



EXAMINATIONS AND ASSESSMENT CHIEF DIRECTORATE

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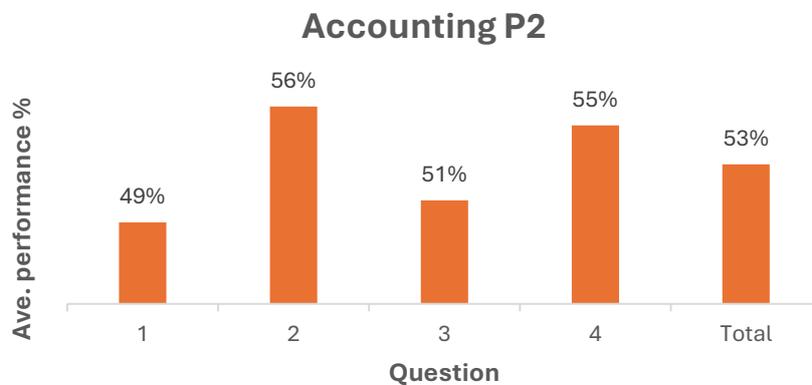
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2025 NSC CHIEF MARKER'S REPORT

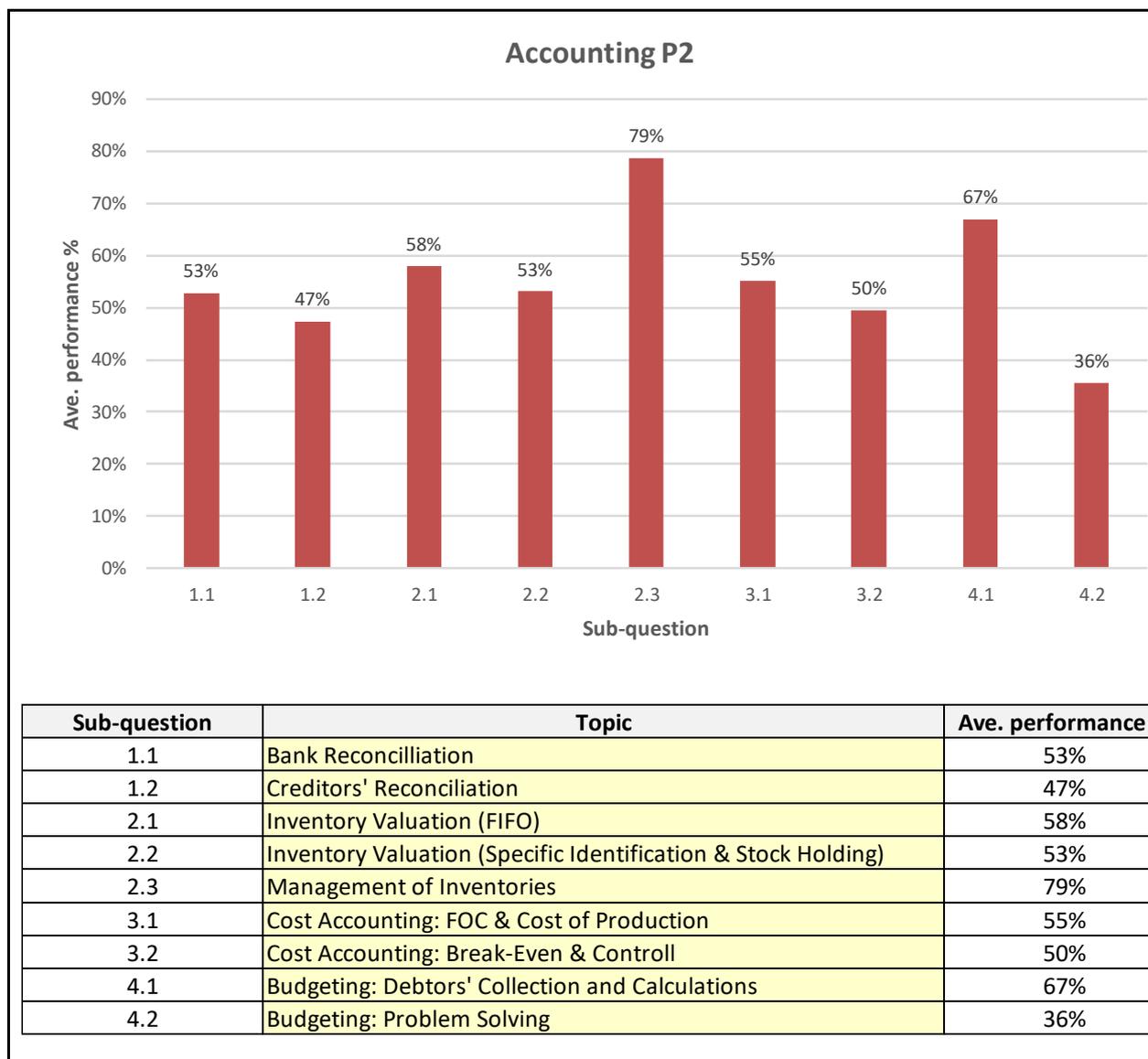
SUBJECT	ACCOUNTING		
QUESTION PAPER	2		
DURATION OF QUESTION PAPER	2 hours		
PROVINCE	EASTERN CAPE		
NAME OF THE INTERNAL MODERATOR	A VAN HUYSSTEEN		
NAME OF THE CHIEF MARKER	NP BIKITSHA		
DATES OF MARKING	2 – 11 DECEMBER 2025		
HEAD OF EXAMINATION:	MR EM MABONA		

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 % (same topics)		
		2025	2024	2023
1	Reconciliations	49	61	54
2	Inventory Valuation	56	53	42 fixed assets included
3	Cost Accounting	51	53	59
4	Budgeting	55	45	57
Total		53	53	53



From 100 samples scripts:

- The lowest total was 21 out of 150.
- The highest total was 138 out of 150.
- The average performance for paper 2 was 53%.

Overall:

- There was a script that had 4 out of 150.
- The highest total was 149 out of 150.

