



Republic of Namibia

MINISTRY OF EDUCATION, ARTS AND CULTURE

NAMIBIA SENIOR SECONDARY CERTIFICATE (NSSC)

**ACCOUNTING SYLLABUS
ADVANCED SUBSIDIARY LEVEL
SYLLABUS CODE: 8244
GRADE 12**

**FOR IMPLEMENTATION IN 2021
FOR FIRST EXAMINATION IN 2021**

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

© Copyright NIED, Ministry of Education, Arts and Culture, 2019
Accounting Syllabus Advanced Subsidiary level Grade 12

ISBN: 978-99945-2-217-0

Printed by NIED

Publication date: 2020

TABLE OF CONTENTS

1. Introduction	1
2. Rationale.....	1
3. Aims.....	2
4. Additional information.....	2
5. Learning content	3
6. Assessment objectives.....	19
7. Scheme of assessment.....	20
8. Specification grid.....	20
9. Grade descriptions	21
10. Command words	23
11. Glossary.....	25
Annexe A Summary of commonly used ratios	29
Annexe B Income statement of a sole trader.....	31
Annexe C Statement of financial position for a sole trader.....	32
Annexe D Appropriation account for partnerships.....	33
Annexe E Statement of financial position for partnerships.....	34
Annexe F Income statement of companies	35
Annexe G Statement of changes in equity for companies.....	36
Annexe H Statement of financial position for companies	37
Annexe I Statement of cash flow for companies.....	38
Annexe J Statement of financial position for a non-profit organisation	39
Annexe K Conventional break-even chart	40

1. INTRODUCTION

The Namibia Senior Secondary Certificate Advanced Subsidiary (NSSCAS) level is designed as a one year course for examination after completion of the Namibia Senior Secondary Certificate for Ordinary (NSSCO) level. The syllabus is designed to meet the requirements of the National Curriculum for Basic Education 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
- promote 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 following:

- Communication skills
- Numeracy
- Information skills
- Problem-solving 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
- behave ethically in the job and be aware of the combating of fraud and financial risk management

4. ADDITIONAL INFORMATION

4.1 Guided learning hours

The NSSCAS level syllabuses are designed on the assumption that learners have about 180 guided learning hours per subject over the duration of the course (1 year), 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 9 periods of 40 minutes each per 7-day cycle, or 6 periods of 40 minutes each per 5-day cycle, over a year.

4.2 Recommended prior learning

It is required that learners who are beginning this course should have previously completed the NSSCO course in Accounting.

4.3 Progression

NSSCAS Accounting provides a suitable foundation for the study of Accounting related courses in higher education. Depending on the local university entrance requirement, it may permit or assist progression directly to university courses in Accounting or other related course in higher education. Equally it is suitable for learners intending to pursue careers or further study as chartered accountants, auditors, bankers, quantity surveyors and others.

4.4 Grading and reporting

NSSCAS results are shown by one of the grades a, b, c, d or e indicating the standard achieved, grade a being the highest and grade e the lowest. 'Ungraded' indicates that the candidate has failed to reach the standard required for a pass at NSSCAS level.

4.5 Support materials and approved textbooks

Copies of NSSCAS syllabuses, recent specimen materials, question papers and examiner reports are sent to all schools. Assessment/Coursework manuals in subjects, where applicable are sent to schools. Approved learning support materials are available on the Senior Secondary Textbook Catalogue for Schools. The Textbook Catalogue is available on www.nied.edu.na

5. LEARNING CONTENT

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

THEME 1 BASIC ACCOUNTING SYSTEMS

Unit 1.1 Basic principles of accounting for sole traders

Unit 1.2 Accounting principles

THEME 2 PREPARATION AND PRINCIPLES OF FINANCIAL STATEMENTS

Unit 2.1 Adjustments for financial statements

Unit 2.2 Partnerships

Unit 2.3 Introduction to Company accounts

THEME 3 PREPARATION OF OTHER FORMS OF FINANCIAL STATEMENTS

Unit 3.1 Single entry and incomplete records

Unit 3.2 Non-profit making organisations

THEME 4 INTERPRETATION OF FINANCIAL STATEMENTS

Unit 4.1 Ratios and interpretation

THEME 5 COST AND MANAGEMENT ACCOUNTING

Unit 5.1 Cost structures

Unit 5.2 Budgets and budgetary control

ALL FINANCIAL STATEMENTS SHOULD BE PREPARED IN VERTICAL FORMAT

THEME 1 BASIC ACCOUNTING SYSTEMS**UNIT 1.1 BASIC PRINCIPLES OF ACCOUNTING FOR SOLE TRADERS**

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
1.1.1 Double entry system	<ul style="list-style-type: none">• know the principles of the double entry system	<ul style="list-style-type: none">• explain the meaning of the double entry system in relation to the dual aspect principle• relate the accounting equation to the double entry system• state the rules of double entry
1.1.2 The ledgers	<ul style="list-style-type: none">• demonstrate the skills of recording transactions in the ledgers and prepare a trial balance	<ul style="list-style-type: none">• explain the ledgers and their importance• record transactions using the double entry system for capital, drawings, assets, liabilities, income, expenses• record transactions in the general ledger in the traditional T-accounts• balance T-accounts in the general ledger• record transactions in the sales ledger and purchases ledger in three-column format• explain the meaning of a balance on ledger accounts• draw up a trial balance
1.1.3 Financial statements	<ul style="list-style-type: none">• demonstrate the skills of preparing an income statement and statement of financial position	<ul style="list-style-type: none">• prepare an income statement• prepare a statement of financial position

THEME 1 BASIC ACCOUNTING SYSTEMS (CONTINUED)**UNIT 1.2 ACCOUNTING PRINCIPLES**

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
1.2.1 Accounting principles	<ul style="list-style-type: none">• demonstrate the importance and show understanding of the main principles underlying the preparation of financial statements	<ul style="list-style-type: none">• identify the accounting principles<ul style="list-style-type: none">- historical cost- money measurement- business entity- dual aspect- realisation- going-concern- consistency- prudence- accrual/matching- materiality• explain and illustrate each of the accounting principles

