EXAMINATIONS AND ASSESSMENT CHIEF DIRECTORATE
Home of Examinations and Assessment, Zone 6, Zwelitsha, 5600
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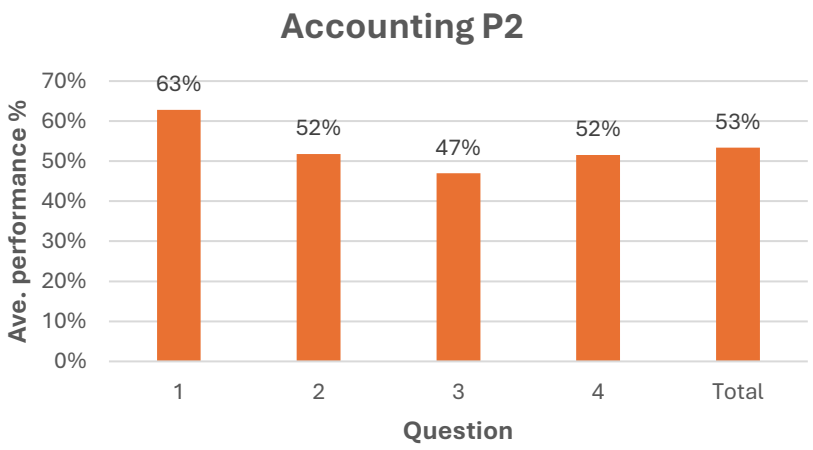
2024 NSC CHIEF MARKER'S REPORT

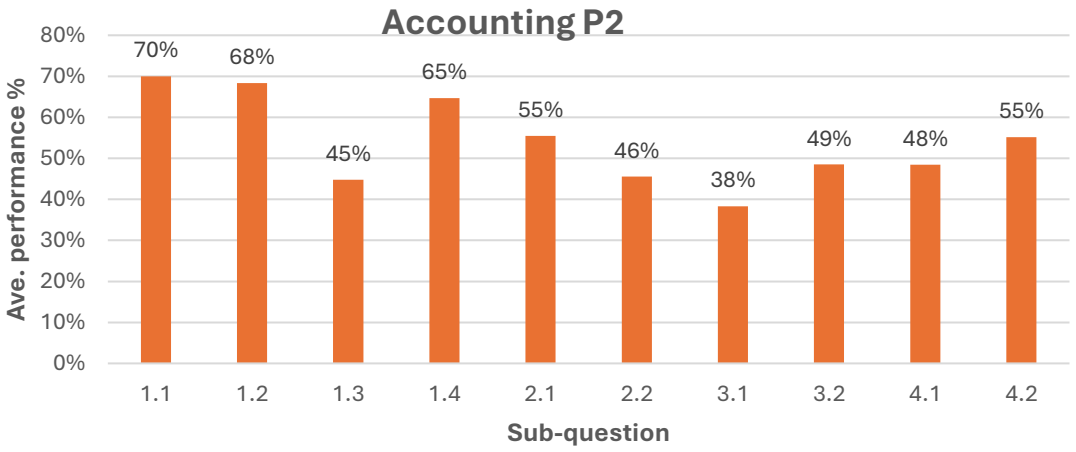
SUBJECT	**ACCOUNTING**		
QUESTION PAPER	**2**		
DURATION OF QUESTION PAPER	**2 hours**		
PROVINCE	**EASTERN CAPE**		
NAME OF THE INTERNAL MODERATOR	**A VAN HUYSSTEEN**		
NAME OF THE CHIEF MARKER	**NP BIKITSHA**		
DATES OF MARKING	**2 – 12 DESEMBER 2024**		
HEAD OF EXAMINATION:	**MR E MABONA**		

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

PERFORMANCE OF THE RANDOM SAMPLE OF 100 SCRIPTS



Question	Topic	Ave. performance % 2024	Ave. performance % 2023 (same topics)
1	Reconciliations	63%	54%
2	Inventory Valuation	52%	42% (including fixed assets)
3	Budgeting	47%	57%
4	Cost Accounting	52%	59%
Total		**53%**	**53%**



Topic	Ave. performance %
Concepts	70%
Debtors Control and Ledger	68%
Debtors Age Analysis	45%
VAT	65%
Stock Valuation	55%
Mark-up	46%
Cash Budget vs Projected SOCI	38%
Cash Budget	49%
Cost Accounting Notes & Calculations	48%
Gross Profit, Main Costs, Improve profit in future	55%

From 100 scripts

- The lowest total was 24 out of 150.
- The highest total was 134 out of 150.
- The average performance for paper 2 was 53%.

Overall:

- There was a script that had 0 out of 150.
- The highest total was 148 out of 150.