THE QUESTIONS WHERE CANDIDATES PERFORMED ABOVE 75% (from 100 sampled scripts)

QUESTION	TOPIC	PERFORMANCE (%)
1.2.2b	Action taken against purchasing manager, besides dismissing him.	88,2
4.1.1	Debtors' Collection Schedule	87,2
2.3.2	Brand of fridges changed. One point, with figures why it was not a good idea	85,4
2.3.1b	Explain how the decision had a positive result on the business.	79
2.1.1	Calculate closing stock, using FIFO	77
3.2.1	Calculate break-even point	79,6
4.1.4	Amount of fixed deposit which will mature	75,8

4.1.3a	Calculate cash purchases of trading stock	75,4
THE QUESTIONS WHERE CANDIDATES PERFORMED BELOW 30 % (from 100 sampled scripts)		
QUESTION	TOPIC	PERFORMANCE (%)
3.2.4b	Variable-cost item that has been well controlled	26,3
4.2.2b	Calculate amount of cash that was lost	25,6
4.2.3	Benefits forfeited by failing to meet financial obligations with suppliers	22
2.1.2	Value of stock exceeded shelf life	14,8
4.2.4b	Revised remuneration: Salary and commission	12,7
<ul style="list-style-type: none"> The overall performance of candidates was moderate, with no improvement compared to previous years. A number of candidates relied on answers drawn from previous exam papers, but these were often irrelevant to the current questions. Many candidates struggled with Question 3.2.3 and 3.2.4, mainly because they could not differentiate between fixed and variable costs, and did not realize that the older year is shown on the right-hand side of the information. Below-average performers frequently failed to identify and apply key words when constructing their answers. Average and stronger candidates displayed a clearer understanding of theory-based questions, though their responses did not surpass the quality of prior years. 		

SECTION 2: Comment on candidates' performance in individual questions

QUESTION 1	RECONCILIATIONS (BANK AND CREDITORS)	40 marks														
(a) General comment on the performance of candidates in the specific question. Was the question well answered or poorly answered?																
<p>QUESTION 1</p> <table border="1"> <caption>Performance Data for Question 1</caption> <thead> <tr> <th>Sub-question</th> <th>Performance (%)</th> </tr> </thead> <tbody> <tr> <td>1.1.1</td> <td>48</td> </tr> <tr> <td>1.1.2</td> <td>63</td> </tr> <tr> <td>1.1.3</td> <td>49</td> </tr> <tr> <td>1.2.1</td> <td>49</td> </tr> <tr> <td>1.2.2 a</td> <td>24</td> </tr> <tr> <td>1.2.2 b</td> <td>88</td> </tr> </tbody> </table>			Sub-question	Performance (%)	1.1.1	48	1.1.2	63	1.1.3	49	1.2.1	49	1.2.2 a	24	1.2.2 b	88
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1.2.2 b	88															

1.1.1	Cash Journals
1.1.2	Bank Reconciliation
1.1.3	Identify two problems with the management of cash. Provide solution
1.2.1	Creditors' Reconciliation
1.2.2a	Explain how business can prevent problem in future
1.2.2b	Action taken against purchasing manager

- The question was generally not well answered by most candidates, indicating weaker overall preparation compared to expectations.
- The exception was Question 1.2.2(b), where many candidates performed better. This item has been asked several times in previous examinations and is a Grade 11 topic, suggesting familiarity rather than fresh understanding.
- Evidence points to insufficient revision of Grade 11 content, as candidates struggled with other parts of the question.
- The adjustments required in this paper were more complex than in previous years, which contributed to the lower performance.
- The results highlight the need for stronger emphasis on revision and reinforcement of foundational topics to ensure candidates can handle both familiar and more challenging adjustments.

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

1.1.1	<p>CASH JOURNALS</p> <ul style="list-style-type: none"> • Candidates struggled to identify where the correction/recording should be made. • Receipts were recorded as payments and vice versa. Some amounts were incorrectly entered in both cash journals. • Candidates were unable to correct errors on deposits and EFTs • They did not record the bank charges (service fees) and interest. • They used signs (+/-) for journal entries. • Candidates recorded the outstanding deposits and EFTs from the previous bank reconciliation in the current month's journals, without taking additional information into consideration.
1.1.2k	<p>BANK RECONCILIATION</p> <ul style="list-style-type: none"> • Candidates recorded correct amounts with incorrect signs (one column method). • Candidates recorded correct amounts on incorrect side (two column method). • Amounts meant for the Journals were recorded in the Bank Reconciliation statement, showing a confusion between the two concepts. • Amounts were recorded in both the journals and the statement, showing confusion. • Candidates were unable to differentiate between favourable and unfavourable bank statement balance. They recorded the favourable bank statement balance on the debit side of Bank reconciliation statement • Candidates recorded outstanding deposits on the debit side and outstanding EFTs on the credit side of the Bank reconciliation statement. • Candidates were unable to analyse information/amounts on previous bank reconciliation statement. • Candidates showed a lack basic knowledge, format and understanding of the Bank reconciliation statement. • There were calculation errors too.

1.1.3	<p>IDENTIFY TWO PROBLEMS WITH THE MANAGEMENT OF CASH. PROVIDE SOLUTIONS.</p> <ul style="list-style-type: none"> • Candidates were unable to identify the problem(s) accurately and to provide solutions. • They omitted figures. • They quoted incorrect figures. • Where the correct figures were quoted, they were unable to identify the problem(s) correctly. • Candidates indicated solutions for unlisted and unidentified problem(s). • Candidates showed a lack of understanding of what was asked. • Candidates provided incorrect problems and solutions that they had encountered in previous papers.
1.2.1	<p>CREDITORS' RECONCILIATION</p> <ul style="list-style-type: none"> • Candidates had calculation errors / incorrect totaling. • Candidates wrote incorrect amounts and signs. • Amounts were recorded incorrectly by candidates in both the ledger and the statement, showing confusion. They used the same amount in both, with different signs. • Candidates were unable to properly interpret problems and errors, and as a result corrected and placed them in incorrect columns. • Candidates showed a lack of basic knowledge regarding creditors' reconciliation. • It was evident that some candidates were guessing where and which amounts to record.
1.2.2a	<p>PREVENTING UNETHICAL BEHAVIOUR</p> <ul style="list-style-type: none"> • Candidates wrote answers that focused on actions to be taken against the purchasing manager rather than on preventing the problem in the future. • Information clearly excluded from the answer (separation of duties), was frequently given as an answer.
1.2.2b	<p>ACTION AGAINST PURCHASING MANAGER</p> <ul style="list-style-type: none"> • This was mostly well answered by candidates. • Candidates included dismiss/fire/retrench the purchasing manager, although the question indicated "besides dismissing him".

