

Chapter 2

ACCOUNTING

The following report should be read in conjunction with the Accounting question paper of the November 2019 Examinations.

2.1 PERFORMANCE TRENDS (2015–2019)

Enrolment for the 2019 Accounting examination reflected a decrease of 10 168 candidates when compared to that of 2018. The performance of candidates, however, shows a significant improvement as indicated by 78,4% achieving at the 30% level, with 52,6% being above the 40% level.

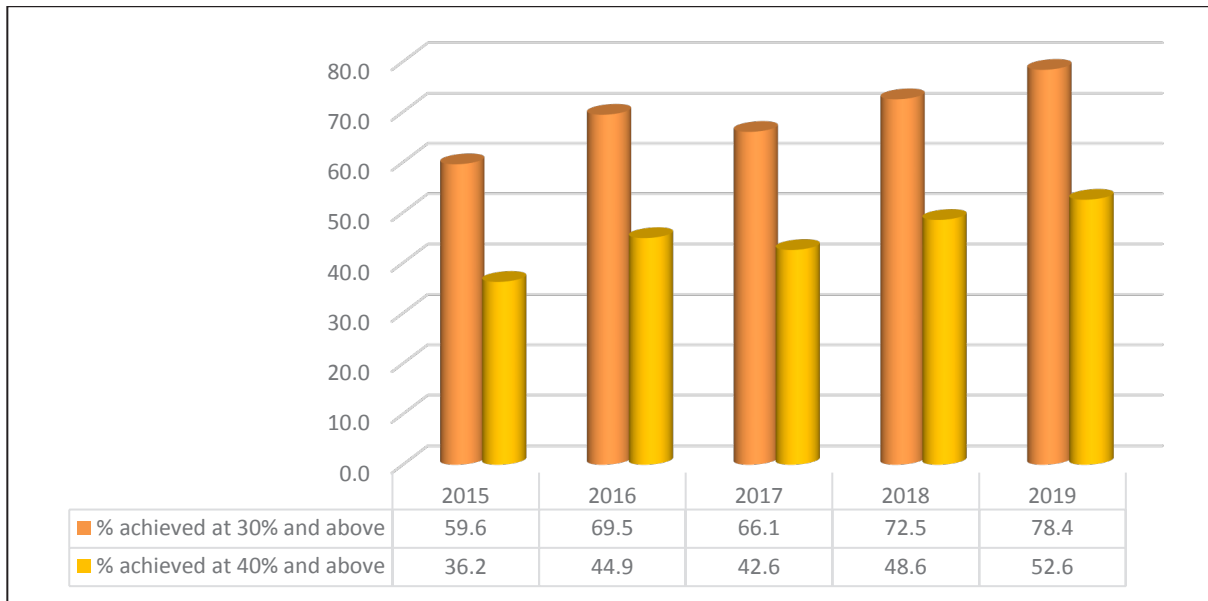
Table 2.1.1 Overall Achievement Rates in Accounting

Year	No. wrote	No. achieved at 30% and above	% achieved at 30% and above	No. achieved at 40% and above	% achieved at 40% and above
2015	140 474	83 746	59,6	50 906	36,2
2016	128 853	89 507	69,5	57 914	44,9
2017	103 427	68 318	66,1	44 041	42,6
2018	90 278	65 481	72,5	43 831	48,6
2019	80 110	62 796	78,4	42 113	52,6

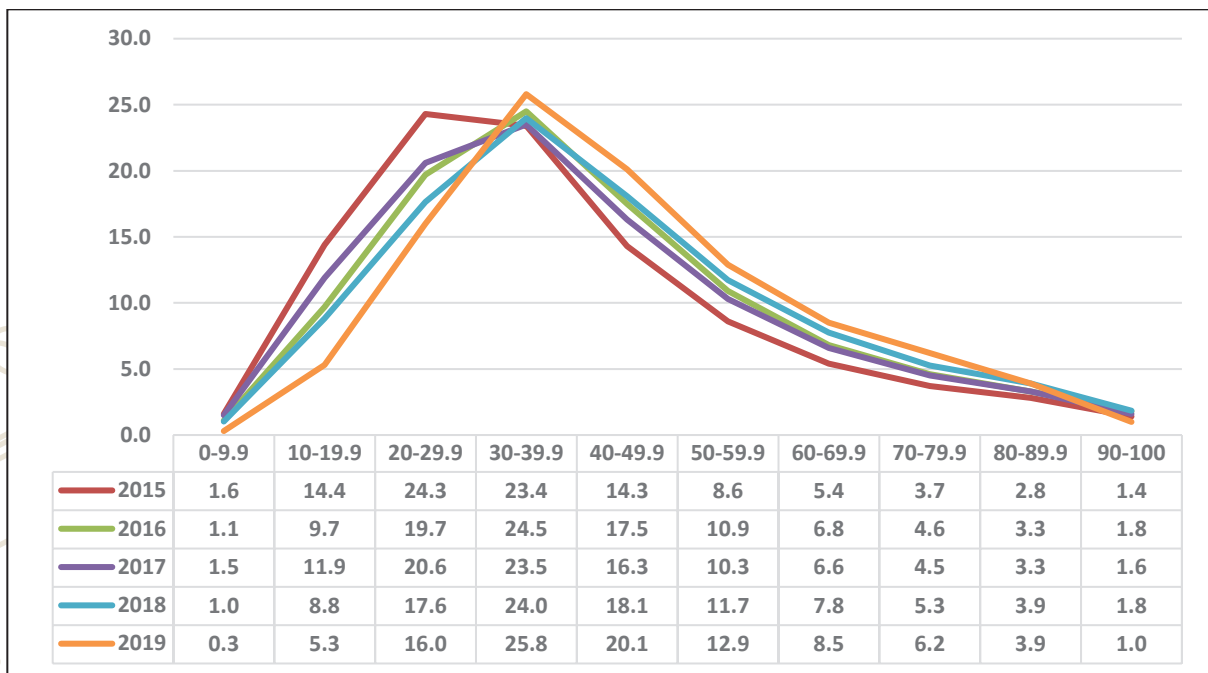
While the decline in the enrolment is a concern, the past three years show encouraging general improvement in the overall results. In comparison to pass rates of five years ago, the improvement in the pass rates by more than 18 percentage points is most significant.

In the quest to improve results, intervention strategies by teachers and subject advisors tended to focus on the more predictable content and in the newer and challenging topics, such as the Repurchase of Shares, Stock Valuation Methods, Interpretation and Problem-solving. However, it remains a concern that Grade 10 and 11 topics, such as Bank Reconciliations, Fixed Assets, Budgeting and Financial Indicators might not receive adequate revision, thereby disadvantaging weaker candidates in particular.

Graph 2.1.1 Overall Achievement Rates in Accounting (Percentage)



Graph 2.1.2 Performance Distribution Curves in Accounting (Percentage)



2.2. OVERVIEW OF LEARNER PERFORMANCE

The following comments provide an overview of the advice given to Accounting teachers in previous diagnostic reports. Teachers are, nonetheless, advised to refresh their strategies by referring to previous editions of these reports, as the advice contained therein remains relevant.

General Comments

(a) Quality of candidates' performance

- The good quality of responses of candidates at a number of centres is evidence that teachers at these centres have planned well and have implemented the recommendations and strategies proposed in previous diagnostic reports. These candidates have illustrated the ability to address the requirements of the subquestions, to extract and use the relevant information appropriately and to manage their time effectively.
- All questions in the Accounting papers are designed to be accessible to all candidates, at least in part. The inability of weaker candidates to deal effectively with even the less challenging parts of questions is a clear indication of deficiencies in the teaching and learning processes. If basic concepts and procedures are not being addressed properly at an early stage, this will subsequently impact negatively on examination performance.