THEME 2 PREPARATION AND PRINCIPLES OF FINANCIAL STATEMENTS**UNIT 2.1 ADJUSTMENTS FOR FINANCIAL STATEMENTS**

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
2.1.1 Adjustments for income and expenses	<ul style="list-style-type: none">• acquire knowledge and understanding of how to make the necessary adjustments required for the preparation of financial statements including balances brought down from the previous financial year	<ul style="list-style-type: none">• explain the need for the following adjustments<ul style="list-style-type: none">- accrued income- income received in advance- accrued expenses- prepaid expenses• explain accrued expenses and income, prepaid expenses and income received in advance• prepare income and expense accounts in the general ledger for the adjustments above, including the balances brought down from the previous financial year¹• prepare an income statement² and statement of financial position including adjustments

¹ Adjustments for accrued income, income received in advance, accrued expenses and prepaid expenses are indicated as balances in the income and expense accounts in the general ledger and the total of the balances are appearing in the statement of financial position as part of other receivables and other payables

² The detail for closing transfers in the income and expense accounts in the general ledger is "income statement".

THEME 2 PREPARATION AND PRINCIPLES OF FINANCIAL STATEMENTS**UNIT 2.1 ADJUSTMENTS FOR FINANCIAL STATEMENTS**

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
2.1.2 Depreciation and disposal of non-current assets	<ul style="list-style-type: none">• demonstrate an understanding of the nature of depreciation	<ul style="list-style-type: none">• explain the need for depreciation and provision for depreciation• explain the meaning of depreciation and provision for depreciation and its effect on non-current assets (prudence and matching principles)• explain the causes of depreciation• explain the reasons for depreciation• explain the difference between capital and revenue receipts and capital and revenue expenditure• explain the effect of depreciation and provision for depreciation on non-current assets using the accrual/matching and prudence principles• explain the different methods of depreciation<ul style="list-style-type: none">- straight line- reducing balance- revaluation• state the advantages and disadvantages of each of the above methods of depreciation• state and justify which of the above methods of depreciation is most suitable for each non-current asset

THEME 2 PREPARATION AND PRINCIPLES OF FINANCIAL STATEMENTS (CONTINUED)

UNIT 2.1 ADJUSTMENTS FOR FINANCIAL STATEMENTS (CONTINUED)

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
2.1.2 Depreciation and disposal of non-current assets (continued)	<ul style="list-style-type: none"> • demonstrate knowledge and understanding of the calculation of depreciation • demonstrate knowledge and understanding of the accounting treatment of depreciation • know and understand the accounting treatment of asset disposal 	<ul style="list-style-type: none"> • calculate depreciation using the above methods taking into account non-current assets bought or disposed of during the year and or at year end • record depreciation of non-current assets in the general ledger using the depreciation (expense) account and provision for depreciation account • record the disposal of a non-current asset in the asset account, provision for depreciation account and the disposal account • prepare an income statement to include depreciation of non-current assets and profit or loss on asset disposal • prepare a statement of financial position
2.1.3 Bad debts and provision for doubtful debts	<ul style="list-style-type: none"> • know and understand bad debts and provision for doubtful debts • demonstrate knowledge and understanding of the accounting treatment of bad debt and provision for doubtful debts 	<ul style="list-style-type: none"> • distinguish between bad debts, provision for doubtful debts and bad debts recovered • explain the need to record bad debts and provide for doubtful debts • explain the application of the accrual/matching and prudence principles to bad debts and provision for doubtful debts • record bad debts and provision for doubtful debts in the general ledger • prepare an income statement including bad debts and the adjustment of provision for doubtful debts • prepare a statement of financial position including provision for doubtful debts

THEME 2 PREPARATION AND PRINCIPLES OF FINANCIAL STATEMENTS (CONTINUED)

UNIT 2.2 PARTNERSHIPS

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
<p>2.2.1 Accounting for partnerships</p>	<ul style="list-style-type: none"> • demonstrate an understanding to prepare the accounts and financial statements of partnerships • demonstrate an understanding of the dissolution of a partnership 	<ul style="list-style-type: none"> • explain the features of a partnership agreement • explain the position of the partnership when there is no partnership deed • prepare the income statement of a partnership including the adjustments as detailed in Theme 2, Unit 2.1 to calculate the profit or loss for the year • show the accounting records for a partner's interest on loan • explain the importance of appropriation • prepare an appropriation account to show the treatment of <ul style="list-style-type: none"> • interest on drawings • interest on capital • partners' salaries • remaining profit or loss • differentiate between fixed and fluctuating capital accounts • prepare the capital and current accounts of partners in the general ledger • prepare the partnership's statement of financial position • explain the meaning of the term goodwill • prepare the accounting entries for goodwill and revaluation on admission of a new partner • explain reasons why a partnership may be dissolved • record the entries in the general journal and general ledger which arise from the dissolution of a partnership using a realisation account

THEME 2 PREPARATION AND PRINCIPLES OF FINANCIAL STATEMENTS (CONTINUED)		
UNIT 2.3 INTRODUCTION TO COMPANY ACCOUNTS		
TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
2.3.1 Nature of limited liability companies	<ul style="list-style-type: none"> understand the capital structure of limited liability companies 	<ul style="list-style-type: none"> explain the meaning of the terms limited liability and unlimited liability explain the difference between authorised and issued share capital explain the difference between <ul style="list-style-type: none"> the nominal and market value of shares ordinary shares and preference shares cumulative and non-cumulative preference shares explain the difference between capital reserves (share premium reserve and revaluation reserve) and revenue reserves (general reserve and retained earnings) explain the features of debentures explain the difference between a share and a debenture
2.3.2 Accounting for limited liability companies	<ul style="list-style-type: none"> demonstrate an understanding of and acquire the skill of preparing accounting entries for the issue of shares demonstrate an understanding of simple financial statements of limited liability companies 	<ul style="list-style-type: none"> calculate and record the entries which arise from the issue of shares fully paid at par or at a premium including <ul style="list-style-type: none"> general journal general ledger show the effect of the issue of shares in the financial statements <i>(The application and allotment account is not required)</i> explain the meaning of the terms interim dividend and final dividend calculate interim and final dividends explain the term audit fees make the other adjustments as detailed in Theme 2, Unit 2.1 prepare an income statement of a limited liability company (see Annexe F) prepare a statement of changes in equity (see Annexe G) prepare a statement of financial position (see Annexe H) <i>(Proposed dividends are NOT recorded in the financial statements, but added as a note.)</i>