THE AVERAGE OF QUESTIONS WHERE CANDIDATES PERFORMED BEST (from 100 scripts)

73%	84%	89%
Sunglasses stolen (2.1.2a)	Calculating rent expense (3.2.2 i)	Salaries for November (3.2.2v)

THE AVERAGE OF QUESTIONS WHERE CANDIDATES PERFORMED WORST (from 100 scripts)

36%	29%	20%	16%	2%
Calculate future price (4.2.4)	Comment on mark-up %	Calculate stock holding period (2.2.3a)	Comment on control over	Change in sales policy (3.2.3a)

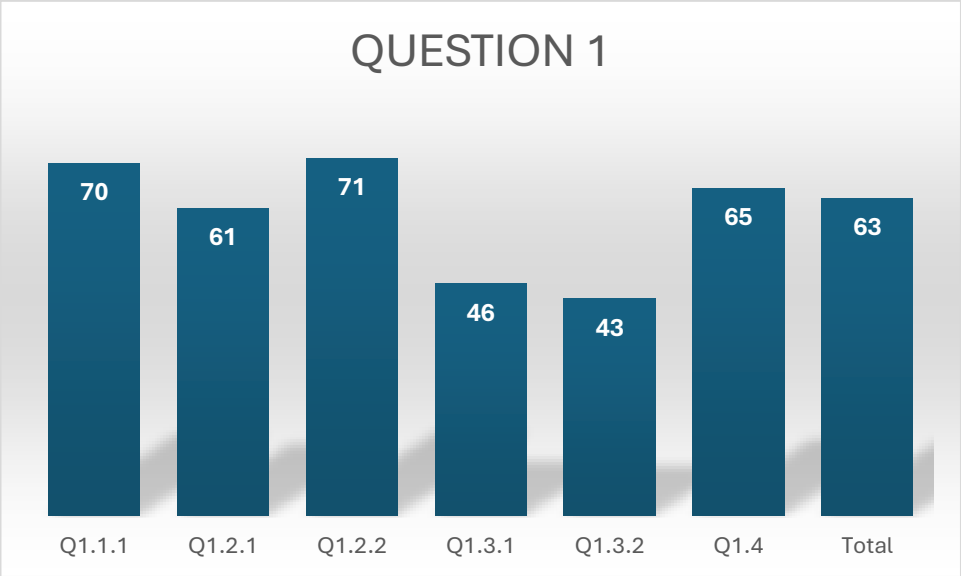
	(2.2.1b)		expenses (3.2.3c)	

- Overall, the candidates' performance was average.
- Below-average candidates showed difficulty in identifying key words when answering questions.
- High and average performers demonstrated a better understanding of the requirements of theory-based questions, showing improved responses compared to previous years.
- It was encouraging to see some candidates providing creative and well-thought-out responses beyond what was outlined in the marking guideline.

SECTION 2: Comment on learners' performance in individual questions

QUESTION 1 RECONCILIATIONS AND VAT 40 marks

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



1.1.	Bank Recon and VAT Concepts
1.2.1	Debtors Control Account
1.2.2	Debtors List
1.3.1	Debtors Age Analysis
1.3.2	Control over debtors
1.4	VAT calculations

This question was well answered by most of candidates, with many achieving high marks and several attaining full marks. Only a small number of candidates struggled to answer it.

Most of the items in this question are being taught in Grade 10 and 11. It appears that educators placed greater emphasis on revising reconciliations. VAT was mostly well taught.

Candidates found the Debtors Age Analysis (Q1.3) challenging. This section is the only new part regarding debtors, covered in Grade 12. It appears that it was not sufficiently covered by the educators.

(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.	N/A

1.2.1	DEBTORS CONTROL • Correct amounts but incorrect signs. • Amounts meant for the debtors list entered in the debtors control account, showing confusion between the two concepts. • Superfluous entries were made, resulting in losing marks.
1.2.2	DEBTORS LIST • Calculation errors. • Signs were swapped. • Numbers were written incorrectly, and zeros were omitted. • Amounts were transferred incorrectly from the question paper to the answer book.
1.3.1	DEBTORS AGE ANALYSIS • Lack of familiarity with Debtors' Age Analysis resulted in difficulty with the calculation. • Final answers were often presented in Rand or days instead of as a percentage. • Explanations were provided instead of performing the required calculation. • Challenges were noted in calculating the numerator (total overdue debtors or the total of debtors within 60 days) of the formula.
1.3.2	CONTROL OVER DEBTORS • Responses were often unclear or incomplete. • Answers focused on actions to take before granting credit rather than on preventing overdue debtors. • Documents required before granting credit, such as ID documents and proof of address, were incorrectly listed. • Information already provided in the question paper, such as discount and interest, was frequently repeated
1.4	VAT CALCULATIONS • Uncertainty was evident regarding how transactions impact VAT payable to SARS, specifically whether they increase or decrease the amount owed. • The concepts of VAT Input and VAT Output are not well understood. • Difficulty was observed in distinguishing between VAT-inclusive and VAT-exclusive prices, with frequent errors in calculations (e.g., confusion about when to multiply by 15 or divide by 100 or 115). • Handling of zero-rated items was problematic, with uncertainty about their effect on VAT calculations.

