



2023 DIAGNOSTIC REPORT GRADE 12 ACCOUNTING

**A SUMMARY OF SALIENT
POINTS ADDRESSED
IN THE 2023 REPORT**



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PRESENTATION OUTLINE



- Introduction
- Performance trends
- Overview of performance
- Diagnostic Analysis per Paper
 - Question by question analysis
 - Common errors and misconceptions
 - Suggestions for improvement
- Conclusion

INTRODUCTION

- The Report focuses on topics / sections covered in the 2023 papers, highlighting key observations in performance of that cohort. It is therefore important to refer to the relevant Question Paper and Marking Guideline.
- The use of previous Diagnostic Reports is very relevant as different topics may have been tested or same topics assessed in different ways.
- RASCH Analysis – a random sample of 100 scripts across a range of Levels – is an indication of performance in specific sub-questions; not a reflection of overall performance.
- Provides a qualitative picture of performance and should serve as a useful tool in developing effective Subject Improvement Plans and targeted intervention strategies.
- Teachers and subject advisors are encouraged to use the findings and suggestions over the different terms to improvement content coverage as well as methodology.

CHAPTER 2: ACCOUNTING

PERFORMANCE TRENDS

Year	No. wrote	Achieved at 30%	%	Achieved at 40%	%
2019	80 110	62 796	78,4%	42 113	52,6%
2020	92 767	70 014	75,5%	49 103	52,9%
2021	105 894	79 093	74,7%	54 518	51,5%
2022	104 798	78 993	75,4%	54 291	51,8%
2023	100 974	77 572	76,8%	52 509	52,0%