<p>(c) Provide suggestions for improvement in relation to Teaching and Learning</p>	
<p>CASH JOURNALS & BANK RECONCILIATION</p> <ul style="list-style-type: none"> • In Grade 12, educators should thoroughly revisit and explain key concepts in bank reconciliation (stop-orders, debit orders, deposits, EFT costs, etc.), ensuring candidates know which journals these belong to. Integrate internal-control concepts (segregation of duties, authorisation, documentation) so candidates understand the purpose, not just the procedure. • Candidates should clearly distinguish between a bank account and a bank statement: • A bank account shows transactions from the bank customer's perspective. <ul style="list-style-type: none"> • When money is deposited, it is recorded as a debit in the account. • When money is withdrawn, it is recorded as a credit in the account. • A bank statement, however, reflects the bank's perspective. <ul style="list-style-type: none"> • The same deposit will appear as a credit in the bank's records, because the bank owes that money to the customer. • The same withdrawal will appear as a debit, because the bank reduces its liability to the customer. • In other words, a debit in the bank account corresponds to a credit in the bank statement, and vice versa. This difference arises because the account holder and the bank view the same transaction from opposite sides. 	

- Candidates can be taught and practise both methods of preparing the BRS (the one-column method and the Dr/Cr method). While both methods are valuable, candidates should be encouraged to use the one-column method as it generally yields more marks.
 - The one-column method is also based on the same principles as a creditors' reconciliation statement.
- Provide thorough theoretical explanations before calculations, using templates, timelines, and visual aids to build understanding.
- Emphasise that cash journals represent payments and receipts, with amounts always taking a positive sign in the journals.
- Use colour coding and transaction walls to help candidates classify items between journals and bank statements.
- Reinforce source-document literacy by explaining why each item appears in the bank or cash journals.
- Model the reconciliation process visually using timelines to show when transactions clear at the bank.
- Reinforce the fixed structure of the BRS through template repetition before candidates attempt questions.

CREDITORS' RECONCILIATION

- Clarify perspectives
- Explain that the creditors' ledger is kept in the business's books, showing what the business owes to each creditor.
- The creditor's statement is prepared by the creditor, showing what they believe the business owes them.
- Stress that both documents reflect the same relationship but from different viewpoints.
- Use practical examples
 - Start with a simple transaction (e.g., buying goods on credit).
 - Show how the entry appears in the business's creditors' ledger versus how it appears in the creditor's statement.
 - Reinforce that differences often arise due to timing, discounts, or recording errors.
- Colour-coding mistakes
 - Use different coloured pens or markers to highlight errors.
 1. One colour for mistakes made by the business.
 2. Another colour for mistakes made by the creditor.
 - This visual method helps candidates to quickly identify who made the mistake and in whose books the correction must be made.
- Promote active learning
 - Use role-play: assign some candidates as "the business" and others as "the creditor."
 - Let them exchange documents and practice reconciling differences.
 - This makes the lesson interactive and memorable.

PROBLEMS WITH MANAGEMENT OF CASH & PREVENTING UNETHICAL BEHAVIOUR & ACTION AGAINST PURCHASING MANAGER

- Teachers should be lifelong candidates and readers, so they can draw on real-life examples and scenarios to enrich their teaching on the topics of control and corporate governance.
- Educators need to familiarize candidates with such questions and scenarios through consistent practice.
- Teachers should guide candidates to analyse, understand and interpret information effectively in order to provide accurate solutions.
- Demonstrate to candidates the correlation between Accounting and other subjects. Incorporate peer-teaching by asking those who study Business Studies to prepare a lesson on Corporate Governance, which they can then share with classmates who do not take Business Studies.

2.3.1 (b)	Explain how decision had a positive result
2.3.2	Provide one point to show that it was not a good idea to change the brand of fridge.

Performance in the stock valuation question was stronger than in 2024.

It was encouraging to note that most candidates were able to calculate closing stock using both the FIFO and specific identification methods.

However, Question 2.1.2 was the weakest, as many candidates were unfamiliar with the terms *shelf life* and *sell-by date*.

It remains a concern that candidates continue to struggle with calculating the stockholding period, with some applying the incorrect formula. Furthermore, when commenting on the stockholding period, many candidates simply quoted figures without providing any meaningful interpretation.

(b) Why was the question poorly answered? Also provide specific examples, indicate common errors committed by candidates in this question, and any misconceptions.	
2.1.1	<p>VALUE OF CLOSING STOCK: FIFO</p> <p>Although candidates did well in this question, the following were observed amongst the answers given:</p> <ul style="list-style-type: none"> Failed to identify the month the returns were made /Did not subtract returns/ subtract the returns from closing stock units Applied the weighted average method instead of FIFO (correct figures, wrong method). Did not understand which formula or format is needed for calculating closing stock. Unable to identify number of units belongs to which unit price.
2.1.2	<p>VALUE OF STOCK EXCEEDING SHELF LIFE</p> <ul style="list-style-type: none"> Difficulty in identifying the month and inventory exceeding 65 days, with errors carried over from the previous question. Limited understanding of shelf life (sell-by date). Lack of clarity on what was required, with frequent mistakes such as multiplying closing stock by unit price or calculating on units instead of value. Incorrect calculation of the stock turnover rate instead of determining the value of the closing stock.
2.1.3	<p>HOW TO MANAGE STOCK TO AVOID LOSSES</p> <ul style="list-style-type: none"> Difficulty in linking the product (juices) to the reason for the loss. Focus placed on internal control measures, inventory systems, division of duties, and advertising instead of stock and shelf life. Incorrect responses provided in the form of market trends rather than addressing the actual question.
2.2.1	<p>VALUE OF CLOSING STOCK: SPECIFIC IDENTIFICATION</p> <ul style="list-style-type: none"> Difficulty in calculating the value of closing stock using the specific identification method. Calculations done for all three models instead of focusing only on the Rotrim model. Incorrect methods applied, such as using WAM or FIFO instead of the specified method. Struggles in determining unsold units. Multiplication done with selling price instead of cost price.