(b) Provide suggestions for improvement in relation to Teaching and Learning
DEBTORS: (Start in Grade 10) **Debtors Control** • Start by explaining the purpose of Debtors Control as a summary account in the General Ledger. Emphasise its role in tracking all transactions involving debtors. • Create charts or flow diagrams showing how entries flow between Debtors Control and Debtors Ledger.

- Use real-world scenarios, such as a business selling goods on credit, to demonstrate how invoices, payments, and adjustments are recorded.
- Provide learners with sample transactions and let them record these in the Debtors Control account and Debtors Ledger.

Debtors Ledger

- Show how the Debtors Ledger provides detailed information that supports the Debtors Control account.
- Use simple, pre-structured templates for learners to practice entering transactions for different debtors.
- Teach learners how to cross-reference entries between the Debtors Ledger and Debtors Control to ensure accuracy.
- Explain terms like credit sales, receipts, credit limit, credit term and credit notes to build foundational knowledge.

Debtors Age Analysis (ATP Grade 12, but try to introduce in Grade 11)

- Highlight how businesses use age analysis to manage cash flow and follow up on overdue payments.
- Provide a blank age analysis table (e.g., columns for current, 30 days, 60 days, etc.) and let learners classify sample transactions.
- Create situations where learners analyse overdue payments and suggest actions.
- Talk about fair debt collection practices in line with South African laws.

VAT (Value-Added Tax)

- Teach VAT beyond just the VAT Control Account. Ensure learners understand both the calculations and the underlying theory.
- Start teaching VAT concepts and calculations early. Do not leave it for Grade 12.
- Teach the theory behind VAT, including its purpose and role in the economy, alongside practical calculations.
- Explain terms such as output VAT, input VAT, VAT-exclusive, and VAT-inclusive prices.
- Use relatable examples like grocery bills and invoices to illustrate VAT calculation and application.
- Simplify Calculations: Teach practical formulas, to simplify understanding.
- Guide learners in recording VAT transactions in journals and ledgers to show its impact on financial records.
- Train learners to analyse and interpret VAT amounts and understand their effects on business operations.
- Corporate Governance: Highlight the importance of compliance with SARS regulations and ethical financial practices in VAT management.

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

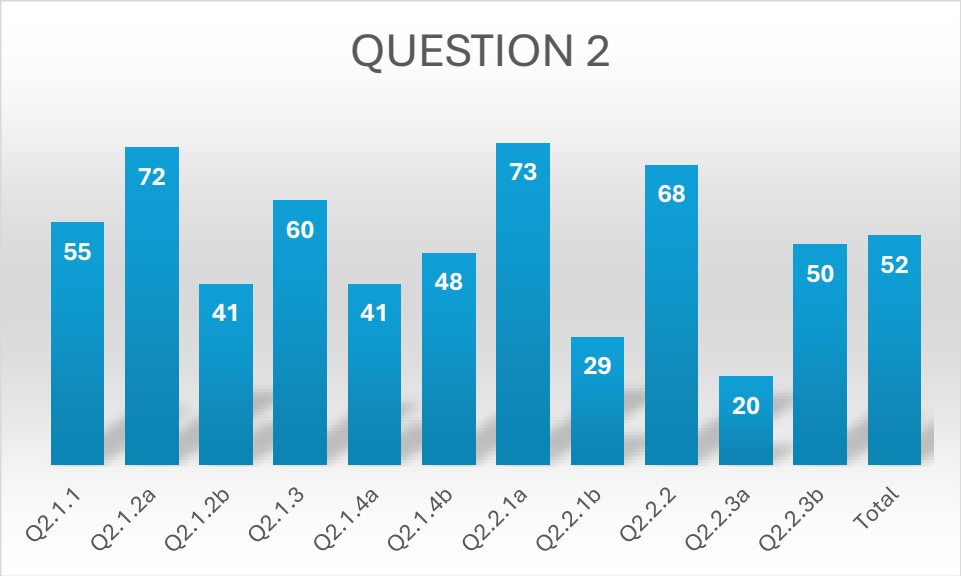
- Be cautious of stereotypical responses, such as "Charge interest" or "Give discount." Learners often use these responses for any question about debtors, regardless of the actual question. This happens because they don't read the question carefully and rely on default answers. Encourage learners to think critically by teaching a wider range of possible solutions instead of focusing only on the obvious ones.
- Teach learners to read questions carefully.
- Give learners pre-designed templates for ledgers and control accounts to focus on concepts

instead of formatting.

- Balance theoretical explanations with practical exercises to solidify understanding. This practical approach ensures learners grasp the concepts and their applications effectively.
- Relate lessons to South African businesses and scenarios.
- Continuous Assessment: Use quick checks, like class tests, worksheets or group activities, to assess understanding regularly.