Decrease in
number wrote

3 824

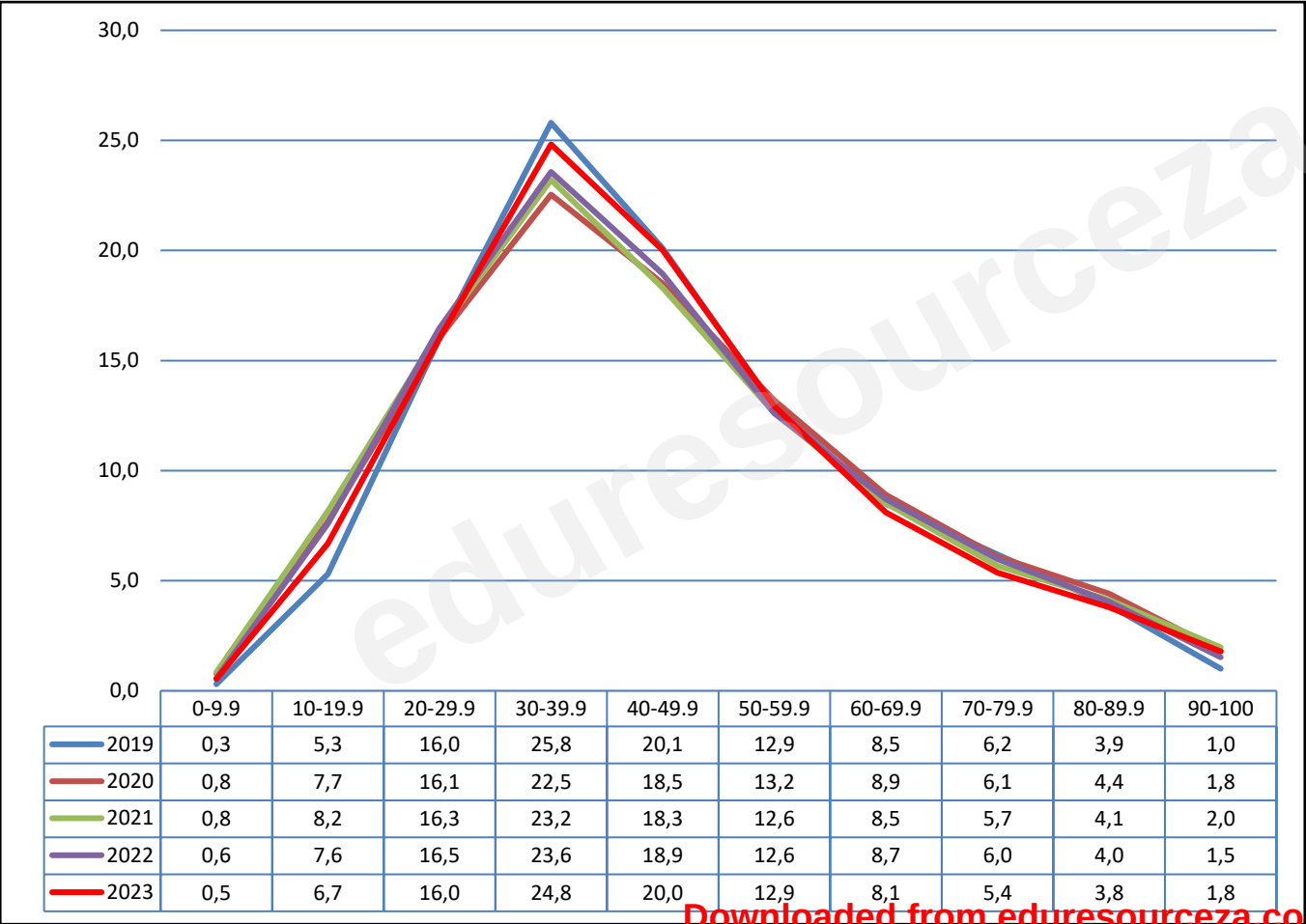
Marginal
improvement in
% pass

Consistent pass
% at 40%

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QUALITY OF PASSES .. CONTINUE TO BE A CONCERN

Graph 2.1.2 Performance distribution curves in Accounting (percentage)



Fairly consistent trend over five years

44,8% of candidates pass in the 30 – 40% range

5,6% of candidates achieve L7 pass

OVERVIEW OF PERFORMANCE: P1 & P2

POSITIVES

- A consistent overall performance when compared to 2022.
- Learners were generally well prepared – positive effect on pass rate.
- Majority attempted to answer all parts of both paper – with varying degree of success.
- Teachers have embraced to need to focus on current trends and this was evident in responses offered.
