



education

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SUBJECT GUIDELINES

APPLIED ACCOUNTING

NQF Level 4

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APPLIED ACCOUNTING – LEVEL 4

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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 financial statements.

Range: Manually (by hand) and on computer software

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 4 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 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 4 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 the term “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 student's PoE. The assessment instruments used for the purpose of conducting such assessments must be part of the 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 4*.

4 WEIGHTED VALUES OF TOPICS

TOPICS	WEIGHTED VALUE
1. Financial year end procedures (adjustments)	20%
2. Financial year end profit or loss calculations	10%
3. Financial statements	20%
4. Accounting software	50%
TOTAL	100

5 CALCULATION OF FINAL MARK

Internal assessment: Student's mark/100 x 50/1 = a mark out of 50 (a)

Examination mark: Student's mark/100 x 50/1 = a mark out of 50 (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 of reporting.

6 PASS REQUIREMENTS

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

7 SUBJECT AND LEARNING OUTCOMES

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

Topic 1: Financial year end procedures (adjustments)

Topic 2: Financial year end profit or loss calculations

Topic 3: Financial statements

Topic 4: Accounting software

7.1 Topic 1: Financial year end procedures (adjustments)

7.1.1 Subject Outcome 1: Demonstrate an understanding of adjustments as a financial year end procedure.

Range: Use in a continuous stock system.

Learning Outcomes

The student should be able to:

- Explain and demonstrate the purpose of adjustments at the financial year end.
- Explain and demonstrate the influence of adjustments on balance sheet and nominal section accounts according to Generally Accepted Accounting Practice (GAAP) in the continuous stock system.

7.1.2 Subject Outcome 2: Demonstrate an understanding of adjustments of the balance sheet accounts.

Range: Use in continuous stock system.

Learning Outcomes

The student should be able to:

- Calculate the amount of adjustments accurately.
- Record the adjustments correctly in the general journal.
- Post to correct accounts in the general ledger according to GAAP in a continuous stock system.

Range: The adjustments to be included are additional bad debts, provision for bad debts (create, increase, decrease), depreciation, stock deficit, consumable stores on hand

7.1.3 Subject Outcome 3: Demonstrate an understanding of adjustments of the income accounts (nominal accounts)

Learning Outcomes

The student should be able to:

- Calculate the amount of adjustments accurately.
- Record the adjustments correctly in the general journal.
- Post to correct accounts in the general ledger according to GAAP in a continuous stock system.

Range: The adjustments to be included are limited to accrued income and income received in advance

7.1.4 Subject Outcome 4: Demonstrate an understanding of adjustments of the expense accounts.

Range: Use in continuous stock system.

Learning Outcomes

The student should be able to:

- Calculate the amount of adjustments accurately.
- Record the adjustments correctly in the general journal.
- Post to correct accounts in the general ledger according to GAAP in a continuous stock system.

Range: The adjustments to be included are limited to accrued expenses and prepaid expenses

7.2 Topic 2: Financial year end profit or loss calculations

7.2.1 Subject Outcome 1: Explain the concept of profit.

Learning Outcomes

The student should be able to:

- Explain the concept of profit.
- Explain the concept of gross profit.
- Explain the concept of net profit.

7.2.2 Subject Outcome 2: Demonstrate the calculation of the gross profit in the continuous stock system (after all adjustments have been done).

Learning Outcomes

The student should be able to:

- Calculate the amount of gross profit accurately.
- 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.

7.2.3 Subject Outcome 3: Demonstrate the calculation of the net profit or loss in the continuous stock system (after all adjustments has been done).

Learning Outcomes

The student should be able to:

- Calculate the amount of net profit accurately.
- 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.

7.2.4 Subject Outcome 4: Demonstrate the influence of the net profit or net loss on capital.

Learning Outcomes

The student should be able to:

- Transfer the profit or loss to the capital account using the general journal and general ledger.
- Transfer the drawings to the capital account using the general journal and general ledger.
- Close off all balance sheet accounts according to GAAP.

7.3 Topic 3: Financial statements

7.3.1 Subject Outcome 1: Explain the purpose of financial year end statements.

Learning Outcomes

The student should be able to:

- Explain the concept of financial year end.
- Explain the concept of financial statements (income statement and balance sheet).
- Explain the frameworks of the statements (income statement and balance sheet).

7.3.2 Subject Outcome 2: Prepare the income statement.

Learning Outcomes

The student should be able to:

- Identify the items from a trial balance to be used on the income statement (nominal accounts).
- Calculate amounts of year end adjustments to nominal accounts.
- Adjust the amounts of nominal accounts affected by the year end adjustments.
- Write down the framework of the income statement.
- Use the relevant information (general ledger accounts and amounts after adjustments) to complete the income statement according to GAAP.
- Calculate the gross and net profit on the income statement.

