



**Republic of Namibia**

**MINISTRY OF EDUCATION, ARTS AND CULTURE**

**NAMIBIA SENIOR SECONDARY CERTIFICATE (NSSC)**

**ACCOUNTING SYLLABUS**

**ORDINARY LEVEL**

**SYLLABUS CODE: 6143**

**GRADES 10 - 11**

**FOR IMPLEMENTATION IN 2019  
FOR FIRST EXAMINATION IN 2020**

Ministry of Education, Arts and Culture  
National Institute for Educational Development (NIED)  
Private Bag 2034  
Okahandja  
Namibia

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*Accounting Syllabus Ordinary Level Grades 10 - 11*

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## 1. INTRODUCTION

The Namibia Senior Secondary Certificate (NSSC) Ordinary Level is designed as a two year course for examination after completion of the Junior Secondary phase. The syllabus is designed to meet the requirements of the *National Curriculum for Basic Education (NCBE)* and has been approved by the National Examination, Assessment and Certification Board (NEACB).

The National Curriculum Guidelines, applicable at the stage of Senior Secondary Education (Grades 10-12) and at equivalent stages of non-formal education, as a part of life-long learning, recognise the uniqueness of the learner and adhere to the philosophy of learner-centred education.

The Namibia National Curriculum Guidelines:

- recognise that learning involves developing values and attitudes as well as knowledge and skills
- promotes self-awareness and an understanding of the attitudes, values and beliefs of others in a multilingual and a multicultural society
- encourage respect for human rights and freedom of speech
- provide insight and understanding of crucial “global” issues in a rapidly changing world which affect quality of life: the AIDS pandemic, global warming, environmental degradation, maldistribution of wealth, expanding and increasing conflicts, the technological explosion and increased connectivity
- recognise that as information in its various forms becomes more accessible, learners need to develop higher cognitive skills of analysis, interpretation and evaluation to use information effectively
- seek to challenge and to motivate learners to reach their full potential and to contribute positively to the environment, economy and society

Thus the Namibia National Curriculum Guidelines provide opportunities for developing essential, key skills across the various fields of study. Such skills cannot be developed in isolation and they may differ from context to context according to the field of study.

Accounting contributes directly to the development of the 8 skills marked\*:

- Communication skills\*
- Numeracy\*
- Information skills\*
- Problem-solving skills\*
- Self-management and competitive skills\*
- Social and co-operative skills\*
- Physical skills
- Work and study skills\*
- Critical and creative thinking skills\*

## 2. RATIONALE

In Accounting learners understand and master mathematical skills, knowledge, concepts and processes, in order to investigate and interpret numerical relationships and patterns. It helps learners develop conciseness and logical and analytical thinking and apply these skills to other areas of learning and real life.

### **3. AIMS**

The aims of the syllabus are the same for all learners. They are set out below and describe the educational purposes of a course in Accounting. They are not listed in order of priority.

The aims are to enable learners to:

- develop an understanding of the principles of accounting
- examine the role of accounting as an information system, enabling students to prepare and evaluate accounting statements, systems and reports
- provide a means of developing a critical and analytical approach to quantitative problems, and the numerate skills required for accounting
- explore the use of accounting as an aid to decision making
- understand the impact of computers on accounting

### **4. ADDITIONAL INFORMATION**

#### **4.1 Guided learning hours**

The NSSCO level syllabuses are designed on the assumption that learners have about 130 guided learning hours per subject over the duration of two years, but this is for guidance only. The number of hours required to gain the qualification may vary according to local conditions and the learners' prior experience of the subject. *The National Curriculum for Basic Education (NCBE)* indicates that this subject will be taught for 8 periods of 40 minutes each per 7-day cycle, or 6 periods of 40 minutes each per 5-day cycle, over two years.

#### **4.2 Prior learning**

It is recommended that learners who are beginning this course should have previously studied Accounting in Grades 8 and 9.

#### **4.3 Progression**

NSSCO levels are general qualifications that enable learners to progress either directly to employment, or to proceed to further qualifications. Learners who are awarded grades C to A\* in NSSCO are well prepared to follow courses leading to Namibia Senior Secondary Certificate Advanced Subsidiary (NSCCAS) level Accounting.

#### **4.4 Support materials and approved textbooks**

NSSCO syllabuses, question papers, examiner reports and assessment manuals, where applicable, are sent to all schools. Approved learning support materials are available on the *Senior Secondary Textbook Catalogue for Schools*.

## 5. LEARNING CONTENT

The content is divided into four themes and different units and these are:

### THEME 1: BASIC ACCOUNTING SYSTEMS

- Unit 1: Basic principles of accounting
- Unit 2: Books of first entry/Subsidiary books
- Unit 3: Verification of Accounting records
- Unit 4: Accounting principles

### THEME 2: PREPARATION AND PRINCIPLES OF FINAL ACCOUNTS AND FINANCIAL STATEMENTS

- Unit 1: Adjustments in the accounts
- Unit 2: Final accounts and financial statements of sole traders
- Unit 3: Partnerships

