

**THE PROVISION OF SUPPORT MATERIAL TO ASSIST FET
PHASE ACCOUNTING EDUCATORS IN THE FREE STATE
PROVINCE**

by

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(B.Comm; H.E.D; B.Ed.; M.Ed.)

submitted in accordance with the requirements for the degree

PHILOSOPHIAE DOCTOR (EDUCATIONIS)

in the

DEPARTMENT OF MANAGEMENT SCIENCES

SCHOOL OF TEACHER EDUCATION

at the

CENTRAL UNIVERSITY OF TECHNOLOGY, FREE STATE

WELKOM CAMPUS

NOVEMBER 2008

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DECLARATION OF ORIGINALITY

I hereby declare that this thesis which is entitled **THE PROVISION OF SUPPORT MATERIAL TO ASSIST FET PHASE ACCOUNTING EDUCATORS IN THE FREE STATE PROVINCE** is my own work and that all sources which have been used or quoted have been indicated and acknowledged, and that this thesis was not previously submitted by me for a degree at another university.

I also confirm that the final content was linguistically revised by Dr. J. Badenhorst.

.....

Mr. F.J. Meyer

ACKNOWLEDGEMENTS

I, Frederick Johannes Meyer, want to thank the following people who made the successful completion of this thesis a reality:

- my promoter, **Dr. Gawie Schlebusch**, for all his advice, kindness, dedication and enthusiasm in which he led from the front;
- **Dr. J. Badenhorst** for doing the language revision thoroughly;
- **Mr. David Castelyn** who did all the trial reading of the content willingly and with eagerness;
- my **loved ones**, especially **Amé** who made all the sacrifices to give me ample opportunity to work, their belief in me and all the encouragement they offered me;
- my **Creator**, from whom I receive all the strength, insight, knowledge, love and guidance that makes everything possible.

ABSTRACT

This study primarily focuses on the factors that should be taken into account when developing Learning and Teaching Support Material (LTSM) to be used by FET Accounting educators to improve the results of their learners. In order to accomplish this aim, literature from published books, textbooks, guidelines and syllabi from the Department of Education, speeches and articles on the internet, interviews and questionnaires were used in capturing data to establish the essence of Accounting and Accounting principles, to determine the educational changes regarding the curriculum that were made and the influence of these changes on the Accounting syllabi for the FET phase, to identify the factors that hamper the improvement of FET Accounting results in schools and to identify, describe and analyse a curriculum and LTSM.

A triangulation methodology was employed in this study where qualitative data (interviews) and quantitative data (questionnaires) were captured. Through the interviews with the Learning Facilitators of Accounting and questionnaires completed by Accounting educators, it became clear that a lack of LTSM exist in Accounting. Accounting educators indicated that they are in dire need of LTSM for the FET phase to be able to improve the results of their Accounting learners in tests and examinations.

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CHAPTER 1

INTRODUCTORY ORIENTATION

1.1 INTRODUCTION

Through the years grade 12 educators have strived to obtain the best results with their learners. After the national grade 12 results of 2007 were announced, Ms. Naledi Pandor, the current Minister of Education, commented that many schools continue to perform poorly and that these schools face an uphill battle to obtain an acceptable grade 12 pass rate (Pandor, 2007). She also put forward some reasons for the poor performance of schools: unqualified and under-qualified educators in some classes, negligible support to schools, educators not receiving enough curriculum support and the fact that many grade 8 and 9 educators do not seem to view their teaching as part of a skills development continuum feeding into grade 12 and beyond.

With the introduction of Outcomes Based-Education (OBE) in 1998, Accounting was integrated with other commercial subjects, such as Business Economics and Economics to form the Learning Area: Economic and Management Sciences (EMS) in the senior phase (grade 7-9). The practical implication of this integration was that the time allocated to Accounting in the EMS Learning area was reduced, since the syllabus of EMS concentrates more on general activities of a business than on the basic principles of Accounting.

It becomes increasingly clear that any improvement in Accounting results should be preceded by the provision of proper learning and teaching support materials (LTSM) to Accounting educators.

1.2 SIGNIFICANCE OF THE STUDY

While attending workshops, seminars and other Accounting related courses, the researcher realised that many Accounting educators are in serious need of additional support material to assist them and their learners. In informal discussions, these educators indicated that although policies and guidelines serve a useful purpose, they need more practical support material to assist them in their classrooms.

This study aims to identify and concentrate on the practical problems that the Further Education and Training (FET) phase (grade 10-12) Accounting educators face each year. Providing proper Accounting support material to educators can assist them considerably in increasing the academic performance of FET phase Accounting learners, and ultimately the results in the final grade 12 examination. As part of this research, and to add to the current body of knowledge of Accounting in the FET phase, Accounting support material will be developed that consists of a combination of more elementary type of exercises (to assist with baseline assessment), as well as more advanced exercises. Memoranda for all these exercises will also be provided. These questions can then be used for revision, tests, examinations, assignments and projects. Educators will also be provided with examples of class tests that can be implemented to improve the theoretical knowledge of learners, as well as methods that can be employed to assist learners in solving

Accounting problems. To achieve better results, an effort must be made to ensure that Accounting educators are better equipped to serve their learners.

The significance of this study is not only limited to Accounting educators, but also aimed at the learners and possibly other educational institutions who may want to make use of these support materials.

1.3 STATEMENT OF THE PROBLEM

The lack of Accounting knowledge of learners entering the FET phase forces Accounting educators in this phase to spend a considerable amount of time with learners to instill the basic principles of Accounting. Since Accounting is not a stand-alone subject in the GET (Senior) Phase, but forms part of the Learning Area: EMS, learners entering the FET phase with Accounting as a chosen subject seem to lack many of the basic principles needed at this entry level. The result is that FET Accounting educators need to first ensure that learners entering this Phase are on par with the baseline knowledge before being able to continue with official grade 10 content.

Educators who are responsible for teaching Accounting in grade 10 are therefore placed under immense pressure to complete the grade 10 syllabus in the specified time period. A possible bottleneck effect is then more than likely to occur, as possible unfinished grade 10 content will again put pressure on the grade 11 Accounting educator and further down the line on the grade 12 Accounting educator who, in addition to the

normal syllabus, also needs to prepare these learners for the grade 12 final examination.

Although the various Accounting textbooks employed by schools in the FET phase consist of good examples and activities to provide learners with the basic principles of each Accounting section, there are few additional exercises available for learners to achieve a higher level of insight and knowledge to prepare them sufficiently for the grade 12 Accounting examination paper. With the vast costs involved in replacing text books, an alternative to consider is to compile a proper LTSM with exercises that address various levels of complexity to improve the insight of Accounting learners.

The demand for Accounting educators currently exceeds the supply and as a result schools make use of under-qualified educators in the Accounting classroom (Pandor, 2004). Although these educators cannot be blamed for the situation, the standard of education is compromised and eventually the learners will not perform satisfactorily. Under-qualified educators are in dire need of extra support material to assist them to achieve the necessary results with their learners.

FET phase Accounting educators seem to lack the support material needed to ensure that both basic and more advanced principles of Accounting are embedded in learners. Against the background of this problem, the following questions need to be answered by this study:

- How will the provision of support material (LTSM) in Accounting contribute towards applying Accounting principles to reach the aims of Accounting?
- What relationship is there between developing a curriculum and the development of LTSM?
- What educational changes have been implemented by the National Department of Education since 1994 and what impact do these changes have on the provision of relevant LTSM?
- What are learning facilitators' and educators' perceptions and practices on LTSM in Accounting?
- What type of LTSM should be provided to assist FET Accounting educators and learners?

Answers to the above-mentioned questions will form the basis of this study.

1.4 AIMS OF THE STUDY

The researcher's primary aim with this study is to establish the factors that should be taken into consideration when developing support material to be used by FET phase Accounting educators to improve the results of their learners.

In order to accomplish this aim, the following objectives should be realised by this study:

- to establish how the provision of support material (LTSM) in Accounting contribute towards applying Accounting principles to reach the aims of Accounting.
- to ascertain the relationship between developing a curriculum and the development of LTSM.
- to investigate the educational changes implemented by the National Department of Education since 1994 and to establish the impact these changes have on the provision of relevant LTSM.
- to investigate the perceptions and practices of learning facilitators and educators regarding LTSM in Accounting;
- to develop FET phase Accounting support material to assist Accounting educators to achieve better results.

1.5 PRELIMINARY LITERATURE REVIEW

According to Flynn and Koornof (2003:5), the value of the study of Accounting is that everybody deals with money on a daily basis and people have grown up in a society in which money plays an essential role. According to Kolitz and Quinn (1999:3), Accounting is in general concerned with the preparation and presentation of the financial information needed to make economic decisions. Accounting has also

been described as the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of such information (Faul, Everingham & Lomax, 2000:4).

The Learning programme guidelines for Accounting (LPG) (2008a:7) issued by the Department of Education describes Accounting as a subject that focuses on measuring performance, and processing and communicating financial information about economic sectors. This discipline ensures that ethical behaviour, transparency and accountability are adhered to. It deals with the logical, systematic and accurate selection and recording of financial information and transactions, as well as the compilations, analysis and interpretation of financial statements and managerial reports for use by interested parties.

The purpose of Accounting as subject is to develop the skills, values, attitudes and ability of learners to make meaningful and informed personal and collaborative financial decisions in economic and social environments (Department of Education, 2005a:7).

According to the LPG for Accounting (Department of Education, 2008a:8), the emphasis of Accounting, at school level, is that learners have to learn how to:

- collect, select, record, analyse and interpret financial and other relevant data to be able to make relevant decisions;
- develop general and specific skills in accounting to bring theory and practice together according to generally accepted accounting practice;

- present and communicate financial information effectively;
- develop and demonstrate an understanding of fundamental accounting concepts;
- relate skills, knowledge, attitudes and values to contribute to a better standard of living, human development and productivity;
- organise and manage own finances responsibly;
- develop an ability to identify and solve problems;
- develop characteristics like ethics, sound judgment, thoroughness, orderliness, accuracy, neatness and presentability.

The Accounting curriculum has changed over the past decade with the aim to better serve the purposes of Accounting. When the different Accounting syllabi that have been followed over the past ten years are compared with the newly implemented syllabus for grades 10-12, the following changes, according to the LPG for Accounting (2008a:28-36) are noticed:

- the salary and wages journal shifted from grade 11 to grade 10;
- terminologies of concepts that were done in grades 11 and 12, such as VAT and budgets, have to be explained in grade 10;
- clubs as non-profitable organisations are done in grade 11 in stead of grade 12;
- cash budgets of companies are omitted in grade 12;
- VAT calculations were added in grade 11 and the application of the principles of VAT is included in grade 12;
- manufacturing was added to the grade 12 syllabus;
- interpretations and analysis of bank, debtors and creditors reconciliations, as well as audit reports of companies, were included in grade 12.

Changes in curriculum are often negatively perceived by educators as is usually the case when people are confronted with change. The provision of Learning and Teaching Support Material (LTSM) for Accounting can assist Accounting educators where curriculum changes have been made.

LTSM refers to any materials that facilitate learning and teaching (Learning programme guidelines: Accounting, 2008:19). The Policy on Learning Support Material of the University of Johannesburg (2007:6) refers to LTSM as concrete products that are results of programme development and programme design activities which are constructed in any medium or combination of media that are conducive to learning. According to Prinsloo (2003:40), LTSM encompass more than just textbooks and could be created from a variety of sources.

Vinjevold (1999) categorises LTSM into print-based, electronic, physical, combinative, human and organisational materials. Draper (2005:9) lists a few print-based resources such as notes, documents, textbooks, newspapers, magazines, study guides, educator guides and reference books. To extend the list of LTSM, Olvitt (2004:29) adds personal experiences, activity sheets, puzzles, posters and advertisements, while Prinsloo (2003:40) includes video, computers and educational programmes as examples of electronic LTSM.

1.6 RESEARCH DESIGN AND METHODOLOGY

The researcher will use an integrated research approach for this study as the qualitative approach will be enhanced by quantitative data.

According to Cant (2003:121), qualitative research methods focus on in-depth investigation, concentrating on a relatively small number of individuals when collecting research data, while quantitative data normally portrays statistical results which can be projected to a wider population. This study will also employ elements of participatory action research which is essentially about improving practice and not producing knowledge (Cant, 2003:89). Elements of descriptive research, where a specific situation is studied and no attempt is made to change any behaviour or conditions (but rather measured as they are) will also be used.

1.6.1 Literature review

Conducting the literature review from published works, other research material and material supplied by the Free State Department of Education, will provide a clear picture and background to the problem under investigation. The rationale for engaging with literature from previous work and studies conducted is to provide a context for the proposed study and to demonstrate why this study is important and timely. The literature review is not a compilation of facts and feelings, but will be used as a coherent argument that leads to the description of this proposed study (Rudestam & Newton, 1992:46-47).

The literature study, which includes primary and secondary sources, aims to find a link between one's own study and the accumulated knowledge in one's field of interest (Fraenkel & Wallen, 2003:70). Primary sources can include autobiographies, letters, diaries, eyewitness accounts, recorded political speeches, information collected via questionnaires or during interviews and research results disseminated via the worldwide web (www) (Du Plooy, 2002:59). Secondary sources may include the description of the work of others from text books, biographies and press reports regarding political speeches (Du Plooy, 2002:59). A literature review is not a replication of previous studies, but rather a foundation for a researcher to be in a better position to interpret his/her own personal results. According to Creswell (1994:20-21), the purpose of literature in a study is to share the results of other studies that are closely related to the proposed study, to extend prior studies and to provide a framework for establishing the importance of the study.

1.6.2 Qualitative and quantitative research

Qualitative and quantitative research approaches are mainly employed to conduct research. A researcher can opt to use one approach or a combination of both approaches. Qualitative research is also called field research, critical research or interpretative research which expresses data in a non-numerical form through words (Du Plooy, 2002:29). The qualitative researcher concentrates on the individuals involved with the research and rely on their voices and interpretations. The researcher must interact with those who are investigated and be part of the research (Creswell, 1994:5-6). An example of this interaction is interviews, which will also be used in this study to provide Accounting educators the opportunity to express their opinions regarding the new Accounting syllabus, describe the practical problems they are experiencing and to provide possible solutions to improve their current problems.

Quantitative research, also called empirical research, restricts itself to data of experiences and rejects any form of speculation. Data is expressed in numerical form through numbers (Du Plooy, 2002:21). The researcher is keeping a distance between him-/herself and what is being researched. The researcher should aim to be objective and one way of succeeding is by using a questionnaire to assess a situation (Creswell, 1994:5-6). This study will make use of both interviews and questionnaires to collect data. This data- collection method is referred to by Du Plooy (2002:39) as triangulation. The main reasons for applying triangulation are to test theoretical assumptions in more than one way, and to increase the reliability and validity of observations, analyses and findings (De Vos, 1998:359).

1.6.3 Questionnaire

According to Laws (2003:306-307), a questionnaire is a written list of questions, given or posted to respondents, which they should complete by themselves and can be useful when:

- information is needed from a larger number of respondents;
- the researcher knows what data is needed;
- the needed information is straight forward and in a standardised format;
- the respondents will be comfortable with answering the questions.

A questionnaire can consist of open-ended questions and closed-ended questions. With open-ended questions the respondent can provide his/her own opinions or viewpoints and the information is often used as prime qualitative data in the same way as information gathered from interviews (Swanson & Holton, 1997:99). The respondents will therefore be encouraged to reply as they wish in order to reveal their attitudes (Saunders, Lewis & Thornhill, 2000:260). Closed-ended questions lead the respondent to choose a specific given alternative and such information is used in quantitative data (Swanson & Holton, 1997:99). The closed-ended questions are thus standardised and can be easily interpreted in the same way by respondents. Specific information or confirmation of facts or opinions is gathered by using closed-ended questions, especially in questionnaires (Saunders et al., 2000:261).

Most of the information that is needed for this study will be collected through a questionnaire with both closed-ended and open-ended questions. A questionnaire will be developed to obtain:

- background information of the Accounting educators;
- information regarding the teaching and learning situation the Accounting educator finds him-/herself in;
- information regarding the possible problems as well as the possible needs of FET phase Accounting educators in schools.

This questionnaire will be disseminated to FET phase Accounting educators as per the sample discussed in sub-section 1.7. The questionnaire will be completed by FET phase Accounting educators from the five education districts of the Free State province. The information gathered from the questionnaire will be used to create support material for Accounting educators.

1.6.4 Interview

Interviews can be structured and standardised, or it can be semi-structured or even unstructured which is unstandardised to explore specific areas of interest (Saunders *et al.*, 2000:243-244). During the initial phase of this study, it is envisaged that semi-structured, in-depth interviews will be conducted with learning facilitators (LFs) of Accounting of the Free State province (see sub-section 1.7). Semi-structured interviews lend itself to a set of questions to be asked, as well as the opportunity to probe for more clarity when needed. According to Laws (2003:286), an in-depth interview attempts to uncover people's personal motivations, prejudices, feelings, opinions and attitudes regarding possible sensitive issues.

Interviews are seen as a qualitative data-collection method, allowing the researcher to obtain information from participants on an individual basis.

Information will be gathered regarding the issues this study aims to investigate and to draft a questionnaire to be completed by Accounting educators in the FET phase. According to Brewerton and Millward (2001:69), interviews will help piloting or validating the research process in the right direction. The compiled research information will be validated as objectively as possible and compiled scientifically along applied research methodologies in order to formulate critical, and inevitable subjective, scientific conclusions. The results and conclusions will then be used to compile Accounting support material for FET Accounting educators.

1.7 POPULATION AND SAMPLE

According to Welman and Kruger (1999:18), population refers to the complete set of units or the whole group you are interested in, from which a sample is usually drawn. The population for this study will consist of all FET phase Accounting educators, as well as the LFs for Accounting of the five education districts of the Free State province.

Brewerton and Millward (2001:114) refer to a sample as a selection of individuals drawn from the target population which is intended to reflect this population's characteristics in all significant respects. The main criteria for sampling is thus to ensure a faithful representation of the total population which is studied and to ensure that it is reliable. The sample for this study will consist of ten secondary schools from each education

district, randomly selected. FET Accounting educators will be purposefully sampled from these schools. Purposeful sampling is to select participants that will best enable you (the researcher) to answer your research questions and to meet your objectives (Saunders *et al.*, 2000:174). Two to three Accounting educators per school who are responsible for Accounting in grades 10, 11 and 12 will form part of the sample. The total sample for this study will therefore be 175 FET phase Accounting educators from 75 secondary schools and 3 LFs. Although 5 Accounting LFs are currently employed in the Free State province, 2 of the 5 LFs were newly appointees. Due to their lack of experience as LFs, they were unable to participate in this study.

1.8 DELIMITATION OF THE STUDY

The focus of this study will be on township schools as these schools are historically lacking in resources (be it infrastructure, technological or support materials) which prevent them from consistently performing at a level envisaged by the Department of Education. Higher education institutions will, as a result, be able to enroll a better equipped Accounting student.

1.9 CLARIFICATION OF CONCEPTS

The following concepts are used in the study and clarification is therefore needed at this stage:

1.9.1 Curriculum transformation

The LPG for Accounting (2008a:2) describes curriculum transformation as the developing of a new curriculum for the school system to reflect new values and principles. The term curriculum change will be used in this study in the same manner as curriculum transformation.

1.9.2 Assessment

Assessment can be defined as the process of identifying, gathering and interpreting information about a learner' s achievement, as measured against nationally agreed outcomes for a particular phase of learning (RNCS Senior phase draft assessment guidelines, 2005b:4). In this study the terms assessment and evaluation will be used in the same context.

1.10 CHAPTER OUTLAY

The chapter outlay is as follows:

Chapter 1: Introductory orientation

Chapter 2: Accounting and principles of Accounting

Chapter 3: Analysing a curriculum

Chapter 4: Transformation of the Accounting curriculum

Chapter 5: Research design, methodology, data-reporting and analysis

Chapter 6: Findings and recommendations

Chapter 7: LTSM for Accounting in the FET phase

CHAPTER 2

ACCOUNTING AND PRINCIPLES OF ACCOUNTING

2.1 INTRODUCTION

Before any support material for Accounting can be created, it is essential to scrutinise the foundation on which support material can be built. The first pillar of this foundation is the concept Accounting and what it entails. Definitions from various sources will help to understand the aims, functions and areas of Accounting. The second pillar of the foundation is the principles of Accounting which represent the basics of how to do Accounting (direction), what to concentrate on when practicing Accounting (fundamentals) and which can be used to reach the aims of Accounting according to law (guidelines). An in-depth look at the variety of Accounting principles and the importance of each principle will assist in selecting and compiling appropriate LTSM for Accounting.