- Effective use of past year papers was also noted. Innovative questions of previous years were well managed going forward.

OVERVIEW OF PERFORMANCE: P1 & P2

NEGATIVES

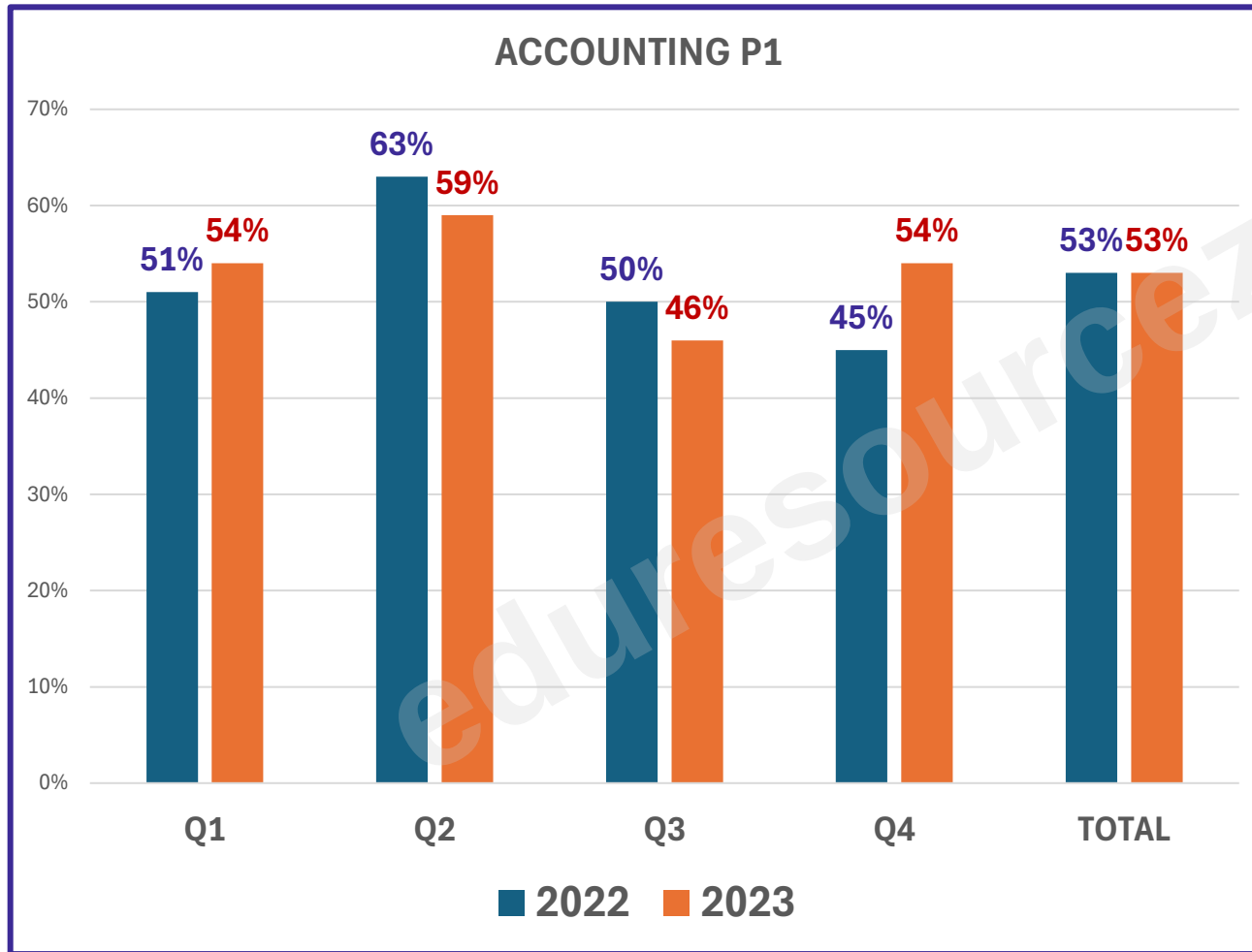
- Wide variations in the general quality of responses across centres.
- Weaker candidates continue to struggle with basic application questions and content of previous Grades.
- Language barriers persists - inability to comprehend requirements of questions.
- Rote learning limits the ability to formulate explanations to answer questions posed differently from previous years.
- Inability to identify necessary information needed to answer specific questions.
- Ineffective use of the Answer Book and poor time management.