THEME 2 PREPARATION AND PRINCIPLES OF FINANCIAL STATEMENTS (CONTINUED)**UNIT 2.3 INTRODUCTION TO COMPANY ACCOUNTS**

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
2.3.2 Accounting for limited liability companies (continued)	<ul style="list-style-type: none">demonstrate an understanding of statement of cash flows	<ul style="list-style-type: none">explain the purpose of a statement of cash flowexplain the difference between a statement of cash flow and cash budgetprepare a statement of cash flow <i>(no calculations are required for dividends, tax and depreciation – figures will be provided)</i>

THEME 3 PREPARATION OF OTHER FORMS OF FINANCIAL STATEMENTS**UNIT 3.1 SINGLE ENTRY AND INCOMPLETE RECORDS**

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
3.1.1 Accounts and financial statements from incomplete records	<ul style="list-style-type: none">• demonstrate an understanding of how to prepare financial statements from single entry and incomplete records	<ul style="list-style-type: none">• explain the meaning of<ul style="list-style-type: none">- single entry- incomplete records• state the disadvantages of single entry and incomplete records as a method of bookkeeping• prepare an opening statement of affairs to calculate the opening capital• calculate profit for the year from opening and closing capital• calculate credit purchases using the purchases ledger control account• calculate credit sales using the sales ledger control account• apply the following techniques to arrive at missing figures<ul style="list-style-type: none">- mark up- margin- rate of inventory turnover• calculate missing figures using various general ledger accounts and the cash book• make the other adjustments as detailed in Theme 2, Unit 2.1• prepare an income statement using all the information available• prepare a statement of financial position using all the information available

THEME 3 PREPARATION OF OTHER FORMS OF FINANCIAL STATEMENTS (CONTINUED)**UNIT 3.2 NON-PROFIT MAKING ORGANISATIONS**

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
3.2.1 Nature of non-profit making organisations	<ul style="list-style-type: none">• demonstrate an understanding of non-profit making organisations	<ul style="list-style-type: none">• explain<ul style="list-style-type: none">- accumulated fund- subscriptions- surplus- deficit- receipts and payments account- income and expenditure account- life membership• differentiate between the terminology of a profit and non-profit organisation

THEME 3 PREPARATION OF OTHER FORMS OF FINANCIAL STATEMENTS (CONTINUED)**UNIT 3.2 NON-PROFIT MAKING ORGANISATIONS (CONTINUED)**

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
3.2.2 Accounts and financial statements	<ul style="list-style-type: none">• demonstrate an understanding of preparing accounts and financial statements of non-profit making organisations	<ul style="list-style-type: none">• prepare an opening statement of affairs to calculate the accumulated fund• state the sources of income of a non-profit making organisation• state the sources of expenditure of a non-profit making organisation• prepare a subscriptions account in the general ledger including subscriptions in advance, subscriptions in arrears and subscriptions written off• make the following adjustments in the accounts of non-profit making organisations<ul style="list-style-type: none">- accrued expenses- accrued income- prepaid expenses- income received in advance- depreciation- bad debts including subscriptions written off- profit or loss on disposal of non-current assets• prepare an income statement to calculate the profit on a fund raising activity and the transfer to the income and expenditure account• prepare an income and expenditure account to include only the net amounts from other fund raising activities• prepare a statement of financial position

THEME 4 INTERPRETATION OF FINANCIAL STATEMENTS**UNIT 4.1 RATIOS AND INTERPRETATION**

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
4.1.1 Ratios	<ul style="list-style-type: none">• understand accounting ratios and their uses for sole traders and limited liability companies	<ul style="list-style-type: none">• classify accounting ratios into<ul style="list-style-type: none">- profitability- liquidity- efficiency- investment• calculate and analyse profitability ratios<ul style="list-style-type: none">- mark up- gross margin- profit margin- expenses to revenue- operating expenses to revenue (companies)- return on capital employed• calculate and analyse liquidity ratios<ul style="list-style-type: none">- current ratio- quick/liquid/acid test ratio• calculate and show the effects of transactions on working capital• calculate and analyse efficiency ratios<ul style="list-style-type: none">- rate of inventory turnover- trade receivables collection period- trade payables payment period• make suggestions and recommendations for improving profitability, liquidity and working capital• calculate and analyse investment ratios<ul style="list-style-type: none">- earnings per share- price earnings- dividend per share

THEME 4 INTERPRETATION OF FINANCIAL STATEMENTS (CONTINUED)**UNIT 4.1 RATIOS AND INTERPRETATION (CONTINUED)**

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
4.1.2 Interpretation and evaluation of financial statements	<ul style="list-style-type: none">• understand the importance of accounting ratios for the interpretation and evaluation of business performance	<ul style="list-style-type: none">• discuss the importance of accounting ratios to<ul style="list-style-type: none">- owners- managers- trade payables- trade receivables- banks- employees- potential investors• compare accounting ratios over time or to similar businesses to advise management and to aid decision making• identify and discuss the limitations of accounting ratios