### THEME 3: PREPARATION OF OTHER FORMS OF ACCOUNTING STATEMENTS

- Unit 1: Manufacturing businesses
- Unit 2: Single entry and incomplete records

### THEME 4: INTERPRETATION OF ACCOUNTING STATEMENTS

- Unit 1: Ratios and interpretation

**Learners will not be penalised for using different terminology from those indicated in the syllabus.**

<b>THEME 1: BASIC ACCOUNTING SYSTEMS</b>		
<b>UNIT 1: BASIC PRINCIPLES OF ACCOUNTING</b>		
<b>TOPIC</b>	<b>GENERAL OBJECTIVES</b> <i>Learners will:</i>	<b>SPECIFIC OBJECTIVES</b> <i>Learners should be able to:</i>
<b>1.1 Introduction to accounting</b>	<ul style="list-style-type: none"> <li>• understand the nature and functions of accounting and bookkeeping</li> <li>• understand ethics in the job, the combating of fraud and financial risk management</li> <li>• know how computers can be utilised in accounting</li> </ul>	<ul style="list-style-type: none"> <li>• explain the meaning of the term accounting</li> <li>• explain the meaning of the term bookkeeping</li> <li>• distinguish between accounting and bookkeeping</li> <li>• explain the objectives of accounting</li> <li>• explain the importance of accounting information to various users (internal: owner(s), employees; external: banks and other financial institutions, potential investors, government, suppliers, competitors, economic analysts, community, general public)</li> <li>• identify the branches of accounting (cost and management accounting, financial accounting, auditing)</li> <li>• explain the principles of business entity and money measurement and illustrate with examples</li> <li>• discuss ethics in the job, the combating of fraud and financial risk management</li> <li>• explain the application of computers in accounting records and their usefulness in business situations</li> <li>• explain the advantages of a computerised system vs a manual system of accounting</li> <li>• explain the application and advantages of computers as a tool for communication technology, e.g. electronic banking, e-mail</li> </ul>



THEME 1: BASIC ACCOUNTING SYSTEMS		
UNIT 1: BASIC PRINCIPLES OF ACCOUNTING		
TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
1.2 The accounting equation	<ul style="list-style-type: none"> <li>demonstrate an understanding of the accounting equation</li> </ul>	<ul style="list-style-type: none"> <li>state the accounting equation</li> <li>explain the elements of the accounting equation</li> <li>explain the relationships between the elements of the accounting equation</li> <li>explain the Statement of Financial Position and its components</li> <li>relate the accounting equation to the Statement of Financial Position</li> <li>illustrate the effects, with reasons of transactions (capital, drawings, assets, liabilities, income, expenses) on the elements of the accounting equation</li> </ul>
1.3 Double entry system	<ul style="list-style-type: none"> <li>know the principles of the double entry system</li> </ul>	<ul style="list-style-type: none"> <li>explain the meaning of the double entry system in relation to the dual aspect principle</li> <li>relate the accounting equation to the double entry system</li> <li>state the rules of double entry</li> <li>illustrate the rules of double entry</li> </ul>
1.4 The Ledger	<ul style="list-style-type: none"> <li>acquire the skill of recording transactions in the ledger and interpret ledger accounts</li> </ul>	<ul style="list-style-type: none"> <li>explain the ledger and its importance</li> <li>record transactions using the double entry system (for capital, drawings, assets, liabilities, income, expenses)</li> <li>explain the division of the ledger into specialist areas (Debtors, Creditors, General)</li> <li>record transactions in the General Ledger in the traditional ("T"-accounts) and debtors' and creditors' individual accounts in running balance (3-column) format in the Debtors Ledger and Creditors Ledger respectively</li> <li>balance "T"-accounts in the ledger</li> <li>explain the meaning of a balance on a ledger account</li> <li>interpret all ledger accounts</li> </ul>

THEME 1: BASIC ACCOUNTING SYSTEMS		
UNIT 2: BOOKS OF FIRST ENTRY/SUBSIDIARY BOOKS		
TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
<b>2.1 Introduction to subsidiary books</b>	<ul style="list-style-type: none"> <li>understand why the various books of first entry are used</li> <li>know the use of document numbers in recording of transactions</li> <li>understand VAT</li> </ul>	<ul style="list-style-type: none"> <li>define books of first entry</li> <li>list the types of books of first entry</li> <li>explain the advantages/benefits to the business of using books of first entry</li> <li>explain the use of books of first entry in the accounting process</li> <li>explain the use of document numbers in books of first entry</li> <li>define VAT</li> <li>distinguish between input VAT and output VAT (no entries are required)</li> </ul>
<b>2.2 The Cash Book</b>	<ul style="list-style-type: none"> <li>understand and acquire the skill of recording entries in the Cash Book</li> </ul>	<ul style="list-style-type: none"> <li>state the types of bank accounts</li> <li>explain payments through the banking system (standing order, direct debit, credit transfer)</li> <li>complete a deposit slip and receipt and explain their uses</li> <li>explain the dual function of the Cash Book as a book of first entry and as a ledger account for cash and bank</li> <li>describe the types of Cash Books (two column, three column)</li> <li>differentiate between cash and trade discounts</li> <li>record transactions in the three column Cash Book and balance it</li> <li>explain the term bank overdraft</li> <li>prepare Cash Books including a bank overdraft</li> <li>complete the double entry to the accounts in the Ledgers</li> </ul>

<sup>1</sup> All money received by debit card will be entered in the bank column on the debit side and the source document will be a duplicate receipt, except for sales then it will be a CRR. All money received by EFT will be entered in the bank column on the debit side and the source document will be the bank statement (B/S). All payments by debit card or EFT will be entered in the bank column on the credit side and the source document will be the re-numbered proof of payment (POP). Withdrawals by debit card for cash float or petty cash will appear in the bank column on the credit side and the source document will be the bank statement (B/S). Withdrawal for cash to be used in the business will be a contra-entry. Cash will be debited and bank credited. Source document is a bank statement (B/S).