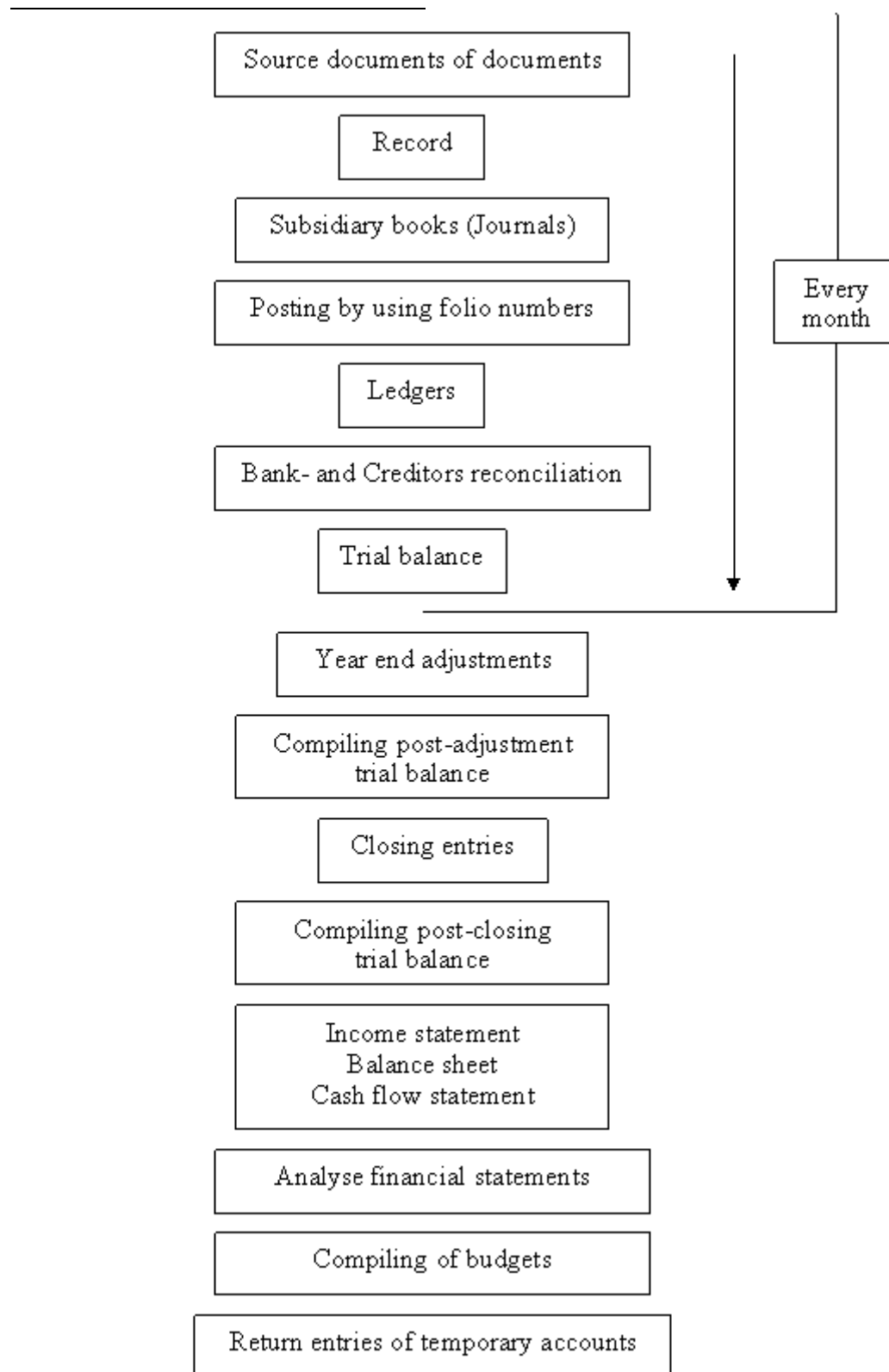
2.2 AN EXPLANATION OF THE CONCEPT “ACCOUNTING”

The description of Accounting can be taken from various authors' point of view. The views or definitions will each describe a part of the field that Accounting covers. These definitions will also be used further on in the chapter to determine the aims of Accounting.

Flynn and Koornhof (2003:5) see Accounting as a science that deals with keeping record of money and it centres on the capturing of financial information. Record must be kept of money received and spent, derived

from information regarding its source, how it has been spent and how much are left. Accounting as a school subject forms part of the commercial subjects and was previously called Bookkeeping (Marshall & McManus, 1996:4). This bookkeeping system includes the recording of transactions from source documents in journals, the posting of the journals to the various ledger accounts and the compiling of the financial statements (Needles, Powers, Mills & Anderson, 1999:7). Complementing this Accounting cycle are also other sciences, such as Auditing and Taxation, which can be used as resources to achieve the aims of Accounting (Kolitz & Quinn, 1999:9).

Accounting is concerned with the preparation and presentation of the financial information needed to make economic decisions. Accounting is seen as more than a science where not only transactions must be recorded and financial statements compiled. It also includes analysis, interpretation, comments and proposals of the financial statements of a business. In a broader sense Accounting is a process of identification, measurement and recording of occurrences as well as the processing, communication, interpretation and application of the information (Faul, Pistorius, Van Vuuren & De Beer, 1994:7). Accounting encompasses therefore the following process:



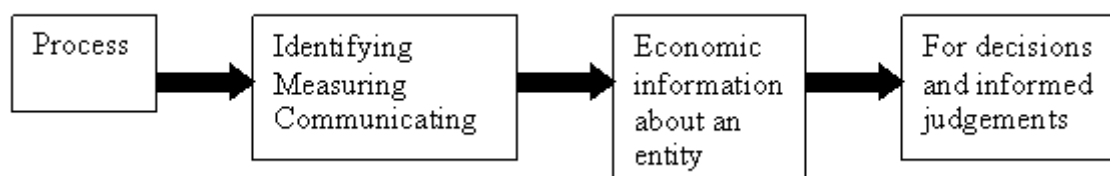
Bosua and Schutte (2000:1) summarise Accounting as the orderly and systematic recording of transactions within a business during a certain

period. This information must be available to those who have an interest in the business (Vorster, Koen, Koornhof, Oberholster & Koppeschaar, 2005:1). Accounting makes communication possible between parties who have a concern in a specific entity. Needles et al. (1999:3) confirm the above when pointing out that Accounting is an information system that measures, processes, and communicates financial information about an identifiable economic entity.

Managers of business concerns can use the information for future planning, compiling budgets, work out strategies, to eliminate errors that have been made in the past, to identify tendencies by comparing information from previous years with current information and many more aspects as needed by management. In short it means that Accounting assists with decision making and the execution of informed judgements (Marshall & McManus, 1996:2).

Accounting can be schematically recapitulated as follows:

BUSINESS WORLD



Accounting is used as the language of business between parties in the business world (Kinserdal, 1998:vii). In conclusion, Accounting can be summarised as the work or art of an accountant who wants to arrange transactions of businesses by achieving the aims of Accounting. This arrangement of transactions and businesses can become complicated due

to the various sectors where Accounting can be found. Before the aims of Accounting are discussed, it is necessary to identify the sectors of Accounting.

2.3 THE SECTORS AND APPLICATION OF ACCOUNTING

The sectors of Accounting in society, where the aims of Accounting have to be applied, are so expansive that a more in-depth discussion is necessary.

According to Faul, Pistorius, Van Vuuren, Vorster and Swanevelder (2000:10-11), the application of Accounting can be divided into two sectors. The first hereof is the application of micro-Accounting for individual businesses aiming to generate profit. Businesses resorting under this sector are, for instance, sole traders, partnerships, close corporations and companies. The second sector is macro-Accounting for a society, region, national economy or world matters. Businesses in this sector act in the interest of the country and are usually government enterprises or government support enterprises, for example South African Coal and Oil (SASOL). The above-mentioned sectors make use of two kinds of Accounting systems, which will subsequently be discussed.

The application of Accounting can be classified into two groups, namely Financial Accounting and Cost- and Management Accounting (Faul, Everingham & Lomax, 2000:5). The differences between these two main streams of Accounting are indicated by Faul et al. (1994:11-12) as follows:

Financial Accounting		Cost- and Management Accounting	
1	Provide information to external users	1	Provide information to internal users
2	Generate general purpose financial statements	2	Generate specific purpose statements and reports
3	Report on financial events of the past	3	Concentrate on futuristic reports
4	Must conform with standards that were applied externally	4	Not liable to external standards
5	Emphasise objective data	5	Use subjective data

Kolitz and Quinn (1999:6-10) assert that Financial Accounting focuses on the entering of transactions and the compiling of financial statements. The financial statements are then compared with the financial statements of previous years for analysis purposes so that future planning can be made. Business enterprises, which include trading enterprises and service enterprises, use Financial Accounting.

According to Faul et al. (2000:24) it was the development of Accounting which resulted in the establishment of Cost-Accounting. Production enterprises started using Cost- and Management Accounting to make cost calculations, cost predictions for the future and to compile cost budgets.

The budgets are generally used to be cost effective and to minimise the cost of production.

From the above it is clear that the specific Accounting system must fit the type of business. Differentiation between the aims of the two types of Accounting systems which are used, is vital. Since the information which is needed by the management of trading enterprises and production enterprises is different. The focus of this study is on Financial Accounting, because this is the Accounting system which is implemented in the schools. A general perspective regarding the aims of the Financial Accounting system will now be analysed to provide guidelines for the implementation of Accounting principles.

2.4 A GENERAL PERSPECTIVE REGARDING THE AIMS OF FINANCIAL ACCOUNTING

Each subject which forming part of a science has certain aims that need to be achieved (Meyer, 1998:51) and Accounting is no exception. The aims for Accounting are not only for a selected group of people to fulfil, such as auditors and accountants, but also for the learner who has just started with Accounting as a subject. To clarify the aims of Accounting further, the views of other researchers in the field are discussed in the next section.

According to the LPG for Accounting (2008a:7), the aims of Accounting are to fulfil the need for financial information by measuring the financial position and results of entities and the changes therein and to report this to interested parties. Financial information is therefore used as

communication medium between businesses and businessmen. In other words: if Accounting information is not available to parties in need of that information, then Accounting has failed in its aims. Vorster et al. (2005:13) concur when stating that the aim of Accounting is a process of identifying, measuring and communicating financial information to interested parties for decision making. This aim is closely related to the description of Accounting as given in paragraph 2.2. The process mentioned by Vorster et al. also relates to the rules and methods that have to be applied to make the Accounting cycle, as illustrated in paragraph 2.2, a reality.

The rules and methods whereby Accounting is put into practice, are in accordance with the generally accepted Accounting practice (GAAP), the aim of which is to present the current state of affairs of entities in the financial statements of businesses in a fair manner, as well as to make the comparison of financial reports of different entities easier (Flynn & Koornhof, 2003:39-40). The aims of Accounting were drafted with the aim of providing a generally accepted end product which is understood by everyone. Simplicity is the keyword when providing information to ensure that interested parties understand and correctly interpret the information.

Meyer (1998:56-57) states that the improvement and development of Accounting theories and principles are likely to continue into the foreseeable future. Accounting is not a static subject, but has to keep track of the changes in the business world. As forms of ownership are created, for instance close corporations in 1984, the aims of Accounting must also adapt to keep in touch with the demands of the business world.

In summarising, the primary aim of Accounting is the processing of data to obtain and provide plain, relevant and true information that can be effectively used by interested parties. An entity should therefore strive to provide correct information, at the right time, at the right place to the right persons. The aims of Accounting are not only a language for business, but also to indicate what the principles of Accounting must be. Meyer (1998:47-48) emphasises that there has to be an interaction between the aims of Accounting and the use of Accounting principles to create an Accounting structure according to which entities can work.

An Accounting principle makes a valuable contribution by indicating the direction to take in reaching the aims of Accounting. The first step in identifying Accounting principles is to make an in depth study of what a principle is and then to determine the characteristics and field of an Accounting principle.

2.5 THE ORIGIN AND ANALYSIS OF THE CONCEPT: PRINCIPLE

Etymologically the meaning of the word principle can be derived from Greek and Latin origins. In Latin the word principle is described as *principium*, which means start, and *van primum capere*, which means origin. These two Latin words serve as bases for words like princeps, which means first and principalis, which can be translated as “ main reason” (Stoker, 1961:32). The Greek word *Arché* , which means principle, has also other meanings like start, origin, foundation, to make a point, guidance, dominion, kingdom and region (Stoker, 1961:32). A

principle can therefore be seen as a foundation, an origin or start for a point of view, belief, theories and sciences. It can also be defined as a starting point, origin, or point of departure of a view, rule or belief, which humans discovered, formed and implemented in a specific field, to be valid in the living situations of people (Meyer, 1998:12).

2.6 CHARACTERISTICS OF ACCOUNTING PRINCIPLES

To list the characteristics of Accounting principles, the views of several authors of Accounting books, as well as the information already provided thus far will be taken into account. The characteristics of an Accounting principle can be used as an expedient to identify specific Accounting principles. The composition of an Accounting principle will have on the one hand the characteristics of a principle, while on the other hand be focused to reach the aim of Accounting.

Various characteristics of Accounting principles are provided and will be illuminated in the next section. These views are subjacent to the features of a principle, which will be indicated in each case:

- Firstly, Faul et al. (1994:17) regard an Accounting principle as a general guideline which is used by the Accounting practice as the foundation for financial reporting. This view can be related to the feature of a principle to provide guidance and direction to achieve an ultimate goal. An Accounting principle can be seen as an aid to provide direction or the manner in which work has to be done to reach the aims of Accounting, i.e. to report back to interested parties at the end of the financial year. Comparisons can then be

made with previous years, predictions for the future can be done and planning by management is then possible.

- Secondly, Flynn and Koornhof (2003:39) state that Accounting standards and guidelines are provided to uniform Accounting practices. Accounting standards are defined as procedures relating to the preparation and presentation of financial statements to enhance the provision of information that is useful in making economic decisions (Faul et al., 2000:17-18). To ensure an orderly Accounting system, rules and guidelines have to be provided whereby transactions could be recorded, financial statements be drawn up and reporting be done. These standards on general accepted Accounting practices (GAAP) can at any time be changed and adjusted to reflect the changes brought about in the business world (Meyer, 1998:60). These GAAP changes are a natural occurrence as Accounting principles are drafted by humans and not related to principles of natural sciences, like Mathematics and Physics, which already exist and cannot be changed (Vorster et al., 2005:4). This view is supported by Meyer (1998:57) when he states that Accounting principles were formulated by humans and can therefore not be seen as rigid prescriptions for measurement and reporting, as that would not be practical. The company act, for example, is seen and handled as an act, but is not forthcoming from nature – it is compiled by humans and therefore it can be changed and adjusted. The requirements of the principle of adjustability are thus met.

- Faul and Everingham (1998:6) add to the adjustability of an Accounting principle by saying that Accounting principles are not there to indicate how situations should be handled, but provide general accepted Accounting guidelines. For example, an Accounting principle will indicate what information is needed in financial statements, but not the format in which the information has to be provided. In this regard Weygandt, Kieso and Kimmel (2003:285) explain an Accounting principle as Accounting practices which relate to rules for practising Accounting in the business environment. The business environment is always subject to change because of innovations, new forms of ownership and the development of economic activities. Harvey, McLaney and Peter (2001:254) point out that inevitably some Accounting principles which are now acceptable, may no longer be valid in the future. Meigs, Meigs, Bettner and Whittington (1998:675-676) confirm this by claiming that Accounting principles are continuously examined and revised to keep up with the increasing complexity of business transactions.

- Lubbe and Watson (2006:5) categorise Accounting principles as practices or rules which were developed by humans to fulfil the needs of reliable and verified financial information of all kinds of business enterprises. According to Faul and Everingham (1998:7), Accounting principles are in the same group as principles of commercial law which were developed through human activities. In the earlier years humans used barter as the first form of trade. This format of trading was arranged through elementary commercial rules and regulations until, as we know it today,

foreign trade was established. There were accepted trading rules from the barter era to the modern era. These trading rules were the first step to lay down principles whereby trading could be concluded on a sound basis.

Accounting principles are generally accepted rules developed from a basis of postulated circumstances, and serve as guidelines for Accounting practices (Meyer, 1998:59). The development of Accounting principles was and will be the same as for any other principle. Firstly, there was a need to write down information of entities in an orderly manner. As already discussed in paragraph 2.2, Accounting is an information system that measures, processes, and communicates financial information about an identifiable economic entity. Secondly, to ensure that all concerned understood the process, guidelines were provided in a way for all to grasp. These guidelines are the rules and regulations which everyone who is busy with Accounting has to follow. Paragraph 2.4 refers to the guidelines as the rules and methods whereby Accounting is put into practice, in accordance with the GAAP. People such as accountants, financial advisors and managers of businesses use these guidelines and rules, which serve as a foundation to postulate Accounting principles.

The characteristics of Accounting principles can then be summarised as follows:

- they serve as an aid (mechanism) in providing direction to reach the aim of Accounting;
- they can be changed at any time according to needs and circumstances to keep up with new directions Accounting takes in the business world;
- they are used in the practices of Accounting as a science;

- they are rules and practices developed by people;
- they are developed according to the needs of people;
- they are seen as generally accepted views for Accounting;
- they are necessary for the creation of the Accounting cycle; and
- they can be implemented in any kind of business entity.

The explanation regarding the sectors and aim of Accounting, previously discussed in this chapter, together with the characteristics of an Accounting principle and sections of the Accounting cycle will simplify the formulation and determination of Accounting principles. These Accounting principles can be found in different sections of the Accounting sectors. It is therefore important to concentrate on the field to which an Accounting principle is applicable.

2.7 THE SECTIONS OF THE ACCOUNTING CYCLE

The sectors of Accounting, discussed in paragraph 2.3, both consist of the Accounting cycle which can be divided into sections where Accounting principles are applicable. These sections of the Accounting cycle (Meyer 1998:61-68) are subsequently discussed.

The Accounting cycle starts when the business starts with its business transactions, which means that documentation of the transactions must be issued. The original or duplicate of documents are source documents which are used to enter transactions in journals (subsidiary books) (Kerdachi, Kriel & Viljoen, 2007:48). The entering of transactions will be done according to a generally accepted unit of account. For instance, in South Africa the rand and cent is used as unit of account. The entering

of transactions is done with care, accuracy, neatness and honesty. Different journals such as the Cash receipts journal, Cash payments journal, Creditors journal, Debtors journal and General journal are used according to the needs of a business (Archer, Snyman, Ndwalane & Van der Merwe, 2006:7-8). Businesses can also make use of a Cash book to enter their cash transactions. The format of each journal will be determined by the needs of the business, as long as information is still distinct, accurate and significant.

The next step in the Accounting cycle is to post the journals to the different ledgers. Folio numbers are used to make sure that each amount has been posted (De Bod, 2007a:67). The accounts in the General ledger are arranged according to a classification of Balance sheet accounts and Nominal accounts. The posting of the amounts from the journals to the General ledger is done by using the T-entry or double entry principle. The double entry principle states that for each debit entry in the General ledger, there must be a credit entry (Els, Olivier, Pretorius, Ngwenya & Adams, 2008:59). For example, if stationery is bought for R50 cash, it will be entered according to the double entry principle as follows:

Balance sheet accounts section

DR	BANK	CR
	Stationery	50

Nominal accounts section

DR	STATIONERY	CR
Bank	50	

If the double entry principle is not applied, the final accounts of the business will not balance, since the debit amounts (left side) will not be equal to the credit amounts (right side) of the General ledger. The end result will be the supply of inaccurate information. One of the aims of Accounting, to provide true information, will thus not be reached.

At the end of each month the ledger accounts of a business have to be reconciled with those of outside entities. For instance, the balance of the bank account of the business must be reconciled with the information that appears on the bank statement (received from the bank) (Kerdachi, Kriel, Viljoen & Zungu, 2006:6). Reconciliation of the accounts of creditors has to be done with the statements that are received from creditors. When the bank account in the books of the business is to be reconciled with the bank statement, the following has to be done:

- compare the entries in the cash journals (cash book) with the bank statement to establish which cheques and deposits are not on the bank statement and to enter them in the bank reconciliation statement;
- compare the bank statement with the cash journals (cash book) to determine the amounts that do not appear in the cash journals, for example bank charges;
- errors that have been made in the journals can be corrected, while the bank can be notified of any errors that appear on the bank statement.

(Hall, Woodroffe, Aboobaker, Booysen, Marx & Singh, 2008:25)

The purpose of a trial balance, which is a summary of the balances and totals of the accounts found in the General ledger at the end of the month,

is to determine whether the amounts on the debit side are equal to the amounts on the credit side. Transactions have to be entered according to the double entry principle as was mentioned earlier. Each account has to be balanced to obtain the closing balances and totals of each account and these balances and totals must appear in the trial balance (Venter, McGee, Van der Poll & Collins, 2008:64). The following account illustrates how to balance an account:

DR		DEBTORS CONTROL				CR			
2006 Jun	1	Balance	b/d	2 500	2006 Jun	30	Bank	CRJ	4 000
	30	Sales	DJ	3 800			Balance	c/d	2 300
				6 300					6 300
Jul	1	Balance	b/d	2 300					

At the beginning of the month, customers (debtors) owed R2 500 to the business. During the month the debtors bought on credit for R3 800 and paid R4 000 on their accounts. This means that the debtors owe the business R2 300 at the end of the month.

All the above-mentioned sections of the Accounting cycle have to be executed at the end of each month, which means that it is repeated twelve times up to the end of the financial year (Conradie, Kirsch & Moyce, 2008:15). The following sections in the Accounting cycle can only commence if the previous steps have been performed at least once, but under normal circumstances the final accounts will take into consideration the balances and totals as at the end of the financial year. According to Els et al. (2008:10) the following steps in the Accounting cycle will occur once at the end of each financial year:

At the end of the business financial year, certain adjustments, for example depreciation, prepaid and accrued expenses, income received in advance and stock deficits have to be updated in the books of the business. After the adjustments have been updated, a post adjustments trial balance is compiled. If the trial balance is correct (balances), then the closing entries can be done through the General journal. It comprises nominal accounts that must be closed off to the trading account and the profit and loss account in order to determine the operating profit of the business (Conradie, et al., 2008:207). Following is an example of an adjustment to be made at the end of the financial year. The telephone account of R300 is still outstanding for February 2006, the last month of the financial year:

DR		ACCRUED EXPENSES						CR	
					2006 Feb	2 8	Telephone	GJ	300

DR		TELEPHONE						CR	
200 6 Feb	1	Total	b/d	2 500	2006 Feb	2 8	Profit and loss	GJ	2 800
	2 8	Accrued expenses	GJ	300					
				2 800					2 800

When the Income statement and Balance sheet of the business are compiled, the Accounting equation of assets equals owners' equity plus liabilities ($A = O + L$) will be applied. It means that all the assets of the business are represented by the equity of the owner plus those that were obtained through credit agreements. The format of the financial statements cannot be prescribed, except for companies that have to adhere to the Company Act, Act 61 of 1973, which provides clear directions and regulations regarding the outlay of the financial statements (Flynn & Koornhof, 2003:502). A cash flow statement will also be compiled with the financial statements to show the cash position of the business. The inflow of cash from various sources, for example loans, is added together. The employment of the funds that were available is explained so that all the parties who are involved in the business can be informed of how the funds were used.