THEME 5 COST AND MANAGEMENT ACCOUNTING**UNIT 5.1 COST STRUCTURES**

TOPIC	GENERAL OBJECTIVES <i>Learners will:</i>	SPECIFIC OBJECTIVES <i>Learners should be able to:</i>
5.1.1 Material and labour costs	<ul style="list-style-type: none">• understand material and labour costs• understand the need for inventory control and calculate inventory values using different methods	<ul style="list-style-type: none">• explain direct and indirect materials• explain direct and indirect labour• define and apply the principle of valuing inventory at the lower of cost or net realisable value (NRV)• explain the first in first out (FIFO) and average cost (AVCO) methods of inventory valuation• explain advantages and disadvantages of FIFO and AVCO• calculate closing inventory using FIFO and AVCO• calculate the effect on gross profit of FIFO and AVCO methods of inventory valuation
5.1.2 Overheads	<ul style="list-style-type: none">• understand absorption costing	<ul style="list-style-type: none">• define absorption costing• define direct, indirect, variable and fixed costs• allocate and apportion overheads between production and service departments• calculate the following absorption rates<ul style="list-style-type: none">- direct labour hour rate- machine hour rate- unit cost rate• apply the absorption rates to calculate the full cost and determine the profit• explain over and under absorption of overheads• explain the causes of over and under absorption of overheads• calculate over and under absorption of overheads

THEME 5 COST AND MANAGEMENT ACCOUNTING (CONTINUED)**UNIT 5.1 COST STRUCTURES (CONTINUED)**

TOPIC	GENERAL OBJECTIVES Learners will:	SPECIFIC OBJECTIVES Learners should be able to:
5.1.2 Overheads (continued)	<ul style="list-style-type: none">• understand marginal costing	<ul style="list-style-type: none">• explain the terms<ul style="list-style-type: none">- contribution- marginal costing- break-even• explain limiting factors and their effect in marginal costing• use marginal costing to calculate the contribution made towards fixed costs and profit including<ul style="list-style-type: none">- calculate break-even- prepare a conventional break-even chart showing the break-even point, the margin of safety, profit and loss- calculate contribution to sales ratio• explain the advantages and disadvantages of break-even analysis• use marginal costing in decision making<ul style="list-style-type: none">- pricing a product- accept or reject a special order- make or buy a product- continue or discontinue production

UNIT 5.2 BUDGETS AND BUDGETARY CONTROL

5.2.1 Budgets	<ul style="list-style-type: none">• demonstrate an understanding of the uses of budgets and budgetary control and the preparation of simple budgets	<ul style="list-style-type: none">• explain the uses of budgets• explain the control function of budgets• explain the advantages of budgetary control, including both financial and non-financial factors• explain the purpose of a sales budget• prepare a production budget• prepare a cash budget• advise management on appropriate courses of action on the budgeted results
----------------------	---	--

6. ASSESSMENT OBJECTIVES

The four assessment objectives in Accounting are:

- A Knowledge with understanding
- B Application
- C Analysis
- D Evaluation 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 financial accounting and cost and management accounting

Questions assessing these objectives will often begin with words such as: define, list, state, outline, explain.

B APPLICATION

Learners should be able to:

1. apply knowledge and understanding of financial accounting and cost and management accounting to a variety of accounting situations
2. recognise, select and organise relevant data in written, numerical and diagrammatic form
3. present information in an appropriate accounting format

Questions assessing these objectives will often begin with words such as: calculate, prepare, draw up, record.

C ANALYSIS

Learners should be able to:

1. analyse financial accounting and cost and management accounting and communicate the outcomes in the most appropriate form

Questions assessing these objectives may begin with words such as: analyse, discuss, examine, assess, present.

D EVALUATION AND DECISION MAKING

Learners should be able to:

1. present reasoned explanations and communicate them in an accurate and logical manner
2. make reasoned judgements and present appropriate recommendations and draw valid conclusions to facilitate effective decision making

Questions assessing these objectives will begin with words such as: suggest, advise, comment on.

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

Paper 1	2 hours	100 marks	50 % weighting
This paper will contain questions to test candidates' skills in and knowledge of financial accounting. Some understanding of how these principles are applied to business situations will be required.			
The paper will consist of four compulsory questions of variable length. Learners answer on the question paper.			
Paper 2	2 hours	100 marks	50 % weighting
This paper will require candidates to demonstrate knowledge of and skills in the principles and practices of financial accounting (2 questions) and cost and management accounting (2 questions).			
The paper will consist of four compulsory questions of variable length. Learners answer on the question paper.			

8. SPECIFICATION GRID

The relationship between the assessment objectives and components of the schemes of assessment is shown in the table.

Assessment objectives	Paper 1 Marks	Paper 2 Marks	Weighting of Assessment Objectives
A Knowledge with understanding	20	20	20 %
B Application	55	45	50 %
C Analysis	20	20	20 %
D Evaluation and decision making	5	15	10 %
Total marks	100	100	100 %
Weighting	50 %	50 %	

The marks given to test the assessment objectives give an indication of their relative importance in each paper. Marks may differ with ± 2 .

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 to e. The descriptors for judgemental thresholds a, c, e are given below.

A **Grade a** learner should demonstrate:

A Knowledge with understanding

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

B Application

1. A thorough ability to select, classify and apply information in an accurate and orderly manner
2. An excellent ability to relate facts, principles and techniques in a logical manner

C Analysis

1. An excellent ability to classify information presented in various forms
2. An excellent ability to select and use appropriate data
3. A thorough ability to interpret accounting information

D Evaluation and Decision Making

1. A sound ability to make clear reasoned judgements and communicate them in an accurate and logical manner which is appropriate to the situation
2. A sound ability to form conclusions from available information and make high quality decisions

A **Grade c** learner should demonstrate:

A Knowledge with understanding

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

B Application

1. A good ability to select, classify and apply information in an accurate and orderly manner
2. A sound ability to relate facts, principles and techniques in a logical manner

C Analysis

1. A good ability to use information presented in various forms
2. A sound ability to select and use appropriate data
3. An ability to interpret accounting information

D Evaluation and Decision Making

1. An ability to make reasoned judgements
2. An ability to form conclusions from available information and make appropriate decisions

A **Grade e** learner should demonstrate:

A Knowledge with Understanding

1. An ability to recall and use facts, principles 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 select, classify and apply information in an orderly manner
2. An ability to relate facts, principles and techniques to some situations