OVERVIEW OF PERFORMANCE: P1 & P2

READING WITH MEANING - A general concern....

Recent studies have revealed that learners who lack the skill of reading with meaning generally underperform. They tend to focus on key recognizable words in a question and attempt to formulate a response. Others repeat or paraphrase chunks from the scenarios - these may not fit the context of the question being asked, and hence do not earn any marks.

DIAGNOSTIC ANALYSIS: P1

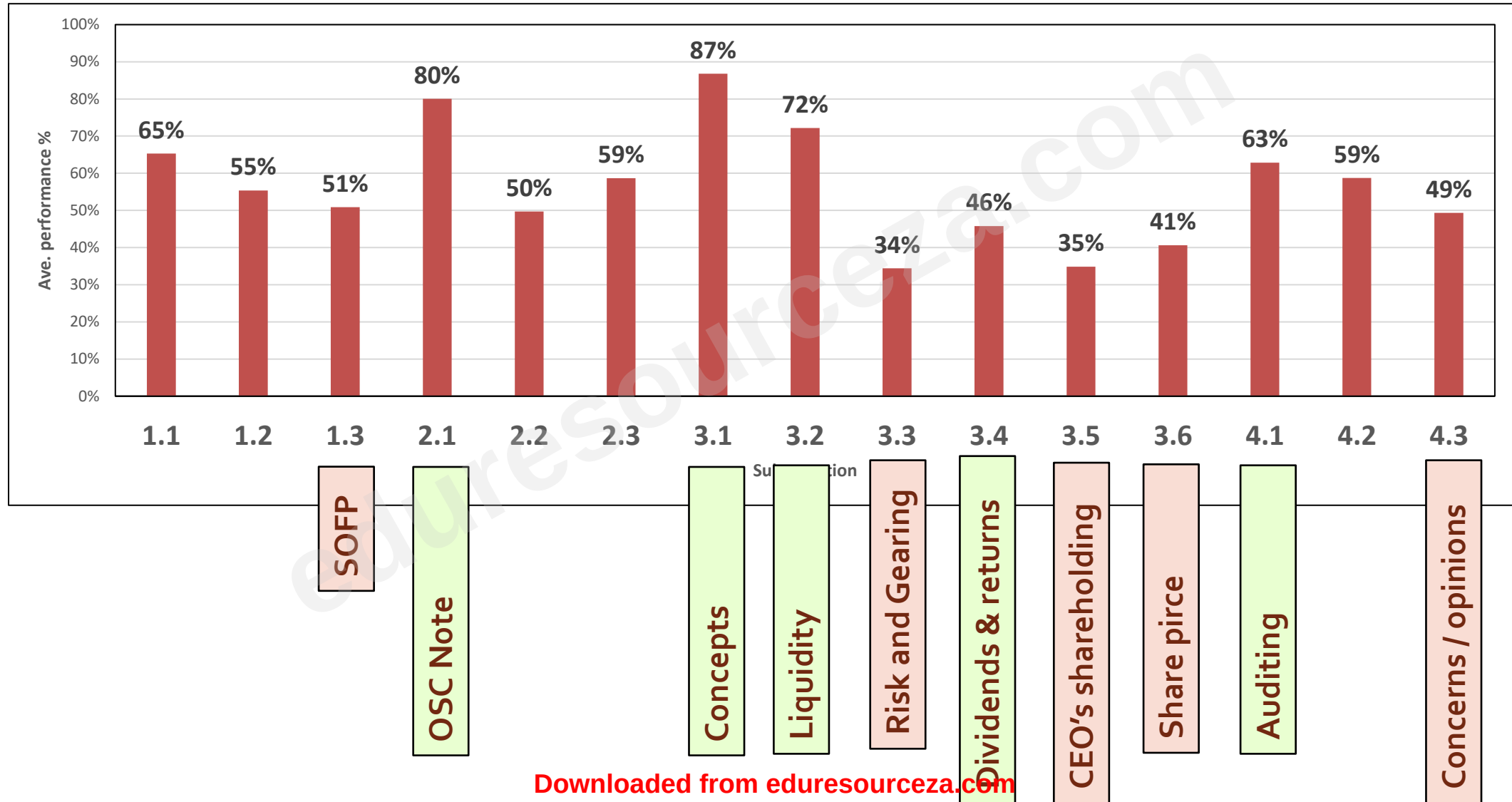


Q1	Company Financial Statements
Q2	Cash Flow Statement and Financial Indicators
Q3	Interpretation of Financial Information
Q4	Corporate governance

Comments on specific Questions ...

- Questions on Financial Statements can take various forms basically covering the SOCI and the SOFP. 2023 provided an equal focus on both financial statements.
- The decline in performance in Q2 was disappointing as it represented the standard type of application questions.
- Q3 remains to be a challenge although many of the sub-questions appear regularly from one year to the next.
- Performance in Q4 was pleasing – open-ended nature made this accessible to a large percentage of candidates.

Graph 2.3.2 Average performance per sub-question in Paper 1



Analysis of specific content: Paper 1 ...

QUESTION 1: Financial Statements

Common Errors and Misconceptions

- Weaker candidates did not use the generally taught and explained method of identifying the value of the closing stock from the last batches of purchases. Other lengthy methods may have earned part marks but also impacted on time wasted.
- Adjustments ranged from easy to complex calculations. As both financial statements were required, candidates had to address the impact of adjustments for the SOCI and the SOFP – which could have been done simultaneously.
- Furthermore, the effect of adjustments did not correspond with the correct application to the SOFP (T&OR or T&OP)
- Rent and directors fees posed different challenges to calculations. This innovation was not easily interpreted by many candidates.

Analysis of specific content: Paper 1 ...

QUESTION 1: Financial Statements

Common Errors and Misconceptions

- With regards to the SOFP, the correct use of the debt-equity to calculate Shareholders Equity was only managed by a small percentage of learners.
- The incorrect sign was applied to the transfer of an amount from DL to CL
- The splitting of the fixed deposit to Current Assets was poorly handled.
- A fair percentage of candidates continue to neglect the provisional tax payments when determining the amount due to SARS for income tax.

Analysis of specific content: Paper 1 ...

QUESTION 1: Financial Statements

Suggestions for Improvement

- Teachers must alert learners on how to take advantage of method marks. E.g. entering pre-adjustment figures and following through with incorrect calculations and sub-totals. At least 20/55 marks in this question were method marks.
- Calculations from adjustments always involve interpretation. This can only be mastered with regular practice. Teachers must provide a mix of easy adjustments (Grade 10 & 11)., and more complex examples. A reliance on past papers is a good starting point , but other creative ways must also be explored.
- Although the SOCI and SOFP must be address separately through the introductory phase of teaching,, this must be integrated as learners become more proficient . Use of the accounting equation is essential when explaining this relationship.
- Commonly asked content (SARS, dividends, current portion of loan) must be extracted from past exam papers and revised as 'low-hanging fruits'

Analysis of specific content: Paper 1 ...

QUESTION 2: Cash Flow Statement and Financial Indicators Common Errors and Misconceptions

- Surprising that a fair percentage of candidates were not able to correctly calculate the Average Share Price. This impacted on the follow-up question relating to Financing Activities.
- Dividends paid was misinterpreted – as it was not presently in the usual way.
- Funds used to repurchase shares – learners neglected to include both parts. Some showed only the portion from OSC whilst others only reflected the portion from Retained Income.
- The presentation of the information on loans also created confusion. Learners are too familiar with the stereotypical form of being given the opening and closing balance.

Analysis of specific content: Paper 1 ...

QUESTION 2: Cash Flow Statement and Financial Indicators Common Errors and Misconceptions

- NAV – some candidates mistakenly used the OSC instead of the shareholders equity.
- Dividend pay-out rate – continue to be a challenge despite emphasis placed on interim and final dividends over the last few years.
- % return of Shareholders equity – common error was to use OSC instead of the Shareholders Equity as a denominator.

Analysis of specific content: Paper 1 ...