2.2.2(a)	<p>CALCULATE STOCK HOLDING PERIOD</p> <ul style="list-style-type: none"> • Misunderstanding of the question and use of the wrong formula to calculate the stockholding period (SHP). • Confusion between stock turnover rate and stockholding period, leading to incorrect calculations. • Use of average stock instead of closing stock. • Difficulty in correctly calculating cost of sales (Opening stock + Purchases – Closing stock).
2.2.2(b)	<p>COMMENT ON STOCK HOLDING PERIOD</p> <ul style="list-style-type: none"> • Difficulty in providing comments, with responses limited to indicating increases or decreases in SHP. / Inability to comment. • Struggle in comparing the stockholding period between the previous year and the current year.
2.2.3(a)	<p>EXPLAIN WHY MOSES IS PLEASED</p> <ul style="list-style-type: none"> • Failure to make the required comparison with other brands. • Responses often omitted figures, provided figures without supporting points, or included incorrect figures. • Misinterpretation of the word <i>pleased</i> led to inaccurate answers. • Focus placed on purchases of Clearview instead of units sold.
2.2.3(b)	<p>HOW TO REDUCE NUMBER OF UNITS RETURNED TO SUPPLIERS</p> <ul style="list-style-type: none"> • Difficulty in differentiating between a customer and a supplier. • Confusion between returns by customers and returns to suppliers, with comments limited to customer returns. • Viewing the business itself as the supplier.
2.3.1	<p>IDENTIFY DECISION IMPLEMENTED & EXPLAIN HOW DECISION HAD A POSITIVE RESULT Positive results were incorrectly presented as decisions taken and decisions taken were incorrectly presented as the results for the business.</p>
2.3.2	<p>PROVIDE ONE POINT TO SHOW THAT IT WAS NOT A GOOD IDEA TO CHANGE THE BRAND OF FRIDGE.</p> <ul style="list-style-type: none"> • Overlooking the instruction “<i>NOT a good idea.</i>” • Incorrect figures provided or comments limited to units available for sale. • Responses lacking figures to support points. • Lack of comprehension, with negative points listed for electric fans instead of fridges.

(c) Provide suggestions for improvement in relation to Teaching and Learning	
2.1.1	<p>VALUE OF CLOSING STOCK: FIFO</p> <ul style="list-style-type: none"> • Emphasise accurate calculations. • Teach identification of units purchased, closing stock and cost price. • Encourage a bottom-up approach when applying FIFO. • Stress the importance of showing all workings. • Use practical examples with real products to strengthen understanding. • Provide step-by-step exercises that gradually increase in complexity.
2.1.2	<p>VALUE OF STOCK EXCEEDING SHELF LIFE</p> <ul style="list-style-type: none"> • Teach candidates to first identify units exceeding shelf-life before applying FIFO. • Use timelines to show purchases, sales, and ageing of stock. • Emphasise step-by-step working: list purchases in order, mark units sold, then highlight unsold units exceeding shelf life. • Reinforce the difference between <i>units</i> and <i>value</i> — candidates must multiply the correct units by their cost price. • Provide practice questions where candidates calculate expired stock value using FIFO. • Encourage candidates to explain their reasoning in words as well as figures to show understanding. • Use real-life examples to make the exercise relatable.