After the financial statements are completed, the analysis and interpretation of the financial statements and cash flow statement can be made. By using mathematical formulas, the liquidity, solvency and

profitability of the business can be determined (Kerdachi et al., 2007:194-195). Comparisons with previous years and comments can only be made when the same basis has been used in the current year as in the previous years.

An analysis of the financial statements produces information that can be compared with results of previous years. Management of businesses use the information to plan for the future and to decide on a long term strategy for the business (Hall et al., 2008:181). Budgets and cash flow statements are part of the instruments which the management of a business can use for planning the activities of the next financial year. The aim of Accounting is not just to enter transactions, compiling and analysing financial statements, but also to predict for the future through budgets and cash flow statements (Archer et al., 2006:299-300).

Before the transactions of the next year can be entered, the “ temporary accounts” have to be written back to the original accounts (De Bod, 2007a:264). These temporary accounts, such as prepaid and accrued expenses, accrued income, income received in advance and consumable stores on hand have been opened to correct the income and expense accounts of the business through adjustments. It has to be done so as to take the income and expenses that are applicable to the financial year into account when determining the profit or loss of the business. The return entry of the earlier mentioned example will be as follows at the beginning of the next financial year:

DR		ACCRUED EXPENSES						CR	
200					2006				

6 Mar	1	Telephone	GJ	300	Feb	2 8	Telephone	GJ	300
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DR		TELEPHONE						CR	
2006 Feb	1	Total	b/d	2 500	2006 Feb	2 8	Profit and loss	GJ	2 800
	2 8	Accrued expenses	GJ	300					
				2 800					2 800
					2006 Mar	1	Accrued expenses	GJ	300

During the Accounting cycle Accounting principles can be discovered, formulated and applied. Without Accounting principles the Accounting cycle cannot exist and function, which means that Accounting as science will not reach its aims. Although Accounting principles can be changed, increased or decreased, they have to be in accordance with generally accepted Accounting practice. The following Accounting principles, which have to be applied in the Accounting cycle, are worth mentioning here (Meyer, 1998:101-102 and Flynn & Koornhof, 2003:49-140):

- the use of source documents to enter transactions in the subsidiary books;
- using folio numbers when posting journals;
- making use of the double entry method to compile the General ledger;
- reconciliation of ledger accounts with statements;
- balancing accounts to compile a trial balance;
- using the recognition principle to do adjustments and closing entries;
- compiling financial statements according to the Accounting equation and assets have to be shown at book value;
- the interpretation of financial statements by using formulas and using the same Accounting basis and norms right through.
- the compiling of budgets as an instrument for predictions and planning;

- do the return entries by applying the double entry method and the recognition principle.

To master the application of the above mentioned Accounting principles, it is important to start emphasising the correct application of Accounting principles at school level through LTSM. The National Curriculum Statement (NCS) for Accounting (2008:8) provides purposeful guidelines of what is expected from learners to be able to apply the Accounting principles correctly at school level. These guidelines for learners are to:

- collect, select, record and/or capture, analyse, and interpret financial and other relevant data in order to make informed decisions;
- develop general and specific skills in Accounting by complying with generally accepted Accounting practice;
- present and/or communicate financial information effectively, by using generally accepted Accounting practice, developments and legislations;
- develop and demonstrate an understanding of fundamental Accounting concepts;
- acquire financial skills, knowledge, attitudes and values that can contribute directly or indirectly to the improvement of the standard of living, human development, and productivity and create opportunities for all;
- relate financial skills, knowledge and values to real world situations;
- enter the world of work and/or move to higher education, and encourage self-development;
- apply principles to solve problems in a judicious and systematic manner in familiar and unfamiliar situations, thus developing their ability to identify and solve problems;
- develop critical, logical, analytical abilities and thought processes to enable them to apply these skills to current and new situations;

- deal confidently with the basic demands of an Accounting occupation manually and/or electronically and
- develop the characteristic requirements necessary including:
 - ethics
 - sound judgement
 - thoroughness
 - orderliness
 - accuracy

The above-mentioned guidelines for the application of Accounting principles can be applied correctly if the educator recognised the importance of LTSM in the didactical process.

2.8 The importance of LTSM to apply Accounting principles

LTSM plays an important role in stimulating the relationship between knowledge, skills and values (Glover, 2005:16). Draper (2005:9) lists notes, documents, textbooks, newspapers, magazines, study guides, educator guides and reference books as LTSM which can be used in the didactical process. LTSM can be useful in the didactical process to assist the learner in applying the Accounting principles correctly. According to Prinsloo (2003:62-71), LTSM is important and helpful in the didactical process, where the learner has to apply Accounting principles, because of the following:

- *LTSM enhances learning through sensory perception and experience.*

Learners cannot gain an adequate understanding of the learning content by only depending on the educator' s verbal explanation. By using

LTSM, opportunities are created for learners to experience reality, even if it is a representation thereof (Russo & Lotz-Sisitka, 2006:28). Learners are given opportunities to expand their experiences and therefore form a bridge between the classroom and the real world.

- *LTSM enhances learning by increasing motivation and interest.*

Using LTSM like pictures, real objects, practical examples or visits by a famous person can arouse the interest and encourage active participation in the learning experience. A variety of LTSM can enhance the motivation of learners as well as educators, which in turn, could enhance learning success (Masitsa, 2006; Learning programme guidelines: Accounting, 2008a:20).

- *LTSM enhances learning by improving attention and memory.*

With OBE the learner has to pay adequate attention to be able to reach specific learning outcomes. Fransman (2003) indicates that LTSM enable educators to prepare and provide interesting and stimulating learning experiences, which will assist the learner in paying sufficient attention and to remember work better.

- *LTSM enhances learning through compensatory measures.*

Media such as books, television and video are of particular value to learners in remote and disadvantaged areas where these forms of LTSM could uplift and strengthen education (Olvitt, 2004:29).

- *LTSM enhances learning opportunities for self-activity and self-discovery.*

One of the essences of OBE is self-activity where learners are provided with the opportunity to be actively involved in the learning experience

(Glover, 2005:14). Learners should be given ample opportunity to experiment, make their own observations, draw their own conclusions and find their own solutions to problems (Allers & Vreken, 2005). The use of appropriate LTSM is an important way in which educators can implement this principle.

- *LTSM enhances learning through co-operative learning.*

The principle of socialisation implies working with other people like peers, educators and parents. Educators should purposely attempt to create situations where learners can associate and interact with each other while learning (Bitzer, 2001). The integration of LTSM could contribute towards the actualisation of this principle by giving the learners an assignment which they have to complete in groups.

- *LTSM enhances learning through integration.*

The principle of totality features very strongly in OBE as it involves integration. By using LTSM such as themes, for instance pictures and concrete objects, opportunities are created for integration (Russo & Lotz-Sisitka, 2006:32). The interaction of learners with LTSM could also create an ideal opportunity for assessment. The educator can give learners financial statements of a business to analyse and discuss in groups or individually.

- *LTSM provides for the general needs of learners.*

According to the Learning Programme Guidelines: Accounting (2008a:20), the use of LTSM provide advantages which can be:

- * contextualisation of the task/topic within the whole curriculum;
- * a progression of content and skills development;
- * extended opportunities to consolidate or revise work; and

* motivation to learn.

LTSM can therefore be used by the educator in many different ways to assist learners in the correct application of Accounting principles (see paragraph 7.3).

The curriculum of Accounting has to ensure that the purpose of Accounting is met by the learners to develop knowledge, skills, values and attitudes in order to make meaningful and informed personal and collaborative financial decisions in economic and social environments.

29 CONCLUSION

Accounting as science encompasses the Accounting cycle which starts with entering into transactions and ends with the analysis and comments on the financial statements. Accounting is used as a communication medium to inform people who have an interest in the business as to what happened during the financial year, as well as what the financial position and situation of the business is at a given time. Accounting is also a language to assure people in the business world of uniformity through generally accepted rules that were compiled through Accounting practices. Accounting is a dynamic subject that changes constantly to keep up with the technological and other requirements of the business world.

One of the characteristics of an Accounting principle is that the application thereof is dynamic to keep track with the ever changing business world and technology. When compiling Accounting rules the

aims of Accounting have to be taken into account, namely: the provision of clear, relevant and true financial information in a manner that will make it clear to all parties involved in the business. By making use of Accounting principles the aims of Accounting will be accomplished. One of the characteristics of an Accounting principle is to serve as a support mechanism for Accounting to reach its aims. Another characteristic of an Accounting principle is that it can be used as a guideline and applied within the Accounting cycle to achieve the aims of Accounting. The LTSM for Accounting can be used to enable learners to successfully apply Accounting principles to reach the aims of Accounting at school level. The aims of Accounting at school level are to (Meyer, 1998:108-109):

- promote the aims of the Department of Education regarding Accounting;
- enhance the learner' s insight and understanding of Accounting practices so that problems can be solved logically, systematically and independently;
- develop the reasoning capacity of learners;
- develop the personal characteristics of Accounting learners for instance neatness, accuracy, self discipline, orderliness and honesty;
- establish a complete view of Accounting as well as where Accounting fits into the business cycle so that learners can acquire the basic knowledge of Accounting procedures and systems;
- carry forward the code of conduct of Accounting, which is functional inside the business practices;
- teach learners that all transactions have to be entered according to Accounting principles, rules and postulates according to generally accepted Accounting practice;

- foster a goodwill for Accounting among learners to inform them about the occupation possibilities which Accounting offers, the importance of Accounting for further studies and how Accounting can be used for personal financial matters;
- improve the learner' s concepts regarding their social milieu where they have to fit in so that they can act with self-confidence in the business world;
- create an awareness among learners about how Accounting links with other economic sciences, for instance Business Studies and Economics.

To be able to reach all the aims of Accounting, a curriculum at school level is necessary to support it. In the following chapter the concept of curriculum will be analysed by stipulating the definition and requirements of a curriculum. Curriculum changes which have been effected during the past decade in relations to the development of LTSM will also be tracked. An in-depth study of the content of the Accounting curriculum or syllabus will be done to determine how the principles of Accounting and the principles for developing LTSM are manifested at the FET level.

CHAPTER 3

ANALYSING A CURRICULUM

3.1 INTRODUCTION

This chapter will focus on the origin, essence and foundations of curriculum as a concept. The field of curriculum studies will be defined to highlight the terrain that has been covered by curriculum studies. The process through which a curriculum develops, will be discussed step by step to gain a better understanding of the goals, objectives, principles and types of curriculum. After the curriculum has been analysed, the relationship between the curriculum and LTSM will be determined.

People may have various perceptions of the concept curriculum. For some people a curriculum can be a prescribed teaching plan, such as a syllabus and for others it may be something that develops in the process of teaching and learning (Gultig, Hoadley & Jansen, 2003:21). Posner (2004:5) postulates that some people claim that a curriculum is the content which schools hold learners accountable for, while others say that a curriculum is the set of instructional strategies educators plan to use.

These conceptual differences are caused by the expectations of people, where some may see the means of a curriculum as the expected ends of education, such as learning outcomes, while others perceive a curriculum as the expected means of education, such as instructional plans. Middlewood and Burton (2005:4) define curriculum as a syllabus and its means of implementation, assessment and required learning outcomes at a

national level. To narrow down what curriculum entails, it will be necessary to analyse different views of theorists regarding the definition, field, methods, development, characteristics, aims and concepts of a curriculum.

3.2 ORIGIN AND ESSENCE OF THE CONCEPT: CURRICULUM

The word curriculum originated in the civilization of the ancient Greeks. A Greek philosopher, Plato, had been considering curriculum in his writings on education in the fourth century before Christ (Sparg & Winberg, 1999:8). Curriculum derives from the Latin word *curro* (I run) or *currere* (to be running) which refers to a race or racetrack (Carl, 2002:31). According to Wydeman (2004:15) the Latin meaning of curriculum can be applied in an educational context, where the different components represent the following:

- * racecourse – learning content
- * which has to be completed – mastered
- * participant – learner
- * winning post – outcomes reached

Carl (2002:31) sees the racetrack as an educational track on which learners move under the leadership of their educators on the way to adulthood.

3.2.1 Definitions of curriculum

Ornstein and Hunkins (1998:10-11) assert that the word curriculum can only be defined if it includes an action plan, system and field of study.

The action plan includes strategies for achieving desired goals, the system deals with people and the process and procedures for implementing the curriculum. The field of study comprises its own foundations and domains of knowledge, as well as its own research, theory, and principles and its own specialists to interpret this knowledge.

Tanner and Tanner (2007:38) propose that curriculum is a reconstruction of knowledge and experience, systematically developed under the auspices of the school, to enable the learner to increase his or her control of knowledge and experience. Marsh (1997:5) goes further by defining a curriculum as an interrelated set of plans and experiences which a student completes under the guidance of the school, while Ross (2000:9) adds that a school's curriculum consists of all those activities designed or encouraged within its organisational framework to promote the intellectual, personal, social and physical development of its learners. Sparg and Winberg (1999:3) state that a curriculum is a plan of a learning process, while Lovat and Smith (1995:10) want the curriculum to be the educational experience, the educational journey.

Taking into account the various definitions or views of curriculum are something to go by, it will be very difficult to compile a comprehensive description of curriculum. According to Lovat and Smith (1995:7), arriving at a specific definition of curriculum is not the most important task. It is more important to recognise that people use the concept to mean different things and the usage and meaning of the concept should be allowed to be embedded within a particular ideology or set of beliefs about education and the world.

3.2.2 Characteristics of curriculum

With all of the above-mentioned uses and views of curriculum in mind, Wydeman (2004:17) and Carl (2002:32) summarise the views and characteristics of curriculum as:

- content;
- a set of subjects that is taught at the school;
- a study programme of planned activities followed by the learner;
- a package of material;
- a number of courses following on each other;
- a set of behavioural objectives;
- everything that takes place within a school, including co-curricular activities, guidance and interpersonal relationships;
- everything planned by the staff with a specific learning result;
- learning experiences of the learners in the school, in other words specific activities and experiences leading to learning;
- “ currere” . The focus is on the individual so that self-discovery may take place through self-activity and they may get to know themselves as a result of the school’ s involvement;
- tasks and concepts which must be achieved, or a predetermined purpose which is the mastery of a new task or an improvement of a previous task;
- the cultural reproduction of a community reflecting the relevant culture;
- an instrument for social reconstruction where values and skills are required which may help to improve the community.

The varied opinions of what a curriculum entails and the purpose it should serve, can then be summarised as a planned route which has to be followed by both educators and learners to be able to have an effect on teaching and learning. Because of the different views regarding a curriculum, it is imperative that the development of a curriculum should be well-considered. The rest of the chapter will focus on aspects of curriculum development, from the foundations of curriculum, the goals and aims of a curriculum, to the principles and the phases regarding the development of a curriculum.

3.3 THE FOUNDATIONS OF CURRICULUM

The foundations of curriculum are shaped and influenced by its sources. Ornstein and Hunkins (1998:13) are of the opinion that curriculum foundations can be referred to as the sources of information from which are derived accepted theories, principles, and ideas relevant to the field of curriculum. Wydeman (2004:25) goes further and categorises the sources for the foundations of a curriculum in three sections, namely:

- studies of learners and learning theories (psychology)
- studies of life (sociology and culture)
- studies of nature and value of knowledge (philosophy).

3.3.1 Sources of curriculum foundations

Philosophy, sociology and culture and psychology form the foundations of curriculum and organise information to help the curriculum developers with the “ who, why, what and when” of education (Wiles & Bondi, 1993:15). Transformation forms part of any society in the world. Over

the latter part of the previous millennium labour became much more mechanised, population urban and mobile and dominated by technology and global interdependence, which prompted curriculum developers to keep abreast of these changes (Wiles & Bondi, 1993:15). Also important are the values and practices of society which also affect curriculum development (Sparg & Winberg, 1999: 15).

The kind of social changes will have a major effect on the treatment of knowledge in curriculum planning. Philosophy (the value and nature of knowledge) therefore plays an important part in curriculum development because it shows how society selects, classifies, distributes, transmits and evaluates the educational knowledge they consider to be important (Ross, 2000: 10). How the values, skills and knowledge are going to be taught depends on the methods and theories (psychology) which are to be chosen to transfer these values, skills and knowledge (Marsh, 1997:56). According to Wiles and Bondi (1993:19), society is interested in what is taught at school and how that information is conveyed to learners. Psychology, in terms of the methods and theories, cements the relationship between teaching the curriculum and learning the curriculum (Ornstein & Hunkins, 1998:100).

The above-mentioned sources of curriculum foundations are used to form the main areas to influence the development of a curriculum. Wydeman (2004:26) portrays the model of Lawton to indicate how these sources are employed in the process of developing a curriculum:

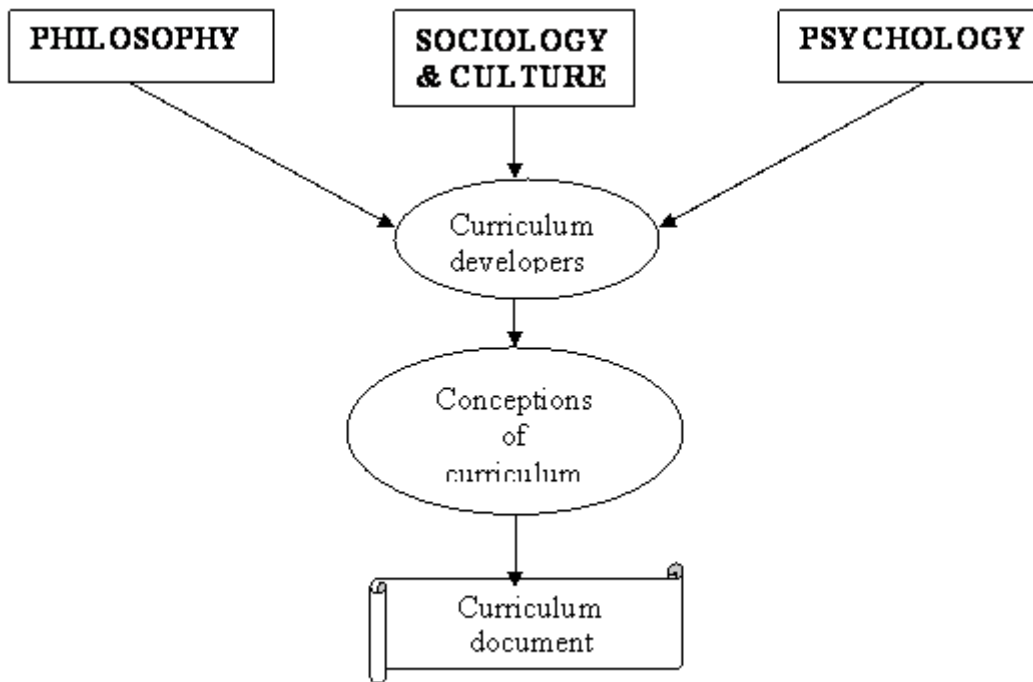


Figure 1: Developing a curriculum

Source: Wydeman (2004:20)

Figure 1 shows that the curriculum developers and the conceptions of curriculum form essential links in developing a curriculum document. The following discussion will emphasise the importance of the developers and conceptions of curriculum in its development process.

3.3.2 Conceptions of curriculum

Conception of curriculum can be referred to as a defined orientation, or values, embedded in a curriculum perspective, which characterises the most prized virtues connected with curriculum style or practice (McKernan, 2008:26). According to Posner (2004:5-11), the conceptions of curriculum, as indicated in Figure 1 are as follows:

- **Scope and sequence**, which has to list the intended learning outcomes in each grade level, thereby providing sequence to the curriculum. The outcomes then need to be grouped according to topic, theme, or dimension, so as to provide the scope of the curriculum.
- **Syllabus**, which is a plan for an entire course or subject. It includes the goals and/or rationale for the subject, topics covered, resources used, assignments given and assessment strategies recommended.
- **Content** outline, which covers all the topics in organised form.
- **Textbooks**, which include educator guidelines, learner study guides or workbooks, tests, overhead projection masters, laboratory kits, and supplementary instructional materials.
- **Course of study** implies a “currere” racecourse which the student has to complete.
- **Planned experiences** are planned by the school which can be academic, athletic, emotional, or social.

3.3.3 Curriculum developers

In Figure 1, the curriculum developers form the link between what society wants in terms of skills, knowledge, values and attitudes and what schools are teaching the learners to enable them to make a positive contribution to society. The view of Carl (2002:32) is that the curriculum is an instrument for social reconstruction where values and skills are required which may help to improve the community. Tanner and Tanner (2007:185) identify society, the world of knowledge, and the nature of the learner as important sources which schools can use to develop their objectives of curriculum. It is therefore important for developers of a curriculum to keep the goals and objectives of such a curriculum in mind.

