education

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SUBJECT GUIDELINES

Applied Accounting

NQF Level 3

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INTRODUCTION

A. What is Applied Accounting?

Applied Accounting teaches students the basic day-to-day bookkeeping of a small business enterprise. Once students are confident with the basic accounting entries, the work is expanded to year-end procedures which also include the interpretation and analysis of relevant information to help the owner of the small business enterprise to make decisions.

Applied Accounting develops the logical and analytical ability of students. Students are encouraged to develop a systematic approach to the solution of problems. The subject also develops characteristics such as neatness, thoroughness, accuracy, sound judgment and orderliness. The students' understanding of financial principles will be meaningful in their future lives.

Students who have experience of being an entrepreneur can also benefit from this subject by learning generally accepted accounting practice (GAAP) and familiarising themselves with current legislation.

B. Why is Applied Accounting important in a vocational programme?

A sound knowledge of accounting and accounting principles serves as a usable foundation for all role-players when involved in a small business enterprise. Applied Accounting prepares students for the world of work in general and for the execution of accounting functions specifically. The practical components of Applied Accounting aim at increasing students' competence level in such a way that they can be productive in posts which require an accounting background. The practical component is further directed to the learning of an accountancy package on the personal computer to keep pace with modern computer developments.

C. The link between the Applied Accounting Learning Outcomes and the Critical and Developmental Outcomes

Applied Accounting develops students' skill to plan before commencing any work. Students also develop logical thought processes so that instead of relying on set rules, they can apply basic principles to new and unfamiliar situations. Students acquire and develop a systematic approach to the solution of problems. They also learn to understand and adapt to the social environment by meaningfully interpreting accounting information.

D. Factors that contribute to achieving the Applied Accounting Learning Outcomes

Students interested in commerce or the business world will benefit from Applied Accounting. Furthermore, accounting knowledge is part of the management function of any business and is essential for any student exploring management as a future career opportunity.

Students who have developed specific characteristics, such as thoroughness, accuracy and orderliness, usually enjoy Applied Accounting.

1 DURATION AND TUITION TIME

This is a one year instructional programme comprising 200 teaching and learning hours. The subject may be offered on a part-time basis provided the candidate meets all the assessment requirements.

Course preparation should consider students with special education needs.

2 SUBJECT LEVEL FOCUS

Prepare journals for various transactions, general ledger accounts and initial trial balance as well as financial year end procedures and statements. Journals include cash, debtors and creditors.

3 ASSESSMENT REQUIREMENTS

3.1 Internal assessment (50 percent)

3.1.1 Theoretical Component

The theoretical component will form 40 percent part of internal assessment.

Internal assessment of the theoretical component of Applied Accounting NQF Level 3 will take the form of observation, class questions, group work (informal group competitions with rewards), individual discussions with students, class, topic and semester tests, internal examinations. Daily observation can be done when marking practical exercises of previous day and class questions.

Assignments, case studies and tests can be done at the end of a topic. Tests and internal examinations must form part of internal assessment.

3.1.2 Practical/Application Component

Practical components include applications and exercises.

All practical components must be indicated in a Portfolio of Evidence (PoE).

The practical component will form 60 percent part of internal assessment.

Internal assessment of the practical component of Applied Accounting NQF Level 3 will take the form of assignments, practical exercises, case studies, practical examination in a simulated business environment.

Students can complete practical exercises on a daily basis and assessed on a daily basis. Assignments and case studies can be done at the end of a topic. Practical examination can form part of internal practical assessment.

- **Some examples of practical assessments include, but are not limited to:**

  A Presentations (lectures, demonstrations, group discussions and activities, practical work, observation, role play, independent activity, synthesis and evaluation)
  B Exhibitions by students
  C Visits undertaken by students based on a structured assignment task
  D Research
  E Task performance in a simulated/structured environment

- **Definition of ‘structured environment’**

Structured environment for the purposes of assessment refers to an actual or simulated workplace, or workshop environment. A practicum room would be advisable on each campus for students to do practical assessment

- **Evidence in practical/application assessments**

All evidence pertaining to evaluation of practical work must be reflected in the students’ Portfolio of Evidence (PoE). The tools and instruments constructed and used for the purpose of conducting such assessments must be clear from evidence contained in the PoE.

3.1.3 Processing of Internal assessment mark for the year

A year mark out of 100 is calculated by adding the marks of the theoretical component and the practical component of the internal continuous assessment.