THEME 1: BASIC ACCOUNTING SYSTEMS		
UNIT 2: BOOKS OF FIRST ENTRY/SUBSIDIARY BOOKS		
TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
<b>2.3 Petty Cash Book</b>	<ul style="list-style-type: none"> <li>understand and acquire the skill of recording entries in the Petty Cash Book</li> </ul>	<ul style="list-style-type: none"> <li>complete a petty cash voucher and explain its uses</li> <li>explain why a Petty Cash Book is used</li> <li>explain the dual function of the Petty Cash Book as a book of first entry and as a ledger account for petty cash</li> <li>record transactions in the Petty Cash Book using the imprest system and balance it</li> <li>complete the double entry to the Cash Book and the accounts in the Ledgers</li> </ul>
<b>2.4 Debtors Journal</b>	<ul style="list-style-type: none"> <li>understand the documentation procedures in credit sales</li> <li>understand and acquire the skill of recording entries in the Debtors Journal</li> </ul>	<ul style="list-style-type: none"> <li>explain the contents of and complete an invoice</li> <li>explain the terms relating to sales on an invoice including trade discount, E&amp;OE, cash discount</li> <li>explain why the Debtors Journal is used</li> <li>prepare the Debtors Journal from details extracted from invoices</li> <li>post from the Debtors Journal to the Debtors Ledger and the General Ledger</li> </ul>
<b>2.5 Creditors Journal</b>	<ul style="list-style-type: none"> <li>understand the documentation procedures in credit purchases</li> <li>understand and acquire the skill of recording entries in the Creditors Journal</li> </ul>	<ul style="list-style-type: none"> <li>explain the importance of checking invoices against delivery notes and purchase orders</li> <li>explain the contents of and complete an invoice including carriage inwards</li> <li>explain why the Creditors Journal is used</li> <li>prepare the Creditors Journal from details extracted from invoices</li> <li>post from the Creditors Journal to the Creditors Ledger and General Ledger</li> </ul>

THEME 1: BASIC ACCOUNTING SYSTEMS		
UNIT 2: BOOKS OF FIRST ENTRY/SUBSIDIARY BOOKS		
TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
<b>2.6 Returns Journals</b>	<ul style="list-style-type: none"> <li>understand the documentation procedures in returns of goods/merchandise</li> <li>understand and acquire the skill of recording returns inwards and outwards in the Returns Journals</li> </ul>	<ul style="list-style-type: none"> <li>explain the contents of and complete credit and debit notes</li> <li>differentiate between a debit note and a credit note</li> <li>explain returns inwards and outwards</li> <li>explain the reasons for returns</li> <li>explain why the Returns Journals are used</li> <li>prepare the Debtors Returns and Creditors Returns Journals from details extracted from credit notes</li> <li>post from the Debtors Returns and Creditors Returns Journals to the appropriate ledgers</li> </ul>
<b>2.7 General Journal</b>	<ul style="list-style-type: none"> <li>understand and acquire the skill of recording General Journal entries</li> </ul>	<ul style="list-style-type: none"> <li>explain the importance and uses of the General Journal</li> <li>prepare journal entries, including those to record: <ul style="list-style-type: none"> <li>- opening entries</li> <li>- bad debts</li> <li>- drawing of inventory</li> <li>- donation of goods</li> <li>- interest charged on overdue accounts: interest received and interest paid</li> <li>- purchase of non-current assets on credit</li> <li>- purchase of consumables on credit</li> <li>- correction of errors</li> <li>- adjustments</li> <li>- closing transfers</li> </ul> </li> <li>post from the General Journal to the ledgers</li> </ul>

<b>THEME 1: BASIC ACCOUNTING SYSTEMS</b>		
<b>UNIT 2: BOOKS OF FIRST ENTRY/SUBSIDIARY BOOKS</b>		
<b>TOPIC</b>	<b>GENERAL OBJECTIVES</b> <i>Learners will:</i>	<b>SPECIFIC OBJECTIVES</b> <i>Learners should be able to:</i>
<b>2.8 Wages Journal</b>	<ul style="list-style-type: none"> <li>understand the concepts and terminology of Wages Journal</li> <li>understand the compilation of a Wages Journal and its posting</li> </ul>	<ul style="list-style-type: none"> <li>explain the term wages</li> <li>explain the basic salary scale</li> <li>distinguish between gross and net wages</li> <li>explain the difference between normal time and overtime</li> <li>describe the following deductions: <ul style="list-style-type: none"> <li>pension fund</li> <li>medical aid</li> <li>PAYE</li> <li>social security fund</li> <li>union subscriptions</li> </ul> </li> <li>draw up a Wages Journal</li> <li>complete the Wages Journal including employer's contribution</li> <li>record the payments in the Cash Book</li> <li>post the Wages Journal and the Cash Book to the General Ledger</li> </ul>
<b>2.9 Other business documents</b>	<ul style="list-style-type: none"> <li>demonstrate an understanding of the use of a Statement of Account</li> </ul>	<ul style="list-style-type: none"> <li>explain the use of and complete a Statement of Account</li> </ul>

THEME 1: BASIC ACCOUNTING SYSTEMS		
UNIT 3: VERIFICATION OF ACCOUNTING RECORDS		
TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
<b>3.1 Bank reconciliation</b>	<ul style="list-style-type: none"> <li>demonstrate an understanding of and acquire the skill of preparing bank reconciliation statements</li> </ul>	<ul style="list-style-type: none"> <li>explain the meaning of bank reconciliation</li> <li>explain the need to compare the Bank account with the Bank Statement</li> <li>explain the causes and effects of differences between the Bank account and the Bank Statement</li> <li>describe the procedure for reconciling the Bank account with the Bank Statement</li> <li>make the necessary entries to update the Cash Book</li> <li>prepare a Bank Reconciliation Statement (including an overdrawn balance)</li> </ul>
<b>3.2 The Trial Balance</b>	<ul style="list-style-type: none"> <li>understand the importance of preparing the Trial Balance</li> </ul>	<ul style="list-style-type: none"> <li>explain the meaning of the term Trial Balance</li> <li>state the reasons for preparing a Trial Balance</li> <li>explain and distinguish between Pre-adjustment, Post-adjustment and Post-closing Trial Balances</li> <li>prepare a Trial Balance</li> </ul>
<b>3.3 Correction of errors</b>	<ul style="list-style-type: none"> <li>acquire knowledge and understanding of the correction of errors in the journal and ledger accounts</li> </ul>	<ul style="list-style-type: none"> <li>state the errors which do not affect the Trial Balance</li> <li>explain errors which do not affect the Trial Balance</li> <li>explain the errors which affect the Trial Balance</li> <li>explain the purpose of the Suspense account</li> <li>make entries in a Suspense account to correct errors</li> <li>prepare and post journal entries for correction of errors</li> <li>adjust the profit or loss for an accounting period after the correction of errors</li> <li>prepare a Statement of Financial Position in vertical format after the correction of errors</li> </ul>