QUESTION 2 STOCK VALUATION 35 marks

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



2.1.1	Weighted average: Cost of one unit
2.1.2(a)	Weighted average: Numbers of units stolen
2.1.2(b)	Weighted average: Rand value of stolen stock
2.1.3	FIFO: Value of closing stock
2.1.4(a)	Proving guilty
2.1.4(b)	Action against salesperson and delivery vehicle
2.2.1(a)	Calculate mark-up percentage
2.2.1(b)	Comment on mark-up percentage
2.2.2	Comment on negative affect of returns
2.2.3(a)	Calculate stock holding period
2.2.3(b)	Comment on concern of owner

The performance in the stock valuation question varied.

Question 2.2.3 was answered the weakest, as none of the candidates in the sample used 120 days in their calculation.

Some candidates were unable to calculate the mark-up percentage, which is part of the Grade 9 curriculum.

The problem-solving section of the question was poorly answered. Although most candidates attempted to answer these questions, many struggled with reading comprehension. As a result, they either misunderstood the question and provided incorrect answers or gave only partial responses.

This highlights the need for greater emphasis on improving reading comprehension and reinforcing foundational problem-solving skills in future preparation.

(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	WEIGHTED AVERAGE: COST OF ONE UNIT • The price for one pair of glasses should have been calculated, but 840 units were incorrectly multiplied. Learners are used to calculate the closing stock, therefore the incorrect x 840. • The question required calculating the cost per unit, not the closing stock. • The stock returned had already been deducted, which was overlooked. • This led to unnecessary long calculations instead of a simple, quick operation.
2.1.2(a)	NUMBER OF UNITS STOLEN Well answered
2.1.2(b)	RAND VALUE OF STOLEN STOCK The calculation required multiplying the answers from 2.1.1 and 2.1.2(a), but this step was not recognized. As a result, unnecessary marks were lost.
2.1.3	FIFO: VALUE OF CLOSING STOCK The returns of 20 units from November purchases were not subtracted. The unit price for November was not identified as the same.
2.1.4(a)	Proper terminology and strategies were not used. The question asked how to prove theft that had already taken place, but responses focused on preventing future theft, with the stereotyped and incorrect answer of installing cameras. This indicates issues with reading comprehension, as many responses were partial or unclear.
2.1.4(b)	PROVING GUILTY Poor interpretation of the given information. Many responses suggested simply firing Jack and Micha, but under South African law, it is not legally correct to fire someone without proper procedure. According to the Labour Relations Act (Act No. 66 of 1995), an employee must first be given the opportunity for a hearing where they can respond to the allegations, and they must be found guilty before any dismissal can take place. Additionally, it was overlooked that Jack works for the supplier, not the business itself. Therefore, firing him is also not an option.
2.2.1(a)	CALCULATE MARK-UP PERCENTAGE It is surprising that Grade 12 Accounting learners are unable to calculate the mark-up percentage, as this concept has been taught since Grade 9. It is also covered in both Mathematical Literacy and Mathematics.
2.2.1(b)	COMMENT ON MARK-UP PERCENTAGE • Many responses still provided simple yes/no answers, despite this format no longer being used in exam papers. • Most answers focused incorrectly on the positive aspects of a high mark-up, such as increased profit. • Few responses identified the long-term negative consequences of a high mark-up percentage.
2.2.2	COMMENT ON NEGATIVE EFFECT OF RETURNS • Returned stock does not necessarily result in a loss but reduces profit. • There was confusion between reducing profit and making a loss. • Common errors included mentioning stock piling and stating, "No Profit or Loss."
2.2.3(a)	STOCK HOLDING PERIOD The calculation was performed using 365 days instead of the correct 120-day reporting period. The timeframe from 1 November to 28 February covers only 120 days, and failing to use this value results in inaccurate financial analysis.

	The stock holding period is calculated based on the actual number of days the inventory is held during the reporting period. In this case, the business started selling formal shirts on 1 November, and the financial year ended on 28 February. This is a period of 120 days, not a full year. Multiplying by 365 assumes the calculation covers an entire year, which is incorrect for this scenario. Instead, the calculation should use the exact number of days in the reporting period (120 days) to accurately reflect the stock turnover ratio or holding period. Using incorrect assumptions like 365 days could lead to inaccurate financial analysis or performance evaluation.
2.2.3(b)	CONCERN OF OWNER • There was confusion between low sales and low mark-up. • Incorrect stockholding period was referenced. • The information in the scenario was misinterpreted, with the assumption that complex answers were needed, while the correct answer was actually straightforward.

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

STOCK HOLDING PERIOD

- Guide learners to use the actual number of days in the reporting period when calculating the stock holding period. In this case, the period is from 1 November to 28 February, totalling 120 days. Learners must understand that they cannot simply assume 365 days without considering the specific timeframe, as this can lead to incorrect calculations and analysis. By teaching the correct approach, learners will achieve more accurate financial results.