C Analysis

1. An ability to classify and present data in a simple way and some ability to select relevant information from a set of data
2. An ability to select and use appropriate data
3. An ability to gather information relating to a particular topic, present it in an ordered manner

D Evaluation and Decision Making

1. An ability to understand implications and make recommendations

10. COMMAND WORDS

Advise	Write down a suggested course of action in a given situation. Often linked with <i>Suggest</i> (see below).
Calculate	Work out. Often not format specific. Often accompanied by – <i>show workings/show calculations</i> .
Comment	Make relevant statements, usually on given figures, or results of calculations.
Compare	Write down the differences between two accounting statements/two businesses/methods of recording something etc.
Complete	Fill in. Often use in relation to tables/sentences/boxes.
Define	Write down an explanation of the meaning of an accounting term e.g. Define <i>depreciation</i> /Define <i>current assets</i> .
Discuss	Often linked with <i>Comment</i> (see above). Write down a reasoned explanation of the causes/effects of a course of action/the difference between two sets of figures/two financial statements etc.
Draw up	Sometimes used in place of <i>Prepare</i> . Present something in statement or account format etc. Often used in relation to bank reconciliation, statement of corrected profit etc.
Enter	Sometimes used in place of <i>Make entries</i> . Record given information in specified accounts/books/ledgers.
Explain	Give a written account of what something means/why it is done/the outcome of it etc. Examples include – <i>Explain</i> the entries in an account/ <i>Explain</i> why a trader
Give	Sometimes used in place of <i>State</i> . Write down. Sometimes used as <i>Give 2 examples</i>
List	Write down information in a number of points – usually no further explanation is necessary.
Make entries	See <i>Enter</i> above. Record information in specified accounts etc.
Name	Write down the title of etc. Often used for short one-word answers e.g. <i>Name</i> a fixed asset/ <i>Name</i> an example of
Outline	Write down. Often linked to <i>State</i> – see below. Give a brief written account of something, e.g. <i>Outline</i> the ways to reduce bad debts/ <i>Outline</i> the imprest system of petty cash.
Prepare	See <i>Draw up</i> above. Present some accounting information in suitable format e.g. <i>Prepare</i> a statement of financial position/ <i>Prepare</i> journal entries/ <i>Prepare</i> a bank reconciliation statement.

Record	Used in place of <i>Enter</i> or <i>Write up</i> . Make the necessary entries in a set of accounting records e.g. <i>Record</i> a series of transactions in the cash book/ledger/books of prime entry.
Select	Choose relevant information from that given. Often linked to further instructions e.g. <i>Select</i> the relevant information and <i>prepare</i> a Manufacturing Account/Trial Balance.
Show	Write down your workings/calculations or write down how an item will appear in some accounting statement. Often used when requiring preparation of extracts from statements of financial position/income statements etc.
State	Write down. Often used instead of <i>Give</i> – see above. Used when requiring written explanation of something e.g. <i>State</i> 2 ways in which/ <i>State</i> how the trader can
State and explain	Usually requires a little more detail than just <i>State</i> and often an explanation of why/how.
Suggest	Requiring knowledge to be related to a given situation. Offer explanation why something occurred/how a situation can be improved/methods available to deal with a situation etc.
Write up	May be used in place of <i>Prepare</i> see above. Often used in connection with ledger accounts, cash books, books of prime entry etc.

11. GLOSSARY

Absorption costing	it is a method which seeks to charge a fair proportion of overhead cost to a unit of production
Accrual/matching principle	income and expenditure is recognised in the accounting year to which they are related rather than on a cash basis. This ensures that the actual income is matched against the actual expenditure for the year and shows a true and fair view of the profit for the year.
Appropriation account	an account that shows how a partnership's profits are divided up
Articles of association	document containing regulations for internal matters and management of a particular company
Authorised share capital	total number of shares which the company is allowed to issue as stated in the memorandum of association
Business entity principle	the business and its owner are separate business entities and therefore their affairs are recorded separately in the accounts
Capital reserves	any reserve created as a result of non-trading activities e.g. share premium and revaluation reserve
Company	legally constituted society of people with common capital and a legal, common objective, usually to make a profit
Consistency principle	requires that a company's financial statements uses the same accounting principles, methods, practices and procedures from one accounting period to the next. This allows the readers of the financial statements to make meaningful comparisons between years.
Depreciation	the loss in value of a non-current asset during a financial year
Direct costs	costs that are directly related to the production of a product
Dissolution	the action of formally ending a partnership
Dividends	a payment made to the shareholders as a return on the capital invested in the business. It is distributed from profits
Dual aspect principle	is the basis for recording financial transactions into the ledger accounts. Every transaction has a double effect and should be recorded twice. Every debit entry has a corresponding credit entry of the same value.
Efficiency ratios	used to measure how effective a business uses its assets and liabilities internally e.g. rate of inventory turnover, trade receivables collection period, trade payables payment period
Equity	share capital plus reserves

Factory overhead	those factory costs which are associated with the manufacturing process but not directly identifiable as a part of the individual unit
Fixed cost	cost that stays the same, irrespective of the level of output of production
Going-concern principle	a business is seen as a going concern if it is to continue for the foreseeable future
Gross margin	when the gross profit is calculated as a percentage (%) of the selling price
Gross profit	the difference between sales revenue and the cost of sales where revenue exceeds the cost of sales
Historical cost principle	a non-current asset is recorded at its original cost
Indirect cost	costs which are not directly related to the production process of a product
Interim dividends	dividends declared and paid from profit by directors of a company during a financial year, before the year end
Investment ratios	ratios which are used to measure the performance of a company's shares
Issued share capital	part of authorised share capital already issued
Legal entity	competent body regarded as a person in legal matters, with contractual capacity
Liquidity ratio	measures the ability of a business to meet its short term debts e.g. current ratio, quick/liquid/acid test ratio
Mark up	when the gross profit is calculated as a percentage (%) of the cost price
Materiality principle	financial statements should only include items that will have an impact on decision making. An accounting standard can be ignored if the net impact of doing so will not mislead the users of the financial statements.
Memorandum of association	document stating the main objective of a company, the general nature of the business, the name of the company and details on the amount of share capital with which the company is to be registered
Money measurement principle	only transactions which can be expressed in monetary terms are recorded in the books
Net realisable value	the amount that can be obtained by selling an asset after deducting expenses incurred to get it in a saleable condition
Net turnover	sales less sales returns