(b) **Policy documents and LTSM:** It is essential that every teacher is in possession of the revised *CAPS* document, the latest Examination Guidelines, textbooks, study guides and publications such as *Mind the Gap*. These must form the basis of the planning process and must be used to monitor and support progress on an ongoing basis.

(c) **Use of past NSC papers:** Past question papers serve as one of many teaching and learning resources and must be incorporated in the planning process. Every learner must have access to past examination papers, especially from November 2014 onwards, as these are based on the current *CAPS* content. NSC Accounting question papers since 2008 have strived to cover all topics outlined in the *CAPS*, and as such, provide a reliable trend on questioning patterns and style. Innovations were gradually introduced as part of the higher-order component to ensure that the subject remains relevant and reflects modern trends.

(d) Future NSC Accounting papers

- The 2020 Accounting NSC examination will involve a migration to two papers:

	DISCIPLINES	MARKS	TIME
Paper 1	Financial reporting & evaluation	150	2 hours
Paper 2	Managerial accounting, internal auditing & control	150	2 hours

The amended Accounting *CAPS* and 2020 Accounting Examination Guidelines will provide details of topics and financial indicators relevant to each paper.

- To relieve unnecessary pressure on candidates, topics are allocated to each paper to ensure that the question papers will be written on different days.
- The migration to two papers does not necessitate changes to the content of topics, textbooks or the annual teaching plan (ATP). Together with the many past examination question papers, candidates and teachers still have access to extensive resource material, which remains relevant in preparing for the November 2020 question papers.

(e) **Pertinent factors from previous diagnostic reports**

The poor results in many centres have exposed the fact that challenges in teaching and learning are still prevalent. The following factors mentioned in previous diagnostic reports continue to be identified as reasons for poor performance:

- **Poor mathematical and arithmetical ability:** Arithmetical calculations, such as percentages and ratios, will feature across all topics in an Accounting paper. At times candidates may also be required to formulate simple equations to calculate specific amounts. This includes the correct use for rands/cents, positive, negative or percentage signs and the appropriate operations. An Accounting learner is expected to have a good understanding of the logic of these calculations. This skill is developed over time with regular practice.
- **Language barriers linked with poor comprehension skills:** Many candidates find it difficult to understand and address the requirements of questions adequately. Responses in several subquestions are not in line with the requirements of the questions. Weaker candidates provide incomplete or unclear responses to questions requiring explanations or comments and often quote commonly used clichés found in previous marking guidelines in situations where they are not relevant.
- **Inability to identify relevant information to answer specific subquestions:** The standard structure of an Accounting question will list what is *required* first, followed by all the *information* needed to answer the questions. Candidates are expected to sift through and extract the relevant information as required. Weaker candidates find this very challenging, often using inappropriate figures. In commenting, they tend to provide less important or immaterial information in supporting their explanations, while ignoring significantly more relevant and pertinent information.
- **Lack of meaningful revision of relevant Grade 10 and 11 content:** 20% of an examination paper may contain content from previous grades that is pertinent to Grade 12. Vital aspects from the previous grades that must be constantly reinforced in Grade 12 include the Disposal of Fixed Assets, Cash Budgets, Projected Income Statements, Cost Accounting and Reconciliations (i.e. bank, debtors and creditors). The tight time frames in Grade 12 do not allow for complete reteaching of these topics. It is advised that weaker learners practise consolidation tasks at the end of Grade 11, or teachers should factor these aspects into their intervention programmes or the informal assessment programme.

- **Lack of formative testing:** Teachers are expected to plan and implement an informal assessment programme to support the formal assessment tasks. Short, formative tests must be used to build learners' confidence in all topics. Self-marking or peer-marking is effective in providing immediate feedback. Learners will also gain an understanding of the mark allocation and be able to promptly identify errors or valid alternative responses. Less challenging subquestions (appetisers) of each question in the NSC Accounting question papers can be used as 'confidence-boosters' in this regard.

General Suggestions for Improvement

Teachers are expected to plan before the school year starts, due to the limited instruction time in each term. It is essential that they build the following practices into their work plans:

- (a) **Comments, explanations and evidence:** Teachers need to address the language barriers as part of the English across the curriculum (EAC) initiative.
- Due to the specific nature of the subject, learners must be informed that explanations in Accounting should be to the point and must answer the question.
 - Although questions will often require figures or other evidence to be quoted from the information provided, language proficiency should not be seen as an obstacle in presenting complete responses. Often poor or incorrect answers result from learners not taking note of the specific requirements of questions. This is a common problem in current times when skim-reading off screens is a widespread habit.
 - Teachers are advised to repeat the process of interpreting and analysing a structured examination question with their classes at appropriate times during the Grade 10–12 academic years as follows: (1) Read each word of the instruction with the learners. (2) Underline key words. (3) Identify where the relevant source information is placed. (4) Ask learners to explain what they have to do to answer the question.
 - Learners may use bullet points to clarify separate points, but partial, simple or single-word responses will not be sufficient if an explanation is required. Learners must also understand that unnecessary embellishment is time-consuming and will not earn additional marks.
 - The establishment of co-curricular collaborative learning activities involving verbal and visual communication between learners is strongly advised. The benefit of this strategy should be reinforced by brief collaboration sessions in the classroom. This will provide learners with experience in using subject-specific terminology and will serve to clarify their understanding of concepts and topics when they explain these and get responses from others.
- (b) **Time management:** Training on time management must be an ongoing process. This must apply to short summative informal activities, controlled tests and examinations. Examination questions provide time guides, and learners must practise the skill of adhering to the suggested time allocations. They must also be made aware that the mark allocation and the spaces provided in the answer book are good indicators of the amount of information needed.

(c) **Appropriate use of the printed answer book:** Teachers must instruct learners to read questions in the question paper to ensure that they comply with the requirements of each question. Learners must understand that the printed answer book is provided merely to assist them in structuring their responses and to guide them in appropriately placing their answer. The answer book should not be relied upon to replicate all aspects of questions. The space provided for each subquestion in the answer book would be appropriate to the extent of expected responses. For example, a 10-mark question would usually be allocated more space in the answer book than a 4-mark question. Examiners have noticed in the past that capable candidates might provide more comments and explanations than subquestions might demand, and that this will negatively impact on their ability to complete a paper.

(d) **Ethical and internal control issues:** The ATP stipulates that these important topics be integrated across all topics at relevant and strategic points, when or after the logic and application of accounting processes in each topic is covered in Grades 10–12.

- Business ethics and controls have become extremely newsworthy, and it is essential for teachers to expose learners to real-life scenarios that involve problems affecting businesses today. These include weak internal controls, bribery, corruption, lack of accountability, auditing irregularities, delinquent directorship and poor corporate governance.
- Teachers are strongly advised to use real-life scenarios in encouraging discussion and debate on these issues in the classroom. This should be done on a continuous basis as and when topical issues arise. These issues should also be reinforced in assessment tasks.
- Many experts on generation theory note that the post-millennial generation (Generation Z) currently reflected in school classrooms is the most diverse and well-informed generation the world has known. They are growing up in a world of social, political and financial turmoil and rapidly changing and disruptive technology.
- This generation is known to be more prudent than previous generations and is prepared to take a stand on issues affecting their environments, as is evidenced by world-famous teenage post-millennials, such as Malala Yousafzai (Pakistani education activist and 2014 Nobel Peace Prize laureate) and Greta Thunberg (Swedish environmental activist and *Time* magazine Person of the Year 2019).
- An awareness and understanding of the ethical and governance issues prevalent today and how these issues should be solved are vital in contributing to successful career futures of post-millennials.
- Teachers must not underestimate the positive influence they can have through the topic of Business Ethics in the Accounting CAPS.