2.1.3	<p>HOW TO MANAGE STOCK TO AVOID LOSSES</p> <ul style="list-style-type: none"> • Use different types of products when teaching inventory valuation methods and stock management. By including a variety of product categories, candidates can see how valuation methods and stock management apply across different contexts. • Examples of different type of products: <ul style="list-style-type: none"> ○ Perishable products – juices, milk, bread, fresh fruit and vegetables. ○ Durable products – furniture, appliances, vehicles. ○ Seasonal products – christmas decorations, winter clothing, school stationery. ○ Fast-moving consumer goods – toiletries, snacks, bottled water. ○ Luxury products – jewellery, designer clothing, expensive cars ○ Technological products – smartphones, laptops, fridges, fans. ○ Raw materials – wood, steel, fabric, chemicals. ○ Specialty products – medical supplies. 																		
2.2.1	<p>VALUE OF CLOSING STOCK: SPECIFIC IDENTIFICATION</p> <p>Do not neglect the specific identification method simply because it may seem easier than other methods.</p>																		
2.2.2(a) 2.2.2(b)	<p>CALCULATE STOCK HOLDING PERIOD & COMMENT ON STOCK HOLDING PERIOD</p> <ul style="list-style-type: none"> • Use simple, real-life examples (juices vs. furniture) to explain how long stock is held. • Compare SHP with Stock Turnover Rate (STR) to highlight differences. • Encourage candidates to link SHP results to business decisions (e.g., purchasing, pricing, promotions). • Comment/Interpretation: <ul style="list-style-type: none"> • SHP shows the average number of days stock remains in the business before being sold. • A shorter SHP indicates efficient stock management, reduced holding costs, and lower risk of expiry or obsolescence. • A longer SHP suggests slow-moving stock, possible over-purchasing, higher storage costs, and potential losses. • SHP must always be interpreted alongside STR and profitability to give a full picture of inventory performance. • SHP helps managers decide on purchasing and promotions, while STR shows efficiency in sales and inventory use • Both indicators must be taught together so candidates see the relationship clearly. • Candidates should practise commenting on results, not just calculating them. • Candidates should understand that SHP is not just a calculation but a decision-making tool for managers. <p>Comparison: SHP vs STR</p> <table border="1" data-bbox="343 1541 1412 2020"> <thead> <tr> <th data-bbox="343 1541 518 1585">Aspect</th> <th data-bbox="518 1541 981 1585">Stock Holding Period (SHP)</th> <th data-bbox="981 1541 1412 1585">Stock Turnover Rate (STR)</th> </tr> </thead> <tbody> <tr> <td data-bbox="343 1585 518 1675">Definition</td> <td data-bbox="518 1585 981 1675">Average number of days stock is held before sale</td> <td data-bbox="981 1585 1412 1675">Number of times stock is sold/replaced in a year</td> </tr> <tr> <td data-bbox="343 1675 518 1765">Formula</td> <td data-bbox="518 1675 981 1765">$\frac{\text{Average trading stock/closing stock} \times \text{days}}{\text{Cost of Sales}}$</td> <td data-bbox="981 1675 1412 1765">$\frac{\text{Cost of Sales}}{\text{Average trading stock/closing stock}}$</td> </tr> <tr> <td data-bbox="343 1765 518 1832">Focus</td> <td data-bbox="518 1765 981 1832">Time dimension (days)</td> <td data-bbox="981 1765 1412 1832">Frequency dimension (times per year)</td> </tr> <tr> <td data-bbox="343 1832 518 1944">Interpretation</td> <td data-bbox="518 1832 981 1944">Shorter SHP = efficient stock movement; longer SHP = slow-moving, risk of losses</td> <td data-bbox="981 1832 1412 1944">Higher STR = efficient turnover; lower STR = poor turnover</td> </tr> <tr> <td data-bbox="343 1944 518 2020">Business Impact</td> <td data-bbox="518 1944 981 2020">Affects storage costs, risk of expiry/obsolescence</td> <td data-bbox="981 1944 1412 2020">Affects liquidity, cash flow, and profitability</td> </tr> </tbody> </table>	Aspect	Stock Holding Period (SHP)	Stock Turnover Rate (STR)	Definition	Average number of days stock is held before sale	Number of times stock is sold/replaced in a year	Formula	$\frac{\text{Average trading stock/closing stock} \times \text{days}}{\text{Cost of Sales}}$	$\frac{\text{Cost of Sales}}{\text{Average trading stock/closing stock}}$	Focus	Time dimension (days)	Frequency dimension (times per year)	Interpretation	Shorter SHP = efficient stock movement; longer SHP = slow-moving, risk of losses	Higher STR = efficient turnover; lower STR = poor turnover	Business Impact	Affects storage costs, risk of expiry/obsolescence	Affects liquidity, cash flow, and profitability
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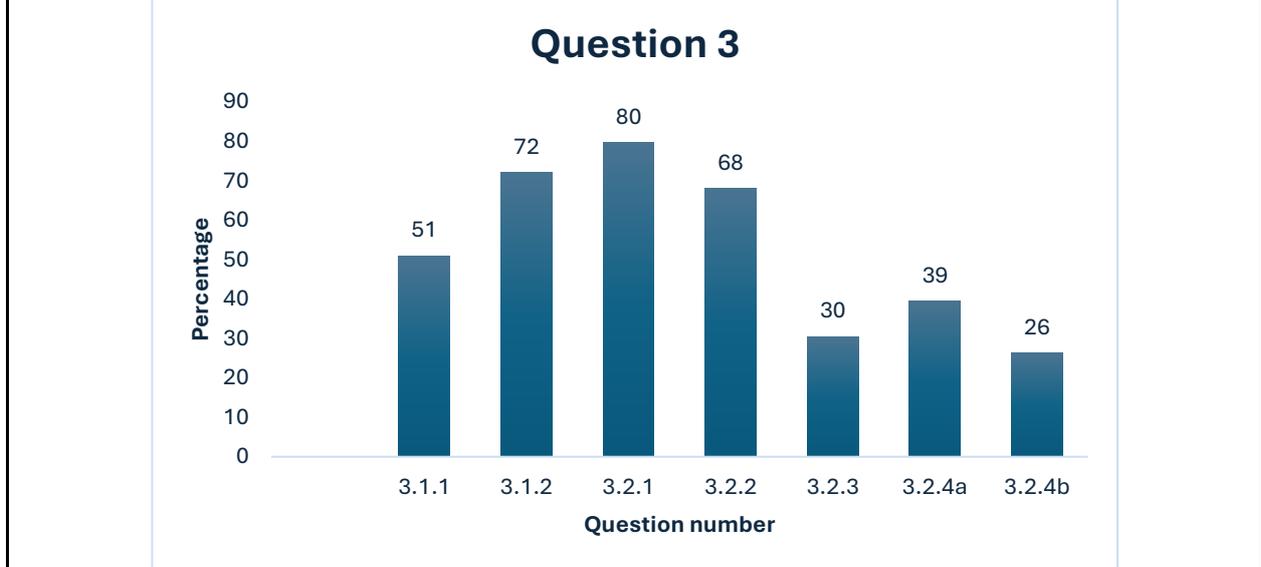
	Teaching Tip Use perishable vs durable examples to show differences Use fast-moving vs slow-moving stock examples
2.2.3(a)	EXPLAIN WHY MOSES IS PLEASED <ul style="list-style-type: none"> • Explain key exam terms (e.g., <i>pleased</i>, <i>comment</i>) and how to respond with figures. • Emphasise using figures to support explanations, not just listing them. • Train candidates to compare results across models, not focus on one set of data. • Practise commenting, differentiating, and analysing information in detail.
2.2.3(b)	HOW TO REDUCE NUMBER OF UNITS RETURNED TO SUPPLIERS Key Accounting terminologies and glossary terms, such as 'consumer', 'supplier', 'returns' etc. should be properly explained and clarified to ensure accurate understanding and correct application.
2.3.1	IDENTIFY DECISION IMPLEMENTED & EXPLAIN HOW DECISION HAD A POSITIVE RESULT <ul style="list-style-type: none"> • Emphasise careful reading of questions so candidates identify the required decision, outcome, and figures. • Train candidates to always support comments with figures.
2.3.2	PROVIDE ONE POINT TO SHOW THAT IT WAS NOT A GOOD IDEA TO CHANGE THE BRAND OF FRIDGE. <ul style="list-style-type: none"> • Emphasis placed on careful reading and understanding of questions before attempting answers. • Guidance provided on giving points and comments supported with correct figures. • Additional classwork and homework allocated to developing skills in identifying decisions and linking them to results.

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

- Classwork and homework should focus on comparison, interpretation, and correct use of figures.
- Examples must show how stock returns affect inventory, sales, cost of sales, and profit.
- Glossaries should be compiled from different textbooks to expose candidates to varied terminology.
- Candidates should practise using answer books to become familiar with exam formats.
- Marking guidelines should be explained so candidates understand how marks are allocated.
- Formulas should be learned and applied confidently without relying only on formula sheets.
- Accurate accounting terminology should be consistently reinforced during lessons.
- **SUBJECT ADVISORS:**
 - Check and control the number of classwork and homework activities.
 - Ensure glossaries are developed using different sources.