Nominal share capital	see authorised share capital
Nominal value	value allocated to a share when issued
Ordinary shares	shares entitling the shareholder to a share in the distributable profit of the company in the form of a dividend after preference dividends are paid
Par value	see nominal value
Partnership	a business with two to twenty owners working together to make a profit
Preference shares	shares entitling the shareholder to a fixed dividend, providing that sufficient income is available and that the dividend is declared in accordance with the articles of association
Prime cost	the total cost of direct raw material and direct labour and direct expenses spent directly on a product in the manufacturing process
Private company	company of which the minimum number of shareholders is one and the maximum number of shareholders is fifty, the public being prohibited from buying shares in a private company
Profit margin	when profit for the year is calculated as a percentage of revenue
Profit for the year	is the difference between gross profit and other income less expenses
Profitability ratios	ratios that measure the ability of a business to generate profit e.g. mark up, gross margin, profit margin, return on capital employed
Prospectus	invitation to the public to buy shares in a public company
Provision for depreciation	the accumulated amount of depreciation written off on a non-current asset up to a certain date
Prudence principle	when preparing financial statements revenue and profits should not be overstated and losses and expenses should not be under-estimated. Assets should not be overvalued and all liabilities should be recognised immediately.
Public company	company of which the minimum number of members is seven and the maximum number of members is limited to the number of shares issued, the public being invited to buy shares by means of a prospectus
Rate of inventory turnover	the number of times that the average inventory of a business is replaced during a financial year
Realisation account	is used to close the books of accounts and determine the profit or loss on the sale of assets and the payment of liabilities

Realisation principle	revenue can only be recognised when the legal title to the goods passes from the seller to the buyer
Register of members	list kept by a company of all its shareholders
Registered share capital	see authorised share capital
Retained earnings	is profit which has not been distributed to shareholders. It is treated as a revenue reserve in the statement of financial position.
Revenue Reserves	the portion of a business' profit retained for investment in future growth which is created out of revenue profit and not distributed to shareholders e.g. general reserve and retained earnings
Share capital	consists of all the funds raised by selling ordinary shares and preference shares. It is part of the equity.
Share premium	The amount received when the issuing price is higher than the par value of a share. It is a capital reserve and part of shareholders' equity
Shareholders	people who own shares in a company
Shares	units into which the capital of a company is divided
Statement of Cash Flow	statement showing the source and application of all cash sources during a financial year
Stock exchange	place where shares are bought and sold to the public
Unissued share capital	difference between authorised and issued share capital
Variable cost	cost which changes with different levels of output of production

ANNEXE A Summary of commonly used ratios

1. Profitability ratios	
Gross margin	$\frac{\text{Gross Profit} \times 100}{\text{Revenue}}$ = %
Mark up	$\frac{\text{Gross Profit} \times 100}{\text{Cost of Sales}}$ = %
Profit margin	$\frac{\text{Profit for the year} \times 100}{\text{Revenue}}$ = % can also be expressed as $\frac{\text{Profit for the year (after interest)} \times 100}{\text{Revenue}}$ = %
Return on capital employed	$\frac{\text{Profit for the year before interest} \times 100}{\text{Capital Employed}}$ = % <i>[Capital Employed = Issued Shares + Reserves + Non-Current Liabilities]</i>
Expenses to revenue	$\frac{\text{Expenses} \times 100}{\text{Revenue}}$ = %
Operating expenses to revenue	$\frac{\text{Operating Expenses} \times 100}{\text{Revenue}}$ = %
2. Liquidity ratios	
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$ = x : 1
Quick/liquid/acid test ratio	$\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$ = x : 1

3. Efficiency ratios	
Trade receivables collection period	$\frac{\text{Trade receivables}}{\text{Credit sales}} \times 365 \text{ days}$ = days
Trade payables payment period	$\frac{\text{Trade payables}}{\text{Credit purchases}} \times 365 \text{ days}$ = days
Rate of inventory turnover	$\frac{\text{Cost of sales}}{\text{Average inventory}}$ = times per annum
4. Investment ratios	
Earnings per share	$\frac{\text{Profit for the year} - \text{preference share dividend}}{\text{Number of issued ordinary shares}}$ = N\$
Price earnings ratio	$\frac{\text{Market price per share}}{\text{Earnings per share}}$ = <i>x (number)</i>
Dividend per share	$\frac{\text{Ordinary dividend paid}}{\text{Number of issued ordinary shares}}$ = N\$

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

Calculate ratios correct to two decimal places.

ANNEXE B Income Statement of a sole trader

Example Stores Income Statement for the year ended 28 February 2020

Revenue (Sales – Returns inwards)		xxx
Less: Cost of Sales		xxx
Opening Inventory	xxx	
Add: Purchases (Purchases – Returns outwards)	xxx	
Carriage inwards	xxx	
	xxx	
Less: Closing inventory	xxx	
Gross Profit		xxx
Add: Other Income		xxx
Rent Income	xxx	
Discount Received	xxx	
		xxx
Less: Other Expenses		xxx
Salaries	xxx	
Water and Electricity	xxx	
Insurance	xxx	
Bad Debts	xxx	
Discount Allowed	xxx	
Loss on sale of non-current asset	xxx	
Stationery	xxx	
Depreciation	xxx	
Profit for the year		xxx