3.4 THE AIMS, GOALS AND OBJECTIVES OF CURRICULUM

Marsh (1997:46) underlines the importance of goals and objectives for a curriculum by stating that learning within a school environment is typically goal directed and that learners are at school to learn certain things. According to Wiles and Bondi (1993:86-87), the ten major goals of a curriculum which learners have to learn are self-esteem, understanding others, basic skills, interest and capability of continuous learning, responsible member of society, mental and physical health, creativity, informed participation in the economic world of production and consumption, use of accumulated knowledge to understand the world and coping with change.

The goals of a curriculum therefore have to contribute in such a way that learners can become well-equipped citizens of their country. Sparg and Winberg (1999:49) add that goals are focusing on things which people agree will be desirable and worthwhile and achievable with time and effort. Marsh (1997:46) agrees when stating that the aims of a curriculum have to be acceptable to a community to inculcate democratic values, to perpetuate the cultural heritage and to create a sense of national identity.

3.4.1 Educational goals of curriculum

According to Ornstein and Behar-Hornstein (1999:23) educational goals should reflect three important factors:

- the nature of organised knowledge or fields of study: Each academic discipline has its own concepts, principles and processes which have to be passed on to future generations for continued learning.
- the nature of society will influence the school goals: This nature is dependent on the economic system of the country. For instance, a country where society is driven by a capitalistic outlook will have different goals to a society with a socialistic outlook.
- the nature of learners means that schools should set a goal to improve learners' intellectual performance: These goals should not only be based on what the educators know of learners, but should come from learners themselves.

Tanner and Tanner (2007:682) want educators and learning facilitators to be continually engaged in study to improve the curriculum, because then they are kept in close touch with the goals and purposes of the curriculum. There will also be less likelihood of adopting innovations that are incompatible with the goals of the school.

From the above-mentioned, it is clear that curriculum development cannot be done without setting clear goals and that objectivity has to be part of all the phases of curriculum development (Glatthorn, Boschee & Whitehead, 2006:201-202). Curriculum developers need principles as guidelines to be able to determine the goals for a curriculum. Principles can therefore be seen as fundamental in developing a curriculum.

3.5 THE PRINCIPLES OF CURRICULUM DEVELOPMENT

Kelly (2005:201) implies that curriculum developers may approach the process of curriculum development from a particular orientation and background. It is important to lay down principles for developing curriculum because principles may serve as a basic point of departure and therefore it is essential to have clarity in this regard. Carl (2002:68) concurs that curriculum development will be hazardous if it is not based on specific accountable principles.

Oliva (2005:27-39) puts forward principles for curriculum development by concentrating on three sections, namely: curriculum changes, the curriculum process and the methods used to develop a curriculum. These sections are now discussed.

3.5.1 Principles for curriculum changes

Oliva (2005:27) states that curriculum changes are unavoidable and may occur over a long period of time, because all societies grow and develop through change. Curriculum change can be seen as the result of changes which take place in societies, and more specifically changes in technology and people. Glatthorn *et al.* (2006:280) suggest that curriculum should use technology, for example computers, but not to the point where a curriculum is driven by it. Carl (2002:70) states that curriculum change should be undertaken by skilled persons to process and utilise all relevant information, in order for any changes to be to the benefit of education departments and educational institutions. Only then can such changes be co-ordinated on a centralised basis to bring about co-operation in regard to dissemination, possible in-service training and demonstrations.

Curriculum change should never be a hit-and-run process where changes are made for the sake of changing. The overall picture must never be lost sight of, but has to take into account what the broader impact on learners, parents, educators, community and the country would be. In this regard, Sparg and Winberg (1999:49) believe that curriculum principles should reflect the development needs of not only the learners, but also that of an entire country.

3.5.2 Principles in the curriculum process

Oliva (2005:35) sees curriculum development as a decision-making process. Curriculum planners normally have to make a variety of decisions, which may range from deciding on the objectives, content and methods to be followed to which subjects should be offered in a school (Posner, 2004:144). The quality of decision-making will influence the quality of curriculum development. Oliva (2005:35-37) further states that the process of curriculum development is influenced by the co-operative effort of groups. Large and fundamental changes usually take place as a result of group involvement and decision-making. These groups may consist of educators, education leaders, parents, members of the community and learners.

Sparg and Winberg (1999:49) as well as Glatthorn *et al.* (2006:280) see curriculum development as a public and consultative process to underpin knowledge and skills. Carl (2002:70) emphasises that skilled persons in representative committees with regard to subject didactics, practical education, research studies and curriculum studies have the necessary

experience and knowledge to identify the diverse needs of communities, of learners and curriculum development to ensure meaningful curricula for the learning process. Sparg and Winberg (1999:49) state that the curriculum has to be credible so that it is widely recognised and accepted by everyone in a community. The curriculum has to prepare the individual to take his or her place in society (Kelly, 2005:202). Carl (2002:70) and Glatthorn et al. (2006:280) add that the community needs leaders among them and the curriculum process should therefore also concentrate on the development of quality leadership skills.

3.5.3 Method principles for curriculum development

Oliva (2005:37-38) emphasises that curriculum development is more effective if it is addressed in a systematic manner - the first method principle for curriculum development. Curriculum development begins where the existing curricula are. It implies that when a curriculum is going to be re-organised, one of the method principles for curriculum development will be to take previous attempts into consideration. In this regard Carl (2002:70) points out that curriculum development is a never-ending process.

The second method principle for curriculum development will therefore be to ensure that curriculum development takes place on an uninterrupted, continuous basis to contribute to the renewal and improvement of the curriculum. Sparg and Winberg (1999:49) want the curriculum process to be flexible, accessible and to articulate with other systems such as the economic system and policies of a country and the standards and values of a community. Carl (2002:70) alludes to the fact that older content may

stay relevant and important because another method principle for curriculum development to keep in mind is that older designs can lead to new perspectives.

Method principles for developing a curriculum can therefore be described as aspects to keep in mind when developing a curriculum and are embedded in the process of curriculum development.

3.6 THE PROCESS OF CURRICULUM DEVELOPMENT

Ornstein and Behar-Hornstein (1999:20) explain the development of a curriculum as a clear idea of what learners are expected to learn. Educators, administrators, parents and learners should all be involved in curriculum development, while education authorities will be responsible for the orientation of educators towards the implementation of a curriculum (Wydeman, 2004:169). National curriculum organisations, state education departments, educators, learners and parents of different schools and colleges can all be curriculum developers (Lovat & Smith, 1995:17).

According to Carl (2002:47-49), the development of a curriculum (Figure 2) can be seen as an umbrella and ongoing process in which orderliness and systematic planning figure strongly from design to evaluation.

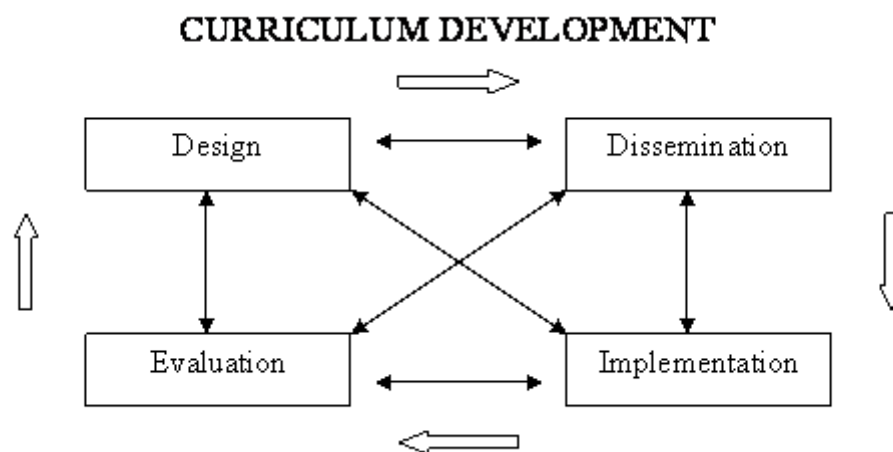


Figure 2: Curriculum development process

Source: Carl (2002:47)

In the curriculum development process as shown in Figure 2, each phase of development namely design, dissemination, implementation and evaluation interacts with the other, although the process flows in a specific order. Each phase of the curriculum development process in Figure 2 will now be discussed and explained.

3.6.1 The designing phase of a curriculum

The first phase of curriculum development starts with the design of a curriculum. Carl (2002:81) describes curriculum design as the first phase where a new curriculum is planned or where an existing curriculum is replanned and reviewed. Most educators interpret designing as a procedure to follow when planning a curriculum (Gultig *et al.*, 2003:48). Decision-making features strongly in this first phase where factors such as the criteria and procedure for curriculum development, the educational and teaching objectives, child and subject knowledge and the necessary didactic and subject didactic knowledge and skills are taken into consideration.

One model for designing a curriculum was presented by Ralph Tyler. Tyler (Posner, 2004:13-14) postulates that four questions need to be answered when planning a curriculum:

- What educational purposes should the school seek to attain?
- What educational experiences can be provided that are likely to attain these purposes?
- How can these experiences be effectively organised?
- How can we determine whether these purposes are being attained?

Oliva (2005:132) describes Tyler' s model for designing a curriculum as a deductive approach from analysing needs to particular goals and objectives. Tyler' s model was used by Oliva as basis to expand it with the selection, organisation, direction and evaluation of learning experiences. Oliva (2005:132) sees Tyler' s model as the basis of consensus. The model of Oliva can be illustrated as follows:

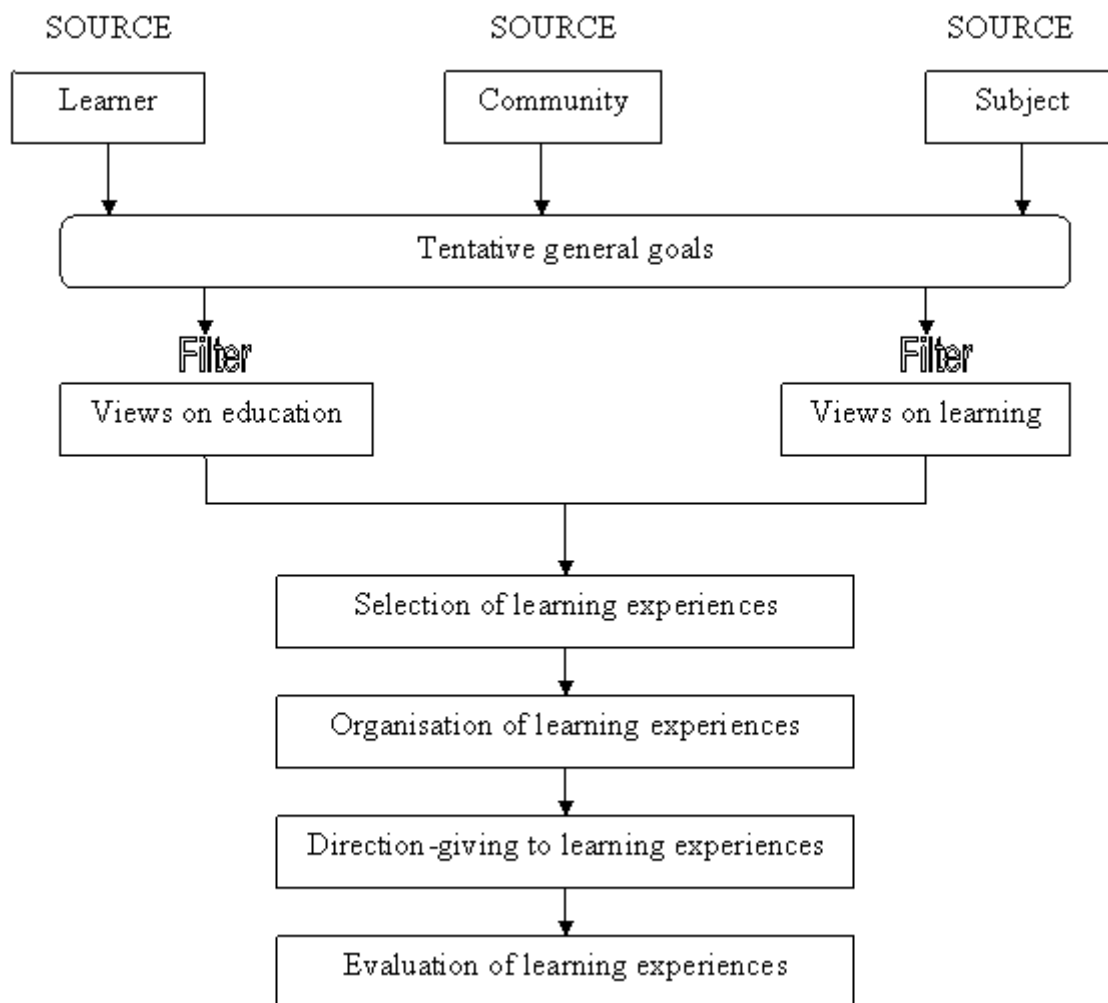


Figure 3: Designing a curriculum

Source: Oliva (2005:133)

Tyler uses three sources namely pupil, community and subject to determine what has to be included in the curriculum. The views on

learning represent the theoretical side, while the views on education bring the practical side into the equation. Tyler emphasises that theory and practice have to come together before the final learning experiences can be finalised.

3.6.2 The dissemination phase of a curriculum

The second phase of curriculum development is dissemination, during which the curriculum consumers such as society, learners and educators are prepared for the intended implementation of a curriculum (Tanner & Tanner, 2007:673). This is done through the distribution or publication of information, ideas and notions, as well as in-service training to prepare all those involved and to inform them of the proposed curriculum (Carl, 2002:49). The strategy of the dissemination has to be spot on to ensure a successful implementation phase. Certain factors can put the dissemination phase off course because of resistance to change. These are a lack of motivation; vulnerability as a result of uncertainty as to what the new curriculum contains; a lack of sufficient resources such as material; administrative support and specialised knowledge; lack of clarity as to development; and scepticism as to the credibility of the new curriculum as a result of problems in respect of the above four factors.

3.6.3 The implementation phase of a curriculum

When the dissemination phase has been completed successfully, the implementation of the curriculum has to be put into action. Curriculum developers have to plan effectively to identify facilitating and inhibiting factors and to allow a suitable strategy which will ensure success. The success of the implementation phase depends on the achievability of the

curriculum in practice (Chikumbu & Makamure, 2000:50). Empowered educators will have to apply their appropriate curriculum skills and knowledge to make the implementation a reality (Carl, 2002:170-171).

According to Oliva (2005:136), educators must create the instructional plans for the curriculum by selecting the methods through which the curriculum will be related to the learners. Chikumbu and Makamure (2000:51) refer to curriculum implementation as the process of how the planned or officially designed course or study is translated into syllabi, schemes of work and lessons to be delivered to learners.

3.6.3.1 Implementation factors

When a curriculum reaches the implementation phase, there are certain factors that can influence it in one way or the other. These factors include the following:

- Role players within the school

This category consists of the principal, the educator and learners. Nachmias, Mioduser, Cohen, Tubin and Forkosh-Baruch (2004:292), assert that projects, like the implementation of a new curriculum, are likely to succeed if it has the support of the principal. Since the principal's involvement indicates that the project is taken seriously, it helps in recruiting both material resources and psychological support. The importance and roles of the educator in the implementation phase will be discussed in paragraph 3.6.3.2. and 3.6.3.3. Chikumbu and Makamure (2000:51-52) point out that learners influence the educators in

their selection of learning experiences, because the home background and ability of learners differ and can determine what is actually achieved in the classroom.

- Role players outside the school

Nachmias et al. (2004:294) categorise parents, academic institutes, business institutes, curriculum developers, researchers, supervisors for the Minister of Education and the director of the Department of Education as factors influencing the implementation of a curriculum. According to Chikumbu and Makamure (2000:52), these interest groups can influence implementation by providing schools with financial resources to purchase required materials, demanding the inclusion of certain subjects in the curriculum and influence learners to reject courses they consider detrimental to the interest of the group. Pratt (in Carl, 2002:167) stresses that there has to be continuous contact with curriculum developers to provide advice and assistance, encourage contact between curriculum developers and with learners and parents to ensure a successful implementation phase.

- The school' s organisational structure

Curriculum implementation cannot be achieved unless it has been made possible through supervision by the principle. Chikumbu and Makamure (2000:53) see the role of the principal as one of deploying staff, allocating time to subjects taught at the school, providing teaching and learning materials and creating an atmosphere conducive to effective teaching and learning. The layout of group sizes, periods per week and duration of a lesson for subjects will be determined by the flexibility, mobility or rigidity in the school' s timetable (Nachmias et al., 2004:295). According to Pratt (in Carl, 2002:167), the provision of a support service, such as time-scheduling, supplying material and creating

a climate of trust and security have to be in place for implementing a curriculum.

- The school environment

Schools which are located in affluent socio-economic environments and have adequate human and material resources can better implement the curriculum than schools in poor economic environments. Schools can be situated in communities where the domineering culture or government ideology in a curriculum is resisted by the specific community. This will affect the implementation of the central curriculum (Chikumbu & Makamure, 2000:52-53).

3.6.3.2 The importance of the educator

Educators are regarded as one of the consumers who will be responsible to implement a curriculum. The following illustration by Wydeman (2004:171) provides an overview of the influences and forces which affect educators and consequently its impact on the implementation of a curriculum:

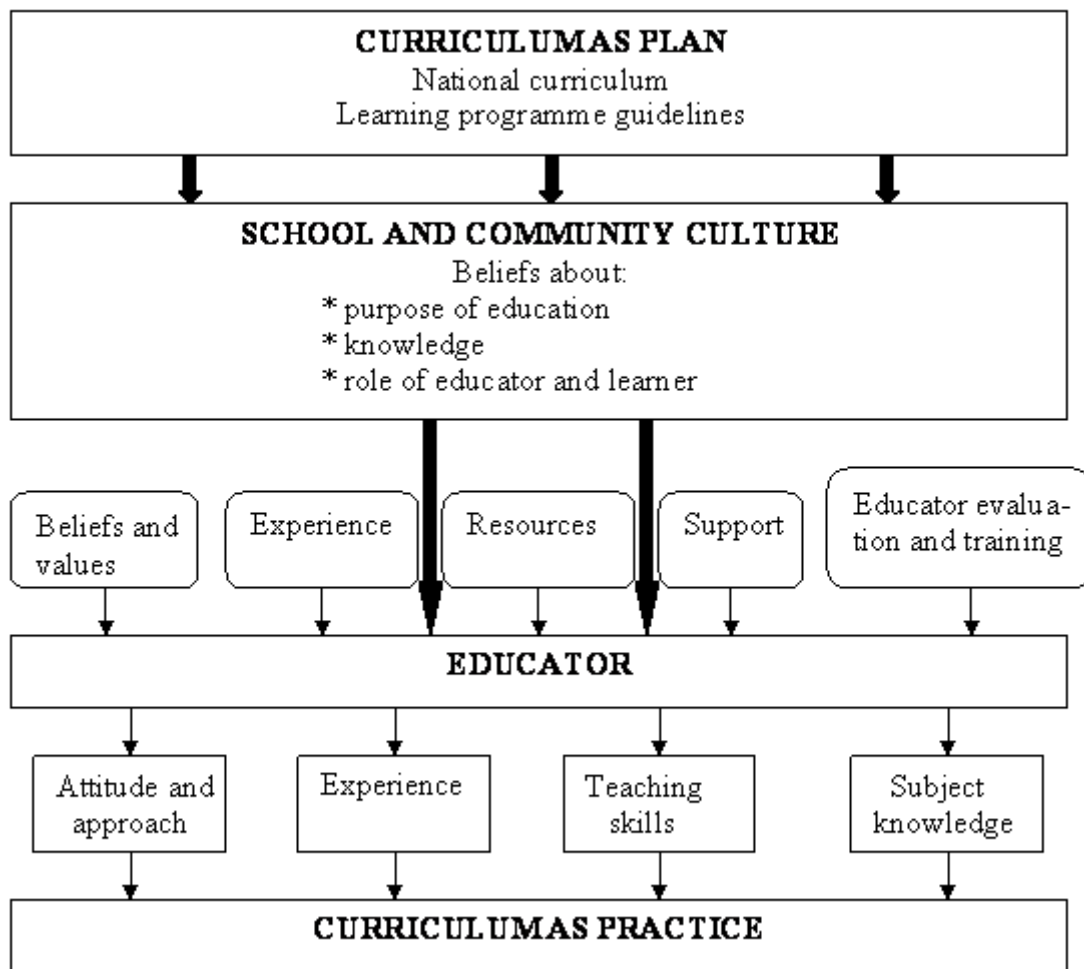


Figure: 4 Implementation overview of a curriculum

Source: Wydeman (2004:171)

According to Figure 4 educators should have the right characteristics to implement a curriculum successfully. Factors like a positive attitude, educational experience, skills to transfer information and to be an expert in their subject field are necessary to make the curriculum work in practice. The educator becomes the link between the community and the learner, firstly to adhere to the principles of curriculum, as discussed in paragraph 3.5, and secondly to reach its aims, goals and objectives, as indicated in paragraph 3.4.

The educator has to use his/her beliefs, values and experiences in life, resources like textbooks, support in the form of additional learning and teaching material and training background to fulfil the needs and beliefs of the school and community. The beliefs of the school and community, as indicated in figure 4, are manifested in the national curriculum which is communicated to the learner in the classroom. After learners have completed the curriculum, they should be equipped with beliefs and values to easily fit into their community (Wydeman, 2004:171).

3.6.3.3 The roles of the educator

In Figure 4 the educator is indicated as an important link between the community and the learner to fulfil an essential role when implementing a curriculum. According to Potenza (2002), the educator has to fulfil seven roles to ensure the success of the curriculum. Firstly the educator has to be sensitive to the diverse needs of the learners, demonstrate sound knowledge of his or her learning area and be an inspiration to the learners - a learning mediator who functions as a go-between the learner and information. The attitude, experience, skills and subject knowledge of the educator are all necessities to present the curriculum content to the learner.