QUESTION 3	COST ACCOUNTING	35 marks
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(a) General comment on the performance of candidates in the specific question. Was the question well answered or poorly answered?



3.1.1	Complete the Factory Overhead Cost Note
3.1.2	Calculate the cost of production of finished goods
3.2.1	Calculate break-even point
3.2.2	Comment on whether owner should be satisfied with number of units produced and sold
3.2.3	Identify fixed-cost item (with figures) that has been poorly controlled
3.2.4(a)	Identify variable cost item (with figures) that has been poorly controlled
3.2.4(b)	Identify variable cost item (with figures) that has been well controlled

Candidates answered the break-even point calculation exceptionally well. It is disappointing that they could not recognise the different cost items.

• Why was the question poorly answered? Also provide specific examples, indicate common errors committed by candidates in this question, and any misconceptions.

3.1.1	<p>Complete the Factory Overhead Cost Note</p> <ul style="list-style-type: none"> • Many candidates included incorrect items in the factory overhead cost note, such as advertising and prime costs. • Incorrect format: Some candidates prepared a production cost statement instead of the factory overhead cost note. • Errors in depreciation calculation: candidates often did not subtract accumulated depreciation using the diminishing balance method. • Incorrect calculations of rent adjustments and insurance. • Frequent misuse of terminology, for example writing 'factory equipment' instead of 'depreciation on factory equipment'.
3.1.2	<p>Calculate the cost of production of finished goods</p> <ul style="list-style-type: none"> • Many candidates struggled to calculate the cost of production due to incorrect handling of work in progress (WIP), including confusing opening and closing balances. • Some candidates reversed balances and signs for WIP (using + instead of - and vice versa). • Some forgot to transfer amount from the factory overhead cost note (FOC).
3.2.1	<p>Calculate break-even point</p> <ul style="list-style-type: none"> • Candidates confused the numerator and denominator when calculating the break-even point (BEP).

	<ul style="list-style-type: none"> • They used fixed cost per unit instead of total fixed costs, forgetting to multiply by the number of units. • Some candidates indicated BEP units incorrectly using percentages or currency (R).
3.2.2	<p>Comment on whether owner should be satisfied with number of units produced and sold</p> <ul style="list-style-type: none"> • Candidates failed to include and quote figures when answering questions. • They did not compare the level of production to the break-even point (BEP). • Several candidates recorded incorrect trends, such as stating a decrease instead of an increase.
3.2.3	<p>Identify fixed-cost item (with figures) that has been poorly controlled</p> <ul style="list-style-type: none"> • Many candidates quoted factory overheads(which was well controlled) instead of administration costs as specified. • Most recorded incorrect figures and confused increases with decreases. • Several swapped the years around, misunderstanding that the older year is shown to the right. • Some identified the correct fixed-cost items but commented only on the previous year's figures. • Candidates struggled to distinguish between fixed and variable costs. • Many had difficulty explaining why costs were poorly controlled, often giving advice instead of reasons.
3.2.4(a) 3.2.4(b)	<p>Identify variable cost item (with figures) that has been poorly controlled</p> <p>Identify variable cost item (with figures) that has been well controlled</p> <ul style="list-style-type: none"> • Most candidates struggled to differentiate between giving reasons and offering advice. • Many candidates could not identify which variable cost was poorly controlled and which was well controlled. • Some candidates swapped the years around, leading to misinterpretation of trends.
<p>• Provide suggestions for improvement in relation to Teaching and Learning</p>	
3.1.1	<p>Complete the Factory Overhead Cost Note</p> <ul style="list-style-type: none"> • Teach ledger accounts, factory overheads structure, and accruals in detail. • Emphasize integration of related topics during teaching. • Do not neglect depreciation and asset disposal topics in Grade 12; use varied examples and scenarios. • Ensure candidates can accurately identify and calculate manufacturing costs, prime costs, and factory overheads. • Provide multiple examples and exercises on both straight-line and diminishing balance depreciation methods, including asset disposals.
3.1.2	<p>Calculate the cost of production of finished goods</p> <ul style="list-style-type: none"> • Teach ledger account (Work-in Progress/Finished Goods), note to the production cost statement and a normal calculation method for calculating cost of production. • Emphasize the importance of the accounting period and checking dates to distinguish current and previous years. • Teach factory overheads and the structure of the production cost statement in detail. • Teach candidates to carefully check opening and closing balances in WIP accounts and practice correct placement of debit/credit signs. •
3.2.1	<p>Calculate break-even point</p> <ul style="list-style-type: none"> • Emphasise teaching candidates to differentiate between unit costs and total costs. • Teach that the BEP cannot be less than or equal to 1. • Give step-by-step practice on break-even point calculations, including distinguishing between fixed cost per unit and total fixed cost, and proper use of numerator/denominator.

3.2.2	<p>Comment on whether owner should be satisfied with number of units produced and sold</p> <ul style="list-style-type: none"> • Teach candidates to start comments by comparing units produced with the break-even point (BEP) for the current year. • Teach in detail the difference between BEP and units produced, highlighting that units produced must exceed BEP for a business to make a profit. • Regularly use exercises where candidates compare units produced to BEP, quoting exact figures to support their conclusions.
3.2.3	<p>Identify fixed-cost item (with figures) that has been poorly controlled</p> <ul style="list-style-type: none"> • Emphasize the importance of including figures when commenting. • Ensure candidates can identify, classify, and differentiate all types of cost items (cost accounts). • Teach candidates how to correctly read and interpret the dates in financial information.
3.2.4(a) 3.2.4(b)	<p>Identify variable cost item (with figures) that has been poorly controlled Identify variable cost item (with figures) that has been well controlled</p> <ul style="list-style-type: none"> • Teach candidates to carefully read and understand the question before answering. • Emphasize how to comment, differentiate, analyse, and compare terms using the given information. • Clearly explain the meanings of key accounting terms and words (glossary), such as 'advice', 'concern', and 'reason'. • Ensure candidates understand basic cost accounting concepts and provide more exercises on identifying and grouping cost items. • Allocate more teaching time to control measures.