(e) **Essential prior knowledge:** The teaching of every topic should commence by revising or introducing the basic concepts and terminology pertaining to that topic to ensure that learners are enabled to construct connections between old and new knowledge. Two of the most basic and vital components of prior knowledge in Accounting that must be regularly reinforced are:

- **The expanded accounting equation:**

Assets + Expenses + Drawings = Capital + Income + Liabilities

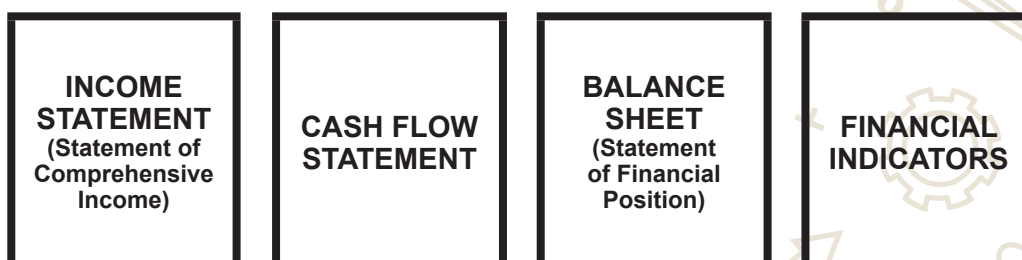
The process of conceptualising and understanding these items is more than merely rote-learning definitions. Concrete and practical examples must be constantly provided to further enhance understanding of these concepts.

- **The structure and formats of financial statements and their progression from Grade 10:**

Learners must be able to identify and explain differences between the main financial statements (see below), as well as differences between Balance Sheet items (i.e. capital items) and nominal items (i.e. revenue and expense items); categories or sections of the Income Statement and Balance Sheet; and operating, financing and investing activities.

(f) **The benefit of instilling a questioning approach in Financial Accounting:** Examination papers might reflect new and innovative ways of extending candidates' insight on financial statements and information that falls within the scope of the syllabus. The following points of advice are intended to enable learners to prepare, analyse, interpret and evaluate the different financial statements more effectively.

- The skill of obtaining valid information on a variety of questioning techniques in preparing and interpreting Financial Accounting information will be enhanced through the use of previous examination papers.
- Teachers are strongly advised to devote time in class to focusing on the purpose and inter-relationship of the four main components of financial information provided in a question of this nature. This is to assist learners in developing the skill of readily identifying the information relevant to the subquestion, in contrast to a time-consuming exercise of studying or inspecting all the figures in every set of documents provided. Essentially, this is the skill of how to read financial statements and indicators strategically, intelligently and efficiently. This skill separates capable learners of the subject from average learners.



- A questioning approach, with class collaboration, starting from the basic purposes of the various documents should be used, developing to further reflection on the specific information provided or needed. Examples of questions that should generate understanding of this financial information are:
 - *What is the purpose of each of the above statements and indicators?* Learners should appreciate links between the three financial statements, e.g. Sales is an income item in the Income Statement; the Cash Sales component will affect the Cash in the Cash Flow Statement; Credit Sales not yet settled by customers will affect Trade and Other Receivables in the Balance Sheet; and ultimately, Sales will also affect several of the financial indicators.
 - *Where in the statement(s) would the following information be found?*

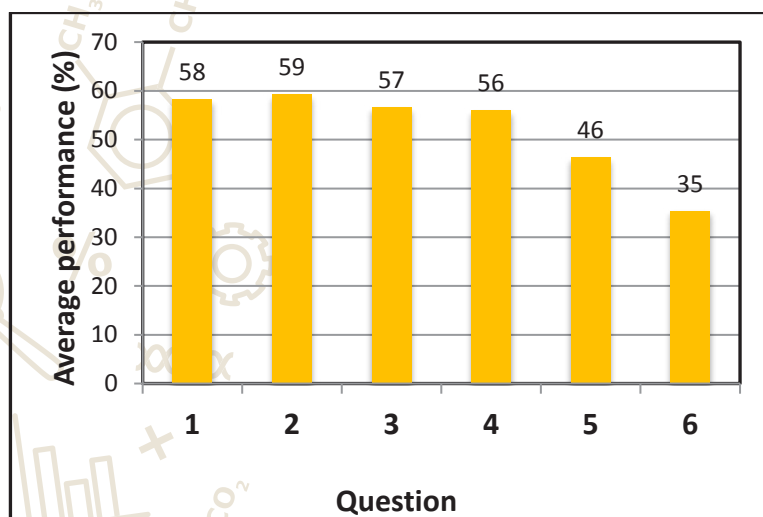
Non-current & current assets	Income tax due & payable
Non-current & current liabilities	Financial gearing & risk
Income & expenditure	Share capital & retained income
Investments & interest earned	Earnings & dividends
Loans, repayments & interest	Cash resources
Unsold stock & holding period	
- As a result of the classroom discussions that should ensue from a motivated class, learners would be in a better position to verbalise their own thoughts on these concepts, thereby gaining further insight into the various concepts and greater confidence in navigating their way through the interconnected set of financial statements.

2.3 DIAGNOSTIC QUESTION ANALYSIS

The graphs presented below are based on data from a random sample of candidates in the different provinces. They provide a clear picture of the general performance in each topic (Graph 2.3.1). This is useful in assessing the relative degrees of challenge of each question as experienced by candidates (Graph 2.3.2).

Graph 2.3.1 Average Marks per Question Expressed as a Percentage

The question paper was not regarded as predictable. Well-prepared candidates coped admirably across all



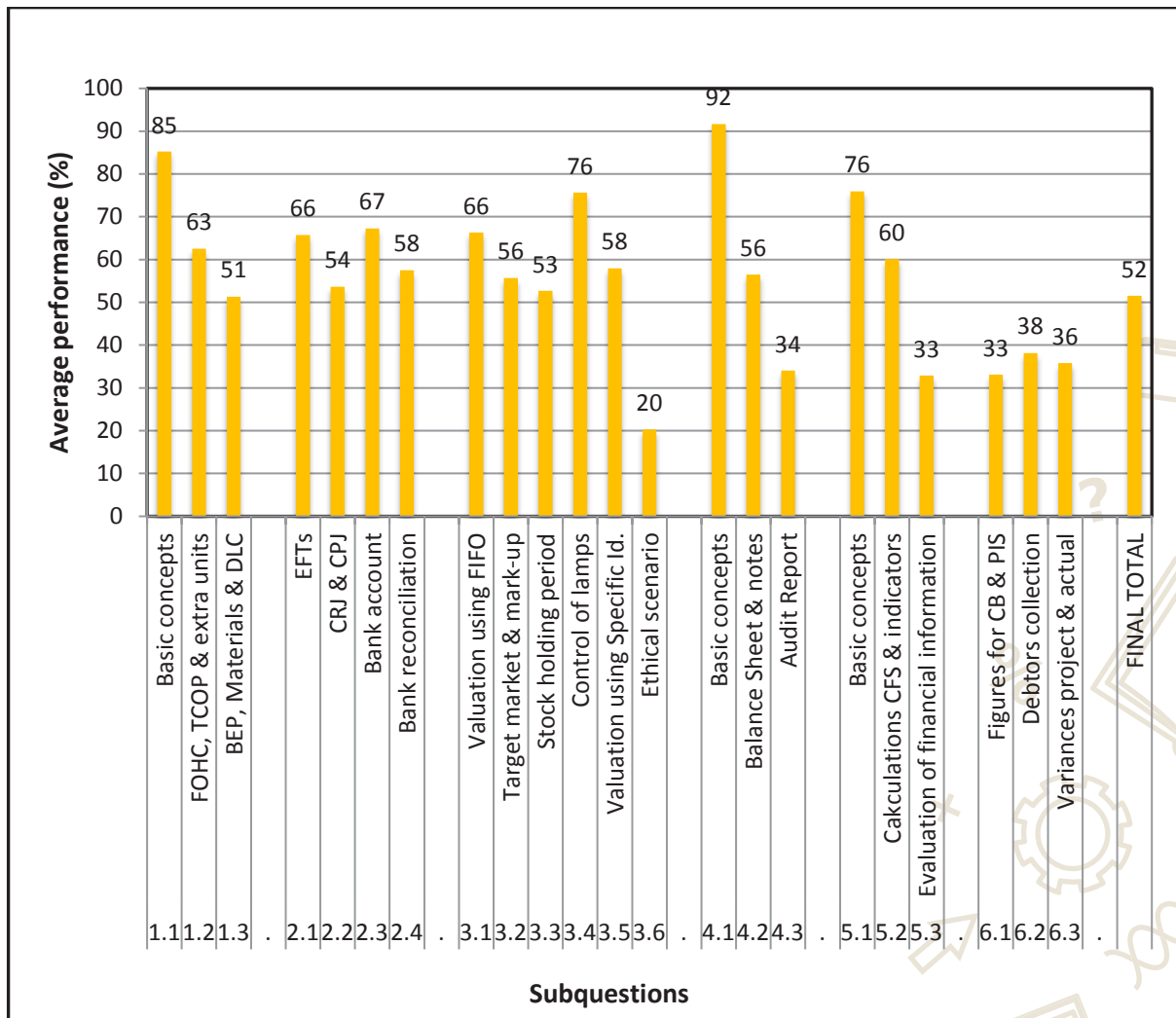
Q	Topic/Aspects
Q1	Manufacturing
Q2	Reconciliation
Q3	Inventory Valuation
Q4	Balance Sheet & Audit Report
Q5	Cash Flow Statement & Interpretation
Q6	Budgeting