QUESTION 2: Cash Flow Statement and Financial Indicators

Suggestions for Improvement

- CFS is always pitched as an application-type question; either to calculate the amounts of the CFS or to complete sections of the CFS. Material from past examination papers are generally adequate to address this topics.
- Teachers must take time to teach each section; provide sufficient examples on each, explain the correct use of brackets and then proceed to look at entire activities.
- The commonly-asked sub-questions must be compiled in a manual and used for revision. These must be targeted as the easily- obtainable marks.
- Encourage learners to always show workings. Different approaches are acceptable.
- The formula sheet can be effectively used as a teaching tool. Different categories of indicators can be identified, names can be inserted and discussions can follow.

Analysis of specific content: Paper 1 ...

QUESTION 3: Interpretation of Financial Information

Common Errors and Misconceptions

- Disappointing that even the frequently asked categories were poorly answered. This included Liquidity, risk and gearing , dividend pay-out rate and returns and earning.
- It appears that learners are challenged as to how much to write when the question is based on two companies. Lengthy explanations are provided for few marks.
- The open-ended questions were poorly answered mainly due to language barriers or failure to clearly express responses. These include:
 - Reasons why shares repurchased was irresponsible decision
 - The influence of the CFO and the offer of this position to a different applicant.
- Majority shareholding concept seems to be well managed – however, identifying how the company managed to acquire funds was a challenge.
- The relationship between the NAV and the MP is still not clearly understood by many. They fail to recognise that MP is an external indicator influenced by various factors

Analysis of specific content: Paper 1 ...

QUESTION 3: Interpretation of Financial Information

Suggestions for Improvement

- Teachers need to firstly show a positive interest in the topic. This will boost the confidence of learners in reading and answering these questions.
- A good understanding of financial indicators and the different categories is essential. The suggestion about interrogating the formula sheet as a starting point is also valid here. Teachers must develop set strategies on how these questions must be approached – marking guidelines would provide this.
- The difference between quoting a trend and making a comment must be emphasised. Meaningful comments must make reference to such trends.
- At times, questions may be phrased differently or the focus of the response may require insight. This is to assess whether learners are simply paraphrasing comments of previous years, or they show a definite understanding of the logic of the questions.

Analysis of specific content: Paper 1 ...

QUESTION 3: Interpretation of Financial Information

Suggestions for Improvement

- The process of developing an answering skill in the five main categories should start at Grade 10 level. It must not be assumed that learners remember work covered in previous Grades – regular short informal activities must be provided.
- Skill in answering questions on % shareholding and on other open-ended questions that do not feature every year can only be developed through regular class discussions. Opportunities for such discussion must be created. Groups with a mix of strong and weak learners must be created and learners must be allowed to freely express their opinions.
- It may also be a strategy to treat certain aspects of the content at various points of syllabus coverage. E.g. Profitability indicators can be discussed when SOCI is being addressed; Liquidity can be mentioned when the SOFP is being covered.

Analysis of specific content: Paper 1 ...

QUESTION 4: Corporate Governance

Common Errors and Misconceptions

- Performance in this question would always vary depending on the nature of the scenario presented. This question is generally unpredictable, and teachers find it difficult to prepare for it.
- Poor responses to the questions on auditing is an indication that this may not have been adequately covered in class.
- Learners being unfamiliar with the term 'whistleblower' had difficulty providing meaningfully answers to questions posed.
- Many of the learners misinterpreted certain statements in the scenario, or they simply quoted chunks from the extract at inappropriate points.