<p>(d) Describe any other specific observations relating to responses of candidates and comments that are useful to teachers, subject advisors, teacher development etc.</p>
<ul style="list-style-type: none"> • Use targeted vocabulary drills to ensure candidates correctly use terms like "factory overhead," "depreciation on factory equipment," and distinguish DLC from DMC. • Model how to read financial tables with years on the left and right, emphasizing correct interpretation of trends (increase/decrease). • Train candidates to clearly differentiate between giving "reasons" (why something happened) versus "advice" (what should be done). • Encourage use of alternative methods for calculations where applicable, and allow candidates to explain their approach. <p><u>Subject Advisors:</u></p> <ul style="list-style-type: none"> • Support schools in running focused revision sessions on depreciation, WIP, BEP, and cost classification topics. • Develop simple teaching aids (flowcharts, checklists) that help candidates follow steps for calculations and answering questions. • Monitor teaching practices to ensure that teachers emphasize reading questions carefully and quoting figures in answers. • Promote collaboration among teachers (PLC's) to share best practices.

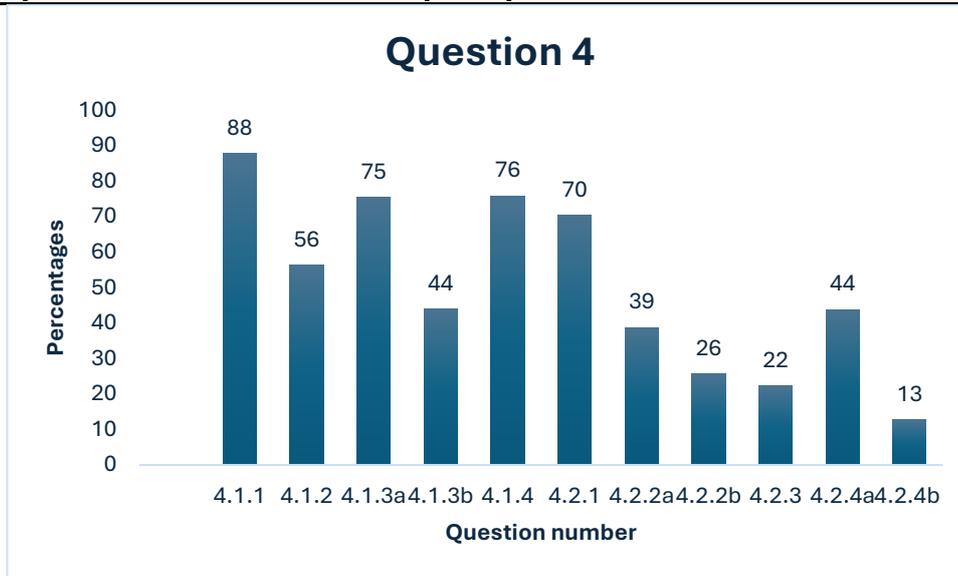
QUESTION 4

BUDGETING

40 marks

(a) General comment on the performance of candidates in the specific question.

Was the question well answered or poorly answered?



Candidates performed well on the Debtors' Collection Schedule. However, despite this question having appeared in past exams, many were unable to establish the link between salaries and commission. As a result, Question 4.2.4(b) was poorly answered.

4.1.1	Complete Debtors' Collection Schedule
4.1.2	Calculate amounts in the extract of the Projected Statement of Comprehensive Income
4.1.3(a)	Calculate: Cash purchases of trading stock
4.1.3(b)	Calculate: Payments to creditors
4.1.4	Calculate: Fixed Deposit which will mature
4.2.1	Explain why it is important to compare budgeted figures with actual figures
4.2.2(a)	Give a reason, with figures, why number of units sold decreased
4.2.2(b)	Calculate the amount of cash lost in October sales when compared to September sales.
4.2.3	Two benefits that the business will forfeit by failing to meet its financial obligations with suppliers
4.2.4(a)	Reason for awarding employees with commission
4.2.2(b)	Reason why employees will not be satisfied with revised remuneration policy

• Why was the question poorly answered? Also provide specific examples, indicate common errors committed by candidates in this question, and any misconceptions.

4.1.1	<p>Calculate Debtors' Collection Schedule</p> <ul style="list-style-type: none"> • Candidates used incorrect figures because they did not understand the collection periods for each month. • Candidates recorded amounts in the wrong rows, mixing up which month's sales are collected when. • Candidates worked with cost of sales instead of credit sales, leading to wrong starting figures.
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	<ul style="list-style-type: none"> • Many ignored the early-settlement discount, applying only the collection percentage. • Candidates struggled to distinguish between cash sales and credit sales, sometimes including cash sales in the schedule.
4.1.2	<p>Calculate amounts in the extract of the Projected Statement of Comprehensive Income</p> <p>Bad debts:</p> <ul style="list-style-type: none"> – Candidates could not derive the bad-debt percentage from the collection schedule. – Many treated the collected percentage as the full amount, forgetting that the uncollected portion becomes bad debts. <p>Salaries:</p> <ul style="list-style-type: none"> – Candidates misinterpreted the salary information, ignoring additional increases or adjustments. – Candidates struggled to apply multiple changes (e.g., annual increase + new employee). <p>Advertising:</p> <ul style="list-style-type: none"> – Many could not calculate the advertising percentage or apply the percentage to the correct base amount. – Candidates confused fixed vs percentage-based advertising expenses.
4.1.3(a)	<p>Calculate: Cash purchases of trading stock</p> <ul style="list-style-type: none"> • Candidates used the wrong sales amount to calculate the cash purchases of trading stock. • Some couldn't not correctly get the cost of sales amount for purchases. • They fail to convert sales to purchases.
4.1.3(b)	<p>Calculate: Payments to creditors</p> <ul style="list-style-type: none"> • Candidates could not calculate purchases making it difficult to calculate payments to creditors. • Candidates struggle to pick and identify the correct month and understanding the credit terms.
4.1.4	<p>Calculate: Fixed Deposit which will mature</p> <ul style="list-style-type: none"> • Candidates did not understand how to convert a quarterly interest amount into a yearly amount, leading to incorrect annual calculations. • Many candidates multiplied the quarterly amount by 8%, instead of converting it properly by multiplying by 100/8 to determine the full annual value.
4.2.1	<p>Explain why it is important to compare budgeted figures with actual figures</p> <ul style="list-style-type: none"> • Candidates demonstrated weak writing skills and a limited vocabulary, which made it difficult for them to provide clear and accurate explanations.
4.2.2(a) 4.2.2(b)	<p>Give a reason, with figures, why number of units sold decreased</p> <p>Calculate the amount of cash lost in October sales when compared to September sales.</p> <ul style="list-style-type: none"> • Many candidates misunderstood what the question required, resulting in incorrect or incomplete responses. • Candidates struggled to provide a valid reason supported by the correct figures. • Several candidates presented only the decrease in units rather than identifying the cause of the decrease. • Many used September's selling price, leading to an incorrect calculation of lost sales. • Some candidates treated the question as a stock-related issue and wrote about a lack of stock instead of focusing on the selling price and units sold. • Candidates often stated only the number of units instead of applying the selling price.