questions and weaker candidates were able to take advantage of the marks on offer in the lower- and middle-order ranges. Weaknesses and challenges in most subtopics appear to have been addressed to some degree.

However, under-achievement in certain areas continues to be noticed, particularly Bank Reconciliation (Q2.2–Q2.4), preparation of a company Balance Sheet (Q4.2.4) and Interpretation of Financial Information (Q5.3). Performance in Budgeting (Q6) was largely affected by poor time management by candidates in the previous questions.

The change in contexts of certain subquestions appeared to increase the challenge for candidates who clearly prefer straight-forward and predictable questions that are identical to those of previous papers. Examples of these subquestions were: calculation of profit on extra units (Q1.2.3; 4 marks), Business Ethics (Q3.6; 6 marks), Disclaimer Audit Report (Q4.3; 6 marks), evaluation of EPS (Q5.3.3; 5 marks) and figures for Cash Budget & Projected Income Statement (Q6.1; 11 marks).

Graph 2.3.2 Average Performance per Subquestion Expressed as a Percentage



2.4 ANALYSIS OF LEARNER PERFORMANCE IN INDIVIDUAL QUESTIONS

QUESTION 1: MANUFACTURING

Candidates generally find this topic relatively easy as it comprises content that is manageable and predictable.

They were able to take advantage of the easily obtainable marks by showing workings for Factory Overhead Cost (Q1.2.1; 8 marks) and for calculating the total cost of production that would appear in a Production Cost Statement (Q1.2.2; 5 marks). The break-even point (Q1.3.1; 4 marks) was correctly calculated by many candidates and they were also able to comment appropriately on the level of production achieved in relation to the BEP (Q1.3.2; 4 marks).

Candidates were proficient in offering valid reasons for the increase in direct labour cost per unit (Q1.3.4; 4 marks). This is not regarded as a challenging question as predictable responses found in many past years' examination papers also applied in this context. However, it was encouraging that certain candidates revealed creativity in their responses, e.g. by providing ghost employees as a possible reason for the increase in cost and the use of biometrics as a solution.

Common Errors and Misconceptions

- (a) In completing the Factory Overhead Cost Note (Q1.2.1; 8 marks), weaker candidates earned only part-marks because they were unable to separate the portion of costs applicable to the factory by applying the ratios or percentages to exclude costs of the administration and sales divisions. Many also included the advertising expense and lost a mark for foreign items. These issues were highlighted in previous diagnostic reports.
- (b) Calculating the total cost of production (Q1.2.2; 5 marks) basically replicates the composition of the Work-In-Progress Stock Account, which is Grade 11 content. It included the transfer of a figure and a simple calculation using a unit cost. It is a concern that many candidates could not earn full marks here, as all previous examination papers required them to calculate this amount in completing Production Cost Statements. Other approaches involve using the number of units produced, multiplied by the unit cost or completing the Finished Goods Stock Account to calculate this figure.
- (c) Calculating the additional profit (Q1.2.3; 4 marks) is regarded as a more challenging and analytical subquestion aligned to the concept of the break-even point. However, the calculation itself should be relatively simple because candidates were expected to know that the only factors affecting the production of extra units are the selling price and the variable cost per unit. The 4 marks allocated to this subquestion were as follows: number of extra units (1 mark) multiplied by selling price (1 mark), less variable cost per unit (1 mark), with a method mark on the answer (for one part correct). It was therefore possible for weaker candidates to earn 2 of the 4 marks without understanding the concept of contribution per unit (i.e. selling price less variable cost per unit). Many candidates, however, did not understand the 'short-cut' method of using unit costs to do this calculation. Instead, they used a variety of unnecessarily complicated and time-consuming procedures, such as working out total costs and figures that would appear in the Production Cost Statement and Abridged Income Statement. This would have significantly affected their ability to complete this question in the suggested time frame.

- (d) Calculating and commenting on the break-even point (Q1.3.1 and Q1.3.2) were generally well done. In Q1.3.2 (4 marks), weaker candidates did not recognise that the business was making a loss. Candidates were required to comment on both the break-even point and the level of production; however, many candidates mentioned only one of these factors. It is acknowledged that a comment should encapsulate both factors, e.g. by mentioning the difference between the break-even point and the number of units produced.
- (e) In Q1.3.3 (8 marks), most candidates were able to provide valid figures to prove the lack of control over raw materials (4 marks) and to identify possible reasons for the wastage (4 marks). A variety of basic arithmetic calculations or comparisons was accepted in this question, which afforded candidates the opportunity to earn at least part-marks.
- (f) In Q1.3.4 (4 marks), many of the weaker candidates were unable to provide two distinctly separate reasons for the increase in direct labour cost. It should also be noted that the employment of additional workers was not accepted as a valid reason as this will only lead to an increase in direct labour cost per unit if the extra workers are inefficient or unproductive.

Suggestions for Improvement

- (a) As mentioned in the 2018 report, this topic contained a limited portion of higher-order cognitive aspects and posed fewer challenges than the other questions in this paper. Examiners will always strive to introduce more creativity in order to balance the predictable nature of this question. Teachers are advised to provide a variety of examples to candidates to expose them to the different questioning techniques on this topic.
- (b) Teachers should also remind learners of the skills learnt in Mathematics or Mathematical Literacy, particularly skills in using fractions, ratios and/or percentages to calculate costs per component or department. The calculation of the wastage of raw material (Q1.3.3) is also an example of a scenario that would serve as a discussion task in small groups where learners could share ideas on the different options of assessing a practical problem such as this.
- (c) Inappropriate calculations observed in the Factory Overhead Cost Note revealed that further emphasis will have to be placed on improving the calculation skills mentioned above, particularly for weaker learners. Year-end adjustments and reversals may also feature in these calculations, especially if these are not being tested in other parts of the examination paper. Short formative tests on these specific aspects of the topic will serve as useful revision of work covered in Grades 10 and 11.
- (d) Learners tend to find it easy to prepare a Production Cost Statement which reflects the cost of production of finished goods. It was therefore surprising that more of them were not able to earn full marks on the calculation of this cost in Q1.2.2. This seems to indicate that learners might be mechanically preparing the statement in class without appreciating the concepts contained therein. Teachers are advised to reinforce learners' understanding of the items in the Production Cost Statement at every available opportunity, to require learners to verbally express these items and their translation into unit costs and to use pie graphs to visually illustrate the components.