THEME 1: BASIC ACCOUNTING SYSTEMS		
UNIT 3: VERIFICATION OF ACCOUNTING RECORDS		
TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
<b>3.4 Debtors List, Creditors List and Control accounts</b>	<ul style="list-style-type: none"> <li>understand and acquire the skill in preparing Debtors' and Creditors' List</li> <li>understand and acquire the skill in preparing control accounts</li> <li>understand the importance of reconciling the Lists of debtors and creditors with the control accounts</li> </ul>	<ul style="list-style-type: none"> <li>explain the purpose of Debtors and Creditors lists</li> <li>draw up Debtors and Creditors lists from the Debtors and Creditors Ledgers respectively</li> <li>explain the nature and purpose and advantages of control accounts</li> <li>describe the terms: <ul style="list-style-type: none"> <li>- Debtors Control account</li> <li>- Creditors Control account</li> </ul> </li> <li>state the sources of information for control accounts</li> <li>prepare Debtors and Creditors Control accounts in the General Ledger (only a balance on one side is expected)</li> <li>interpret control accounts</li> <li>reconcile the List of debtors from the Debtors Ledger and List of creditors from the Creditors Ledger with their respective control accounts</li> </ul>

THEME 1: BASIC ACCOUNTING SYSTEMS		
UNIT 4: ACCOUNTING PRINCIPLES		
TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
4.1 Accounting principles	<ul style="list-style-type: none"> <li>appreciate the importance and show understanding of the main principles underlying the preparation of accounting statements</li> </ul>	<ul style="list-style-type: none"> <li>identify the accounting principles (historical cost, money measurement, business entity, dual aspect, realisation, going-concern, consistency, prudence, accrual/matching, substance over form, materiality)</li> <li>explain each of the accounting principles</li> <li>illustrate each of the accounting principles</li> <li>explain the difference between capital and revenue receipts, capital and revenue expenditure</li> </ul>



THEME 2: PREPARATION AND PRINCIPLES OF FINAL ACCOUNTS AND FINANCIAL STATEMENTS		
UNIT 1: ADJUSTMENTS IN THE ACCOUNTS		
TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
<b>1.1 Adjustments for final accounts and financial statements (no opening balance adjustments for the current financial period required)</b>	<ul style="list-style-type: none"> <li>understand the need to do adjustments at the end of a financial period</li> </ul>	<ul style="list-style-type: none"> <li>explain the need for adjustments (using accrual/matching and prudence principles)</li> <li>explain how the closing inventory is valued (lower of cost or net realisable value)</li> <li>discuss the importance of the going concern, consistency, accrual/matching and prudence principles in preparing financial statements</li> </ul>
<b>1.2 Accrued income, accrued expenses, prepaid expenses and income received in advance</b>	<ul style="list-style-type: none"> <li>acquire knowledge and understanding of how to make the necessary adjustments (at the end of a financial period)</li> </ul>	<ul style="list-style-type: none"> <li>explain accrued expenses, accrued income, prepaid expenses and income received in advance (using accrual/matching principle)</li> <li>prepare General Journal entries for adjustments and post to the General Ledger</li> </ul>
<b>1.3 Bad debts and provision for doubtful debts</b>	<ul style="list-style-type: none"> <li>acquire knowledge and skill of treating bad debts, provision for doubtful debts and bad debts recovered in the accounting records</li> </ul>	<ul style="list-style-type: none"> <li>explain the meaning of the terms bad debts, provision for doubtful debts and bad debts recovered</li> <li>state the need for credit control</li> <li>explain the need to declare some debts as bad and to provide for doubtful debts (accrual/matching and prudence principles)</li> <li>prepare the General Journal entries for writing off bad debts</li> <li>record the recovery of bad debts</li> <li>explain how the provision for doubtful debts is estimated (e.g. ageing of debts)</li> <li>prepare the entries for creating provision for doubtful debts</li> <li>prepare the entries for increasing and decreasing the provision for doubtful debts</li> </ul>

**THEME 2: PREPARATION AND PRINCIPLES OF FINAL ACCOUNTS AND FINANCIAL STATEMENTS****UNIT 1: ADJUSTMENTS IN THE ACCOUNTS**

<b>TOPIC</b>	<b>GENERAL OBJECTIVES</b> <i>Learners will:</i>	<b>SPECIFIC OBJECTIVES</b> <i>Learners should be able to:</i>
<b>1.4 Depreciation of non-current assets</b>	<ul style="list-style-type: none"><li>• demonstrate an understanding of the nature and calculation of depreciation</li><li>• acquire knowledge and understanding of the accounting treatment of depreciation</li></ul>	<ul style="list-style-type: none"><li>• explain the meaning of depreciation, provision for depreciation and book value</li><li>• explain the effect of depreciation on non-current assets</li><li>• explain the causes of depreciation</li><li>• explain the reasons for depreciation (accrual/matching and prudence principles)</li><li>• explain and distinguish between the methods of depreciation (straight line, reducing balance, revaluation)</li><li>• calculate depreciation using the above methods at the end of the financial period</li><li>• record depreciation of non-current assets in the General Journal and post to the General Ledger using the Depreciation (expense) and Provision for Depreciation accounts</li></ul>