ANNEXE C Statement of Financial Position for a sole trader

**Example Stores
Statement of Financial Position at 28 February 2020**

Non-Current Assets	Cost	Provision for depreciation	Net Book Value
Land and Buildings	xxx	xxx	xxx
Equipment	xxx	xxx	xxx
Vehicles	xxx	xxx	xxx
	xxx	xxx	xxx
Investments			xxx
Fixed Deposit: Example Investors		xxx	
Current Assets			xxx
Inventory		xxx	
Trade receivables	xxx		
Less: Provision for doubtful debts	xxx	xxx	
Other Receivables		xxx	
Bank		xxx	
Total Assets			xxx
Owners' Equity			xxx
Capital	xxx		
Add: Profit for the year	xxx	xxx	
Less: Drawings		xxx	
Non-current Liabilities			xxx
Loan: Example Bank		xxx	
Current Liabilities			xxx
Trade payables		xxx	
Other payables		xxx	
Total capital and liabilities			xxx

ANNEXE D Appropriation Account for Partnerships

Partner 1 and Partner 2 Appropriation Account for the year ended 28 February 2020

Profit for the year			xxx
Add: Interest on drawings - Partner 1		xxx	
- Partner 2		xxx	xxx
			xxx
Less: Interest on capital - Partner 1	xxx		
- Partner 2	xxx	xxx	
Partner salary – Partner 1		xxx	xxx
			xxx
Profit Share - Partner 1		xxx	
- Partner 2		xxx	xxx

ANNEXE E Statement of Financial Position for Partnerships

Example Partners Statement of Financial Position at 28 February 2020

Non-current Assets	Cost	Provision for depreciation	Net Book Value
Land and Buildings	xxx	xxx	xxx
Equipment	xxx	xxx	xxx
Vehicles	xxx	xxx	xxx
	xxx	xxx	xxx
Investments			xxx
Fixed Deposit: Example Investors		xxx	
Current Assets			xxx
Inventory		xxx	
Trade receivables	xxx		
Less: Provision for doubtful debts	xxx	xxx	
Other Receivables		xxx	
Bank		xxx	
Total Assets			xxx
	Partner 1	Partner 2	Total
Capital Accounts	xxx	xxx	xxx
Current accounts			
Balance	xxx	(xxx)	
Interest on capital	xxx	xxx	
Salaries	xxx	xxx	
Profit	xxx	xxx	
	xxx	xxx	
Drawings	(xxx)	(xxx)	
Interest on drawings	(xxx)	(xxx)	
	xxx	xxx	xxx
			xxxx
Non-current Liabilities			xxx
Loan: Example Bank		xxx	
Loan: Partner 1		xxx	
Current Liabilities			xxx
Trade payables		xxx	
Other payables		xxx	
Total capital and liabilities			xxx

Note: If a Goodwill account is kept, Goodwill will be included in the *Non-current assets* in the Statement of Financial position.

ANNEXE F Income Statement of Companies

Example Ltd Income Statement for the year ended 28 February 2020

Revenue (Sales – Returns inwards)		xxx
Less: Cost of Sales		xxx
Opening Inventory	xxx	
Add: Purchases (Purchases – Returns outwards)	xxx	
Carriage inwards	xxx	
	xxx	
Less: Closing inventory	xxx	
Gross Profit		xxx
Add: Other Income		xxx
Rent Income	xxx	
Discount Received	xxx	
		xxx
Less: Other Expenses		xxx
Salaries	xxx	
Water and Electricity	xxx	
Interest on debentures	xxx	
Bad Debts	xxx	
Discount Allowed	xxx	
Loss on sale of non-current asset	xxx	
Audit fees	xxx	
Depreciation	xxx	
Profit for the year before tax		xxx
Taxation		xxx
Profit for the year after tax		xxx

ANNEXE G Statement of Changes in Equity for Companies

Example Ltd Statement of Changes in Equity for the year ended 28 February 2020

	N\$	N\$	N\$	N\$	N\$	N\$	N\$
	Ordinary Share Capital	5% Preference Share Capital	Share Premium	Revaluation Reserve	General Reserve	Retained Earnings	Total
Opening Balances – 01/03/2019	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ordinary Shares issued	xxx						xxx
5% Preference Shares issued		xxx					xxx
Revaluation Surplus				xxx			xxx
Share premium			xxx				xxx
Preference share dividends - interim						(xxx)	(xxx)
Ordinary Share dividends - interim						(xxx)	(xxx)
Profit for the year after tax						xxx	xxx
Preference share dividends paid - final						(xxx)	(xxx)
Ordinary share dividends paid - final						(xxx)	(xxx)
Transfer to General Reserve					xxx	(xxx)	
Closing Balances – 28/02/2020	xxx	xxx	xxx	xxx	xxx	xxx	xxx

- * Only interim dividends paid will reduce the Retained Earnings. According to the Prudence concept, proposed dividends will not be recorded, but shown as a note to the accounts.

ANNEXE H Statement of Financial Position for Companies

Example Ltd Statement of Financial Position at 28 February 2020

Non-Current Assets	Cost	Provision for depreciation	Net Book Value
Land and Buildings	xxx	xxx	xxx
Equipment	xxx	xxx	xxx
Vehicles	xxx	xxx	xxx
	xxx	xxx	xxx
Investments			xxx
Fixed Deposit: Example Investors		xxx	
Current Assets			xxx
Inventory		xxx	
Trade receivables	xxx		
Less: Provision for doubtful debts	xxx	xxx	
Other Receivables		xxx	
Cash and cash equivalents		xxx	
Total Assets			xxx
Equity			
		Authorised	Issued
200 000 Ordinary Share Capital at N\$1 each		xxx	xxx
50 000 5% Preference Share Capital at N\$1 each		xxx	xxx
			xxx
Reserves			xxx
Share premium		xxx	
Revaluation reserve		xxx	
General reserve		xxx	
Retained earnings		xxx	
Total equity			xxx
Non-current Liability			xxx
6% Debentures		xxx	
Current Liabilities			xxx
Trade payables		xxx	
Other payables		xxx	
Total equity and liabilities			xxx