Secondly the educator needs to understand and interpret existing learning programmes, design his own learning programmes and materials and prepare suitable resources for learning. Oliva (2005:96-97) indicates that educators have to use their skills and resources to develop a customised curriculum. The educator should thirdly display his or her leadership skills to manage learning in the classroom. In figure 4 leadership skills

form part of the resources needed by an educator to put the curriculum into practice. The fourth role of the educator is to be scholar, researcher and lifelong learner. This implies that the educator has to provide for his or her own personal, academic, occupational and professional growth.

The fifth role to be distinguished is that of the community, citizenship and pastoral role. This role implies respect and responsibility towards others and promoting values and practices in the school. The development of supportive relationships with parents, key persons and organisations in the community are essential to this role. In Figure 4 the educator is presented as a link between the community and the learner to communicate good values in the classroom, on the sport field and social grounds. The sixth role is that of an assessor, since assessment is an important part of the educational process. Educators need to understand the purposes of assessment to help learners to progress, to identify and rectify problems so that learners can improve their work, to judge the effectiveness of the curriculum and to assess their own educational skills. Finally, the educator has to be a specialist in his or her learning area or subject (Tshwane University of Technology, 2000:26-27). A specialist is well-grounded in the knowledge, skills, values, principles, methods and procedures relevant to his or her field. Fulfilling these seven roles will provide a professional touch to the successful implementation of a curriculum.

3.6.4 The evaluation phase of a curriculum

Curriculum development ends with the evaluation phase where not only the success and effectiveness of the curriculum are evaluated, but also the

effect it has on learners. Evaluation of a curriculum should take place on an ongoing basis (formative), as well as during and after each of the design, dissemination and implementation phases (summative), with a view to effect adjustments and determining success (Carl, 2002:178). For Glatthorn et al. (2006:301), curriculum evaluation is the key to leadership because successful leaders realise that curriculum evaluation in education is done to help the educational process better relate to individual learners. Carl (2002:212) is of the opinion that curriculum evaluation can contribute enormously to dynamic curriculum development and the empowerment of the educator as curriculum agent.

3.7 THE TOTAL CURRICULUM

The development of a curriculum for schools concentrates primarily on the content of a specific learning area or subject that has to be mastered, for example Accounting, Science or Mathematics. However, Kelly (2005:4) emphasises that the school curriculum has to make provision for the learner to develop and reach his or her full potential in all walks of life. This means, for example, that the educator of Accounting has not only to be the learning mediator (as previously indicated) for the subject content but also should portray aspects such as honesty, ethics, values, respect, sportsmanship, how to handle stress, etc.

All these matters form in some way or another part of the curriculum to transform the learner into a better, well-equipped person for life. Educators and curriculum planners have to work out a basis on which a total scheme can be built, in other words, the total curriculum embodying

all the different concurrent curricula, as identified by Posner (2004:11-12).

3.7.1 The official curriculum

The official curriculum or written curriculum will be found in a formal document, for example scope and sequence charts, syllabi, curriculum guides, course outlines, and list of objectives. The purpose is to give educators a basis for planning lessons and evaluating learners, and for administrators to supervise educators and hold them accountable for their practices and results. Wydeman (2004:21) classifies the official curriculum as the subject curriculum, while Kelly (2005:6) distinguishes between the planned curriculum and the received curriculum. The planned curriculum is the same as the official curriculum and the received or actual curriculum is the reality of the learners' experience. The development process of a curriculum as illustrated in Figure 2, namely design, dissemination, implementation and evaluation are applicable to create the official curriculum.

3.7.2 The operational curriculum

The operational curriculum is embodied in actual teaching practices and tests. It has two aspects, namely the content which emphasises the educator in class, and the learning outcomes for which learners are held responsible. McKernan (2008:35) sees the operational curriculum as the content, goals and arrangements formalised for learning. Kelly (2005:7) calls the operational curriculum the formal curriculum which is about formal school activities for which the timetable of the school allocates specific periods of teaching time. The implementation and evaluation phases of the curriculum development process forms part of the operational curriculum.

3.7.3 The hidden curriculum

The hidden curriculum consists of norms and values not openly acknowledged by educators or school officials. According to McKernan (2008:36), the hidden curriculum is latent or covert but present in the school culture. This means that learners learn much more than what the school plans for, such as how to cheat. Marsh (1997:5) stipulates that each learner acquires knowledge, skills and values not only from the official curriculum, but also from the hidden curriculum.

Lovat and Smith (1995:36) relate concepts of gender, ethnicity, race and socio-economic status as messages of the hidden curriculum. Learners learn to accept certain social norms and act in accordance to it (Tanner & Tanner, 2007:39). The hidden curriculum, as Kelly (2005:5) concurs, manifests when learners learn of social roles, gender roles, attitudes and other aspects of living from their educators, although it was not done in a direct, intended way. Although the curriculum development process does not cater for the hidden curriculum, educators have a certain responsibility in terms of what their learners are learning.

3.7.4 The null curriculum

The null curriculum consists of the subject matter not taught. Subjects like Psychology, Law and Parenting are not taught and cannot be compared with subjects like Accounting, Science and Mathematics where specific prescribed content has to be taught. Wydeman (2004:20) alludes to the controversial nature of learning content and the way in which the

curriculum is structured as a possible reason for this. It is impossible to teach everything in schools; many topics and subject areas are intentionally excluded from the official curriculum from sheer necessity (Wilson, 2005:Online).

3.7.5 The extra curriculum

The extra curriculum or informal curriculum comprises all those planned experiences outside of the school subjects. It is the opposite of and less important than the official or formal curriculum, but it is not a hidden curriculum. The extra curriculum provides lessons about teamwork, good sportsmanship and competition, which link to values and attitudes that learners also need to acquire (Wydeman, 2004:20). According to Kelly (2005:3), the informal curriculum will focus on things such as promotion of freedom and independence of thought, of social and political empowerment, of respect for the freedom of others, of an acceptance of variety of opinion, and of the enrichment of the life of every individual in that society, regardless of class, race or creed.

3.8 THE RELATIONSHIP BETWEEN THE CURRICULUM AND LTSM

Olvitt (2004:28) is of the opinion that the availability of relevant LTSM will be essential for the effective implementation of a new curriculum. According to Glover (2005:14-15), the poor use of LTSM in schools contributed to many of the problems when Curriculum 2005 was implemented. The committee responsible for the revised curriculum

(C2005) recommended that different LTSM and high quality textbooks were needed to achieve better learning outcomes.

Glover (2005:15) adds that the availability and use of LTSM promotes learner-centred active learning and supports critical thinking. Educators have to be professionally developed, because without the necessary skills and confidence to assess, select, adapt and effectively use available LTSM, the implementation of a new curriculum will be undermined (Olvitt, 2004:31). Vinjevold (1999:163) states that adequate LTSM is essential for the effective running of an educational system. Glover (2005:14) wants the educator to be not only a learning facilitator, but also an interpreter and designer of LTSM. In this regard LTSM can play a major role in conjunction with textbooks.

3.9 PRINCIPLES FOR THE DEVELOPMENT OF LTSM

Development principles provide guidance to developers of LTSM in developing high quality and relevant LTSM for the didactical process. According to the Policy on Learning Support Material of the University of Johannesburg (2007:7) and the Report of the review committee on Curriculum 2005 (South African Curriculum, 2000:Online) the developer has to adhere to the following principles:

- LTSM has to be coherently designed to ensure full alignment with academic programmes in terms of the purpose and learning content of the programme and its modules, learning outcomes, assessment criteria, learning and assessment opportunities and strategies;

- LTSM has to support the principles of the outcomes-based approach in the development of academic programmes;
- A broad range of LTSM has to be developed and used to guide the learner in the acquisition of the knowledge, skills and values required for the achievement of the required outcomes, as well as to foster independent and life-long learning;
- The development of LTSM is based on established best practice and contemporary research;
- Self- and programme evaluation forms an integral part of developing LTSM;
- Educators are responsible for integrating the development, implementation and evaluation of LTSM into their teaching and learning strategies;
- Educators have to make use of development opportunities to enable them to acquire the necessary knowledge and skills regarding the development, implementation and evaluation of LTSM.

The educator has to take responsibility for the development of LTSM to suit a new or changed curriculum, the implementation thereof in the didactical process and should be able to evaluate the progress of learners when using the LTSM (see paragraph 7.2 and 7.3).

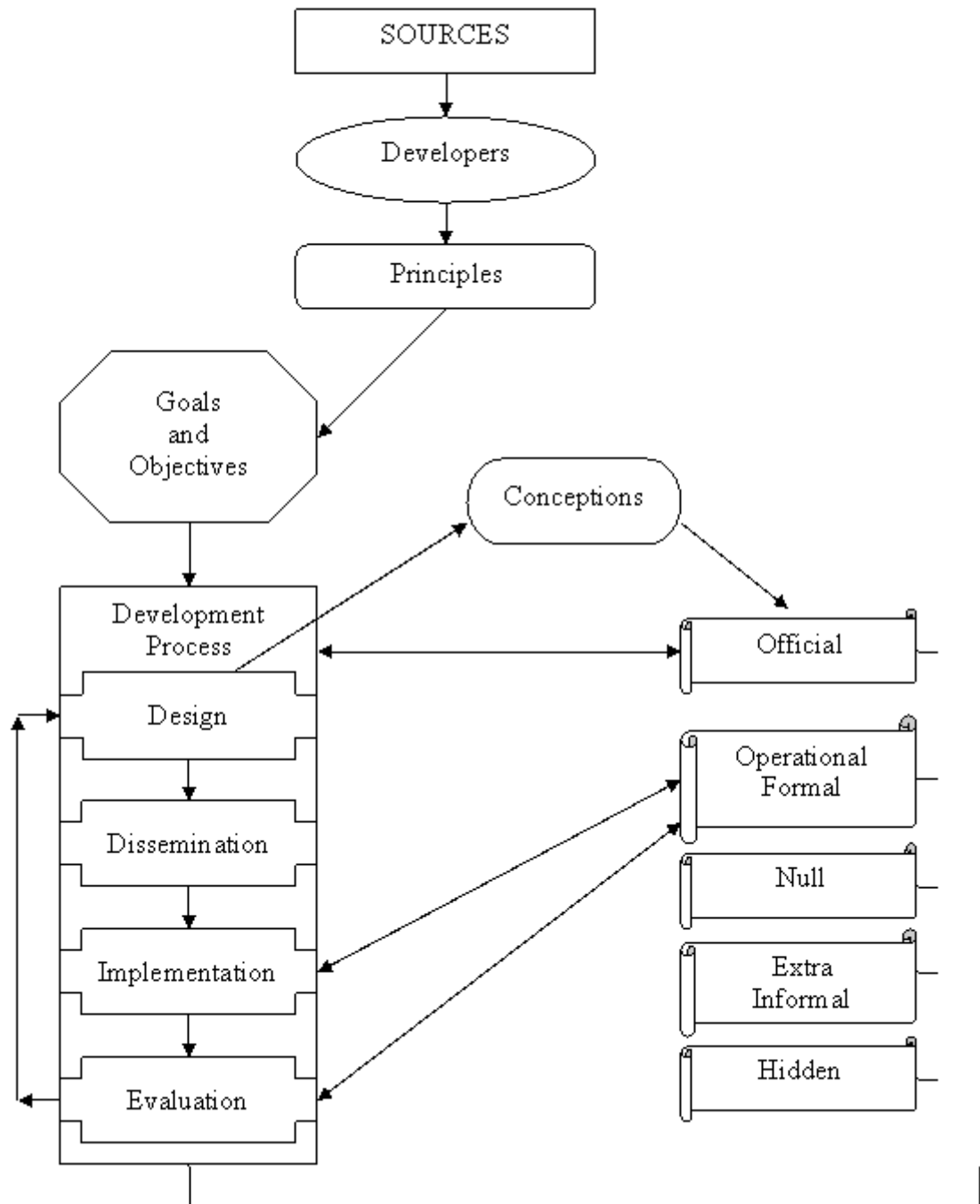
3.10 CONCLUSION

McKernan (2008:3) indicates that curriculum in the broadest sense is ordinarily used by specialists in the field to indicate, roughly, a plan for the education of learners and to identify a field of study.

The following illustration provides a general perspective of curriculum as it was discussed in the chapter:

TOTAL CURRICULUM

CURRICULUM



The curriculum is shaped and influenced by its sources of information which are philosophy, sociology and culture and psychology. Curriculum developers which can be National curriculum organisations, state education departments, educators, learners and parents of different

schools and colleges are using the sources of information to set goals and objectives for the curriculum. Curriculum developers need principles as guidelines to be able to determine the goals for the curriculum. Curriculum principles have to reflect the development needs of the learners and of South Africa. The goals of a curriculum have to be objective and acceptable to a community to indicate democratic values, to perpetuate the cultural heritage and to create a sense of national identity.

Curriculum development consists of four phases namely design, dissemination, implementation and evaluation which is a continuous process during which the phases interact with each other although it flows in a specific order. The design phase focuses on the planning of a new curriculum or the re-planning and review of an existing curriculum. The design phase concentrates on planning the conceptions of the official curriculum which are the scope and sequence, syllabus, content, textbooks, course of study and planned experiences. It is during the designing phase that developers can start creating LTSM to support the content of the new or revised curriculum. The educator has to be empowered with the new information during the dissemination phase to put the new curriculum or revised curriculum into action during the implementation phase.

The implementation phase forms part of the operational curriculum where actual teaching practices are taking place. During the implementation phase the educator takes centre stage in class, while the learner has to achieve learning outcomes. The LTSM which was developed according to certain principles, are used by educators to assist learners in reaching the specific learning outcomes. The evaluation phase evaluates the

effectiveness of the curriculum by viewing what effect it has on the learner. Tests form part of the evaluation phase as well as the operational curriculum. The effectiveness of the developed LTSM can be tested during the evaluation phase when learners have to write tests and examinations and by completing certain assignments, projects and case-studies. The rest of the total curriculum consists of the null curriculum, extra curriculum and hidden curriculum which do not form part of the developing process.

The availability of LTSM will contribute to the successful implementation of a new curriculum. Developers of LTSM have to take the purpose and learning content of a new curriculum into account to be able to guide the learner in the acquisition of knowledge, skills and values. Educators have to design, implement and evaluate LTSM to make the effective running of the educational system a reality.

Changes in the curriculum are one of the burning issues of education in South Africa. The next chapter will comprise an in-depth look at the old and new curricula in South Africa and how the curriculum has developed over the past twenty years. In particular, the focus will fall on the changes and development of the curriculum for Accounting, as well as the importance of Learning and Teaching Support Material in Accounting.

CHAPTER 4

TRANSFORMATION OF THE ACCOUNTING CURRICULUM

4.1 INTRODUCTION

The transformation of the curriculum is described as the changing of a curriculum over a prolonged period of time to accommodate new perspectives (Oliva, 2005:27). Transforming or changing a curriculum is unavoidable and has to be an ongoing process in order to meet the challenges of an ever changing world. Over the past two decades significant curriculum changes, including the Accounting curriculum, have taken place in South Africa. This chapter may not be in the traditional mould of a literature review, but is nevertheless necessary to include in this study to indicate the transformation that occurred in the Accounting curriculum over the past two decades. The Accounting curriculum, as part of Curriculum 2005 (C2005) and Accounting curricula implemented prior to C2005 are highlighted, compared and discussed.

4.2 CONSTITUTIONAL CHANGES IN SOUTH AFRICA

In 1995 the National Department of Education began the process of developing a new curriculum for the school system. The rationale behind this was based on the continuous growth and development of knowledge and technology worldwide, which also impacts on the level of skills and knowledge that learners in South Africa should be able to reach. The curriculum in use prior to 1995 did not focus on skills, values and

attitudes and as a result a new curriculum, which had to reflect the new values and principles of the Constitution of South Africa, had to be developed (Learning programme guidelines: Accounting, 2008a:2).

4.2.1 Aims of the Constitution

According to the National Curriculum Statement (NCS) Grades 10-12 (General), (2003:1) the Constitution of South Africa provided a basis for curriculum transformation and development in South Africa. The aims of the Constitution are to:

- heal the divisions of the past and establish a society on democratic values, social justice and fundamental human rights;
- improve the quality of life of all citizens and free the potential of each person;
- lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law; and
- build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.

To assist with the above a new curriculum approach of Outcomes-Based Education was implemented.

4.3 C2005 AND OUTCOMES-BASED EDUCATION (OBE)

The curriculum introduced in 1997, called C2005, emphasises learning by doing, problem-solving, skills development and continuous assessment, whereas the previous curricula concentrated on content and examinations

as assessment tool (Gultig *et al.*, 2003:171). An outcomes-based approach to teaching and learning was decided on to drive C2005, as this approach encourages a learner-centred and activity-based approach to education. The outcomes that learners ultimately have to reach/achieve can be divided into critical and developmental outcomes.

4.3.1 The critical outcomes of OBE

According to the NCS Grades 10-12 (General) (2003:2) and Gultig *et al.* (2003:89) the critical outcomes require learners to be able to:

- identify and solve problems and make decisions using critical and creative thinking;
- working effectively with others as members of a team, group, organisation and community;
- organise and manage themselves and their activities responsibly and effectively;
- collect, analyse, organise and critically evaluate information;
- communicate effectively using visual, symbolic and/or language skills in various modes;
- use science and technology effectively and critically showing responsibility towards the environment and the health of others;
- demonstrate an understanding of the world as a set of related systems by recognising that problem-solving contexts do not exist in isolation.

Critical outcomes are not only applicable to Accounting, but should also be reached by the learner across subjects and learning areas. Critical outcomes do not focus on the content of a specific subject, but they aim at

developing certain characteristics of the learner such as highlighted above.

4.3.2 The developmental outcomes of OBE

The NCS Grades 10-12 (General) (2003:2) lists the developmental outcomes which learners have to achieve as being able to:

- reflect on and explore a variety of strategies to learn more effectively;
- participate as responsible citizens in the life of local, national and global communities;
- be culturally and aesthetically sensitive across a range of social contexts;
- explore education and career opportunities; and
- develop entrepreneurial opportunities.

Not only will these outcomes contribute to better equipped learners (with regard to knowledge, skills, values and attitudes), but they will also assist to set in motion the principles that underpin the curriculum, (refer to Kelly, 2005:202 as discussed in chapter 3).

4.4 THE NATIONAL CURRICULUM STATEMENT (NCS) AND ACCOUNTING

The NCS is based on principles which can be applied to all subjects. These NCS principles for grade 10-12 include human rights, inclusivity, environmental and socio economic justice; outcomes-based education; integration and progression; credibility, quality, efficiency and relevance;

and high levels of knowledge and skills (Learning Programme Guidelines: Accounting, 2008a:8).

4.4.1 NCS principles and Accounting

The relationship between Accounting and the NCS principles are, according to the Learning Programme Guidelines: Accounting (2005a:9-13), as follows:

4.4.1.1 Social transformation

According to Conradie, Kirsch and Moyce (2006:13), the social transformation in education is aimed at ensuring that educational imbalances are redressed, and that equal opportunities are created for all sections of the population. The Accounting curriculum, as part of the LPG for Accounting (2008a:9), contributes in many different ways towards social transformation amongst which the following (Archer, Snyman, Ndwalane & Van der Merwe, 2005:4):

- It contributes to the standard of living, as well as the quality of life, through the making of good financial and ethical decisions;
- Learners are provided with skills to enable them to fill high positions in the accounting field;
- By including managerial accounting and managing resources, the curriculum broadens the perspective of the learners;
- Career opportunities beyond pure bookkeeping are opened up;
- It includes business ethics for the equitable treatment of business stakeholders and the proper way of running businesses;
- Opportunities are created for educators to discuss social problems in South Africa, for instance crime; and

- It develops skills in assessing financial information in order to make appropriate investment decisions thereby influencing the standard of living.

Accounting as a subject contributes to all walks of life, because Accounting can be useful for every person to organise his/her personal finances.

4.4.1.2 Outcomes-based education

OBE encourages a learner-centred and activity-based approach to education (Venter, De Clercq & McGee, 2006:7). The LPG for Accounting (2008a:9) states that OBE forms the foundation of the curriculum in South Africa and it strives to enable all learners to reach their maximum learning potential. As already mentioned in paragraph 4.3, the foundation of the curriculum consists of an outcomes-based approach which, in the context of this study, means that Accounting learners will maximise their learning by studying financial accounting, managerial accounting as well as how to manage resources.

4.4.1.3 High knowledge and skills

The LPG for Accounting (2008a:9-10) aims to develop a high level of knowledge and skills in learners. Accounting as a subject will ensure that learners are equipped with skills in thinking, communicating, mathematics, collecting, analysing, interpreting and organising. The International Accounting Standards (IAS) and the Generally Accepted Accounting Practices (GAAP) form the basis of Accounting as subject so that the learners are adequately prepared for the world of work, both

locally and globally, and to further their education in this field (Archer et al., 2005:5).

4.4.1.4 Integration and applied competence

According to the LPG for Accounting (2008a:10) integration has to be within and across subjects and fields of learning. Accounting integrates with other learning fields and subjects, for example report writing from Languages, calculations from Math literacy as well as Accounting concepts such as VAT from Business Studies. Conradie *et al.* (2006:14) state that the integration of knowledge and skills across subjects and learning fields means that practical, foundational and reflective competences are met according to the National Qualifications Framework (NQF) (please refer to paragraph 4.4.3). In adopting integration and applied competence, the NCS seeks to promote an integrated learning of theory, practice and reflection (Venter *et al.*, 2006:9).