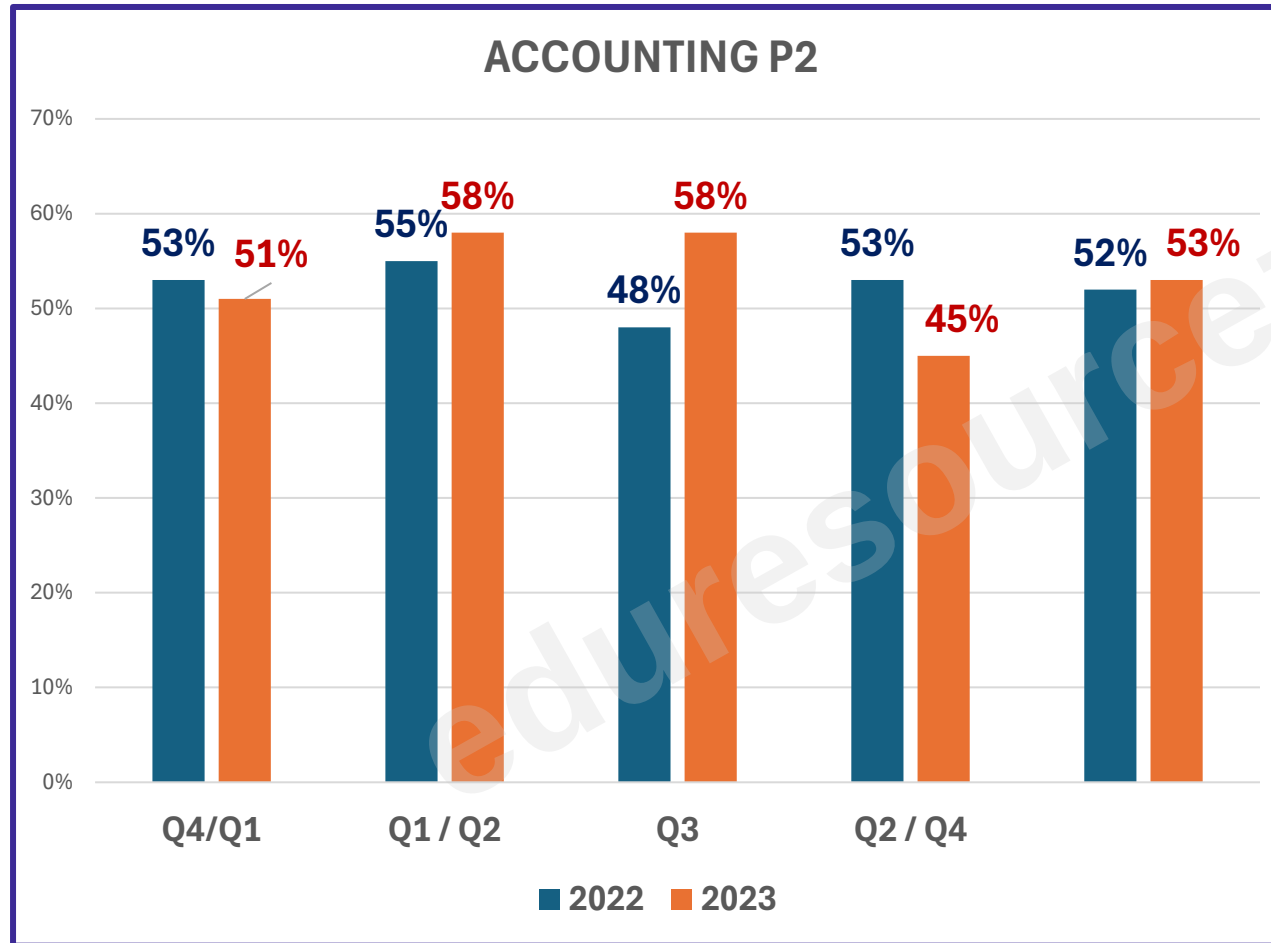
Analysis of specific content: Paper 1 ...

QUESTION 4: Corporate governance

Suggestions for Improvement

- This topic affords learners the opportunity to express their opinions and teachers must provide opportunities for class discussions.
- Teachers need to accept that corporate governance is not a topic in isolation. Every opportunity for any discussion must be pounced upon. E.g. when the concept of authorised share capital is addressed, it is important that reasons for this be discussed; or when the CEO is mentioned in a question, this is an opportunity to talk about management, control, the Board, non-executive directors.
- Material may be a challenge. Subject advisors should assist schools by sourcing relevant material that can be used in the class.
- The non-test SBA units can be effectively used to encourage some research on corporate governance issues – especially the Project.