THEME 2: PREPARATION AND PRINCIPLES OF FINAL ACCOUNTS AND FINANCIAL STATEMENTS		
UNIT 2: FINAL ACCOUNTS AND FINANCIAL STATEMENTS OF SOLE TRADERS		
TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
<b>2.1 Final accounts and financial statements</b>	<ul style="list-style-type: none"> <li>demonstrate an understanding of how to prepare Trading and Profit and Loss Accounts of trading businesses</li> <li>demonstrate an understanding of how to prepare Income Statements of sole traders</li> <li>demonstrate an understanding of how to prepare Statements of Financial Position of sole traders</li> </ul>	<ul style="list-style-type: none"> <li>draw up a Post-adjustment Trial Balance</li> <li>state the purpose of preparing the trading account and profit and loss account</li> <li>differentiate between gross profit and net profit/net loss</li> <li>explain the position of a sole trader in relation to profit/loss</li> <li>record closing transfers</li> <li>calculate cost of sales, gross profit and net profit/net loss</li> <li>draw up a trading account and a profit and loss account including year-end adjustments and closing transfers</li> <li>draw up a Post-closing Trial Balance</li> <li>define Income Statement</li> <li>draw up an Income Statement including year-end adjustments and closing transfers (vertical format)</li> <li>explain the purpose of and define the term Statement of Financial Position</li> <li>prepare a Statement of Financial Position of a sole trader in vertical format, including year-end adjustments and closing transfers (current assets to be listed in order of liquidity)</li> </ul>
UNIT 3: PARTNERSHIPS		
<b>3.1 Nature of partnerships</b>	<ul style="list-style-type: none"> <li>understand the nature of partnerships</li> </ul>	<ul style="list-style-type: none"> <li>explain the meaning of the term partnership</li> <li>explain the features of a partnership agreement</li> <li>explain the position of the partnership when there is no partnership agreement</li> </ul>

**THEME 2: PREPARATION AND PRINCIPLES OF FINAL ACCOUNTS AND FINANCIAL STATEMENTS****UNIT 3: PARTNERSHIPS**

<b>TOPIC</b>	<b>GENERAL OBJECTIVES</b> <i>Learners will:</i>	<b>SPECIFIC OBJECTIVES</b> <i>Learners should be able to:</i>
<b>3.2 Accounting for partnerships</b>	<ul style="list-style-type: none"><li>• demonstrate an understanding of and acquire the skill to prepare the accounts of partnerships</li></ul>	<ul style="list-style-type: none"><li>• explain the differences between the accounting records of a sole trader and those of a partnership business</li><li>• explain the importance of appropriation</li><li>• show the treatment of the division of the balance of profit or loss, interest on capital, interest on drawings, partners' salaries and interest on partners' loans in the accounts</li><li>• make the other adjustments as detailed in Theme 2, Unit 1</li><li>• record General Journal entries for the closing transfers related to appropriation</li><li>• draw up a trading account, profit and loss account, as well as an appropriation account</li><li>• prepare an Income Statement of a partnership in vertical format with sections for<ul style="list-style-type: none"><li>- Trading</li><li>- Profit and loss</li><li>- Appropriation</li></ul></li><li>• differentiate between fixed and fluctuating capital accounts</li><li>• explain the importance of the current account of partners</li><li>• prepare the capital and current accounts of partners in the ledger</li><li>• prepare the partnership's Statement of Financial Position (vertical format)</li><li>• explain the meaning of the term goodwill</li><li>• prepare the accounting entries for goodwill on admission of a new partner</li></ul>

THEME 3: PREPARATION OF OTHER FORMS OF ACCOUNTING STATEMENTS		
UNIT 1: MANUFACTURING BUSINESSES		
TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
<b>1.1 Production costs</b>	<ul style="list-style-type: none"> <li>demonstrate an understanding of how to calculate production costs</li> </ul>	<ul style="list-style-type: none"> <li>explain the purpose of preparing a Manufacturing section in the Income Statement</li> <li>calculate cost of raw materials consumed</li> <li>explain direct and indirect costs with examples</li> <li>explain the term prime cost</li> <li>calculate prime cost of production</li> <li>explain the term factory overheads with examples</li> <li>explain the term work in progress</li> <li>calculate production cost of finished goods</li> <li>calculate the unit cost of production</li> </ul>
<b>1.2 Income Statement and Statement of Financial Position</b>	<ul style="list-style-type: none"> <li>demonstrate an understanding of and the skills to prepare financial statements of manufacturing businesses</li> </ul>	<ul style="list-style-type: none"> <li>explain the relationship between a Manufacturing section and a Trading section in an Income Statement of a manufacturing business</li> <li>prepare an Income Statement of a manufacturing business in vertical format with sections for               <ul style="list-style-type: none"> <li>Manufacturing</li> <li>Trading</li> <li>Profit and loss</li> </ul> </li> <li>prepare Statements of Financial Position of manufacturing businesses (vertical format)</li> </ul>

### THEME 3: PREPARATION OF OTHER FORMS OF ACCOUNTING STATEMENTS

#### UNIT 2: SINGLE ENTRY AND INCOMPLETE RECORDS

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
<b>2.1 Financial statements from incomplete records</b>	<ul style="list-style-type: none"><li>• demonstrate an understanding of how to calculate profit or loss by capital comparison</li><li>• demonstrate an understanding of how to prepare financial statements from single entry and incomplete records</li></ul>	<ul style="list-style-type: none"><li>• explain the meaning of single entry and incomplete records</li><li>• state the disadvantages of single entry and incomplete records as a method of bookkeeping</li><li>• prepare a Statement of Affairs at the beginning and the end of a period to calculate the capital (vertical format)</li><li>• calculate profit or loss by comparing the capital at the beginning and capital at the end of a financial period</li><li>• calculate credit purchases</li><li>• draw up a creditors control account to calculate credit purchases</li><li>• calculate credit sales</li><li>• draw up a debtors control account to calculate credit sales</li><li>• apply the following techniques to arrive at missing figures<ul style="list-style-type: none"><li>- mark-up</li><li>- margin</li><li>- rate of inventory turnover</li></ul></li><li>• calculate missing figures using various ledger accounts and Cash Book</li><li>• prepare Income Statements using all the information available (vertical format)</li><li>• prepare a Statement of Financial Position using all the information available (vertical format)</li></ul>