- (e) Diagrams, video presentations and demonstrations could be used to illustrate the relationship between the main components in a manufacturing entity, i.e. Factory, Administration and Sales. In this way, learners should be better equipped to understand the manufacturing process and the different calculations relevant to each component or department. Consequently, this should enable them to make more well-informed interpretations of the unit costs and break-even point.
- (f) Teachers are strongly advised to provide additional tasks on the interpretation of unit costs and how to use unit costs to identify problems or economies of scale and to predict future results. In so doing, learners should realise that it is not necessary to prepare a full set of total income and costs to arrive at conclusions about a manufacturing concern.
- (g) Most learners understand that the calculation of the break-even point involves the use of total fixed costs, the selling price and the variable costs per unit; however, they appeared unable to translate this knowledge in Q1.2.3 in predicting the additional profit on the extra 1 500 units. The many diverse methods used in this question indicates that learners generally did not appreciate the concept of contribution per unit, i.e. selling price less variable cost per unit. Learners should have a conceptual understanding that, as fixed costs remain constant for a period of time, the extra benefit of producing and selling more units arises through the difference between the selling price of a unit and the changeable (variable) cost of producing and selling that unit. Teachers should use a series of short yet effective calculations which determine the additional profit on a number of additional units (such as that in Q1.2.3), or the converse calculation which determines the number of units that would lead to a certain increase in net profit.
- (h) Although the Production Cost Statement and Abridged Income Statement were not required in this question, in teaching these items teachers should not only reinforce the format, but should also require learners to reflect or comment on the unit costs associated with the statements. Teachers are advised to devote time to discussion on how increases or decreases practically occur in the fixed or variable costs associated with production and the effects thereof on the performance of the business.
- (i) Teachers must continue to expose learners to the problem-solving potential of this topic, whereby information on different products is provided and learners are expected to identify problems and to offer solutions based on the figures or calculations from the table of information provided. The scenarios in Q1.2.3, Q1.3.3 and Q1.3.4 could be used as examples in addition to the many examples on past examination papers.

QUESTION 2: RECONCILIATION

This topic is generally pitched as an easy to medium question, but the process of completing the reconciliation (Q2.2; 11 marks and Q2.4; 8 marks) remains a problem for many candidates. This is a concern, as the basic application relevant to this topic is covered in Grade 11 and this topic appeared in different ways in many past examination papers.

Most candidates were able to provide appropriate advantages of EFTs (Q2.1.1) and to recognise the internal control issues that may ensue if this duty is not effectively managed (Q2.1.2). It is evident that the concept of electronic banking has slowly filtered into the teaching process. While weaker candidates were able to offer relevant comments, they struggled to process specific accounting entries.

Common Errors and Misconceptions

- (a) Some candidates were not able to place the relevant figures in the correct cash journals and/or the bank reconciliation statement, and lost marks for superfluous entries. This clearly exposed their lack of understanding of the logic and reasoning of the reconciliation process. The marking guidelines made provision for the two-column and the one-column methods. The weaker candidates could not appreciate the difference, often repeating figures in the incorrect columns of the reconciliation statement and/or in the cash journals.
- (b) While many candidates were able to take advantage of the easier entries, which included the stale cheque, bank charges, rent income and interest, many had difficulty with the treatment of the bank error on the statement (R1 125), the incorrect amount for cheque 516 in the books of the business and lost cheque 427.
- (c) The calculation of the closing bank account balance was generally well done, although weaker candidates did not use the journal totals; instead entering individual figures of the transactions. There were also some cases where candidates did not use the given opening balance of R9 200. Candidates were at liberty to use any method for this calculation, including a Ledger Account format. There were some cases of candidates not being able to determine whether their final answer was a favourable or unfavourable balance when transferring this amount to the Reconciliation Statement.
- (d) It was disappointing to note the number of candidates who did not realise that the balance as per Bank Statement was a balancing figure in the Reconciliation Statement. To get this amount, for those using the two-column method, it was necessary to ensure that the debit column was equal to the credit column on the Reconciliation Statement.

Suggestions for Improvement

- (a) In addressing this topic, teachers must appreciate that reconciliations are important monthly internal control processes that involve structured procedures or steps. Basic application is extensively covered in Grade 11 and reinforced in Grade 12. It must not be assumed that this is an easy topic; weaker learners will require more revision material and regular practice.
- (b) It is necessary to consistently refer to the internal control benefits of the reconciliation process by emphasising the importance of the external documents (statements) received, especially when differences must be identified and appropriate action must be taken in addressing errors and omissions.
- (c) It is advised that teachers commence every topic by assessing prior knowledge. For the topic of Reconciliations, source documents supporting the entries in Cash Journals and their effect on the accounting equation form a necessary starting point. A comparison between these documents and the information on Bank Statements is likely to highlight possible errors and expose any mismanagement, incompetence or fraud.
- (d) Grade 12 teachers must ensure that in-depth revision of preparation in all forms of reconciliations (including debtors and creditors) are included in their teaching plans.

- (e) The CAPS stipulates that the focus in Grade 12 should be on analysis and interpretation of reconciliations. Learners are therefore expected to apply higher-order thinking skills in this regard; however, they must become proficient in the application processes first. Although this question did not focus on analytical problem-solving scenarios, teachers must use questions from past examination papers and various other sources to ensure that learners become familiar with the different ways in which this topic can be tested.
- (f) The informal assessment programme must include short, formative tests in class that can be self- or peer-marked. Learners will then take responsibility for their shortcomings and appreciate how marks can be earned (or lost) in examination situations.
- (g) Due to developments in the Fourth Industrial Revolution, teachers are encouraged to keep up with current trends in all matters affecting the Accounting content. All sectors in the economy are moving towards the digital age. Learners are exposed to the media and many are familiar with the internet. This trend is also transforming the banking sector. In this age of internet banking it should also be noted that provisional online Bank Statements can be printed on any day and at any time; however, banks would also publish formal statements at specific intervals, which should be used for the reconciliation process.
- (h) It may also be argued that, with advancements in technology, bank errors will eventually be a thing of the past, and EFTs being instant transactions cannot be recorded as outstanding. In addressing this argument, teachers should have class discussions on cybercrime, ethics, fraud and human error, e.g. the case where a student found millions of rands deposited in her account in error and she proceeded to use the money. It must be pointed out that reconciliations is a routine process using the same set of external documents, however, time differences can account for outstanding transactions.
- (i) Teachers need to explore various avenues to source relevant, up-to-date information. The textbook will provide standard procedures and examples but might not be adequate to address current or new issues or developments. Newspaper articles and financial publications should be used more extensively in class discussions to enhance the teaching of this topic.
- (j) Subject advisors must identify the underperforming schools, as informed by the analysis of results, and support teachers by providing relevant material, on an ongoing basis, rather than engaging on damage control prior to examinations.

QUESTION 3: INVENTORY VALUATION

This question assessed different stock valuation methods and problem-solving in the context of internal control. The focus was on three different products. A balance of basic calculations, interpretation and ethical considerations were included for each product. Although there were some challenging interpretative sub questions, the majority of candidates took advantage of the easily obtainable marks for routine calculations and comments, often appearing regularly in past examination papers.

Only two of these products required stock valuations, i.e. the FIFO method for cabinets (Q3.1) and the specific identification method for television sets (Q3.5). Calculations were also required for the % mark-up achieved (Q3.2.1), the stockholding period (Q3.3) and the number of missing items (Q3.4).

In addition to the basic calculations, this question integrated business ethics and mismanagement in a problem-solving context. This issue is receiving much public interest as it has plagued society in recent times.