3.1.4 Moderation of internal assessment mark

Internal assessment is subjected to both internal and external moderation procedures as contained in the National Examinations Policy for FET College Programmes.

3.2 External assessment (50 percent)

A national examination is conducted annually in October or November each year by means of a paper set, marked and moderated externally.

Detail in respect of external assessment is contained in *Assessment Guidelines Applied Accounting Level 3*.

4 WEIGHTED VALUES OF TOPICS

TOPICS	WEIGHTED VALUE
1. Administer income and receipts	15
2. Administer payments and expenses	15
3. Administer credit sales transactions	15
4. Administer credit purchase transactions	15
5. Prepare general ledger accounts and initial trial balance	20
6. Financial year end procedures and statements	20
TOTAL	**100**

5 CALCULATION OF FINAL MARK

Internal assessment:	Student's mark/100 x 50/1 = a mark out of 25	(a)
Examination mark:	Student's mark/100 x 50/1= a mark out of 75	(b)
Final mark:	**(a) + (b) = a mark out of 100**	

All marks are systematically processed and accurately recorded to be available as hard copy evidence for, amongst others, purposes of moderation and verification, as well as purposes or reporting.

6 PASS REQUIREMENTS

The student must obtain at least fifty (50) percent in ICASS and fifty (50) percent in the examination.

7 SUBJECT AND LEARNING OUTCOMES

On completion of Applied Accounting Level 3 the student should have covered the following:

Topic 1: Administer income and receipts
Topic 2: Administer payments and expenses
Topic 3: Administer credit sales transactions
Topic 4: Administer credit purchase transactions
Topic 5: Prepare general ledger accounts and initial trial balance
Topic 6: Financial year end procedures and statements

7.1 Topic 1: Administer income and receipts

7.1.1 Subject Outcome 1: Identify and complete the appropriate source and supporting documents.

Learning Outcome:

The student should be able to:

- identify documents used to administer incomes correctly
- identify documents used for income reduction or adjustment
- complete documents used to administer incomes and income reduction correctly
- explain the flow of documents used to administer incomes correctly

Documents include the following:
- cash invoice
- general journal vouchers
- cash register slips
- deposit slips
- debit and credit card vouchers
- receipts
- cheques
- electronic funds transfer confirmation slip
- bank statement
- returns of cash sales voucher
- additional discount allowed
- discount allowed
- damaged goods
- goods charged for but not ordered/delivered
- credit notes

7.1.2 & 3 Subject Outcome 2 & 3: Record routine and non-routine income transactions in relevant journals or cash book.

Learning Outcome:

The student should be able to:
- identify and sort source documents for routine and non-routine income transactions
- enter transactions from source documents into journals or cash book
- archive source documents correctly

Routine income transactions include the following:
- VAT
- sales
- income
- contribution
- cost of sales in the continuous stock system

Non-routine income transactions include the following:
- investment
- rental
- interest
- recovery of bad debts
- receipt of insurance pay out/proceeds
- cash donations received

7.1.4 Subject Outcome 4: Receive and record receipts

Learning Outcome:

The student should be able to:
- identify and verify receipts against supporting documents or information
- enter transactions from receipts into journals or cash book
- do reconciliation of receipts and identify discrepancies

Supporting documents include the following:
- cash
- cheques
- automated payments
- deposits

Discrepancies include the following:
- incomplete/incorrect cheques
- stale cheques
- expired or blocked credit and debit cards
- limits exceeded
- disagreement with supporting documentation
- under payments

- over payments
- cheques returned to drawer

7.2 Topic 2: Administer payments and expenses

7.2.1 Subject Outcome 1: Identify and complete the appropriate source and supporting documents.

Learning Outcome:

The student should be able to:

- identify documents used to administer purchases and returns correctly
- identify documents used for payment reduction or adjustment
- complete documents used to administer purchases and purchases returns/allowances correctly
- explain the flow of documents used to administer various purchases and returns/allowances transactions correctly

Documents include the following:

- cash invoice
- general journal vouchers
- cash register slips
- deposit slips
- debit and credit card vouchers
- receipts
- cheques and cheque counterfoils
- electronic funds transfer confirmation slip
- bank statement
- returns of cash purchases voucher
- additional discount allowed
- discount allowed
- damaged goods
- goods charged for but not ordered/delivered

7.2.2 & 3 Subject Outcome 2 & 3: Record routine and non-routine purchases/expenses transactions in relevant journals or cash book.