STOCK VALUATION METHODS

- Use local businesses like supermarkets, clothing retailers, or car dealerships. Have learners calculate stock valuation using each method based on the type of business.

- Divide learners into small groups and give them different stock evaluation methods to apply to transactions (purchases and sales) over a financial year. Have each group present their findings on how their method affected profit, closing stock and cost of sales. Remember to add missing stock. This encourages collaboration and deeper understanding.

- Create diagrams showing the flow of stock under different stock valuation methods, helping learners visually grasp how stock is valued under each method. This is especially helpful for visual learners.

IMPACT OF HIGH VS. LOW MARK-UP

- Discuss how a higher mark-up increases profit but may affect sales volume, especially if prices become too high for consumers. On the other hand, a lower mark-up may attract more customers but reduce the profit per item sold.

- Have learners calculate the impact of high and low mark-ups on a product's profitability. Provide a scenario where learners adjust mark-up percentages to see how it affects the gross profit margin, sales volume, and overall profitability.

- Discuss how businesses might adjust mark-up strategies based on market conditions or competition.

RETURNS:

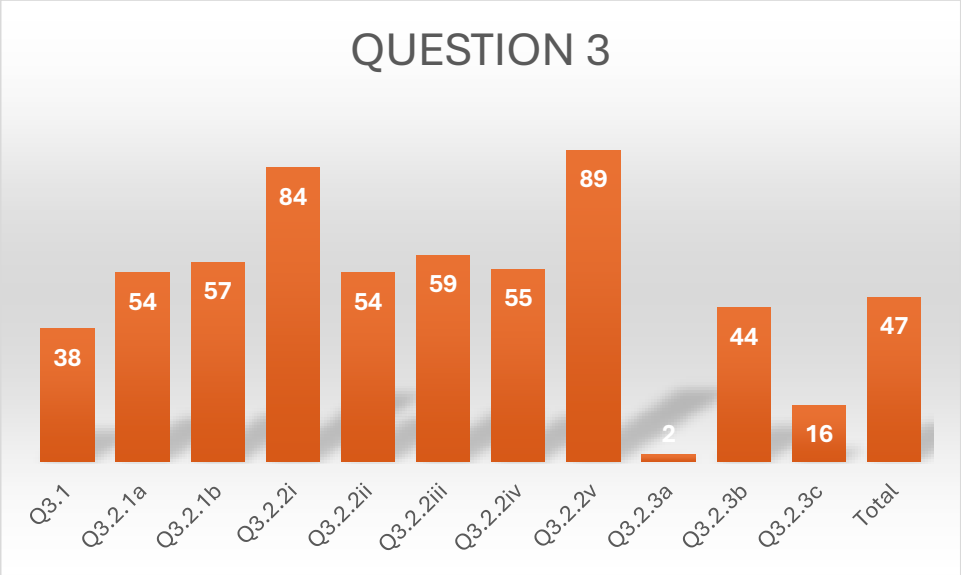
Teach the impact of stock returns on inventory, sales, cost of sales and profit. Work through examples showing how to adjust stock and sales when returns are factored in.

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

- Provide learners with answer books during activities so they become familiar with using them.
- Discuss marking guidelines with learners, explaining how marks are typically allocated.
- Encourage learners to learn and understand formulas instead of relying on the formula sheet, so they can apply them confidently when needed.
- Use accurate accounting terminology during teaching to help learners build a stronger vocabulary for answering questions effectively.

QUESTION 3 BUDGETING 40 marks

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



3.1.	Recording transactions in Cash Budget and Projected SOCI	Recording trans
3.2.1(a)	Calculate credit purchases	Calculate credit
3.2.1(b)	Creditors' payment schedule	Creditors' paym
3.2.2(i)	Calculate: Rent expense	Calculate: Rent
3.2.2(ii)	Calculate: Interest on loan	Calculate: Intere
3.2.2(iii)	Calculate: Deposit	Calculate: Depo
3.2.2(iv)	Calculate: Insurance	Calculate: Insur
3.2.2(v)	Calculate: Salaries	Calculate: Salar
3.2.3(a)	Explain change in sales policy	Explain change
3.2.3(b)	Why no need to be concerned about high actual credit sales	Why no need to
3.2.3(c)	Control of expenses	Control of exper

This question was challenging for most learners and was generally poorly answered.

The appetizer, despite being Grade 11 work and regarded an easy/medium difficulty level, was not well answered.

