, they just responded on liquidity in general.
  - 3.2.3. Majority of candidates were unable to calculate % shareholding of Lewis indicative of lack of revision. Some candidates confused authorized with issued shares.
  - 3.2.3 (b) Candidates were unable to distinguish between unethical and corrupt. The language barrier challenge with the word 'persuading' led to candidates losing marks in this question. Candidates also failed to link this question with the previous one.

3.2.3 (c) Candidates were unable to link the JSE share price with Market price and responded by  $400\ 000 \times R3 = 1\ 200\ 000$ . Some were able to calculate the 44c difference but did not multiply by the number of shares repurchased.

3.3 Returns and dividends pay-out policy:

3.3.1 Numerous candidates commented without either the correct financial indicator, the trend or correct figure. Some failed to compare to return on alternative investment. Candidates used unusual abbreviations such as IOFD and IOL these could not be recognized.

3.3.2 Candidates showed misconception between shares in demand and not in demand or overvalued and undervalued when they were making comparison between NAV and MP. Some candidates were only quoting a trend with regards to NAV and MP without comparing the two.

3.4 Numerous candidates mentioned the Debt-equity ratio, trend and figures, trends of ROTCE were omitted, with some candidates confusing ROSHE with ROTCE and mixed with interest on fixed deposit. Many did not mention positive gearing.

3.5 (a) Candidates are still confusing qualified and unqualified report. Candidates are not clear on the impact of each audit report.

(b) Candidates were unable to distinguish between the rights and responsibilities of shareholders.

(c) Candidates should refrain from using the word fire or terminate director or auditor.

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

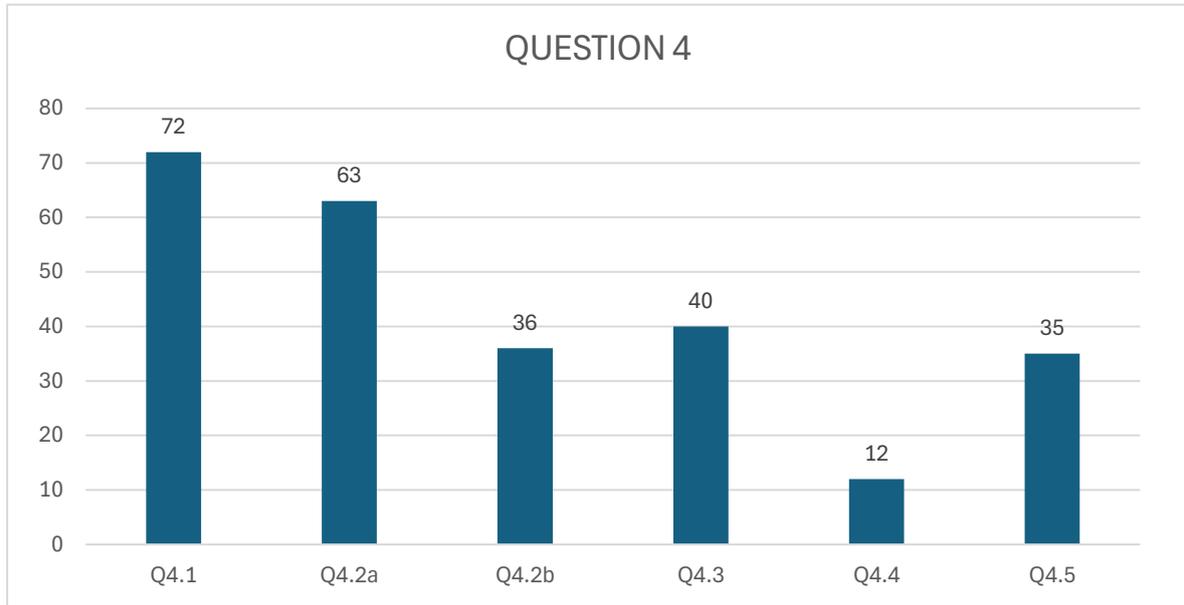
- Companies' theory and terminology should be taught as per ATP and should always be integrated in teaching throughout the year, this section should not be just given to learners as self-study. These basic concepts on companies should be frequently revised and assessed.
- Candidates must acknowledge key concepts or instructions within questions. Teachers should further classify indicators within a specific category e.g debtors and creditors must be classified as credit policy within liquidity.
- Educators must always train candidates to use correct and accepted abbreviations.
- Training candidates to understand the reasons for retaining and for depleting retained income.

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

- Proper differentiation must be emphasised between the ROTCE vs interest on loan and ROSHE vs interest on fixed deposit.
- Rights and responsibilities of shareholders must be thoroughly revised and integrated throughout the year.
- Presentation of answers and comments are very important in question 3, a lot of marks are lost due to poor presentation of responses. Practical case studies, analysis and interpretation activities should form part of daily assessments for candidates to be exposed to the language of teaching and learning.

#### QUESTION 4: CORPORATE GOVERNANCE

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



The performance in this question was not pleasing. Many candidates lacked creative thinking skills to answer open ended questions, but they just directly quoted from the passages provided which resulted in them losing marks.

(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 Candidates were quoting verbatim from the question paper instead of coming up with creative answers to this question. Repetition of the same point e.g good image for the business and attracting more investors. Some candidates linked the donation to improving environment but failed to comment on how it will benefit the business.

4.2 (a) Some candidates commented on sexual harassment which had nothing to do with the extract. This question was not understood by many candidates as some responded with consequences of not reporting.

(b) Candidates were only stating division of duties and some showed ack of understanding on which incidents they were supposed to comment on. Candidates' responses focused mainly on employees not losing their jobs.

4.3 Candidates confused the term insolvency with bad debts; others linked this term with inability to pay short-term debts rather than all business debts (long-term). A most popular answer that was provided by candidates was 'a problem that cannot be solved' which showed lack of understanding of basic terms.

4.4 Candidates did not understand the term 'rights issue' even though this term was also examined in 2024. They thought it referred to more dividends or increase in the shareholding so to become a majority shareholder.

Candidates just responded generally to this question and did not refer to its effect on accounting equations as the question required.

4.5 Candidates responses in this question focus mainly on how shareholders will benefit and not the company as they mentioned % shareholding and increased dividends. Candidates only quoted from the scenario given without understanding the question.

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

- Teachers should encourage group discussions and short questions on corporate governance issued for learners to acquire a skill on creative thinking so to be able to respond to open minded questions.
- Teachers must also emphasise the connection between corporate governance and financial reporting. They must administer formative assessments continuously as this will indicate if learners understood the question.
- Educators must put more emphasis on the difference between the term solvency and liquidity.

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

- Examination guideline must be updated thoroughly to include the expectation of corporate governance and examples of white-collar crime with definitions.
- Teachers must encourage learners to read published annual reports to understand how positive corporate governance impacts on a company, society and environment.