Learning Outcome:

The student should be able to:

- identify and sort source documents for routine and non-routine expense transactions
- enter transactions from source documents into journals or cash book
- archive source documents correctly

Routine income transactions include the following:

- VAT
- Purchases

Non-routine income transactions include the following:

- loans
- rental
- interest
- cash donations paid
- general operating expenses

7.2.4 Subject Outcome 4: Make and record payments

Learning Outcome:

The student should be able to:

- identify and verify payments against supporting documents or information
- enter payment transactions from documents into journals or cash book
- do reconciliation of payments and identify discrepancies

Supporting documents include the following:

- cash
- cheques
- automated payments

- deposits

Discrepancies include the following:

- incomplete/incorrect cheques
- stale cheques
- credit and debit cards
- limits exceeded
- disagreement with supporting documentation
- under payments
- over payments
- cheques returned to drawer

7.3 Topic 3: Administer credit sales transactions

7.3.1 Subject Outcome 1: Identify and complete the appropriate source documents.

Learning Outcome:

The student should be able to:

- identify documents used for sales and sales returns/allowances correctly
- complete documents for various sales and returns/allowances transactions correctly
- explain the flow/distribution of documents used to administer various sales and returns/allowances transactions correctly

Documents include the following:

- debit invoice
- debit notes
- general journal vouchers

Transactions include the following:

- credit sales
- returns of credit sales
- additional discount allowed
- discount disallowed
- damaged goods
- goods charged for but not ordered/delivered

7.3.2 & 3 Subject Outcome 2 & 3: Record routine (credit sales) and non-routine (credit related) transactions in relevant journals.

Range: inclusive of the Control Account system.

Learning Outcome:

The student should be able to:

- identify and sort source documents for routine and non-routine credit sales transactions
- enter transactions from source documents into appropriate journals
- archive source documents correctly

Routine sales transactions include the following:

- VAT
- Sales
- Cost of sales in the continuous stock system

Non-routine credit transactions include the following:

- bad debts
- interest on overdue accounts of debtors
- cancellation of discount on dishonoured cheques
- correction of errors related to credit transactions

7.3.4 Subject Outcome 4: Maintain debtor's accounts.

Range: inclusive of the Control Account system

Learning Outcome:

The student should be able to:

- post transactions from journals to the debtors accounts
- reconcile credit documents with statements of debtors
- reconcile debtors accounts with Debtors Control account
- prepare age analysis for the current month
- prepare monthly statements
- investigate and resolve discrepancies

7.4 Topic 4: Administer credit purchase transactions

7.4.1 Subject Outcome 1: Identify and complete the appropriate source documents.

Learning Outcome:

The student should be able to:

- identify documents used for purchases and purchases returns/allowances correctly
- complete documents for various purchases and returns/allowances transactions correctly
- explain the flow/distribution of documents used to administer various purchases and returns/allowances transactions correctly

Documents include the following:

- credit invoice
- credit notes
- general journal vouchers

Transactions include the following:

- credit purchases
- returns of credit purchases
- allowances for additional discount received
- damaged goods
- goods charged for but not ordered/delivered

7.4.2 & 3 Subject Outcome 2 & 3: Record routine (credit purchases) and non-routine (credit related) transactions in relevant journals.

Range: inclusive of the Control Account system.

Learning Outcome:

The student should be able to:

- identify and sort source documents for routine and non-routine credit purchase transactions
- enter transactions from source documents into appropriate journals
- archive source documents correctly

Routine sales transactions include the following:

- VAT
- purchases

Non-routine credit transactions include the following:

- interest on overdue accounts
- reversal of discount
- correction of errors

7.4.4 Subject Outcome 4: Maintain creditor's accounts.

Range: inclusive of the Control Account system

Learning Outcome:

The student should be able to:

- post transactions from journals to the creditors accounts
- reconcile credit documents with statements from creditors
- reconcile creditors accounts with Creditors Control account
- investigate and resolve discrepancies

7.5 Topic 5: Prepare general ledger accounts and initial trial balance

7.5.1 Subject Outcome 1: Prepare ledger accounts

Learning Outcome:

The student should be able to:

- open general ledger accounts correctly
- post transactions from all journals to correct general ledger accounts

Journals will include:

- cash receipt and cash payment journals/ cash book
- petty cash journal/cashbook
- debtor/sales journal
- creditor/purchases journal
- wage and salaries journal
- general journal
- debtor allowances/sales returns journal
- creditors allowances/purchases returns journal

7.5.2 Subject Outcome 2: Prepare ledger balances and control accounts

Learning Outcome:

The student should be able to:

- total/balance/close off general ledger accounts correctly
- reconcile control accounts and resolve discrepancies

Learning activities:

- organise and calculate amounts in the general ledger accounts to total/balance the accounts according to Generally Accepted Accounting Practice
- communicate information in each ledger account using visual, mathematic and written skills to show the final amounts

7.5.3 Subject Outcome 3: Draft initial trial balance

Learning Outcome:

The student should be able to:

- transfer balances or totals from the general ledger or cash book to the trial balance
- resolve any discrepancies

Discrepancies will include:

- incorrect double entries
- missing entries
- incorrect calculations

7.6 Topic 6: Financial year end procedures and statements

7.6.1 Subject Outcome 1: Explain the concept of profit

Learning Outcome:

The student should be able to:

- explain the concept of profit
- explain the concept of gross profit
- explain the concept of net profit

7.6.2 Subject Outcome 2: Explain closing transfers of the nominal accounts section

Learning Outcome:

The student should be able to:

- calculate the amounts of the gross and the net profit or loss correctly
- record the closing transfers correctly in the general journal
- post to correct accounts in the general ledger according to GAAP in a continuous stock system.

7.6.3 Subject Outcome 3: Prepare the basic income statement.

Range: use the continuous stock system

Learning Outcome:

The student should be able to:

- explain the concept of financial year end
- explain the concept and framework of the income statement
- identify the items from a trial balance to be used on the income statement
- use the relevant information to complete a basic income statement according to Generally Accepted Accounting Practice to calculate the gross and the net profit or loss

7.6.4 Subject Outcome 4: Prepare a basic balance sheet

Learning Outcome:

The student should be able to:

- identify the items from a trial balance to be used on the balance sheet
- write down the framework of the balance sheet
- use the relevant information to complete the balance sheet according to Generally Accepted Accounting Practice

The notes to the balance sheet will include the following:

- non-current assets
- cash and cash equivalents
- capital

8 RESOURCE NEEDS FOR THE TEACHING OF APPLIED ACCOUNTING - LEVEL 3

8.1 Physical resources

The following teaching aids should be made available, if possible:

- Practicum room:
  - A simulated office environment, provided with the basic office furniture and equipment.
  - Necessary electronic equipment, e.g adding machine, cash register, calculators, filing cabinet, computer, printer
  - The latest developments in electronic equipment must be available
  - The computer must be provided with internet connection to enable the facilitator to demonstrate website browsing for research purposes.
- Media centre:
  - Availability of computers and printers for students to complete assignments/case studies and conduct research
  - Access to internet for students
  - Research software, e.g. Encarta, etc
  - Subject related magazines (e.g. Finance & Technique, etc.), daily newspapers and subject related reference books for research by students
  - Subject related DVDs/videos
  - List of stakeholders prepared to be involved in the learning process through presentations or acting as guest speakers or providing the opportunity for students to gain practical experience
  - Applicable legislation / Acts for use by lecturers during lessons and students for research purposes
  - Stock room to store video/DVD machines, televisions, etc.
  - Security for stock room, media centre and practicum room.

- Class room:
  - Computer and data projector or latest technology must be available for facilitator to electronically project data for students
  - Flash disk for facilitator to store information
  - Presentation program on computer to be used by facilitator to provide students with visual information on learning outcomes
  - White board, black board and pull down screen
  - Desks big enough for students to work on. Students are going to use many resources e.g. newspapers, documents, etc.

8.2 Human resources

- Lecturer / facilitator:
  - Applicable subject related qualification on NQF Level 5
  - It will be to the advantage of facilitators/lecturers if they are already declared competent as assessors and/or moderators
  - Training in OBE
- Full time media centre manager with knowledge of computers, website browsing, research and reference books.

8.3 Other resources

- Text Books
- Answer books, with examples which students must complete for practical assignments
- Calculator for each student.
- Lever arch file for each student to serve as portfolio of evidence
- Lever arch file for Practical Assessment Portfolio.
- Subscription fees for internet, subject related magazines, newspapers.