7.3.3 and 4 Subject Outcome 3 and 4: Prepare the balance sheet and notes to the balance sheet.

Learning Outcomes

The student should be able to:

- Identify the items from a trial balance to be used on the balance sheet (balance sheet accounts).
- Calculate amounts of year end adjustments to balance sheet accounts.
- Adjust the amounts of balance sheet accounts affected by the year end adjustments.
- Write down the framework of the balance sheet and the notes to the balance sheet.
- Use the relevant information (general ledger accounts and amounts) to complete the balance sheet and the notes to the balance sheet according to GAAP.

Range: The notes to the balance sheet will include non-current assets, other financial assets, stock, trade and other debtors, cash and cash equivalents, capital, non-current liabilities, trade and other creditors.

7.4 Topic 4: Accounting software

7.4.1 Subject Outcome 1: Explain the use of accounting software.

Learning Outcomes

The student should be able to:

- Perform basic functions on a personal computer.
- Explain the use of accounting software.
- Explain the relationship between transactions done manually (by hand) and on accounting software.
- Explain the basic functions of the accounting software program.
- Explain the copying of a file on the accounting software.

7.4.2 Subject Outcome 2: Demonstrate the recording of take-on balances.

Learning Outcomes

The student should be able to:

- Identify the different sections under which the balances will be entered on the software program (general ledger, cash book, stock, customers and suppliers).
- Explain the concept of age analysis for customers and suppliers.

- Identify the different journals where balances would be entered and the settings of each journal.
- Record the different balances, print and update.

7.4.3 Subject Outcome 3: Record credit purchases and returns.

Learning Outcomes

The student should be able to:

- Identify the source documents used for purchases and returns (only credit transactions).
- Identify the journals or documents on the accounting software program for purchases and returns transactions.
- Create new suppliers on the accounting software program.
- Create new stock items on the accounting software program.
- Record the different transactions, print and update.

Range: The credit purchases and returns transactions will include Value Added Tax (VAT), discount, terms and changes in the cost price

7.4.4 Subject Outcome 4: Record credit sales and returns.

Learning Outcomes

The student should be able to:

- Identify the source documents used for sales and returns (only credit transactions).
- Identify the journals or documents on the accounting software program for sales and returns transactions.
- Create new customers on the accounting software program.
- Record the different transactions, print and update.

Range: The credit sales and returns transactions will include Value Added Tax (VAT), discount and terms.

7.4.5 Subject Outcome 5: Record cash receipts and cash payments.

Learning Outcomes

The student should be able to:

- Identify the source documents used for receipts and payments.
- Identify the cash book on the accounting software program for receipt and payments transactions.
- Create new ledger accounts on the accounting software program.
- Record the different transactions, print and update.

Range: The receipt and payment transactions will include Value Added Tax (VAT), discount, settlement of accounts where the amount received or paid should be calculated using terms, discount and returns.

7.4.6 Subject Outcome 6: Do the bank reconciliation.

Learning Outcomes

The student should be able to:

- Identify additional payments and receipts on the bank statement.
- Create new ledger accounts.
- Record the additional transactions in the cash book.
- Follow the reconciliation process on the accounting software program.
- Print the bank reconciliation statement.

7.4.7 Subject Outcome 7: Prepare the petty cash payments cash book.

Learning Outcomes

The student should be able to:

- Identify the source documents used for petty cash payments.
- Identify the cash book on the accounting software program for petty cash payment transactions.
- Create new general ledger accounts on the accounting software program.
- Record the different transactions, print and update.

Range: The petty cash payment transactions will include Value Added Tax (VAT).

7.4.8 Subject Outcome 8: Demonstrate month end adjustments.

Learning Outcomes

The student should be able to:

- Identify the accounts to be adjusted at month end.
- Identify the journals on the accounting software program for month end adjustments.
- Record the different adjustments, print and update.

Range: The month end adjustments will include depreciation, correction of errors, drawings of stock, bad debts and interest charged on customer accounts in arrears.

7.4.9 Subject Outcome 9: Demonstrate printing.

Learning Outcomes

The student should be able to:

- Do any required printing on the accounting software program.

Range: The printing can include general ledger accounts, customers, suppliers, tax reports and statements.

7.4.10 Subject Outcome 10: Explain Value Added Tax (VAT).

Learning Outcomes

The student should be able to:

- Explain the concept of VAT.
- Explain the different types of VAT.
- Explain basic legislation concerning VAT.
- Complete the EMP201 VAT form for returning to SARS (South African Revenue Services).

8 RESOURCE NEEDS FOR THE TEACHING OF APPLIED ACCOUNTING - LEVEL 4

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 and 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 Outcomes Based Education (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.