Common Errors and Misconceptions

- (a) Candidates from many centres used unnecessarily lengthy processes by calculating cost of sales and then using this figure to arrive at the stock valuations (Q3.1; 6 marks and Q3.5; 7 marks). It is a concern that they have either been taught to value stock in this way or are inventing their own methods. Although using cost of sales should also lead to the correct answer, it is not advised as it is a much more complicated approach which results in loss of valuable time by candidates.
- (b) In calculating the value of the closing stock using FIFO (Q3.1; 6 marks), the weaker candidates did not consider the items that were returned from the latest purchases. They were, however, able to score the method marks.
- (c) Some candidates did not calculate the gross profit, which was necessary to calculate the % mark-up achieved (Q3.2.1; 4 marks). They simply divided the sales amount by the cost of sales and consequently earned part-marks.
- (d) The valuation of closing stock for televisions (Q3.5; 7 marks), using specific identification, was poorly answered. Many candidates confused the two models, the cost prices, the selling prices or the number of units bought and sold, but were able to score 3 of the 7 marks for quoting the unsold units.
- (e) In calculating the stockholding period (Q3.3; 3 marks), candidates were specifically required to use the closing stock figure. However, many candidates used the average stock figure, which would have required a further unnecessary calculation. It must be noted that this calculation can be done using monetary amounts or units, but some candidates confused monetary values with units.
- (f) The problem-solving questions (Q3.2.2; 4 marks and Q3.2.3; 6 marks) were generally poorly answered by weaker candidates; however, many were able to score part-marks for quoting the relevant figures for sales, gross profit and number of customers. The well-prepared candidates provided clear and concise responses and scored very good marks.
- (g) The many inappropriate responses in Q3.6 (6 marks) clearly showed that candidates could not grasp the concept that the 'commission' was an underhanded, unethical transaction, which could be regarded as bribery and corruption. Many candidates were not able to provide three different concerns, often restating the same point in different ways.

Suggestions for Improvement

- (a) In teaching and assessing stock valuation, teachers are advised to focus on the standard calculation using units of closing stock and the appropriate unit cost prices. Learners should understand that this applies to the FIFO, weighted-average and specific identification methods. As extension, the cost of sales method could be used in class to verify the stock value calculated in the normal way.
- (b) A recap and revision of stock systems (perpetual and periodic) covered in Grade 11 is necessary to address prior knowledge. Teachers should then proceed to introduce the three valuation methods and their relevance to different types of products. A variety of examples and questions must be provided.

- (c) Short summative tests, extracted from previous examination papers, are useful in illustrating the differences of each stock method.
- (d) Predictable calculations under all stock valuation methods involve figures for closing stock, cost of sales, gross profit and missing items. Teachers are also expected to cover the relevant financial indicators relating to stock and critically discuss their usefulness in effective management and internal control.
- (e) The topic of stock lends itself to deep problem-solving scenarios. Learners are expected to analyse the information presented, usually in tables, to justify and support the arguments they present. This will normally involve comparisons between different products or between time periods. This skill must be developed over time, using many examples from past examination papers.
- (f) In addition to short aspect testing, this topic can easily be integrated into case studies and assignments, further illustrating that stock valuation should not be taught in isolation.
- (g) In addressing the ethical considerations as highlighted in this question, teachers are advised to refer to the point in the General Comments above, and to ensure that such scenarios are incorporated into class discussions.

QUESTION 4: COMPANY FINANCIAL STATEMENTS AND AUDIT REPORT

The preparation of information for the financial statements integrated the following topics: Fixed Assets (Q4.2.1; 11 marks), correcting the net profit (Q4.2.2; 9 marks), preparing the Retained Income Note and completing the Balance Sheet (Q4.2.3; 36 marks).

These subquestions have been tested extensively over the years, and in spite of the abundant supply of resources, many candidates continue to show weaknesses in calculations and adjustments that recur in many past examination papers. Weaker candidates were able to score the 'easier' marks for the correct treatment of given figures, but struggled with some of the complex adjustments.

Many candidates did not attempt the subquestion on the Audit Report (Q4.3; 9 marks).

Common Errors and Misconceptions

- (a) In Q4.2.1 (11 marks), candidates struggled with the calculations for depreciation and the carrying value of the vehicle sold. They also failed to effectively transfer their incorrect calculations to subsequent subquestions, where method marks could be earned. This topic was an application of Grade 11 content.
- (b) In calculating the correct net profit in Q4.2.2 (9 marks), many candidates did not indicate the adjustments with the correct sign specifically required (+ or -). Some candidates did not reflect this in their workings either.
- (c) Well-prepared candidates were able to calculate the correct income tax amount by adding the amount due to SARS (R43 000) to the provisional tax payments (Q4.2.2; 2 marks). Many candidates, however, simply used the R43 000 as the income tax adjustment.

- (d) The only challenging adjustment to profit was for Rent Income (Q4.2.2; 2 marks), which was phrased in the same way as in many previous papers. This calculation was poorly handled by most candidates.
- (e) The preparation of the Retained Income Note (Q4.2.3; 9 marks) was generally well done. The only shortcomings identified were the calculation of the amount in excess of the average share price applicable to repurchased shares and the correct number of shares that were entitled to receive final dividends. Weaker candidates continued to ignore the application of the correct adding or subtracting operations and lost the mark for the final balance.
- (f) It was also evident that much time and effort was spent in the revision of the Balance Sheet (Q4.2.4; 27 marks). The average and above average candidates have sharpened their analytical and presentation skills and were able to score very good marks. It was noted that fewer candidates were penalised this year for incorrect classification of items in the Balance Sheet.
- (g) Weaker candidates could not do the transfer from debtors to creditors correctly and did not show all workings for Trade and Other Receivables (Q4.2.4; 5 marks) and Trade and Other Payables (Q4.2.4; 5 marks). They also showed their ignorance regarding the basic format by misplacing many relevant items, losing valuable marks in the process.
- (h) Many candidates were able to calculate the value of the current assets using the current ratio and the current liability figure, which was given (Q4.2.4; 2 marks).
- (i) Weaker candidates experienced difficulty in calculating the short-term portion of the loan. This was the balancing figure under Current Liabilities, which was also needed to adjust the Non-current Liabilities (Q4.2.4; 2 marks).
- (j) The poor performance in the Audit Report (Q4.3; 9 marks) can again be attributed to the scant regard given to this topic, probably because teachers assume that the content is very limited and self-explanatory. Although most of the candidates who attempted this question could identify the type of audit report received and the acid-test ratio, it was surprising that many could not provide examples of audit evidence, as this question has been asked in previous papers. Many candidates could also not provide suggestions for actions that directors could have taken to prevent the type of audit report.

Suggestions for Improvement

- (a) It must be accepted that preparing financial statements will always form a major part of an Accounting paper. The Income Statement and/or Balance Sheet have appeared in all previous examination papers, tested in different ways. Teachers and learners have an ample supply of resources to prepare for this topic, including past year-end and supplementary papers.
- (b) It is noted that weaker candidates tend to perform better in preparing an Income Statement than a Balance Sheet. Due to the structure of the Balance Sheet with more components or subsections, revision of the underlying concepts and format will require more attention.
- (c) The basic format and preparation of financial statements are introduced in Grade 10 and reinforced in Grades 11 and 12. The Grade 12 learner is expected to have a solid foundation, which must include concepts, formats, elements of the accounting equation, the double entry principle and the steps in the accounting cycle. As a starting point, teachers must assess prior knowledge through revision tests before proceeding with the Grade 12 content.