4.4.1.5 Progression

According to the LPG for Accounting (2008a:11-12) progression refers to the process of developing more advanced and complex knowledge and skills. Assessment standards are arranged in a format that shows an increased level of expected performance per grade (Conradie *et al.*, 2006:15). The content and context of each grade will also show progression from simple to complex (De Bod, 2007b:viii). To illustrate how progression will be applicable in Accounting, the concept of VAT can be used. In grade 10 the learner has to explain the concept of VAT, in grade 11 VAT calculations have to be mastered and in grade 12 the application of VAT, according to accounts, has to be done. A clear progression in terms of depth and complexity thus occurs.

4.4.1.6 Articulation and portability

Articulation refers to the relationship between qualifications in different NQF levels or bands in ways that promote access from one qualification to another while portability refers to the extent to which parts of a qualification (subjects or unit standards) are transferable to another qualification in a different learning pathway on the same NQF level (LPG for Accounting, 2008a:12). Assessment standards in accounting are formulated with a view to creating unit standards at appropriate NQF levels (Conradie *et al.*, 2006:15). Mobility across the Further Education and Training (FET) band will then be possible. The FET Accounting curriculum offers a broad perspective to make informed choices about further studies (Archer *et al.*, 2005:6).

4.4.1.7 Human rights, inclusivity, environmental and social justice

The LPG for Accounting (2008a:12) seeks to promote an inclusive approach by specifying minimum requirements for all learners. It acknowledges that all learners should be able to develop to their full potential by addressing the intellectual, social, emotional, spiritual, and physical needs of the learners (De Bod, 2007b:viii). The human rights principles are addressed in Accounting by concentrating on indigenous knowledge, poverty and inequality (Conradie *et al.*, 2006:15). The prevention of fraud, minimising risks and code of ethics as it applies in the financial world are all part of human rights. Environmental and social justice concentrates on the code of ethics as well as the interpretation of financial statements. Inclusivity means the learning preferences of the learners have to be taken into account.

According to Venter et al. (2006:10), the educator has to develop an inclusive Accounting classroom by doing the following:

- cater for the educational, emotional and physical needs of the learners.
- maintain an awareness of the learners' background, prior knowledge, strengths, unique abilities, needs and barriers to plan a lesson.
- create a classroom environment in which learners learn to empathise with the feelings of others, and where they feel included and supported.
- create confident and enthusiastic learners.
- encourage learners to share ideas, methods and learning experiences with others by using methods they feel comfortable with.
- encourage learners to meet realistic expectations in terms of their abilities.
- remember and cater for the fact that learners learn at different paces.
- break down learning into small, manageable and logical steps.
- keep instructions clear and short.
- help learners to organise and process information related to Accounting concepts and problems.
- expose learners to the Accounting that is part of everyday life, and make the lessons as practical as possible.
- ensure that learners remain sufficiently challenged, without undue stress.
- working out practical support strategies according to learners' needs, for example allowing learners to use additional resources or exercises.
- see mistakes as part of the learning process and not as failures.
- consolidate in various ways.
- create fair and equitable processes for evaluating learners.

The educator fulfils the role as facilitator in the classroom and has to manage and organise all activities that are taking place in the Accounting classroom. The educator has to ensure that the learner is afforded enough opportunities in the classroom to reach the critical and developmental outcomes.

4.4.1.8 Valuing indigenous knowledge systems

The NCS acknowledges the rich history and heritage of South Africa as important contributors to nurturing the values contained in the Constitution (NCS (General), 2003:12). In Accounting, learners must be encouraged to interview persons who are using indigenous/informal bookkeeping systems to be able to make a comparison between formal and informal accounting systems (Conradie et al., 2006:16).

4.4.1.9 Credibility, quality and efficiency

The NCS aims to achieve credibility through pursuing a transformational agenda by means of providing an education that is comparable in quality, breadth and depth to those of other countries LPG for Accounting, 2008a:12-13; Conradie et al., 2006:17). By using GAAP as a basis in Accounting, credibility is provided to Accounting as a subject. Learners in Accounting can carry on with their studies in higher education institutions and professional bodies in the fields of financial-, cost-, managerial accounting and auditing. Internal control concepts in Accounting give learners an appreciation of efficient ways of controlling resources and finances (Archer et al., 2005:6).

It has already been mentioned that the NCS principles, as discussed above, are applicable to all the subjects in the different learning areas. It is therefore important to understand what a learning area entails and to indicate in which learning area Accounting falls. This will emphasise the fact that Accounting as subject, has a definite role to play in the school curriculum and it will also indicate how Accounting can be related to other subjects in the same learning area as well as various other subjects from other learning areas.

4.4.2 Learning areas

A structural change in the curriculum was made by categorising subjects into eight learning areas, tabulated as follows (Gultig *et al.*, 2003:171):

NO	LEARNING AREA	SUBJECTS
1	Communication, Literacy and Languages (LLC)	Home language, First Additional Language, Second Additional Language.
2	Human and Social Sciences (HSS)	Geography, History, Life Orientation, Religious Studies.
3	Numeracy and Mathematical Sciences (MMMS)	Mathematics, Mathematical Literacy
4	Natural and Physical Science (NS)	Physical Sciences, Life Sciences
5	Economic and Management Sciences (EMS)	Economics, Accounting, Business Studies
6	Technology (TECH)	
7	Arts and Culture (AC)	
8	Life Orientation (LO)	

Accounting forms part of the Economic and Management Sciences (EMS) learning area which essentially means that the Accounting

curriculum for grade 8 and 9 will be integrated with the curriculum of Economics and Business Studies. Learners in grade 8 and 9 take EMS and not the individual subjects. In grade 10 the learners choose specific subjects from the learning areas which they will be able to take up to the end of grade 12. Accounting is thus one of seven possible subjects which a learner can choose in the FET Band.

4.4.3 National Qualifications Framework (NQF)

Curriculum 2005 was implemented in the foundation phase in 1997. The curriculum was structured into phases and levels according to the NQF as follows:

NQF LEVEL	BAND	QUALIFICATION
8	Higher Education and Training	Doctorates
7		Higher degrees (Professional)
6		First degrees, Higher diplomas
5		Diplomas, Occupational certificates
FURTHER EDUCATION AND TRAINING CERTIFICATE		
4	Further Education and Training (FET)	Grade 12
3		Grade 11
2		Grade 10
GENERAL EDUCATION AND TRAINING CERTIFICATE		
1	General Education and Training (GET)	Senior phase - Grade 7-9
		Intermediate phase - Grade 4-6
		Foundation phase - Grade 1-3
		Pre-school

(NCS Generic Orientation (Resources), 2005:3)

Although the Higher Education Qualifications Framework (HEQF) has been published in 2008, the changes in the NQF levels found in the HEQF document have no direct influence on the FET phase.

A certificate can only be achieved when a specific band has been completed successfully. To obtain the GET certificate a learner has to complete grade 9 and the National Senior Certificate (NSC) when the learner successfully completes grade 12. According to the NQF a GET certificate is a level 1 qualification and a NSC certificate means that the learner has obtained a level 4 qualification (NCS Generic Orientation (Resources), 2005b:3). If a learner has successfully completed grade 10 or 11 and then opts to leave school at that stage, no certificate will be issued. With the implementation of the NQF, the curriculum, which includes the Accounting curriculum, has to be transformed to accommodate the new educational approach.

45 TRANSFORMATION OF THE ACCOUNTING CURRICULUM

This section portrays the transformation of the Accounting curriculum during the last twenty years. A comparison of the different curricula implemented during the past two decades indicates the differences. It is, however, important to mention that the Accounting curriculum can be divided into two major periods of change for grade 8 and 9. These are the interim period from 1995 until 2004 and the RNCS period that was implemented in 2005. There were no differences regarding the content of the work that has to be done in grade 8 and 9 between the period before 1995 and the interim period up to 2004.

Significant changes in the Accounting curriculum for grade 10 to 12 can be divided into three major periods namely the period before democratisation ending 1994, the interim period from 1995 until 2005 and the NCS period that was implemented for grade 10 in 2006, grade 11 in 2007 and grade 12 in 2008. The different periods, as mentioned above, will subsequently be compared with one another in order to analyse the consequences of the changes that have been affected to the Accounting curriculum.

4.5.1 Comparison of the grade 8 and 9 Accounting curriculum

When comparing the RNCS for grades 7-9 (2005c:212-218) and the Interim syllabi for Accounting Standard 6 and 7 (1995a:3-17), the following content differences can be pointed out:

GRADE 8 (STANDARD 6)	
1995 – 2004 (Interim period)	From 2005 (RNCS period)
Discuss and explain business related terminology for example profit, assets, capital, liability, debtors and creditors.	No change
Write elementary buying and selling transactions in Cash journals of sole proprietors in service- and trade businesses	Transferred to grade 9
Compiling and posting of Cash journals to General ledger of a service-	Transferred to grade 9

and trade business	
Terminology and analysis of transactions according to $A=O+L$	Transferred to grade 9
Balancing of General ledger accounts	Transferred to grade 9
Compiling a Trial balance	Transferred to grade 9

GRADE 9 (STANDARD 7)

1995 – 2004 (Interim period)	From 2005 (RNCS period)
Revision: Cash transactions of sole proprietors in service- and trade businesses	No change
Do credit sales transactions of sole proprietors in the Debtors journal and the posting to the General ledger and Debtors ledger	No change
Do credit purchases transactions of sole proprietors in the Creditors journal and the posting to the General ledger and Creditors ledger	No change
Write small cash transaction in the Petty cash journal and post the Petty cash journal to the General ledger. Opening of Petty cash account in General ledger and the procedure to restore, increase or decrease the petty cash imprest	No change
Closing entries in the General journal. Compile the Trading- and Profit-and-loss account in the General ledger	No change
Compile the Income statement and Balance sheet in vertical form with notes of a sole proprietor.	No change
Analyse the Balance sheet according	No change

to liquidity, solvency and profitability	
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4.5.2 Analysis of changes to the grade 8 and 9 Accounting curriculum

The major change of the grade 8 and 9 Accounting curriculum, as indicated above, is that only terminology is covered in grade 8 and that all the remaining work that was previously covered in the Interim period for grade 8, was shifted to grade 9. The consequences for grade 9 educators are that not only the same grade 9 work from the Interim period has to be completed, but also the rest of the work originally forming part of the Interim period for grade 8 has to be covered. The problem that arises, when combining work that was previously done over a period of almost two years, is to find sufficient time to cover all of the work in one year. This means that learning outcomes have to be achieved quickly, without having ample opportunity for exercises on a particular section. Learners may easily fall behind, finding it very difficult to catch up again. This can easily lead to a situation where learners will struggle to pass Accounting in the higher grades.

During the Interim period Accounting was taken as a separate subject in grades 8 and 9, allowing enough time for each subject. As from 2005 (RNCS period) Accounting forms part of the new Learning area: Economic and Management Sciences (EMS), which now also includes Business Studies and Economics. EMS functions as a Learning area and therefore time is distributed equally among all three subjects. The implication is that in grade 9, the time that was originally allocated to

Accounting will now be less so as to accommodate the other two subjects which form part of the EMS curriculum.

4.5.3 Comparison of the grade 10, 11 and 12 Accounting curriculum

In the Further Education and Training (FET) phase (grade 10 – 12) the content of the Accounting curriculum differs considerably when compared to the Syllabi for Accounting Standard 8-10 (1985), Interim syllabi for Accounting Standard 8-10 (1995b:2-25) and the Learning programme guidelines for Accounting (2005a:35-41). These differences are illustrated as follows:

GRADE 10 (STANDARD 8)		
1985 – 1994 (Pre-democratic period)	1995 – 2005 (Interim period)	From 2006 (NCS period)
Revision: Cash journals and posting to General ledger	No change	No change
Additional cash transactions: fixed deposits, loans and carriage on purchases. Calculation of general sales tax (GST)	No change, except for replacing (GST) with: Define the concept of value added tax (VAT)	No change
Bank reconciliation: Do elementary transactions in the Cash journals and compile the bank reconciliation statement	No change	Transferred to grade 11

GRADE 10 (STANDARD 8)

1985 – 1994 (Pre-democratic period)	1995 – 2005 (Interim period)	From 2006 (NCS period)
Revision: Debtors journal and posting to General ledger. Compile the Debtors allowance journal and posting to the General ledger and Debtors ledger	No change	No change
Revision: Creditors ledger and the posting to the General ledger and Creditors ledger. Compile the Creditors allowance journal and posting to the General ledger and Creditors ledger	No change	No change
Correction of basic errors in the General journal and posting to the General-, Debtors- and Creditors ledger	No change Additions: Reconciliation of Debtors- and Creditors ledger	Correction of errors forms part of year end adjustments. Reconciliation of Debtors- and Creditors ledger

GRADE 10 (STANDARD 8)

1985 – 1994 (Pre-democratic period)	1995 – 2005 (Interim period)	From 2006 (NCS period)
<p>Year end adjustments: Depreciation, bad debts, prepaid and accrued expenses, income accrued and received in advance. Closing entries in General journal. Compile Trading- and Profit-and-loss account in General ledger</p>	<p>No change</p>	<p>The following additions were made: - trading stock deficit and consumable stores on hand adjustments transferred from grade 11. The calculation and recording of depreciation was transferred to grade 11.</p>
<p>Entries to write back the prepaid and accrued expenses, income accrued and received, at the start of the financial year, in the General journal and General ledger</p>	<p>No change</p>	<p>No change</p>
<p>Compile the Income statement and Balance sheet with notes. Calculation of ratios to analyse the financial</p>	<p>No change</p>	<p>No change</p>

statements		
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GRADE 10 (STANDARD 8)		
1985 – 1994 (Pre-democratic period)	1995 – 2005 (Interim period)	From 2006 (NCS period)
		Transferred from grade 11: Salaries and Wages journals and posting to General ledger

GRADE 11 (STANDARD 9)		
1986 – 1995 (Pre-democratic period)	1996 – 2006 (Interim period)	From 2007 (NCS period)
Bank reconciliation: Revision of grade 10 content. Add additional transactions like post-dated cheques, errors on the bank statement and interest on an overdraft bank account. Do cash journals and compile the Bank reconciliation statement	Stayed the same plus content transferred from grade 12 like stopping cheques, dishonouring cheques, errors in journals and outstanding salary cheques.	No change
Correction of advance errors in the General	No change	Omitted

journal and posting to the General-, Debtors- and Creditors ledger		
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GRADE 11 (STANDARD 9)

1986 – 1995 (Pre-democratic period)	1996 – 2006 (Interim period)	From 2007 (NCS period)
Asset disposal calculations and entries in the General journal and – ledger	No change	Addition: the calculation and recording of depreciation
Revision of final accounts and financial statements of a sole proprietor. Add adjustments: Provision for bad debts, trading stock deficit and consumable stores on hand. Extension of ratios from grade 10 to analyse the financial statements.	No change	The adjustments regarding trading stock deficit and consumable stores on hand are transferred to grade 10
Partnerships: Entries of transactions in journals, compile the General ledger and financial statements and analysing of the financial statements	No change	No change

GRADE 11 (STANDARD 9)		
1986 – 1995 (Pre-democratic period)	1996 – 2006 (Interim period)	From 2007 (NCS period)
Departmental accounts	Taken out completely	Omitted
	Addition: Periodic inventory systems	No change
	Transferred from grade 12: Salaries and Wages journals and posting to General ledger	Transferred to grade 10
		Transferred from grade 12: Sport clubs: Journals, General ledger and financial statements. Analysis of Cash book
		Transferred from grade 12: Calculations and preparation of a cash budget for a sole proprietor.

GRADE 12 (STANDARD 10)		
1987 – 1996 (Pre-democratic)	1997 – 2007 (Interim period)	From 2008 (NCS period)
Salaries and Wages journals and posting to General ledger	Transferred to grade 11	Transferred to grade 10
Bank reconciliation: Revision of grade 11 work. Add additional transactions like stopping cheques, dishonouring cheques, errors in journals and outstanding salary cheques. Do cash journals and compile the Bank reconciliation statement	Transferred to grade 11	No change
Sport clubs: Journals, General ledger and financial statements	No change	Transferred to grade 11
	Analysis of Cash book - transferred from grade 10	Transferred to grade 11
Manufacturing accounts	Taken out completely	Added again

GRADE 12 (STANDARD 10)		
1987 – 1996 (Pre-democratic)	1997 – 2007 (Interim period)	From 2008 (NCS period)
Companies: Journals, General ledger, financial statements and analysis of financial statements	No change	No change
	Addition: Close Corporations Journals, General ledger, financial statements and analysis of financial statements	Only the characteristics, advantage and disadvantages of a Close Corporation. No bookkeeping required.
	Addition: Calculations and compiling of projected Income statement and cash budget for a sole proprietor and a company. Analysing and interpreting the projected Income statement and cash budget for a sole proprietor.	Transferred to grade 11: The calculations and compiling of a Cash budget for a sole proprietor. Omitted: Calculations and compiling of projected Income statement of a sole proprietor and company, as well as a Cash budget for a

		company.
GRADE 12 (STANDARD 10)		
1987 – 1996 (Pre-democratic)	1997 – 2007 (Interim period)	From 2008 (NCS period)
		The analysing and interpreting of the projected Income statement and Cash budget for a sole proprietor is still applicable.

4.5.4 Analysis of changes to the grade 10, 11 and 12 Accounting curriculum

From the above analysis it becomes clear that many changes, as well as some reshuffling, occurred in the different Accounting curricula implemented over the past twenty years. In some instances content has been moved from one grade to another, and in other instances content has been moved to another grade only to be moved back to the original grade. Some examples of the changes and reshuffling are the following:

- Bank reconciliation was taken from grades 10 and 11 and consolidated to grade 11;
- Wages and salaries journals were transferred from grade 11 to grade 10;
- Clubs shifted from grade 12 to grade 11;

- Manufacturing was taken out of the curriculum, but has been reintroduced in the grade 12 curriculum for 2008;
- Value added tax (VAT) was added in the grade 10 to 12 curriculum to provide learners with a better perspective regarding VAT and to be in touch with the business world; and
- The bookkeeping of a Close Corporation was taken out of the grade 12 curriculum from 2008 and only the characteristics, advantages and disadvantages of a Close Corporation have to be done.

With the implementation of the NCS to streamline the existing C2005, more content needs to be covered from grade 10 to 12, which will consequently increase the pressure on both educators and learners.

4.5.5 The NCS for FET Accounting

The NCS for FET Accounting has been implemented as from 2006 (grade 10), with grade 11 following in 2007 and grade 12 in 2008. A summary of the NCS for Accounting (FET phase) according to the Learning programme guidelines for Accounting (2005a:35-41) is depicted below:

GRADE 10	GRADE 11	GRADE 12
Extended cash transactions for example loans and fixed deposits	Bank reconciliation statements	Companies
Debtors and Creditors allowance journals and posting to the General ledger	Depreciation and asset disposal	Evaluation and interpretation of asset disposal, projected cash budgets and

		income statements
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GRADE 10	GRADE 11	GRADE 12
Salaries and Wages journals and posting to the General ledger	Additional adjustments, closing entries and final accounts	Manufacturing
Adjustments, closing entries and final accounts	Financial statements and analysis of a sole proprietor	VAT control accounts Journals and posting with VAT included
Financial statements and analysis of a sole proprietor	Projected cash budget of a sole proprietor	
VAT terminology	Partnerships	
	Periodic inventory system	
	Analysis cash book	
	Clubs	
	VAT calculations	

4.6 ASSESSMENT CHANGES IN THE FET ACCOUNTING CURRICULUM

Up to 1994, the assessment process relied almost entirely on reproducing the covered content by means of tests and examinations, which formed the backbone of the evaluation process. Tests and examinations were the only measurements used to promote a learner to the next grade (Gultig et al., 2003:158). Educators mostly employed the lecture method of teaching, where learners were mostly listeners and not active participants in the lesson.

4.6.1 Assessment according to the Interim curriculum

Since 1995, with the implementation of the Interim curriculum, the assessment process has changed by shifting the focus point to projects, assignments, daily learner involvement and to a lesser extent, tests and examinations (NCS Generic Orientation Participant' s manual- Accounting, 2005a:74-75). Within this context, learners were encouraged to explore and learn by discussing the content in groups (as part of co-operative learning), work on reports, presentations and projects and to be active participants in the class situation. The educator on the other hand acted as a facilitator, which means that the learning process was guided by the educator to assist the learners in reaching the prescribed critical and developmental outcomes.

The focus thus changed from tests and examinations only to include more continuous assessment (CASS) (Gultig et al., 2003:156-157). With CASS the learner had to collect a mark out of 100 for higher grade (HG) and 75 for standard grade (SG) throughout the year. The final examination then represented 300 marks for HG, adding the out of 100 CASS mark to provide the mark out of 400. For SG the examination represented 225 marks and adding the out of 75 CASS mark to provide a mark out of 300. The learner' s promotional mark comprised of a 25% CASS mark and the final examination of 75%. The CASS mark was compiled and calculated as follows:

COMPONENTS	HG	SG
Project	20	15
Class tests	20	15
Main tests (controlled)	20	15
June + September examination	20	15

Homework; class attendance + participation	20	15
Total	100	75

(NCS Generic Orientation Participant' s manual-Accounting, 2005a:74-75)

4.6.2 Assessment according to the NCS curriculum

With the introduction of the NCS for grade 10 from 2006, grade 11 from 2007 and grade 12 from 2008, the emphasis has shifted to include even more practical assignments in relation to theoretical tests and examinations (Subject Assessment Guidelines for Accounting, 2008b:7). The CASS mark for grade 10 and 11, which still comprises 25% of the learner' s promotional mark, is to be determined according to the Subject Assessment Guidelines for Accounting (2008b:10) as follows:

COMPONENTS	%
1 x Project	30
2 x tasks (research; report; case study; presentation)	40
2 x Main tests (controlled)	20
June examination	10
Total	100

A final examination of 300 marks (75%) is added to the CASS mark of 100 (25%) to calculate the total mark of a learner. Tests and examinations are no longer set separately for higher grade and standard grade learners. There is a fair balance between easy (30%), medium (40%) and challenging questions (30%) in tests and examination papers.