4.2.3	<p>Two benefits that the business will forfeit by failing to meet its financial obligations with suppliers</p> <ul style="list-style-type: none"> • Candidates did not understand the terms "forfeit" and "financial obligations", leading many to confuse the question. • Most candidates described consequences or disadvantages, such as what happens if payments are late, instead of identifying the benefits that would be forfeited. • Instead of explaining the loss of benefits, candidates focused on the negative outcomes of not meeting obligations.
4.2.4(a) 4.2.2(b)	<p>Reason for awarding employees with commission</p> <p>Reason why employees will not be satisfied with revised remuneration policy</p> <ul style="list-style-type: none"> • Many candidates did not understand the question or what was required, often relying on general knowledge instead of using the specific figures and items provided. • Most candidates misunderstood the concept of commission, frequently mentioning only the salary and either quoting commission figures incorrectly or omitting them entirely. • Many candidates lost marks by excluding commission when commenting on the revised remuneration policy.

<p>• Provide suggestions for improvement in relation to Teaching and Learning</p>	
4.1.1	<p>Calculate Debtors' Collection Schedule</p> <ul style="list-style-type: none"> • Emphasize the importance of carefully reading and understanding collection periods and the distinction between cash sales and credit sales through targeted practice exercises. • Use clear, step-by-step examples to show how to correctly allocate sales amounts into the appropriate months and rows in the collection schedule. • Reinforce the concept and application of early-settlement discounts separately from collection percentages, ensuring candidates know when and how to apply each.
4.1.2	<p>Calculate amounts in the extract of the Projected Statement of Comprehensive Income</p> <ul style="list-style-type: none"> • Bad debts: <ul style="list-style-type: none"> ○ Practise deriving the bad-debt percentage by starting with credit sales = 100% and subtracting collection percentages. ○ Use simple monthly timelines to link collection schedule → uncollected amounts → bad debts. • Salaries: <ul style="list-style-type: none"> ○ Teach candidates to break salary information into components (increase %, extra staff, deductions). ○ Give more exercises requiring application of two or more salary adjustments to strengthen interpretation skills. • Advertising: <ul style="list-style-type: none"> ○ Provide targeted practice on percentage-based expenses, showing how to apply the percentage to the correct base figure. ○ Reinforce reading skills so candidates can identify whether advertising is fixed, increasing by %, or linked to sales.
4.1.3(a)	<p>Calculate: Cash purchases of trading stock</p> <ul style="list-style-type: none"> • Ensure candidates understand which sales figures are used to calculate cost of sales and then purchases of trading stock. • Clarify the relationship between cost of sales and purchases for accurate calculations. • Stress the importance of correctly converting sales into purchase amounts.

4.1.3(b)	<p>Calculate: Payments to creditors</p> <ul style="list-style-type: none"> • Teach candidates to carefully identify the correct month for each purchase based on credit terms. • Emphasize understanding and applying credit terms accurately when calculating payments to creditors. • Encourage systematic tracking of purchase dates and payment due dates to avoid confusion.
4.1.4	<p>Calculate: Fixed Deposit which will mature</p> <ul style="list-style-type: none"> • Teach candidates to first convert quarterly interest to an annual figure by multiplying the quarterly interest by 4, since there are 4 quarters in a year. • Explain the correct method to find the principal (fixed deposit amount) by dividing the annual interest by the annual interest rate (expressed as a decimal or percentage). • Emphasize the difference between multiplying by the interest rate and dividing by it, to avoid common calculation errors.
4.2.1	<p>Explain why it is important to compare budgeted figures with actual figures Do not overlook the theoretical concepts in Accounting.</p>
4.2.2(a) 4.2.2(b)	<p>Give a reason, with figures, why number of units sold decreased Calculate the amount of cash lost in October sales when compared to September sales.</p> <ul style="list-style-type: none"> • Stress the importance of supporting reasons with correct and relevant figures.
4.2.3	<p>Two benefits that the business will forfeit by failing to meet its financial obligations with suppliers Encourage the use of a glossary of accounting concepts compiled from various sources. Introduce candidates to this glossary starting in Grade 10 through a summary book that includes key terms and definitions.</p>
4.2.4(a) 4.2.2(b)	<p>Reason for awarding employees with commission Reason why employees will not be satisfied with revised remuneration policy Clear explanations of remuneration policies, salaries, and commissions should be provided, beginning in Grade 10.</p>

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

Budgeting and problem-solving should be taught from Grade 10 and 11, and at a high standard and level of difficulty.

SUBJECT ADVISORS:

Strengthening Marking Skills through Workshops

Effective marking is essential to ensure fair and consistent assessment of learners' work. Many educators, however, struggle with interpreting exam questions and applying marking guidelines correctly.

To address this, it is recommended that workshops be held regularly to guide educators through the marking process. These workshops should focus on how to interpret exam questions, understand command words, and apply memoranda accurately.

It is also important to familiarize educators with the procedures and quality controls in marking centres, helping them appreciate the standards required.

After each exam, "dummy" answer sheets with model responses and marking guidelines should be created and shared. These will serve as practical tools for educators to practice marking and improve consistency.

Ongoing support and feedback sessions can further assist educators in developing confidence and accuracy in marking. Implementing these measures will enhance marking quality and ultimately support better learner assessment outcomes.