- (d) Although each financial statement is dealt with separately in the Annual Teaching Plan, teachers need to refer to the context of the Annual Report, presented at the general meeting of shareholders, constantly, so that learners can appreciate the usefulness and relevance of financial statements and the difference between financial performance and financial position.
- (e) As a trend, financial statements are always accompanied by specific notes. Regular formative tests can be used effectively to ensure that learners are able to identify the composition/components of the different notes and their place on financial statements.
- (f) A collaborative learning approach can be implemented on a piecemeal basis, with a focus on related notes, progressing from the easy to the more challenging or complex calculations. Example: Adjustments can be addressed together with Current Assets and Current Liabilities, Shares Issued, Shares Repurchased and dividends can be addressed with the Ordinary Share Capital and the Retained Income Notes.
- (g) An advanced stage of preparing financial statements will require insight and analytical skills, as well as an ability to work from any point, using financial indicators and balancing figures to complete the statements. This is often the style adopted in Grade 12 examination papers.
- (h) Balancing figures can sometimes be seen as a stumbling block, but in most cases, they can motivate learners to proceed with the exercise, using their own calculations rather than becoming frustrated. In this question the method marks on incorrect figures amounted to 15 of the 27 marks on the Balance Sheet, and 9 of the 18 marks on the Net Profit calculation and Retained Income Note.
- (i) Because of the integrated use of financial indicators, teachers are encouraged to also integrate the topic on interpretation of financial statements instead of addressing this as an isolated topic. To this end, teachers must also recognise their content gaps and take appropriate steps to bridge the gaps. A useful exercise would be for teachers to regularly spend a few minutes in class after the completion of a Financial Statement by asking learners to reflect on the Financial Statement they have prepared and share one or two significant items that they might have noticed. In so doing, the purpose of the financial statements will be reinforced, thereby laying the basis for further study on financial indicators.
- (j) With reference to the Audit Report, it is important to expose learners to different examples of Audit Reports, i.e. unqualified, qualified and disclaimers. These can be obtained from past NSC examination papers, textbooks, published financial statements in the financial press or the internet. Class discussions can be used effectively to cover this topic. Learners must be encouraged to participate freely and to express their ideas and comments in the language of learning and teaching. Teachers often resort to code-switching and teaching in their vernacular. This tends to complicate the language barriers experienced by learners.
- (k) Learners must engage meaningfully with each paragraph of a standard Audit Report in order to understand the need for each paragraph. They should appreciate the considerable training and skill required of auditors, as well as the responsibilities that they are expected to discharge.
- (l) Subject advisors must address the issue of language seriously across the curriculum and provide opportunities for teacher development on this matter on an ongoing basis.

QUESTION 5: CASH FLOW STATEMENT AND INTERPRETATION OF FINANCIAL INFORMATION

The question comprised the calculation of financial indicators, calculation of specific amounts for the Cash Flow Statement (CFS), analysis of and commentary on share prices, dividends, returns and interpretation of cash flow information.

Candidates generally perform well in certain aspects of the question that predictably feature in all previous examination papers. Most candidates were able to correctly calculate or at least earn part-marks on the figures required for a company's CFS (Q5.2.1; 19 marks) and the calculation of financial indicators (Q5.2.2; 12 marks).

As usual, the question also covered a variety of interpretative subquestions that required explanations with supporting figures. These were generally well answered by the more capable candidates, but weaker candidates continued to be challenged with this section of the topic.

The subquestions on interpretation have traditionally been asked in one of two contexts, either:

- One company (with comparisons over two financial years); or
- Two companies (with comparisons over the same financial year).

In this question paper, Q5.3 reflected the two-company option. The information was consistent with that of previous papers, but was presented in a more summarised format of tables for financial indicators, a comparative CFS and the shareholding of a specific shareholder. It was expected that the concise nature of the information would be user-friendly for candidates; however, candidate responses in this regard were generally disappointing. The more capable students were, however, able to show insight and understanding and earned good marks.

Common Errors and Misconceptions

- (a) The calculations required for the CFS (Q5.2.1; 19 marks) were consistent with those asked in many previous papers. While weaker candidates were able to earn part-marks on most of these calculations, it is disappointing that, in view of the regularity and predictability of these sub questions, they did not perform better. In particular, the calculation of income tax paid and fixed assets purchased did not involve any nuances that would have been challenging.
- (b) Calculations of the financial indicators in Q5.2.2 (12 marks) were generally well answered and many part-marks were awarded. It was disappointing that some candidates did not answer this sub question at all. This tends to indicate that the financial indicators are not adequately taught and revised in Grades 10–12 in certain centres. None of the calculations involved the added complication of calculating averages over two years. Furthermore, the titles of two of the indicators (i.e. % operating profit on sales and debt-equity ratio) actually dictate the figures that are required for the calculations.
- (c) The earlier reference in Q1 to skills involving percentages and ratios learnt in Mathematical Literacy are also applicable to the financial indicators in Q5. Many candidates lost marks because they did not understand the format of a calculation as demanded by the requirements of the question, i.e. whether the answer should be reflected as a percentage, cents/rands or a ratio.

- (d) Weaker candidates showed little understanding of why directors should be interested in the JSE price of their company's shares (Q5.3.1; 2 marks). They were also unable to calculate the additional shares that a shareholder could buy (Q5.3.1; 3 marks). This was particularly inexplicable because both the invested amount and the price of each share was explicitly provided in the same point of information. Many weaker candidates multiplied the funds by the price instead of dividing it, which indicates the severe limitations of these candidates.
- (e) It was disappointing that more candidates could not answer the relatively easy evaluative question of the dividend pay-out rate (Q5.3.2; 6 marks), as this question has consistently been asked over the past three years. Candidates could either perform a calculation of dividends per share as a % of earnings per share, or they could do a comparison of dividends to earnings.
- (f) The analytical question on why the shareholder should regard the lower indicator of earnings share (EPS) in one company as better than the higher indicator of the other company (Q5.3.2; 5 marks) is regarded as one of the higher-order and difficult questions. An appropriate response would require a comparison of the EPS to the value of the share. Weaker candidates found this question beyond their ability. Capable candidates were able to earn part-marks on this sub question through partially correct answers, and some revealed considerable insight, thereby earning full marks.
- (g) Identifying directors' decisions from the CFS was asked in the 2018 Accounting NSC question paper. It was disappointing that many candidates did not quote two of these decisions from the four possible alternatives provided for each company in Q5.3.3 (8 marks). Instead, some quoted financial indicators despite the question stipulating that they should refer to the Cash Flow Statements.
- (h) Weaker candidates struggled to express valid comments or explanations on the financial indicators required for each of the sub questions in Q5.3. These questions always require the quoting of figures, indicators or calculations to support the answers. Although this question was generally well done by above-average candidates, many candidates neglected to provide the necessary proof or evidence, thereby losing marks unnecessarily.

Suggestions for Improvement

- (a) Teachers are referred to earlier versions of the diagnostic report for advice on principles of introducing and teaching the CFS, e.g. relating inflows and outflows of cash to items that would appear in the CRJ and CPJ, introducing the sections of the CFS separately and conducting regular class discussions on the figures to be calculated for each section. This will serve to develop an understanding of the logic of this statement and will further enhance learners' ability to understand its relationship to the other financial statements. For example, movement of bank balances from overdraft to positive would reflect an inflow of cash and increases in loans and share capital would be used as sources of funding and income tax and dividends paid would represent necessary outflows of cash.
- (b) Examination papers will either require candidates to complete the CFS by calculating the missing amounts or they may require calculations of specific amounts, to assess learners' knowledge of the subsections within the CFS. Teachers must train learners on where to obtain the relevant information, e.g. to calculate income tax paid, they will need to look at the SARS (income tax) balances on the Balance Sheet, and the total income tax amount from the Income Statement. Using short informal testing on specific sections in isolation will help to develop confidence in identifying appropriate figures and in practising the correct use of brackets to indicate outflows.