DIAGNOSTIC ANALYSIS: P2

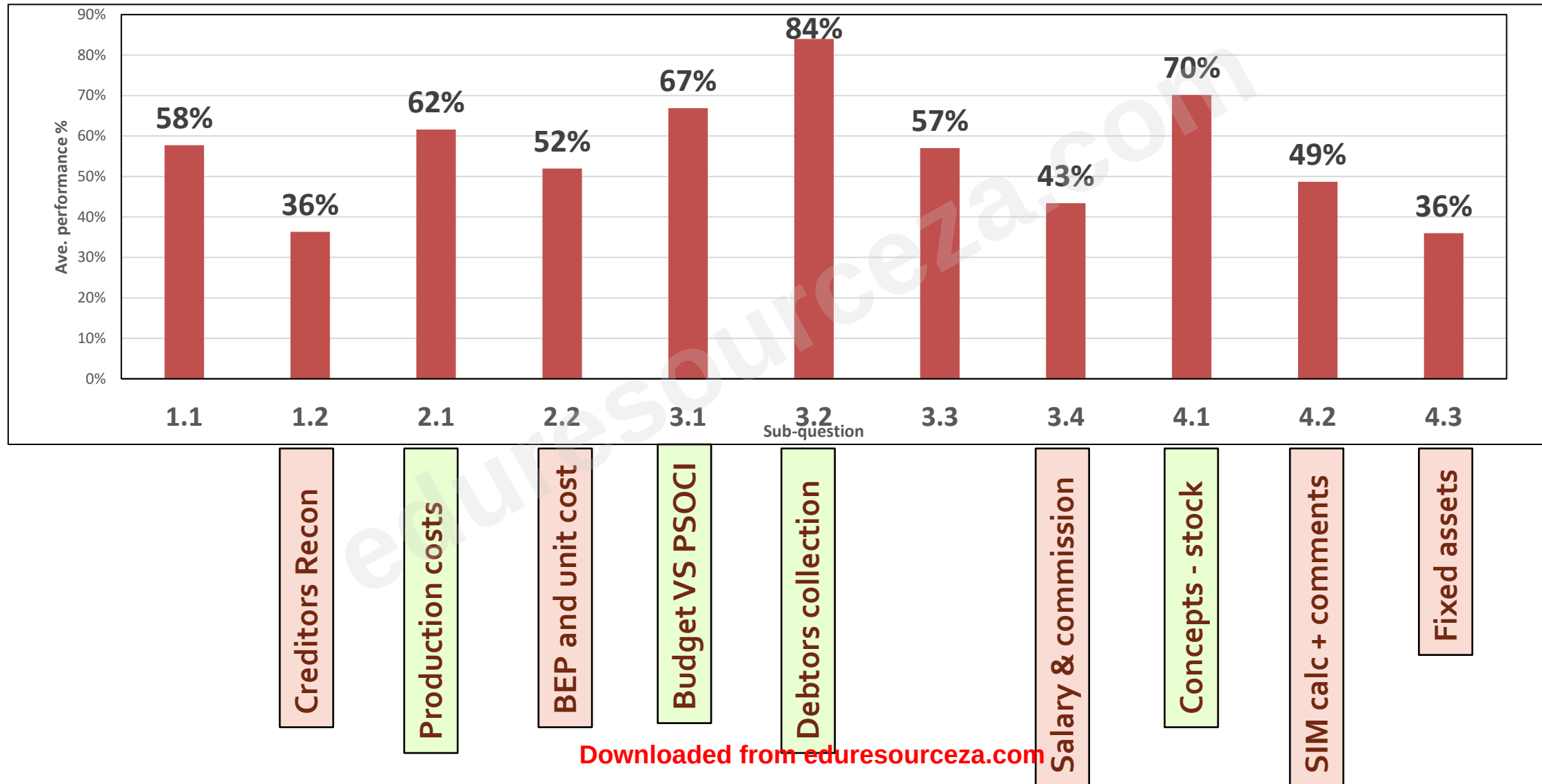


Q4 / Q1	Reconciliations
Q1 / Q2	Cost Accounting
Q3	Busgeting
Q2 / Q4	Stock valuation / Fixed Assets

Comments on specific Questions ...

- Bank reconciliation appeared in an application form after being re-introduced after changes in the banking sector. It was disappointing the creditors reconciliation was poorly answered
- Cost accounting is always well managed. The format and structure remains fairly consistent.
- The application part of budgeting is enjoyed by the majority. It is the nature of the interpretation questions that accounts for the level of performance each year.
- While stock valuation appears to be mastered by a large percentage of learners, it is a concern that calculations relating to fixed assets continue to be a challenge..

Graph 2.5.2 Average performance per sub-question in Paper 2



Analysis of specific content: Paper 2 ...

QUESTION 1: Reconciliations

Common Errors and Misconceptions

- Placing irrelevant figures in the Cash Journals, especially those related to the previous month's reconciliation and errors identified in journals and the statement.
- Determining the balancing figure on the Reconciliation Statement. A large percentage of learners used the amount from the previous month.
- Internal control procedures is still a concern – inappropriate cliches are still being used, showing a lack of understanding of the requirements of the question.
- For the creditors reconciliation, some learners neglect to use the relevant signs; a few also placed figures in all the columns and rows, and were penalised for superfluous or foreign entries.

Analysis of specific content: Paper 2 ...

QUESTION 1: Reconciliations

Suggestions for Improvement

- This topic is basically part of Grade 11 – the relevant steps and procedures must be re-emphasised before addressing more complex content and interpretation.
- Practical examples must be used. Older material must be adapted to take into account changes in the business sector.
- A list of possible errors and omissions must be made – these can be used for class discussions or for short informal class tests.
- Class discussions is also relevant here as the logic of the reconciliation process and its benefits as an effective internal control measure can be appreciated.

Analysis of specific content: Paper 2 ...