(e) Why was the question poorly answered? Also provide specific examples, indicate common errors committed by learners in this question, and any misconceptions.	
3.1.	RECORDING TRANSACTIONS IN CASH BUDGET AND PROJECTED SOCI • Figures were placed in both correct and incorrect columns, indicating guesswork or a lack of preparation for the question.
3.2.1(a)	CALCULATE CREDIT PURCHASES • The total cost of sales was not calculated correctly to determine purchases. • The cost of sales must be calculated first before determining purchases.
3.2.1(b)	CREDITORS' PAYMENT SCHEDULE • In the Creditors Purchases and Creditors Payment Schedule, the format is the same as the Debtors Collection Schedule but applied to creditors. • The amount calculated in 3.2.1(a) was not transferred to the schedule. • Marks were lost due to the inclusion of superfluous items or extra figures that should not have been there. • The correct application of percentages like 75% and 97% was not always accurate. • Figures were incorrectly copied from the calculator. • Errors occurred in adding up figures on the calculator.
3.2.2(i)	CALCULATE: RENT EXPENSE Well answered
3.2.2(ii)	CALCULATE: INTEREST ON LOAN • Interest was only calculated on R60 000. • The loan amount was calculated instead of the interest after the payment. • The R700 was not calculated correctly. • The interest was calculated for 12 months instead of one month.
3.2.2(iii)	CALCULATE: DEPOSIT • R9 800 was used without multiplying it by 36. • Calculations were mixed up, such as 352800 x 20/100 and 441000 x 20/80. • A common incorrect calculation was 9 800 x 20/100 = answer.
3.2.2(iv)	CALCULATE: INSURANCE • The transaction was not properly analysed. • Incorrect calculations were made, with subtraction used instead of addition. • Figures from different options were mixed.
3.2.2(v)	CALCULATE: SALARIES • The given information was not processed or interpreted correctly. • There was confusion about what 143 750 should be divided by and what it should be multiplied by.
3.2.3(a)	EXPLAIN CHANGE IN SALES POLICY • Incorrect figures were compared. Total sales were used instead of comparing budgeted September sales with budgeted October sales. • Many confused the answers for parts (a) and (b). • Cash sales were compared with credit sales. • Some provided trends without quoting specific figures.
3.2.3(b)	WHY NO NEED TO BE CONCERNED ABOUT HIGH ACTUAL CREDIT SALES. • Answers for parts (a) and (b) were often confused, and despite the instruction to use October figures, a large number used September figures instead.
3.2.3(c)	CONTROL OF EXPENSES • A higher-order question, was aimed at high-achieving learners and was not well answered by the rest of the group. • Many compared the budgeted and actual expenditure figures but struggled to link the change in sales to its effect on Packing Material and Delivery Expenses. • There was no comparison made between sales and Packing Material or sales and Delivery Expenses, despite the direct relationship between the volume of sales and

	these expenses.

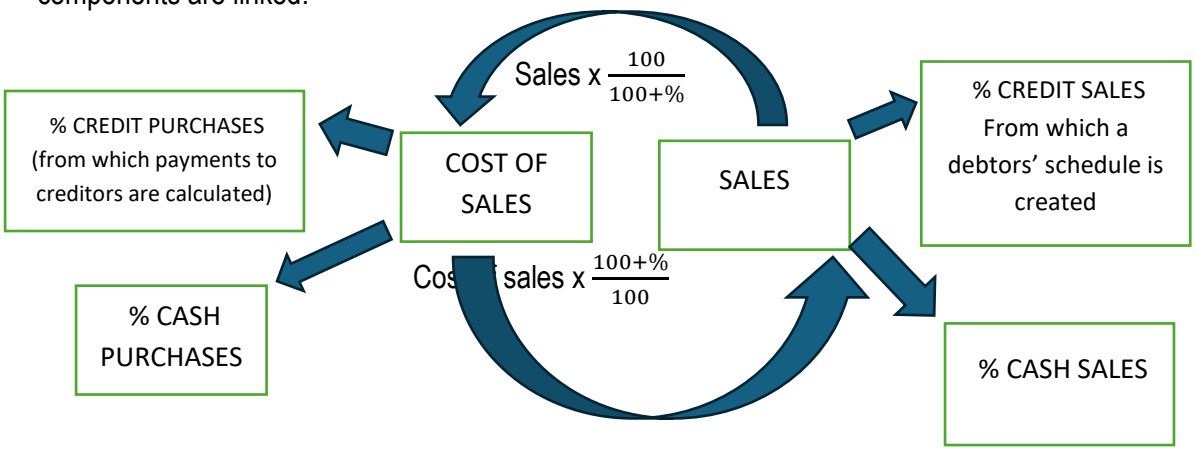
(f) Provide suggestions for improvement in relation to Teaching and Learning

RECORDING TRANSACTIONS IN CASH BUDGET AND PROJECTED SOCI

Ensure learners understand the importance of accurately recording all transactions in the cash budget, including both income and expenses, to project the Statement of Income (SOCCI) correctly. Emphasise the link between the cash budget and the projected SOI.

CALCULATE CREDIT PURCHASES

- Teach learners how to calculate credit purchases by first understanding the relationship between purchases and accounts payable.
- 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.



CREDITORS PAYMENT SCHEDULE

Focus on the Creditors' Payment Schedule, ensuring that learners recognise the format and understand that it is similar to the Debtors' Collection Schedule, but applied to creditors. Reinforce the idea that the schedule shows when payments to creditors will be made based on the company's payment terms.