When the grade 12 curriculum was implemented in 2008, the CASS mark for grade 12 now also comprises 100 marks (25%) of the final mark. The 100 marks are determined as follows (Subject Assessment Guidelines for Accounting, 2008b:14):

COMPONENTS	%
1 x Project	25
2 x tasks (research; report; case study; presentation)	20
2 x Main tests (controlled)	20
June examination	10
1 x Trial examination (September)	25
Total	100

An external examination paper (comprising 300 marks) is written by all grade 12 learners at the end of the year to constitute the final mark of 400.

4.6.3 The assessment scale as reporting tool

As was mentioned above, assessment in all subjects in the FET phase is no longer divided into HG and SG sections. A formal reporting tool is used when assessment is done. The Subject Assessment Guidelines for Accounting (2008b:5) outline the following a seven-point-scale which is used in this regard:

RATING CODE	RATING	MARKS %
7	Outstanding achievement	80-100

6	Meritorious achievement	70-79
5	Substantial achievement	60-69
4	Adequate achievement	50-59
3	Moderate achievement	40-49
2	Elementary achievement	30-39
1	Not achieved	0-29

All learners write the same Accounting examination paper and are rated according to their marks obtained. The questions in an examination paper require 30% basic thinking skills, 40% moderately high thinking skills and 30% high-order thinking skills of learners (Subject Assessment Guidelines for Accounting, 2008b:16). The examination paper is set according to prescribed weightings of the three learning outcomes, which can be summarised as follows:

ACCOUNTING	WEIGHTING
Skills in financial accounting (Learning Outcome 1)	50%-60%
Skills in managerial accounting (Learning Outcome 2)	20%-25%
Skills in managing resources (Learning Outcome 3)	20%-25%

(Subject Assessment Guidelines for Accounting, 2008b:16)

The Subject Assessment Guidelines for Accounting (2008b:7) states how each of the three Learning outcomes for Accounting is to be addressed:

- Learning outcome 1 consists of collecting, reporting and evaluating financial information of past financial periods, assessing the financial performance of a person or organisation in making appropriate decisions.

- Learning outcome 2 refers to compiling, reporting and evaluating financial information largely geared towards future financial periods, evaluating business options to make appropriate decisions.
- Learning outcome 3 concentrates on understanding strategies and tools to manage resources and making decisions in a responsible manner and using knowledge of internal control and ethical issues in administrating a business to achieve desired objectives.

The content of the Accounting curriculum is presented and assessed in the most productive, structured and efficient way to reach the above three learning outcomes. What transpires from the literature discussed up to this point is that Accounting educators need proper learning and teaching support materials (LTSM) to ensure that the Accounting curriculum is correctly implemented (through LTSM). It also becomes clear that assessment of learners as described above are dependent on the type and quality LTSM are available to Accounting educators and learners. Prinsloo (2003:39) puts it that LTSM are the tools for teaching and avenues for learning. Further, LTSM should form an integral part of the didactical process.

4.7 REQUIREMENTS FOR ACCOUNTING LTSM

According to the LPG for Accounting (2008a:20) the approach to teaching and learning Accounting has to be one where a variety of resources are used. Educators have to use materials beyond the textbook only. The educator should be committed to ensure that the learner has access to a wide range of LTSM in order for resource-based learning to take place. Prinsloo (2003:71) emphasises that educators have to use the

LTSM to support the curriculum and not to replace the curriculum. Basic LTSM requirements exist for educators, the learner and the school. These requirements are subsequently discussed.

The LPG for Accounting (2008a:20) stipulates that the basic LTSM requirements for **educators** in Accounting to be:

- General Accounting stationery such as red pens, rulers and calculators
- Access to overhead projectors, transparencies and transparency pens
- Accounting textbooks. A variety of at least three Accounting textbooks that offers a range of different tasks from source documents to critical analysis of Accounting information as well as ethical considerations
- Teacher' s manual with solutions to activities
- Different files for general planning and preparation, portfolio, mark sheets, tests, question papers and memorandums, projects, reports and presentations.
- Access to resource documents and published financial statements
- Posters and pamphlets
- Access to computerised Accounting software package
- Access to a library
- Access to Web pages and the Internet
- Access to Accounting resources such as financial magazines, newspapers, Statements of GAAP and the Accounting Standards
- Access to a photocopy machine to reproduce original materials to which learners may not have access.

LTSM is a necessity for the Accounting educator in order to facilitate the teaching and learning process. LTSM equally is a necessity for learners to successfully complete the Accounting curriculum. The LPG for

Accounting (2008a:21) emphasises that LTSM will help the learner to realise his/her full potential by being a creative, active and confident citizen, show independence of thought and apply several skills (as discussed in paragraph 2.8). It is important for the learner to analyse, organise and critically evaluate information which can be transformed to knowledge.

If the LTSM requirements for the educator and the learner are available, schools have to provide a proper environment where education can take place. Schools are offering different subject packages and if Accounting is part the curriculum, there are certain LTSM requirements that have to be provided. The LPG for Accounting (2008a:20) present the basic LTSM requirements for Accounting in **schools**, which are:

- Qualified and competent Accounting educators
- General Accounting stationery (pens, calculators, rulers and pencils)
- Accounting textbooks (a variety of three books)
- Work books or file
- Educators manual (Solutions to activities)
- Source documents and published financial statements
- Appropriate class venue and flexible furniture
- Library and Internet
- Subscriptions to financial magazines and daily newspaper, Statements of GAAP and the Accounting Standards
- Photocopy machine to reproduce materials
- Overhead projector, transparencies and transparency pens.

The above LTSM requirements for the educator, learner and school reveal numerous similarities. It goes without saying that most of these

requirements have to be met before any LTSM can have a positive effect on the achievements of learners in Accounting.

48 CONCLUSION

The need to change curricula is brought about by an ever changing and dynamic world. Learners have to be better equipped with the latest trends, technology and business perspectives to efficiently fit into a more challenging world. The content of curricula has to be revised to reflect new values and principles, especially those of the Constitution of South Africa (LPG for Accounting, 2008a:2). Educators should be in possession of the necessary knowledge, quality text books and a variety of support material to teach learners to reach the outcomes of the curriculum. OBE relies heavily on resource-based learning which can only be achieved by weaving LTSM into the curriculum. The importance of LTSM in the didactical process cannot be underestimated. The major problems experienced with implementing Curriculum 2005 in Accounting are firstly the availability of textbooks and support material such as questions for exercises, tests and examinations and secondly the poor use of LTSM (Glover, 2005:14; Olvitt, 2004:31).

CHAPTER 5

RESEARCH DESIGN, METHODOLOGY, DATA-REPORTING AND ANALYSIS

5.1 INTRODUCTION

According to Kumar (1999:4), research is a process which is undertaken within the framework of a set of philosophies, using procedures, methods and techniques that have been tested for their validity and reliability and are designed to be unbiased and objective. The framework of this research study is undertaken within the educational set of philosophies, using procedures, methods and techniques to compliment the design through objectivity and unbiasedness. The overall aim of this study is to equip FET Accounting educators with additional support material, such as a question bank consisting of additional advanced accounting questions, which they can use in the classroom to improve the knowledge and insight of their learners.

In order to fulfill this aim, it is necessary to provide a detailed account of the process, methods and techniques which were followed as part of designing this study.

5.2 RESEARCH DESIGN

The research approach and the research method to be implemented are the two aspects a researcher will attend to when designing a study or project

(White, 2005:80). A research design, as defined by Kumar (1999:74), can be a plan, structure and strategy of investigation to obtain answers to research questions or problems. Mouton (2001:55) is of the opinion that researchers often confuse research design with research methodology. According to Mouton (2001:56), research design concentrates on the plan, aim and result of a study, while research methodology focuses on the research process and the kind of tools and objective procedures will be used in collecting data.

5.2.1 Triangulation as research approach

Both qualitative and quantitative research approaches were mainly used to conduct this research. A researcher can opt to use one approach or a combination of both. Qualitative research is also called field research, critical research or interpretative research which expresses data in a non-numerical form through words (Du Plooy, 2002:29). The qualitative researcher concentrates on the individuals involved and relies on their voices and interpretations. The researcher must interact with those who are investigated and be part of the research (Creswell, 1994:5-6).

Clarke (1999:39) sees the qualitative researcher as getting close to the data in order to understand the point of view of those who are investigated. An example of this interaction is interviews, which will also be used in this study to provide Accounting educators with the opportunity to express their opinions regarding the new Accounting syllabus, describe the practical

problems they are experiencing and comment on the influence of LTSM in Accounting.

Quantitative research, also called empirical research, restricts itself to data of experiences and rejects any form of speculation. Data is expressed in numerical form through numbers (Du Plooy, 2002:21). The researcher is keeping a distance between him-/herself and what is being researched. According to Clarke (1999:39) the quantitative research method assumes that it is possible to separate the researcher from the researched while the investigator adopts an objective stance and remains detached from the phenomenon under study. The researcher should aim to be objective and one way of succeeding this is by using a questionnaire to assess a situation (Creswell, 1994:5-6). This study made use of both interviews and a questionnaire to collect data. The data-collection method where qualitative and quantitative methods (as well as the literature study) are used, is referred to by Du Plooy (2002:39) as triangulation.

White (2005:89) refers to triangulation as the use of more than one source, theory and investigator to support a researcher's conclusions and arguments and to make findings more reliable. De Vos (1998:359) confirms this view by stating that the main reasons for applying triangulation are to test theoretical assumptions in more than one way, and to increase the reliability and validity of observations, analyses and findings.

5.2.2 Research methodology

The data-collection methods to be discussed are compatible with a triangulation approach employed in this study. Methods for the qualitative approach are a literature review and interviews, while for the quantitative approach a questionnaire is employed. These methods contain the following:

5.2.2.1 Literature review

In the preceding chapters a literature review was undertaken to:

- explain the concept, field and aims of Accounting;
- determine the characteristics and field of an Accounting principle;
- discuss the origin, characteristics, aims, goals and objectives of a curriculum;
- identify the principles and process of curriculum development;
- analyse the total curriculum;
- indicate constitutional changes in South Africa;
- explain Outcomes Based Education and the National Curriculum Statement;
- indicate the transformation and assessment changes of the FET Accounting curriculum;
- determine the importance of LTSMs;
- discuss the LTSM requirements for Accounting.

5.2.2.2 Interviews

Interviews were conducted with the Accounting learning facilitators (LFs) of the different regions in the Free State namely, Fezile Dabi, Lejweleputswa, Thabo Mofutsanyana, Motheo and Xhariep.

5.2.2.3 Questionnaires

Questionnaires were completed by the FET Accounting educators from the five regions of the Free State. The literature review, interviews and questionnaires are discussed in the following sections to provide an overview of each with regard to the topic of this study.

5.3 LITERATURE REVIEW

The rationale for engaging with literature from previous work and studies conducted, is to provide a context for the proposed study and to demonstrate why this study is important and timely. The literature review is not a compilation of facts and feelings, but is used as a coherent argument that leads to the description of this proposed study (Rudestam & Newton, 1992:46-47).

The literature study, which includes primary and secondary sources, aims to find a link between one's own study and the accumulated knowledge in one's field of interest (Fraenkel & Wallen, 2003:70). Primary sources can include autobiographies, letters, diaries, eyewitness accounts, recorded political speeches, information collected via questionnaires or during

interviews and research results disseminated via the worldwide web (www) (Du Plooy, 2002:59). The primary sources used in this study are the questionnaire and interviews. Secondary sources for this study include the description of the work of others from text books, press reports and policy documents. The aim is not to merely replicate previous studies, but rather to provide a foundation for the researcher to better interpret his own personal results.

According to Creswell (1994:20-21), the purpose of literature in a research study is to share the results of other studies that are closely related with the proposed study, to extend prior studies and to provide a framework for establishing the importance of the study. According to Leedy (1997:81), an efficient literature review has to progress from a general to a more specific perspective. To be able to provide support material to FET phase Accounting educators, a literature review on the concept, field and aims of Accounting, as well as the characteristics and field of an Accounting principle was given (see chapter 2) to provide a general perspective of the research.

The literature review became more specific when the focus was placed on the curriculum and more specifically the Accounting curriculum (see chapter 3). To be able to understand why there is a need for support material in Accounting, it was necessary to discuss the origin, characteristics, aims, goals and objectives of a curriculum, identify the principles and process of curriculum development and analyse the essence of a total curriculum. The literature review ended by specifically concentrating on the constitutional

educational changes that took place in South Africa, OBE and the National Curriculum Statement, the transformation and assessment changes of the FET Accounting curriculum, the importance of LTSM (see chapter 2), the relation between the curriculum and LTSM as well as the principles for developing LTSM (see chapter 3) and the LTSM requirements for Accounting educators and schools (see chapter 4).

5.4 INTERVIEWS

Interviews can be structured and standardised, be semi-structured or even unstructured to explore specific areas of interest (Saunders, Lewis & Thornhill, 2000:243-244). A semi-structured interview lends itself to a set of questions to be asked, as well as the opportunity to probe for more clarity when needed. According to Laws (2003:286), an in-depth interview attempts to uncover people's personal motivations, prejudices, feelings, opinions and attitudes regarding possible sensitive issues. Initial interviews will help piloting or validating the research process in the right direction (Brewerton & Millward, 2001:69).

During the initial phase of this study several semi-structured, in-depth interviews were individually conducted with the learning facilitators (LFs) for Accounting in the Free State province. The interviews were tape recorded, while the non-verbal reactions of the LFs were documented during the interview. The recorded data of each LF was written down afterwards and their non-verbal reactions were added to their responses. The rationale for these interviews was to ascertain the possible problem that FET Accounting educators may face with regard to proper, additional Accounting

LTSM. The LTSM referred to in this context are those used in addition to the few exercises and questions that are provided by school textbooks. Information was gathered regarding the issues this study aims to investigate and thus assisted the researcher to draft a questionnaire aimed at Accounting educators in the FET phase. Interviews are seen as a qualitative data-collection method, allowing the researcher to obtain information from participants on an individual basis. It enables the researcher to clarify any uncertainties before setting the questionnaire.

The compiled research information was validated objectively and compiled scientifically along applied research methodologies in order to formulate critical, and inevitable subjective, scientific conclusions. The results and conclusions were then used to compile support material for FET phase Accounting educators.

5.5 QUESTIONNAIRE

According to Laws (2003:306-307), a questionnaire is a written list of questions, given or posted to respondents, which they should complete by themselves and can be useful when:

- information is needed from a large number of respondents;
- the researcher knows what data is needed;
- the required information is straight forward and in a standardised format;
- and
- the respondents will be comfortable with answering the questions.

A questionnaire can consist of open-ended and/or closed-ended questions. With open-ended questions the respondent can provide his/her own opinions or views and the information is often used as prime qualitative data in the same way as information gathered from interviews (Swanson & Holton, 1997:99). The participants will therefore be encouraged to reply as they wish in order to reveal their attitudes regarding the phenomenon under study (Saunders et al., 2000:260). Closed-ended questions lead the respondent to choose a specific given alternative and such information is used as quantitative data (Swanson & Holton, 1997:99). The closed-ended questions are thus standardised and can easily be interpreted in the same way by any person analysing the data. Specific information or confirmation of facts or opinions is gathered by using closed-ended questions, especially in questionnaires (Saunders, et al., 2000:261).

Most of the information needed for this study was collected through a questionnaire comprising both closed-ended and open-ended questions. The questionnaire was developed to obtain:

- background information of the Accounting educators;
- information regarding the particular teaching and learning situation each Accounting educator finds him-/herself in;
- information regarding the possible problems, as well as the possible needs of FET phase Accounting educators with regard to LTSM.

The questionnaire was personally disseminated to FET phase Accounting educators, as per the sample discussed in 5.6., who completed the questionnaire, after they were briefed regarding the purpose of the

questionnaire. The questionnaire was completed by FET Phase Accounting educators of the education districts of the Free State province. All questionnaires issued were collected personally. The information gathered from the questionnaire was then used to create LTSM for FET Accounting educators.

5.6 POPULATION AND SAMPLE

According to Laws (2003:457), as well as Welman and Kruger (1999:18), population refers to the complete set of units or the whole group you are interested in, from which a sample is usually drawn.

Brewerton and Millward (2001:114) refer to a sample as a selection of individuals drawn from the target population which is intended to reflect this population's characteristics in all significant respects. The main criteria for sampling is thus to ensure a faithful representation of the total population which is studied and to ensure that it is reliable. The sampling process which was followed in this study is explained by means of the following five steps:

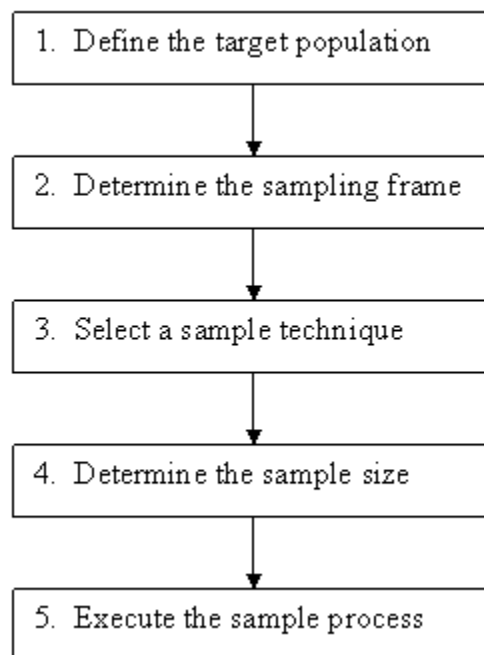


Figure 5: The sampling process

Source: Cant (2003:125)

Step 1 is to define the target population. According to Cant (2003:125), the target population is the collection of elements and objects from which information is to be gathered to solve the research problem. The population for this study consisted of all FET phase Accounting educators and learning facilitators (LFs) for Accounting in the five districts of the Free State province.

Step 2 is to determine the sample frame which, according to White (2005:114), is a specific list that closely approximates all the elements of the population. The sample frame for this study was the FET phase Accounting educators at urban, semi-urban and rural schools in the Free State province and LFs responsible for Accounting in the Free State province.

Step 3 is to choose the way in which the sample is drawn. The sample for schools was drawn randomly which means that the population has similar characteristics (Walliman, 2006:276). White (2005:117) adds that probability sampling ensures a random sample where each member of the population has an equal chance of being selected. More specifically judgemental or purposive sampling was used when the researcher decided who would provide the best information to achieve the objectives of the study (Kumar, 1999:162). To conduct this study, urban, semi-urban and rural secondary schools of all five educational districts of the Free State province were randomly sampled. FET phase Accounting educators were then purposefully sampled from these schools.

Step 4 is to determine how big the sample will be. The sample for this study consisted of fifteen secondary schools from each education district of the Free State province and two to three Accounting educators per school (responsible for Accounting in Grades 10, 11 and 12). The total sample for this study was therefore 175 FET phase Accounting educators from 75 secondary schools.

In addition to the Accounting educators, the LFs who are responsible for the five educational districts were included in the sample. At the time of conducting the fieldwork, the five education districts were served by only 3 LFs. The Free State Department of Education appointed the additional 2 LFs during the data gathering process and the researcher decided not to include these 2 LFs due to their very recent appointments at the time. The main responsibility of a LF is ensure that the Accounting educators in his/her educational district are kept up to date with the latest news or changes regarding the Accounting curriculum, to assist, advise and assess Accounting educators and to be the spokesperson of the Department of Education regarding the subject in that specific district. The direct link that exists between Accounting LFs as curriculum advisors and Accounting educators explains the inclusion of LFs in the sample.

The last step is to start with the sampling process to collect data. Data for this study was collected by interviewing the LFs and distribute questionnaires to the sampled FET phase Accounting educators.

The researcher must ensure the quality, reliability, integrity and credibility of the research when carefully preparing data (Cant, 2003:192). The internal reliability of this study comes from the use of triangulation, consensus between participants and the use of audiotapes (White, 2005:200-201). The internal validity of the research is ensured by preparing data and notes, establishing audit trails and guarding against bias and perspectives that the researcher may instill in those who are participating in the research (White, 2005:202).

5.7 LIMITATIONS

The data obtained in this study is based on a questionnaire issued to all FET Accounting educators and interviews with the Accounting LFs in the Free State province. Inexperienced Accounting educators who either have just started their teaching careers or who only have a few years teaching experience can possibly be regarded as a limiting factor. The inputs of these educators may, on the other hand, be very relevant in the sense that they may, in particular, be in need of additional LTSM. A limitation with the interviews was the fact that two of the five LFs were appointed during the fieldwork stage and they were therefore unable to participate in the investigation.

5.8 DATA COLLECTION AND REPORTING

White (2005:80) confirms that qualitative data are in principle verbal, while quantitative data are in principle more numerical. Hakim (2000:34)

describes qualitative research as descriptive reports of individuals' perceptions, attitudes, beliefs, views and feelings. The next section addresses the data gathered through individual interviews with LFs.

5.8.1 Interviews with the learning facilitators (LFs) of Accounting

The interview questions form part of the reporting phase and are not provided as an appendix. This will assist the reader when making references to questions and analyses.