- (c) A good understanding of the figures in the CFS is necessary to calculate the fixed assets sold and the total interim dividends, e.g. learners should know that total dividends paid is equal to the opening balance for shareholders for dividends plus the interim dividends paid.
- (d) Teachers must continue to devote extra attention to the basic calculations through regular formative assessment, particularly in the case of weaker candidates. This revision should include calculations such as percentages and ratios, as well as other relevant formats, e.g. days for stockholding periods, units for items of stock or cents/rands for unit costs or share values.
- (e) It is expected that problems in explaining basic concepts, such as those involving the investment of shares (Q5.3.1), would be identified and remedied by covering these concepts as part of the underlying theory of companies or in the evaluation of textbook information on companies, and then reinforcing these through regular formative assessment and class discussions.
- (f) Extending capable students is another vital responsibility expected of Accounting teachers. Concepts such as those in Q5.3.2 could be used for this purpose. The question on the advanced evaluation of EPS of the two companies (Q5.3.2; 5 marks) revealed an insightful comment from a candidate that 'as the price of the shares in Horizon Ltd is more than double the price of the shares in Optima Ltd, the shareholder would have expected the EPS of Horizon Ltd to also be at least double that of Optima Ltd'. The answer could also have been supported by calculations of EPS as a % of share price (i.e. 97 as a % of 840 = 11,9% and 83 as a % of 400 = 20,8%), but as this is not an indicator stipulated in the CAPS, it was not required. A discussion on this topic would also serve to expose capable learners to the Earnings Yield or the Dividends Yield % that would be studied at university.
- (g) Examination questions involving interpretation of financial information will usually require supporting evidence. Teachers must instruct learners to quote the relevant figures, calculations or indicators, as these will be allocated marks, they will enhance their explanations and they may also emphasise or imply the trend. Discussions on such questions should be included in the teaching process. This will also bring more learners into the learning process, offering different interpretations and suggestions to the same problems.
- (h) Learners need to understand the logic underlying each financial indicator. For example, net asset value reflects the basic value of each share according to the books of the company and therefore, the shareholders' equity and the number of shares must be considered. Inserting figures into a rote-remembered formula serves no positive educational purpose, as learners will not be able to offer meaningful interpretations of the results. It is, therefore, important that formative class tests should cover both the calculation and the purpose of financial indicators. A data sheet (if provided) will still require candidates to know the names and purpose of financial indicators.
- (i) The printed answer book is intended to assist candidates in structuring responses. However, learners must be instructed to refer to the question paper for each question, and not to rely on the answer book to repeat all aspects of questions. Regarding the inappropriate responses to Q5.3.3 (8 marks), it is possible that these candidates who did not refer to the information in the CFS did not read the stipulation to do so in the question paper.

QUESTION 6: BUDGETING

Many candidates appeared to struggle to complete this question, and some did not attempt the question at all, possibly due to an inability to comply with the suggested time frames on previous questions. In some cases, however, candidates reflected similar performance as that of other questions.

The first part of this question (Q6.1; 11 marks) required candidates to identify figures that would appear in a Cash Budget and/or a Projected Income Statement. This reflected a change to the style of questioning as this topic has usually required candidates to provide or calculate missing figures in either of these statements, a procedure which, in fact, falls into the Grade 11 Accounting CAPS.

The intention of combining both statements in the same question is to assess candidates' knowledge of the differences between the Cash Budget and the Projected Income Statement. It was expected that this question would be easy to moderate, as it focused on only three items with key figures provided and no complicated calculations were involved.

The other parts of this question have all been covered in past NSC papers:

- Q6.2 (7 marks) covered analysis of a Debtor's Collection Schedule.
- Q6.3 (18 marks) covered evaluation of projected and actual figures in a Projected Income Statement and problem-solving scenarios. Candidates had to interact with the actual and budgeted figures and quote relevant figures to support their explanations.
- Q6.4 (4 marks) covered a basic budgeting calculation.

Common Errors and Misconceptions

- (a) Although capable students were able to score good marks on this question, it was disappointing that Q6.1 was generally not well done. The explicit template and the simple transactions explained in the question should have ensured that placement of figures in the appropriate statement and correct months was obvious. However, many candidates placed these sporadically in the template and some presented several superfluous entries, which indicated that they generally did not understand the purposes of a Cash Budget and a Projected Income Statement and the differences between them. There was a penalty for superfluous entries (Max -2).
- (b) In Q6.2 (7 marks) most candidates who attempted the question could earn full or part-marks on the % of debtors settling their accounts in the second month. However, the calculation of the % bad debts was poorly done by weaker candidates and their methods used were often not logical.

- (c) Q6.3.1 (6 marks) was generally well done. The assessment of salary or wage increases is a topic that candidates can relate to easily, and the question has been asked in several past NSC papers. The only problems in this regard were experienced by candidates who did not quote appropriate figures as required, and those who could not identify a second valid point without merely repeating the essence of their first point. Some candidates did not calculate the % increase in wages, which would have enhanced their answers. It is a concern that many weaker candidates could not perform a basic Grade 9 calculation, i.e. the percentage increase in salaries.
- (d) Most candidates earned part-marks in Q6.3.3 (4 marks) because they focused only on one month. Many candidates failed to see how certain items are related, such as carpet sales and installation expenses. The information reflected that there was poor control of installation costs in September as evidenced by the over-budget expenditure despite the decrease in sales. The higher-order aspect of this question was reflected in October where, although the expenditure was over-budget, this was justified because of the increased sales. Only the more capable candidates were able to identify and explain this.
- (e) The question on the effect of the new competitor and the decisions to counter this threat (Q6.3.3; 8 marks) is a repetition of questions in previous papers. Candidates who were able to complete this question achieve good marks on the comment and were able to easily identify two decisions taken by the owner.
- (f) The calculation of the amount payable to creditors (Q6.3.4; 4 marks) was satisfactorily done, although weaker candidates were not able to use percentages correctly, particularly the 5% cash discount. Some candidates applied the correct percentages to the projected cost of sales and scored the relevant part-marks.

Suggestions for Improvement

- (a) It is vital that learners understand the distinct purposes of a Cash Budget and a Projected Income Statement, as well as their similarities and differences. Teachers are advised to devise tasks, such as Q6.1 for formative or summative assessment, as this can be used to good effect in diagnosing learners' understanding or misconceptions of these two managerial accounting documents. It is not a time-consuming exercise and it is user-friendly for self- or peer-marking. Such an exercise also places emphasis on cash and non-cash items and the distinction between Balance Sheet accounts and nominal accounts; concepts that are also relevant to other parts of the syllabus.
- (b) The Grade 11 *CAPS* relates to preparation and presentation of the Cash Budget and the Projected Income Statement. The Grade 12 *CAPS* emphasises analysis and interpretation of that information. While it is essential that the Grade 11 content be consolidated in Grade 12 to develop proficiency in identifying and calculating relevant figures, teachers are encouraged to spend time in improving learners' confidence in interpreting budgeted and projected information.
- (c) The points mentioned earlier in this diagnostic report in Q1 and Q5 relating to constant revision and reinforcement of learners' skills in using percentages is equally applicable under this topic. Constant short tests that may be repetitive are useful in this regard.

- (d) It is recommended that scenarios such as those in Q6.3 be used for discussions in class so that learners are exposed to the logic and variety of possible responses. Case studies and assignments can also be effective in this regard.
- (e) In teaching the analysis of actual figures against budgeted figures, teachers must focus on the appropriate use of terms such as *overspent*, *underspent*, *under-budgeted* and *over-budgeted*. Such initiatives will also be indirectly addressing the language barriers that learners experience in clearly expressing their ideas.
- (f) Teachers are advised to impress upon learners that in the assessment of variances, they should not simply restrict themselves to comments on whether or not an item is over- or under-budget. Instead, they should also assess the impact of the item on business operations and on related items of income or expenses.