WHY NO NEED TO BE CONCERNED ABOUT HIGH ACTUAL CREDIT SALES

Explain that while high actual credit sales can seem concerning, they are not an immediate issue as long as the business has a plan in place to collect outstanding receivables and manage cash flow. The key is to ensure that credit sales are collected promptly and do not significantly delay cash inflows.

LINKING SALES AND EXPENSES:

Make sure learners recognize the impact of sales on expenses. For example, teach them that higher sales usually mean higher expenses for items like Packing Materials and Delivery. If sales increase, these two expenses should increase in the same proportion. Learners should also be taught that expenses should be calculated as a percentage of sales, and then the budgeted figures should be compared with the actual figures.

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

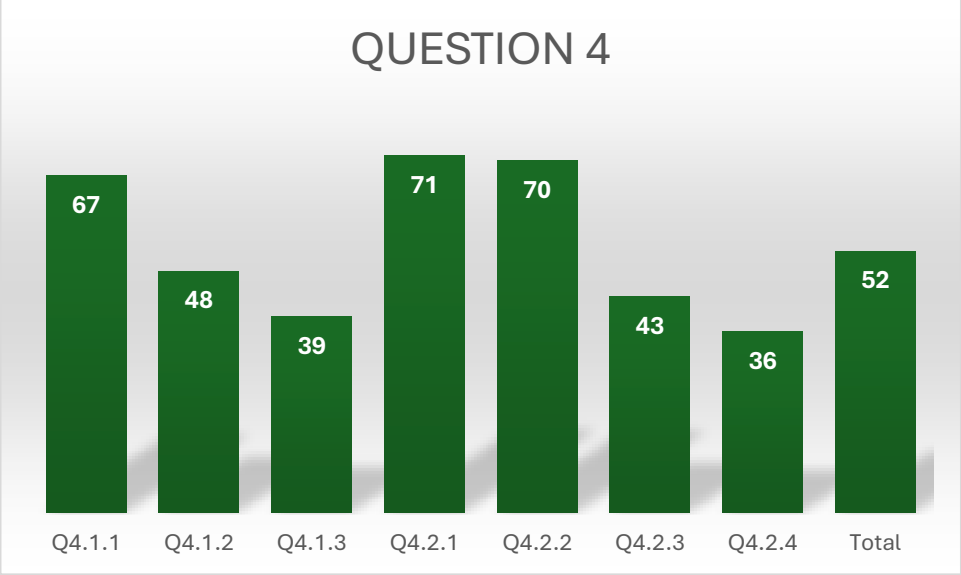
- Calculating the percentage increase and decrease from one month to another is common in

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+%.

- Teachers need to use the correct terminology when teaching Accounting. For instance, when explaining the CRJ and CPJ, it's important that learners grasp the distinction between income and receipts, as well as payments and expenses.
- Learners often confuse terminology in budget questions (such as "above by" versus "increased from"). They need to recognize that a budget is prepared before transactions occur, and the actual figures are calculated afterward. The budgeted (before) figures are then compared with the actual (after) figures.
- Learners must understand how to draw comparisons using percentages, as this approach is increasingly relevant and should be applied by both teachers and learners.

QUESTION 4 **COST ACCOUNTING** **35 marks**

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



4.1	Calculate direct material cost
4.1.2	Calculate direct labour cost
4.1.3	Complete factory overhead cost note
4.2.1	Comment on level of production and break-even point
4.2.2	Comment on gross profit earned and the selling price
4.2.3	Identify costs and provide a strategy
4.2.4	Improve profit in future: Calculate selling price

Except for Question 4.1.1, 4.2.1 and 4.2.2, the remainder of the question was poorly answered, with learners struggling to interpret and apply the required information. Learners did better in questions in which the phrasing guided them to the correct responses, for example Question 4.2.2.

The results indicate a need for targeted intervention, particularly in improving interpretation and application skills for recurring question types. Practice on cost concepts, mathematical reasoning, and interpreting question phrasing are essential to address these gaps.

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

4.1	DIRECT MATERIAL

	This involved familiar calculations with a slight variation. Many learners found it challenging to interpret and apply the mathematical concepts underlying the problem. • Wastage was subtracted or multiplied by 90/100 or 10%, instead of adding the wastage or multiplying by 110/100. • The final answer was not multiplied by R125 and in some cases, R125 was incorrectly added.
4.1.2	DIRECT LABOUR Resigned Worker • Completely incorrect calculations were provided, demonstrating a lack of understanding of the required method. • R1 117 200 was often used as a starting point, but it was not multiplied by 4/84 as needed. • The amount for the resigned worker was frequently calculated for 3 months instead of the required 4 months. • Even when the calculation was correct, the final step was often mishandled, with the result R53 200 being added instead of subtracted. Overtime • The need to multiply the result by 3, representing the three workers, was frequently overlooked. • A common error was calculating 180 × 1.6 but failing to multiply the result by R95, which led to incorrect answers.
4.1.3	FACTORY OVERHEAD COST Indirect Labour • 20% of the amount in Factory Overheads was incorrectly used instead of the correct 80%. • Multiplication by 20/80 was a frequent error instead of using the correct ratio of 80/100. • The monthly payment was often not multiplied by 12 to determine the annual amount. • The total Office Salary amount (R247 800) was mistakenly used instead of the correct indirect labour figure (R 9 200 x 12). Rent • The extra rent paid (R84 000) was incorrectly added to R118 125 instead of subtracted. • Ratios of floor space were often incorrectly applied when calculating rent expenses.