QUESTION 2: Cost accounting

Common Errors and Misconceptions

- Using a stock valuation method to calculate DMC was a challenge. Some candidates used strange and unfamiliar methods, thereby wasting valuable time
- In adjusting the FOHC amount, a few candidates neglected to use the appropriate sign. Many also experienced difficulty in interpreting the adjustments correctly.
- In determining the cost of raw material wasted, a fair % of learners only calculated the number of metres – they scored part marks.
- Many candidates incorrectly identified selling and distribution as a variable cost that was not well controlled – they did not read the entire question, which wanted learners to focus on production costs that were not well controlled.
- In comparing the performance of a newly introduced product with that of an existing product, many candidates commented on the BEP and production only. This was not sufficient for full marks.

Analysis of specific content: Paper 2 ...

QUESTION 2: Cost accounting

Suggestions for Improvement

- A variety of examples must be used to expose learners to the different styles of questioning. Past exam papers may not be adequate to cover all grounds.
- Although sections of the topic can be addressed in piecemeal, integration must be emphasised at various stages.
- Unit cost and BEP analysis has taken on a more significant portion of this question and more time must be dedicated to this aspect.
- A clear distinction between fixed and variable cost must be emphasized. Clear explanations depends on the correct interpretation of this difference.
- This section also has the potential for deep problem solving. More examples must be provided so that this skill is developed.

Analysis of specific content: Paper 2 ...

QUESTION 3: Budgeting

Common Errors and Misconceptions

- The difference between a cash budget and a projected SOCI is still not clearly understood by some learners. They failed to identify relevant items for each.
- Budget calculations were well managed, although some candidates resorted to lengthy, inappropriate calculations. They received part marks.
- Many candidates did not notice that commission is a part of total earnings and commented on the change in salary as the only decision taken by the owner.
- Calculating the net purchases on land and buildings was generally well answered although there was some confusion between receipts and payments vs income and expenditure concepts.

Analysis of specific content: Paper 2 ...

QUESTION 3: Budgeting

Suggestions for Improvement

- Teachers are advised to ensure that ample time is allocated to recap of work covered in Grade 11. This includes all the concepts as well as basic calculations.
- Analysis and interpretation will always feature in this question so it is vital that a range of examples be used during teaching and revision.
- In analyzing and commenting on budgeted and actual figures, it is important to relate the budget item to sales or fee income, and convert figures to percentages so that impact can be clearly noticeable.
- Different scenarios are introduced in different years – it is therefore not wise to rely on past papers only. This skill must be developed through the use of many examples extracted from various sources.

Analysis of specific content: Paper 2 ...

QUESTION 4: Inventory valuation and Fixed Assets

Common Errors and Misconceptions

- Learners struggled to determine the correct closing number of units and many used the selling price instead of multiplying by the cost price.
- Some learners used the average stock although the question specifically requested that the final stock figure be used.
- Commenting on SHP is still a challenge – this is not be related to the type of product.
- It was disappointing that learners continue to struggle with calculations related to fixed assets. This is regarded as Grade 10 and 11 content and as aspect that is covered across different topics.
- The R1 rule for fully depreciated assets was the worse answered question. This could also be attributed to the misinterpretation of the question.

Analysis of specific content: Paper 2 ...

QUESTION 4: Stock valuation and Fixed Assets

Suggestions for Improvement

- Emphasis must be placed on the calculation of the closing stock for each of the three valuation methods making use of the commonly used steps found in most textbooks.
- It is important that learners identify the products being valued as this provides vital clues on how to respond to SHP.
- Past exam papers provide many examples of how this topic can be tested. These must be used for short class tests and for revision purposes.
- With regards to fixed assets, regular practice is essential. Teachers must not focus on this as a single topic but use opportunities across all topics to address these calculations. Financial statements, cash flow statement as well as cost accounting and budgeting will also provide such opportunities.

General suggestions for improvement



Recommended techniques to improve performance:

- ***More emphasis on LAC initiatives:*** interrogate questions in classroom discussions. Focus on understanding instructions and action required.
- ***Time management:*** use the time guides in exam papers and mark allocation to set time frames for all summative activities / short focused activities (speed tests)
- ***The printed Answer Book:*** pre-printed amounts & details are an indication of length of responses. Answer according to strengths. Need to be precise.
- ***Ethics, governance and internal control:*** use of topical scenarios. Discuss and debate. Use assessment tasks to address some of these issues, at appropriate intervals, as aspects of topics are being covered.

In conclusion...

- The Diagnostic Report is a vital teaching and learning resource; it complements the CAPS, Examinations Guideline and The Annual Teaching Plans.
- Teachers are generally proficient with content knowledge; they need to explore different ways to present the information (methodology) . The 21st century learner is more attentive when presentations are relevant and interesting.
- Accounting is a dynamic subject – material needs to be current and relevant. Textbooks may not be adequate. Subject advisors must recognize and identify teachers with content gaps and provide targeted intervention accordingly.