ANNEXE I Statement of Cash Flow for Companies

Example Ltd Statement of Cash Flow for the year ended 28 February 2020

Operating activities		
Profit before tax		xxx
Depreciation		xxx
Interest on debentures		xxx
Interest on overdraft		xxx
Loss on asset disposal		xxx
Profit on asset disposal		(xxx)
(Increase) or Decrease Inventory		xxx
(Increase) or Decrease Trade receivables		xxx
Increase or (Decrease) Trade payables		xxx
Cash inflow from operating activities		xxx
Returns on investments and servicing of finance		(xxx)
Dividends paid	(xxx)	
Interest on overdraft	(xxx)	
Interest on debentures	(xxx)	
Cash inflow before tax		xxx
Taxation		(xxx)
Cash inflow after tax		xxx
Investing Activities		(xxx)
Proceeds on sale of Non-current assets	xxx	
Non-current assets purchased	(xxx)	
Cash inflow before financing		xxx
Financing Activities		xxx
Shares issued	xxx	
Debentures paid	(xxx)	
Net inflow		xxx
Analysis of Cash and Cash Equivalents		
Opening balance of cash and cash equivalents	xxx	
Inflow of cash and cash equivalents	xxx	
Closing Balance of cash and cash equivalents	xxx	

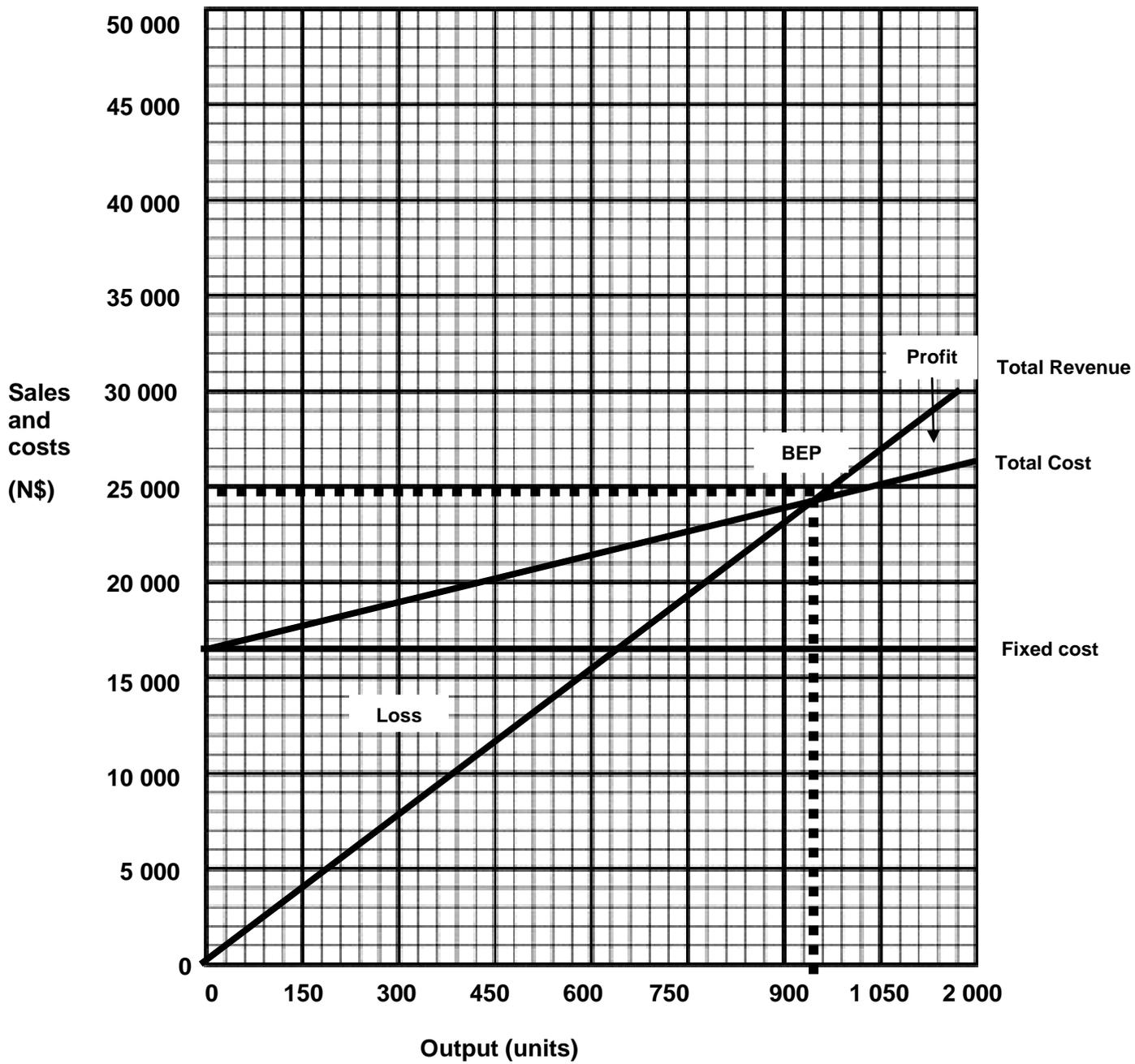
ANNEXE J Statement of Financial Position for a Non-Profit Organisation

**Example Club
Statement of Financial Position at 28 February 2020**

Non-Current Assets	Cost	Provision for depreciation	Net Book Value
Clubhouse	xxx	xxx	xxx
Equipment	xxx	xxx	xxx
Vehicles	xxx	xxx	xxx
	xxx	xxx	xxx
Investments			xxx
Fixed Deposit: Example Investors		xxx	
Current Assets			xxx
Inventory		xxx	
Subscriptions in arrears		xxx	
Other Receivables		xxx	
Bank		xxx	
Total Assets			xxx
Accumulated Fund		xxx	
Add: Surplus		xxx	xxx
Non-current Liabilities			xxx
Loan: Example Bank		xxx	
Current Liabilities			xxx
Trade payables		xxx	
Subscriptions received in advance		xxx	
Other payables		xxx	
Total accumulated funds and liabilities			xxx

ANNEXE K Conventional break-even chart

Break-even chart – Example Ltd





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

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