4.2.1	LEVEL OF PRODUCTION VS BREAK-EVEN POINT
	Persistent difficulty in comparing the breakeven point (BEP) to production levels, despite repeated exposure.
	• Focus on year-on-year changes in BEP or production levels instead of comparing BEP to units produced in a specific year.
	• Significant confusion in identifying profit and loss scenarios:
	  • Loss: When the BEP exceeds the number of units produced, learners often misinterpret this as a profit or fail to recognize it as a clear indicator of insufficient production to cover costs.
	  • Profit: When the BEP is less than the number of units produced, there is a lack of understanding that this surplus signifies profit.
	  • Misunderstanding arises because learners struggle to connect the BEP with its role as a threshold for financial performance, leading to incorrect assumptions about production outcomes.

4.2.2	GROSS PROFIT EARNED AND SELLING PRICE

	• Mostly answered correctly, highlighting that the phrasing effectively guided their understanding and responses. • Reversal of the sequence of figures, comparing 2024 to 2023 instead of 2023 to 2024. • This sequencing error led to incorrect conclusions, such as stating "decreased" instead of "increased." • Errors highlight a need to reinforce the accurate interpretation and comparison of data in chronological order.

4.2.3	IDENTIFY COST AND PROVIDE STRATEGY
	• Difficulty in identifying two cost items that positively impacted the selling price.
	  • Possible reasons include:
	  ▪ Limited understanding of relevant concepts.
	  ▪ Difficulty interpreting the question phrasing.
	  ▪ Misinterpretation of what was required.
	  • Direct Labour Cost was frequently cited incorrectly, indicating guessing or misinterpretation of cost items.
	• Misalignment with Question Intent:
	  • Responses often focused on advice for future actions rather than analysing strategies used during the past financial year.
	• Limited Understanding of Key Concepts:
	  • While Total Fixed Cost was correctly identified as a cost, Economies of Scale was not recognised as a strategy, showing gaps in conceptual knowledge.

4.2.4	IMPROVE PROFIT IN FUTURE AND CALCULATE SELLING PRICE • As a higher-order question, it was expected that correct responses would be limited. Those who attempted it generally scored 1 or 2 marks. • A significant number of responses were left blank, raising uncertainty about whether the question was overlooked, misunderstood, or unanswered due to time constraints. Markers suggest a lack of understanding as the primary issue. • Most responses that attempted the calculation involved dividing the given amount of R300 000 by 400, earning 2 marks. It is unclear if this was based on guessing or a genuine understanding of the calculation.

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

Cost Accounting (start in Grade 10 and continue in Grades 11 and 12)

- Explain the basic cost accounting terms like cost of goods sold, direct material, direct labour, and factory overhead costs (Grade 10).
- Relate these costs to real-world businesses, such as a bakery (direct material = flour, direct labour = bakers, factory overhead = rent, electricity, etc.). This helps learners understand the relevance of cost accounting in everyday business operations.
- Classify Costs Together: Give learners sample production scenarios where they have to categorise costs into direct material, direct labour, or factory overheads.
- Define the break-even point and teach the formula.
- Explain how a business must produce enough units to cover both fixed and variable costs. Illustrate how changes in fixed costs, selling price, or variable costs affect the BEP.

- Explain that the selling price is determined by adding a markup to the total cost of production (sum of direct material, direct labour, and overhead costs).
- Show how changes in any of the costs (e.g. higher direct material costs or an increase in factory overheads) affect the final product price.
- Provide learners with scenarios, from your community, where they need to calculate the break-even point, profit at a specific level of production, or the required production to achieve a target profit.
- Draw break-even graphs that show the relationships between fixed costs, variable costs, and production levels. Have learners interpret how different production levels lead to profit or loss.
- Give learners worksheets with various cost structures and ask them to calculate the break-even point, extra profit, selling price per unit and variable cost per unit at different levels of production.
- Discuss how producing at different levels influences the cost structure. Higher production levels can spread fixed costs over more units, lowering the cost per unit.
- 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.

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

- By teaching these concepts step-by-step, with real-life examples and plenty of practice, learners will be able to apply cost accounting principles effectively in business scenarios.
- 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.
- Learners should confine their responses to the question asked.