<b>THEME 4: INTERPRETATION OF ACCOUNTING STATEMENTS</b>		
<b>UNIT 1: RATIOS AND INTERPRETATION</b>		
<b>TOPIC</b>	<b>GENERAL OBJECTIVES</b> <i>Learners will:</i>	<b>SPECIFIC OBJECTIVES</b> <i>Learners should be able to:</i>
<b>1.1 Ratios</b>	<ul style="list-style-type: none"> <li>know the calculation of accounting ratios and their uses for sole traders and partnerships</li> </ul>	<ul style="list-style-type: none"> <li>explain the meaning of the term accounting ratios</li> <li>classify accounting ratios into liquidity, efficiency, profitability and solvency ratios</li> <li>define liquidity ratios</li> <li>calculate liquidity ratios (current, quick/liquid)</li> <li>explain the uses of liquidity ratios</li> <li>define efficiency ratios</li> <li>calculate efficiency ratios (rate of inventory turnover, debtors collection period and creditors payment period)</li> <li>explain the uses of efficiency ratios</li> <li>define profitability ratios</li> <li>calculate profitability ratios (mark up, gross margin, net profit margin and return on capital employed)</li> <li>explain the uses of profitability ratios</li> <li>calculate the working capital and the effects of transactions on it</li> <li>make suggestions and recommendations for improving profitability and working capital</li> <li>explain, calculate and interpret solvency ratio</li> </ul>
<b>1.2 Interpretation and evaluation of final accounts and financial statements</b>	<ul style="list-style-type: none"> <li>understand the importance of accounting ratios for the interpretation and evaluation of business performance</li> </ul>	<ul style="list-style-type: none"> <li>discuss the importance of accounting ratios to owner(s), manager(s), trade creditors, lenders, employees and potential investors/partners</li> <li>compare accounting ratios over time or with similar businesses to advise management</li> <li>discuss the limitations of accounting ratios</li> </ul>

## **6. ASSESSMENT OBJECTIVES**

The four assessment objectives in Accounting are:

- A Knowledge with understanding
- B Application
- C Analysis and evaluation
- D Judgement and decision making

A description of each assessment objective follows:

### **A Knowledge with understanding**

Learners should be able to:

1. demonstrate knowledge and understanding of facts, terms, principles and techniques appropriate to the syllabus
2. demonstrate understanding of knowledge through numeracy, literacy, presentation and interpretation

(Questions assessing these objectives may begin with words such as: define, list, outline, write up, record, calculate, compute, prepare, draw up, explain)

### **B Application**

Learners should be able to:

1. apply knowledge and information to a variety of accounting situations appropriate to their level of attainment
2. recognise, select and organise relevant data in order to identify needs of business in written, numerical and diagrammatic form
3. present information in an appropriate accounting format

(Questions assessing these objectives may begin with words such as: compare, assess, consider, write up, record, calculate, prepare, draw up, discuss, explain)

### **C Analysis and evaluation**

Learners should be able to:

1. interpret, analyse and evaluate accounting information, and draw reasoned conclusions
2. display an understanding of the role and the limitations of accounting information as a basis for decision making

(Questions assessing these objectives may begin with words such as: evaluate, analyse, organise, compare, discuss, calculate, examine)

### **D Judgement and decision making**

Learners should be able to:

1. present reasoned explanations, understand implications and communicate in an accurate and logical manner
2. make reasoned judgements and present appropriate recommendations and formulate valid conclusions

(Questions assessing these objectives may begin with words or phrases such as: suggest, advise, comment on, present, interpret, prepare)



## 7. SCHEME OF ASSESSMENT

Learners must be entered for both Paper 1 and Paper 2.

### Differentiation

All learners are expected to pursue the same curriculum content and differentiation will be by outcome.

### DESCRIPTION OF PAPERS

<b>Paper 1</b>	<b>2 hours</b>	<b>100 marks</b>	<b>Weighting: 50%</b>
<p>This paper will contain questions to test candidates' basic skills in and knowledge of the principles of accounting. Some understanding of how these principles are applied to business situations will be required.</p> <p>All questions in this paper are compulsory. The paper will consist of short answer and structured questions of variable length. Learners answer on the question paper.</p>			
<b>Paper 2</b>	<b>2 hours 30 minutes</b>	<b>100 marks</b>	<b>Weighting: 50%</b>
<p>This paper will require candidates to demonstrate a knowledge of and skills in the principles and practices of financial and management accounting.</p> <p>All questions in this paper are compulsory. The paper will consist of structured questions of variable length. Learners answer on the question paper.</p>			

## 8. SPECIFICATION GRID

The relationship between the assessment objectives and components of the scheme of assessment:

<b>Assessment objectives</b>	<b>Paper 1 - marks</b>	<b>Paper 2 - marks</b>	<b>Weighting of assessment objectives</b>
A Knowledge with understanding	60	20	40 %
B Application	20	65	42,5 %
C Analysis and evaluation	20	10	15 %
D Judgement and decision making		5	2,5 %
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100 %</b>
Weighting	50 %	50 %	

The marks given to test the assessment objectives give an indication of their relative importance in each paper.

## 9. GRADE DESCRIPTIONS

Grade descriptions are provided to give a general indication of the standards of achievement likely to have been shown by learners awarded particular grades. The grade awarded will depend in practice upon the extent to which the learner has met the assessment objectives overall and it might conceal weakness in one aspect of the examination which is balanced by above average performance in some other. Learners will be graded on a scale of A\*-G. The descriptors for judgemental thresholds (A, C, E and G) are given below.

A **Grade A** learner should demonstrate:

**A** *Knowledge with understanding*

1. An excellent ability to identify detailed facts and techniques in relation to the content of the syllabus
2. A thorough ability to define and explain accounting principles

**B** *Application*

1. A sound ability to make clear, reasoned judgements and communicate them in an accurate and logical manner
2. An excellent ability to relate facts, principles and techniques in a logical manner

**C** *Analysis and Evaluation*

1. An excellent ability to classify, interpret and comment on information presented in various forms
2. An excellent ability to distinguish between evidence and opinion

**D** *Judgement and Decision Making*

1. A thorough ability to select, classify and organise information in an accurate and orderly manner
2. A sound ability to form conclusions from available information and make excellent decisions

A **Grade C** learner should demonstrate:

**A** *Knowledge with understanding*

1. A good ability to identify detailed facts and techniques in relation to the content of the syllabus
2. An ability to define and explain accounting principles

**B** *Application*

1. An ability to relate facts, principles and techniques to different situations

**C** *Analysis and Evaluation*

1. A good ability to use and comment on information presented in a non-verbal as well as a verbal manner
2. A sound ability to distinguish between evidence and opinion
3. Ability to select, classify and organise information

**D** *Judgement and Decision Making*

1. A good ability to select and order information responding to formulated questions
2. A sound ability to form conclusions from this information using appropriate media
3. An ability to form conclusions and make appropriate decisions

A **Grade E** learner should demonstrate:

*A Knowledge with Understanding*

1. Some ability to identify specific facts and techniques in relation to the content of the syllabus
2. Some familiarity with definitions and explanation of the accounting principles

*B Application*

1. A limited ability to relate facts, principles and techniques to some situations

*C Analysis and Evaluation*

1. Some ability to classify and present data in a simple way and some ability to select, classify and organise information
2. Some ability to distinguish between evidence and opinion

*D Judgement and Decision Making*

1. Some ability to gather information relating to a particular topic presented in an orderly manner and drawing some basic conclusions
2. Some ability to form conclusion from available information and making basic decisions

A **Grade G** learner should demonstrate:

*A Knowledge with Understanding*

1. A limited ability to identify specific facts and techniques in relation to the content of the syllabus.
2. Limited familiarity with definitions and explanation of accounting principles.

*B. Application*

1. A rudimentary ability to relate facts, principles and techniques to some situations.

*C. Analysis and Evaluation*

1. A limited ability to classify and present data in a simple way and little ability to select, classify and organise information.
2. Limited ability to distinguish between evidence and opinion.

*D Judgement and Decision Making*

1. Limited ability to gather information relating to a particular topic presented in an orderly manner and drawing basic conclusions.
2. Limited ability to form conclusion from available information and making basic decisions.

## 10. GLOSSARY

<b>Accounting</b>	accounting is the classifying, summarising and recording of the financial transactions of a business enterprise in monetary (money) terms
<b>Accounting equation</b>	an equation used in accounting that states that in a business, $\text{Assets} = \text{Owner's equity} + \text{Liabilities}$
<b>Accrual/matching principle</b>	profit is the difference between the revenue and the expenses incurred in generating that revenue within a certain period, taking accruals and prepayments into account
<b>Appropriation account</b>	the account in which the sharing of profit among partners is shown
<b>Bad debts</b>	the actual amount that a business will not be able to collect from debtors, which is written off
<b>Bad debts recovered</b>	money received from debtors after debts were written off
<b>Bank overdraft</b>	the balance owed to the bank, because more money was spent than was available in a current bank account
<b>Bank reconciliation</b>	to reconcile the bank balance according to the Bank Statement with the bank balance of the Cash Book
<b>Bank transfers</b>	electronic funds transfers (EFT) is a way to send money from one bank account directly to another e.g. using internet banking
<b>Bookkeeping</b>	Keeping record of the financial affairs of a business
<b>Book value</b>	for non-current assets the cost price less provision for depreciation
<b>Books of first entry</b>	books in which information from the source documents is recorded daily
<b>Business entity principle</b>	the business and its owner are separate entities and therefore their financial transactions should be treated separately
<b>Carriage inwards</b>	the expense of paying for the transport of goods that was bought for resale
<b>Carriage outwards</b>	the expense to pay for the transport of goods to the customers
<b>Cash discount</b>	discount for prompt payment

<b>Credit card</b>	a card that is used to pay immediately and then the card holder refunds the bank / a card that provides short term credit at the point of sale
<b>Creditors control account</b>	the account which summarises all the transactions with creditors/suppliers on credit
<b>Debit card</b>	a bank card that is used to withdraw cash or transfer money from your current account to the account of the person/business whom you pay
<b>Debtors control account</b>	the account which summarises all the transactions with debtors/customers who buy on credit
<b>Depreciation</b>	the estimated loss in value of a non-current asset during a financial period
<b>Direct costs</b>	costs directly linked to the manufacturing of a product
<b>Doubtful debts</b>	estimated amount which are not bad debts yet, but are likely to become bad debts
<b>Dual aspect principle</b>	accounting deals with two aspects of a transaction: double-entry bookkeeping, every debit entry has a credit entry of the same value.
<b>Efficiency ratios</b>	used to measure how effective a business uses its assets and liabilities internally e.g. rate of inventory turnover, debtors collection period, creditors payment period
<b>Electronic funds transfer (EFT)</b>	is the electronic transfer of money from one bank account to another
<b>Employer's contribution</b>	the contribution which the owner make to top up the amount deducted from employees' wages to contribute to towards the employees' benefits e.g. pension fund, medical aid fund; this forms part of the salary/wage expense of the business
<b>Errors and omissions excepted (E&amp;OE)</b>	an abbreviation on documents that gives the issuing business the legal right to correct mistakes on the document
<b>External users</b>	users of financial statements; persons not directly concerned with management of the business
<b>Factory overheads</b>	those factory costs which are associated with the manufacturing process but not directly identifiable as a part of the cost of the finished product

<b>Going-concern principle</b>	a business is seen as a going-concern if it is to continue for the foreseeable future
<b>Gross profit</b>	the difference between sales revenue and the cost of sales where revenue exceeds the cost of sales
<b>Gross wage</b>	normal time plus overtime wage
<b>Historic cost principle</b>	transactions should be recorded at their actual original cost
<b>Imprest system</b>	the system according to which the petty cash float is restored each month by a payment of cash exactly equal to the total spent
<b>Income Statement</b>	a statement which shows the financial result for a specific financial period
<b>Indirect costs</b>	costs of manufacturing that are not linked directly to a specific product
<b>Internal users</b>	users of financial statements; normally people employed by the business and responsible for its management
<b>Liquidity ratio</b>	measures the ability of a business to meet its short term debts e.g. current ratio, quick/liquid ratio
<b>Margin</b>	when the gross profit is shown as a percentage (%) of the selling price
<b>Mark-up</b>	when the gross profit is shown as a percentage (%) of the cost price
<b>Materiality principle</b>	something should only be included in the financial statements if it would be of interest to the stakeholders
<b>Money measurement principle</b>	only transactions which can be expressed in monetary terms is recorded
<b>Net profit</b>	the difference between sales revenue plus other income and cost of sales plus other expenses, where revenue plus other income exceeds cost of sales plus other expenses (Sales – Cost of sales + other income – expenses)
<b>Net realisable value</b>	the amount that can be obtained by selling an asset after deducting expenses incurred to get it in a saleable condition
<b>Net wage</b>	gross wage minus deductions

<b>Normal time</b>	the number of hours a worker should work over a given period of time, e.g. 40 hours per week
<b>Overtime</b>	extra time (more than the normal time) worked in a given period, e.g. more than 40 hours per week
<b>Partnership</b>	a business with two to twenty (20) owners working together to make a profit
<b>Pay as you earn (PAYE)</b>	tax deducted from an employee's wage/salary and payable to the Receiver of Revenue
<b>Prime cost</b>	the total cost of direct raw material and direct labour spent on a product in the manufacturing process
<b>Profitability ratios</b>	measures the ability of a business to generate profit e.g. mark up, gross margin, net profit margin, return on capital employed
<b>Proof of payment (POP)</b>	a document received for debit card or electronic funds transfer (EFT) transactions
<b>Provision for depreciation</b>	the accumulated amount of depreciation written off on a non-current asset up to a certain date
<b>Provision for doubtful debts</b>	an <u>estimate</u> of the amount which the business will lose due to possible bad debts
<b>Prudence principle</b>	profits should not be overstated (allowed for foreseeable losses) and non-current assets should not be over-valued
<b>Rate of inventory turnover</b>	the number of times that the inventory of a business is replaced during an accounting period
<b>Realisation principle</b>	profits (gains) can only be shown when it has actually been earned. Revenue (income) is only realised when the legal title to the goods passes from the seller to the buyer
<b>Returns inwards</b>	goods sold on credit to a customer and returned for some reason to be refunded for (sales returns)
<b>Returns outwards</b>	goods bought on credit from a supplier and returned for some reason to be refunded for (purchases returns)
<b>Royalties</b>	a payment to a patentee for the use of a patent or to an author for each copy of a book sold or to a composer for each public performance of his/her work
<b>Single entry</b>	where a transaction is recorded on either the debit or the credit side, instead of both

<b>Solvency ratio</b>	measures the ability of a business to survive in the long run
<b>Statement of Financial Position</b>	a statement which shows the financial position of a business on a specific date (also called a Balance Sheet)
<b>Substance over form principle</b>	where the legal form and real substance of a transaction differ, accounting should show the transaction according to its real substance, i.e. how the transaction affects the economic situation of the business
<b>Suspense account</b>	a temporary account which is opened with the total amount with which the totals of the Trial Balance does not agree
<b>Trade discount</b>	discount from one trader to another for buying in bulk
<b>Trial balance</b>	a list of all the balances in the General Ledger, cash and bank balances from the Cash Book, the petty cash balance from the Petty Cash Book as well as totals of lists of debtors and creditors
<b>Turnover</b>	sales less sales returns
<b>Value added tax (VAT)</b>	tax charged on the increase in value when goods/services are sold
<b>Work in progress</b>	products where the production process has begun but has not been completed at the end of the financial period



## ANNEXE A SUMMARY OF COMMONLY USED RATIOS

1. Profitability ratios	
Gross margin	$\frac{\text{Gross Profit}}{\text{Turnover}} \times 100$ (give answer as %)
Mark-up	$\frac{\text{Gross Profit}}{\text{Cost of Sales}} \times 100$ (give answer as %)
Net profit margin	$\frac{\text{Net profit}}{\text{Turnover}} \times 100$ (give answer as %)
Return on capital employed (ROCE)	$\frac{\text{Net Profit before interest}}{\text{Capital Employed}} \times 100$ (give answer as %) <i>[Capital Employed = Owner's capital + Non-current liabilities]</i> <i>[For companies (Not dealt with in O level): Capital employed = Issued shares + Reserves + Non-current liabilities]</i>
2. Liquidity ratios	
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$ = x : 1
Quick/liquid ratio	$\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$ = x : 1
3. Efficiency ratios	
Debtors collection period	$\frac{\text{Debtors}}{\text{Credit sales}} \times 365$ days (answer in days)
Creditors payment period	$\frac{\text{Creditors}}{\text{Credit purchases}} \times 365$ days (answer in days)
Rate of inventory turnover	$\frac{\text{Cost of sales}}{\text{Average inventory}}$ (answer given in times per annum)
4. Solvency ratio	
Solvency ratio	$\frac{\text{Total assets}}{\text{Total liabilities}}$ = x : 1

**Calculate ratios using year-end balances where appropriate, unless the question specifies the use of average figures.**

**Calculate ratios to two decimal places.**







**The National Institute for Educational Development**  
P/Bag 2034  
Okahandja  
NAMIBIA

**Telephone:** +264 62 509000

**Facsimile:** +264 62 509073

**E-mail:** [info@nied.edu.na](mailto:info@nied.edu.na)

**Website:** <http://www.nied.edu.na>