Question 1: What, in your opinion, are the main learning and teaching materials that are used in the FET Accounting classroom?

All the LFs responded immediately (looking self-assured) that textbooks are the primary source of information in the classroom. One of the LFs (leaning forward in his chair) added that educators also use previous question papers to assist them. The two other LFs did not add any other information after their initial answers. To obtain more information from each the researcher probed and asked them if they could think of other learning and teaching material that can play an important role in the classroom. One LF (rubbing his chin while looking upwards) responded after a while that a variety of textbooks can be used by the educator to give different types of questions to learners. The other LF hesitantly added that old test and examination questions can be integrated with the questions of the textbook.

From the responses it was clear that the textbook was the primary source for learning and teaching and educators have limited additional sources available to work from. One of the LFs also mentioned that there is still, in some schools, a shortage of textbooks, especially in grade 11 and 12. It is therefore a first priority for educators to supply each learner with a textbook

and then to supply learners with questions from other textbooks which are available on the market.

Some responses were:

“ Educators are mainly dependent on the textbook, although most of the educators are also using previous question papers.”

“ The educators use textbooks.” After probing. *“ I encouraged them to make use of the variety of other textbooks that are available on the market.”*

Question 2: What purpose does the textbook serve in the Accounting classroom?

The first LF responded (shrugging his shoulders as to indicate that the answer to the question is general knowledge) by saying that for most of the activities in class the educator and learners need the textbook. He also added that if there is no textbook, no education can take place. When asking the question in the interview with the second LF (his eyes lightened up and with a hint of a smile as to indicate that he was expecting the question) he immediately responded by saying that the textbook is without a doubt the most important tool in the classroom. He elaborated on his remark by stating that it is only a tool to assist the educator and learner and cannot replace the educator. The third LF responded nonchalantly that the textbook is the primary source for the educator and learner and the purpose of the

textbook is to provide exercises and examples for both educators and learners to prepare and complete.

From the responses it is clear that the purpose of the textbook for both educators and learners are to provide them with information regarding new content and activities. It is therefore important that the type of textbook, which is chosen by the educator or the school, meets the requirements of a primary source.

A response was:

“ The main purpose of the textbook is to assist the educator and not to replace the educator. It has to serve as primary source for the educator to work from and for the learner to revise the work which has been done.”

Question 3: What is your opinion regarding the number of exercises provided for learners in the textbook?

Two LFs stated that the textbooks do not have sufficient exercises to ensure that learners can apply their knowledge. One LF immediately added that other resources have to be incorporated to provide a wider range of questions for learners. Her facial expression portrayed frustration when she replied to the question. All the LFs were unanimous in saying that other textbooks have to be used to provide learners with a variety of questions. One LF was of the opinion that there is a gap between the level of difficulty of the exercises in textbooks and questions in final examination papers as

well as the manner in which the questions are asked. When making his statement, his whole demeanor was of someone who is intensely worried about the situation.

The responses indicate that most LFs regard the number of exercises in the textbook to be insufficient. The exercises in the textbooks are normally arranged from basic to the more difficult questions. Learners are gradually being led into applying the new content when using the exercises in the textbooks. The opinion of most of the LFs is that learners can only master new Accounting content if different textbooks are used to provide them with a broader insight to apply new content.

The responses were:

“ Some textbooks can just be used for terminology, some for examples and others for exercises for analyses and application of new work. One school in Bloemfontein wrote a pilot paper to establish if the learners can answer the new format of questions. Just 50% of the learners passed the paper which means they couldn’ t cope with the difficulty level and the manner in which the questions were asked.”

“ Educators have to consult other textbooks to give the learners a variety of questions regarding the new work they have done.”

“ The exercises of other textbooks and question papers have to be incorporated with the textbook the learners are using.”

Question 4: Do you think that textbooks provide enough exercises for learners to broaden their insight regarding Accounting content?

In their respective interviews, two of the LFs were at first not sure how to answer the question. One LF answered, after giving it a lot of thought, that a textbook is a natural source of questions which is mainly used to learn and master new work. She went on to say (nodding her head) that exercises which will broaden the insight of learners are few and sometimes only one per section can be found. The second LF acknowledged that textbooks concentrate on providing questions which will help the learner master new work, but also said that there is no balance between easy, medium and more difficult questions in textbooks - the more complex questions seem to be lacking. The third LF said that there is a shortage of high-skilled exercises, but (his facial expression indicated that it is not really a problem) educators have to use other support material like previously written final question papers to complement the textbook.

The LFs had uniformity regarding the fact that textbooks provide enough easy and medium difficulty level exercises for practice purposes, but that there is a definite shortage of questions which test the broader knowledge of the learners. The absence of exercises which need higher order problem-solving skills was highlighted as one of the disadvantages of the textbooks in use.

Some responses were:

“ No. Textbooks have a variety of questions, from easy to medium level questions, but there are not a lot of questions where the learner really has to apply higher problem-solving skills to solve the problem.”

“ No. Although there are enough questions to do a lot of practising, there is not more than one exercise per section for insight work.”

Question 5: How important is it for educators to also add other questions from previous tests and examinations? Elaborate.

The LFs were all adamant that it is compulsory for educators to use other questions from previous tests and examinations. Their motivation was that learners must get exposed to different styles of question formulation. They also argued that the difficulty level of many of the exercises provided in the textbooks is not high enough. Learners also quickly get used to the stereotype format in which the questions are presented in textbooks.

The responses were as follows:

“ Questions from previous tests and examinations are a certainty, because the level of difficulty of the exercises in textbooks is not high enough.”

“ It is very important for learners to be exposed to different formats of how questions are going to be asked.”

“ Educators cannot ignore the fact that they have to do more questions from other sources to prepare the learners for different types of questions.”

Question 6: What is your opinion regarding the comparison of the difficulty level of exercises in textbooks and those given in the final examination paper?

The first LF answered the question by first saying that the difficulty of questions in the final examination paper can be classified as (indicating the three different levels with his fingers one, two and three) lower, medium and higher level questions. He went on to say that the questions in textbooks are also representing the three difficult levels, but that we (they as educators) must remember that one of the purposes of textbooks is to help learners master new work. Therefore you will find that most of the questions are lower level questions so that learners get the opportunity to master the new work, less medium level questions and just a few higher level questions. In comparison, the number of high-level (more difficult) questions provided in textbooks is not enough to cater for the weighting of high-level questions in the examination (especially in the external Grade 12 paper).

The other two LFs stated that textbooks consist mainly of lower and medium level questions and that educators must keep in mind that the textbook only caters for learners to master new work and not to improve their problem-solving skills. One made the point that the calculations in textbooks are not on such a high (difficult) level as is needed in the final examination paper.

The other LF made the comment that the purpose of higher level questions is to go beyond just doing Accounting, but concentrates more on interpreting and analysing data, to solve problems by using indirect calculation methods and to incorporate the general knowledge of the learners.

Answers were the following:

“ No, but it’ s getting closer to the requirements although there is still a gap between exercises in textbooks and examination papers. Some questions in the final examination are on the same level as in the textbooks.”

“ Not really, questions are on different levels. Higher level questions are not touched in textbooks.”

“ No, just for lower and medium level questions. The higher level of difficulty questions are not included in textbooks. In the exam some questions ask for analyses and interpretation, and there are not enough of those questions in the textbooks.”

Question 7: What can be done in addition by educators to increase the level of knowledge of Accounting learners?

One LF responded hesitantly that educators have to provide learners questions from other sources like other textbooks or questions from

previously written question papers and tests. Educators also have to give learners homework everyday so that learners can practice daily and to encourage learners to always do their homework. Should problems arise, it can then be solved immediately.

One LF reacted quickly by saying that there is a vast variety of other sources apart from the textbook, which educators can use to increase the level of knowledge of learners. Sources that are easily available to educators are examination papers and different textbooks. She stated that funds to acquire the additional material are always a problem, and added that they are not always aware of additional material that may be available (such as question compilations).

Other sources can also be called additional support material. Teaching and learning can be supported by products on the market such as a variety of textbooks, compilations of final examination papers, for example the Balance sheet series and question banks from previous tests and examinations.

Some responses were:

“ Learners have to do lots of exercises from different sources.”

“ Learners have to practise daily by doing their homework and additional questions can be included from compilations of final examination papers.

All these cost money and we do not always know where to get more questions.”

Question 8: What is your opinion regarding additional support material, such as advanced questions and memo's to assist Accounting educators and learners?

The reaction on this question from the one LF was an immediate nod of the head to indicate that additional support material is of the utmost importance for the educator as well as the learner. He motivated this view by saying that educators can use additional support material for examination, test, assignment or project purposes and learners gain a better idea of how certain work can be asked and how to go about finding a solution for the given exercise. He mentioned that when he talks about additional material, he does not necessarily mean more textbooks (as they are written in the same way), but rather various questions and memoranda to complement what is provided in textbooks and that this material can even be put on a website for educators to access.

Another LF excitedly stressed the necessity of additional support material by saying that this will enable learners to broaden their insight in Accounting and their way of thinking on how to approach different questions. She mentioned that a definite shortage of LTSM currently exist for the new syllabus of FET Accounting.

LFs agreed that additional support material has an important role in filling the gap and taking Accounting learners to a higher level of competency. They also mentioned the unavailability of additional support material. The

reason for this is that a new syllabus (with a number of changes) for Accounting was introduced recently (cf. Chapter 4).

The LFs responded as follows:

“ There is a definite place for additional support material in Accounting. It can even be put on a website so that it can be available to all the educators. Educators can use it for their tests, assignments, projects and examination papers. It will also help educators to not only rely on some textbooks, because most textbooks have the same information.”

“ If educators just use a textbook, they are limited to finding questions which will broaden the insight of learners. It’ s a fact that most educators cannot compile their own questions and can therefore use the additional support material for that purpose.”

“ Excellent! It will help educators and learners to improve their way of thinking and how to tackle questions. The syllabus changed for the Accounting and educators will need the material for the new syllabus”

Question 9: What is your opinion regarding the availability of Accounting educators in your district and their academic qualifications with regard to the teaching of Accounting?

According to one LF (his facial expression showed concern) Accounting educators are very scarce because of the big demand for accountants in the private sector. The private sector also pays better salaries than the public

sector and therefore Accounting educators accept other job offers more easily. After a short period of silence, giving it a thought, the LF continued that the availability of Accounting educators is of great concern and that the Department of Education has to concentrate on this aspect by specifically recruiting Accounting educators. He mentioned that when schools appoint under-qualified (according to him) educators to teach Accounting, it necessitates him to spend much more time to assist such an educator. As a result, he is unable to fulfill his preferred visitations to other Accounting educators. The researcher then followed-up by asking what he thinks the Department of Education can do to recruit more qualified Accounting educators. His response was that bursaries should be increased and that better salaries have to be negotiated for educators in the scarce subjects.

Another LF stated that she is very worried that an increasing number of educators, with little or no knowledge about Accounting, are teaching in the Grade 8 and 9 Economic and Management Sciences (EMS) learning area. She said (speaking louder to stress how strongly she feels about this remark) that educators who are qualified in Economics and Business Studies (and not Accounting) are educating learners in EMS. On probing why this is a worrying factor to her, she stated that these learners, as a consequence, do not receive the necessary basic background to continue with Accounting in Grade 10 (FET phase). They therefore start Grade 10 with a backlog.

The third LF concurred with the above after which the researcher probed for a possible solution. The answer was that the Department of Education has to hold workshops regularly to ensure that educators are competent to do their

work thoroughly. These workshops should firstly be facilitated by appropriately qualified people, secondly these workshops should be evaluated by the participants and thirdly, these workshops should be offered on a consistent basis to ensure proper development of Accounting educators.

The LFs mentioned that the scarcity of qualified Accounting educators, as well as (in many cases) under-qualifications inevitably increase their work load, as they now have to provide more assistance to these educators. Educators with a qualification in Economics or Business Studies are in a sense ‘ forced’ to teach Accounting as there is no other qualified Accounting educators available. It goes without saying that such an arrangement places a heavy burden on the unfortunate educator, not to mention the Accounting learners.

Responses from the LFs were as follows:

“ The availability of Accounting educators is a big problem. The private sector recruits them with good salaries and job packages. There are many Accounting educators who are not sufficiently qualified enough to teach Accounting up to grade 12. A few graduates or educators with diplomas have Accounting 1 and because they have Economics or Business Economics they have to teach Accounting.”

“ Qualified Accounting educators are very scarce. At the moment some schools are using retired Accounting educators. The shortage of Accounting educators means that educators with no Accounting background have to

teach Accounting in grades 8 and 9 which forms part of the EMS syllabus. Why is this a problem for you? Because these grade 8 and 9 learners then do not know Accounting when they reach Grade 10 and then the problem is even bigger”

“ There is a big shortage of Accounting educators. Most educators are not even qualified to teach Accounting in grade 8 and 9. What can be done by the department to assist with this situation? The Department of Education must hold more workshops to counter the competency problem in the short term. These workshops need to be lectured by most qualified people, the educators must also evaluate these workshops to see that are good. Again, more workshops to follow-up are necessary.”

Question 10: Which possible factors do you think can influence FET Accounting learners in such a way that they are underperforming?

Each LF listed a few possible factors they have encountered and also gave possible solutions for some of these factors. One LF was hesitant at first, but after he considering it for a while said that educators who are not competent to teach Accounting is one of the main reasons. Educators need to have a qualification that includes Accounting up to at least 2nd year level, to allow them to confidently teach learners. This should be the requirement even if they teach grade 8 and 9 learners, as more learners will feel competent and self-confident enough to continue with Accounting as a subject in Grade 10. He also mentioned that the work ethics of educators is another factor that needs improvement, as many of the educators sit around

at school and do not teach effectively. The researcher then probed for any other possible factors not related to educators. The respondent sighed that the overcrowding of classes, especially in grade 8 and 9, as well as the insufficient number of textbooks and materials available for Accounting definitely have a negative influence on the results of learners. He concluded that there seems to be a huge gap between grade 9 (EMS) and grade 10 Accounting and that many learners struggle with Accounting in grade 10, due to insufficient basic Accounting knowledge and support materials.

Another LF also mentioned (appearing to be very certain of her point of view) that educators need more support material, while learners are not motivated enough to do their homework regularly and do not seem to realize the urgency and importance to perform academically. She also mentioned that the time allocation for Accounting is not enough, since it is a subject that needs sufficient time for proper explanation, discussion and learners need enough time to apply the knowledge by means of exercises (even in the classroom).

There were certain important factors mentioned by the LFs that impede teaching and learning, namely:

- some educators do not seem to be competent enough to teach Accounting;
- the increase of the level of difficulty between grade 9 and 10 seem to be a problem for learners;
- overcrowding of classrooms in grade 8 and 9;
- time allocation for Accounting is not enough; and

- learners are not motivated to work hard and to complete their homework daily.

LFs responded as follows:

“ Educators in grade 8 and 9 haven’ t got an Accounting background and therefore they just do the parts of the Business Economics and leave the Accounting work. It means that a knowledge gap develops between grade 9 and 10 and learners then don’ t want to take Accounting in grade 10. The negative effect of this scenario is that the number of learners who take Accounting in grade 10 has dropped quite significantly. If learners choose Accounting in grade 10, the educators struggle to get them up to standard. The gap between grade 9 and 10, regarding the level of difficulty, is too big. I feel that Accounting must be brought back as a subject in grade 8 and 9. Learners will then be better equipped to master Accounting in grade 10. Workshops for grade 8 and 9 EMS educators must be held to teach them the basics of Accounting. Schools are still struggling with the availability of textbooks and Accounting educators. The general management of some schools is not up to scratch which means that the time for subjects is allocated incorrectly. Overcrowding of grade 8 and 9 classes is a great concern. I find that there are still educators who are not teaching regularly. If educators work every day, it will also encourage learners to do their work each day.”

“ Educators do not teach the basics of Accounting in grade 8 and 9 because of incompetence. A shortage of support material in Accounting for grade 10

to 12 educators, educators who are not qualified to teach Accounting and timetables that do not allocate enough time for Accounting, are some of the other factors that can negatively influence the performance of the learners. Overcrowding of classes in rural areas is caused by the shortage of Accounting educators.”

“ Firstly I can say that a shortage of support material and qualified Accounting educators is the main contributor to the problem. Learners are also not motivated enough to get a good education. Although overcrowding is a problem in grade 8 and 9, the situation becomes better in grades 10, 11 and 12. Accounting is not getting its rightful place in grade 8 and 9 and therefore the gap between grade 9 and 10 is too big for the learners who are taking Accounting.”

The following sub-section portrays the data provided by FET Accounting educators.

5.8.2 Questionnaires completed by the FET Accounting educators of the Free State province

The questions asked in the questionnaire form part of this reporting phase and are not part of an appendix. This will assist the reader when making references to questions and analysis.

The first section of the questionnaire consisted of close-ended questions. Most of the information gathered in the first part of the questionnaire was

background data. According to Brewerton and Millward (2001:99), background or descriptive data is about the respondents themselves and is needed to indicate that the sample obtained is representative of the population under investigation.

Table A

The educational district in the Free State where your school is situated:	
District	Number of participants
Fezile Dabi	30
Thabo Mofutsanyana	64
Xhariep	9
Motheo	32
Lejweleputswa	40
TOTAL	175

The statistics in Table A indicates that the sample was evenly spread through the Free State province according to the number of schools in the various districts. The least number of schools are found in Xhariep, which represents the Southern Free State, and the highest number of schools are found in Thabo Mofutsanyana, which includes the Eastern Free State region and Qwa-Qwa. A total of 175 participants completed and returned the questionnaire. The questionnaire will therefore give an overall indication regarding LTSM in the Free State province.

Table B

Number of years teaching experience:	
Less than 5 years	42
5-15 years	87
16-25 years	37
More than 25 years	9

According to Table B it is evident that 134 (76.5%) of the Accounting educators in the sample have more than 5 years teaching experience. This data also reveals that many of these educators were already in the teaching profession when changes to the curriculum (C2005, NCS) and teaching

approach (OBE) were introduced in South Africa. Teaching experience is very important for the success of teaching and learning (Pandor, 2007). With experience comes general teaching techniques and a feeling of security in the profession, but continuous changes and amendments in curricula may hamper this feeling of security. Accounting educators leaving for the private sector implies that teaching experience is also lost.

Table C

Number of years teaching Accounting in:	
Grade 10	7.63
Grade 11	7.7
Grade 12	7.43

Table C indicates the average years of teaching experience in Accounting. The above information shows no progression in experience from grade 10 to grade 12 Accounting educators. This means that educators may not be provided with the opportunity to gain experience first by teaching grade 10, building up a few years of experience and then move on to teach grade 11 and 12. It seems that Accounting educators are expected to teach grade 12 learners very early in their teaching career. Another possibility is they leave for the private sector before gaining sufficient teaching experience. The ideal situation for good quality education is for experienced educators to teach the more senior grades. These experienced educators should then act as mentors for the younger educators. In the interviews, LFs indicated that Accounting educators with more experience are better equipped to provide quality education than their inexperienced counterparts.

Table D

Qualifications		
School	Grade 12	175
Tertiary	Diploma Main subjects: Accounting=4; Mathematics=4; Typing=7; Economics=20; Business Studies (Business Economics)=37; Guidance=2; Technology=6; Languages=10	79
	Degree: B.Comm=58; B.A=17; B.Tech=6; B.Ed=20; B.Compt=1 Main subjects: Accounting=57; Business Economics=47; Psychology=2; Economics=43; Auditing=1; Geography=5	96
	Honours	11
	Masters	5
	Doctorate	0

One of the aspects the LFs mentioned during their interviews was that there is a shortage of qualified Accounting educators (cf. 5.8.1). According to table D, the educators are well qualified, although in subjects other than Accounting.

Although 45% of the participants obtained a diploma, only 5% of these participants did Accounting as a main subject, while 25% did Economics and 46% Business Studies as main subjects. This statistic reinforces what the LFs mentioned in the interviews - that many educators are not sufficiently qualified to teach Accounting.

55% of educators in the sample hold a degree. Amongst these most educators (60%) obtained a B.Comm degree with Accounting as a main

subject (59%), followed by 45% Economics and 49% Business Economics as other main subjects. The combined picture shows, however, that only 35% of educators have Accounting as part of their qualification.

Table E

Teaching position:	
Secondary assistant (level 1)	129
Head of department	35
Deputy-principal	11
Principal	0

Most of the educators in the sample (73.7%) are on post level 1. The rest of the sample (26.3%) form part of the School Management Team (SMT) of their respective schools. One strategy of keeping Accounting educators in the education system and not losing them for better salaries to the private sector is to promote them to senior positions. The downside to this type of promotion is that these senior educators then also have added administrative duties and are normally not allocated as many classes as level 1 educators.

The second part of the questionnaire consists mainly of open-ended questions which focus on Accounting as a subject and various issues regarding LTSM in the Accounting classroom. Open-ended questions allow respondents to answer in their own words (Clarke, 1999:70).

Question 1: What kind of learning and teaching support material (LTSM) are you using in your FET Accounting classroom?

Most of the educators wrote that they were using the prescribed textbook. Besides the textbook, the other LTSM they often mentioned was questions from other textbooks, old examination papers and study guides which they are using as additional exercises to provide learners with broader perspective and insight into Accounting. A variety of LTSM were used by a few of the educators like own questions they have compiled, articles and study programmes from newspapers, chalk board, using audio-visual material to portray solutions of exercises or activities on the overhead projector, material from workshops, for example pilot papers, NCS Guidelines for Accounting and question papers which are available on the internet.

According to the Learning programme guidelines: Accounting (2008:21), the basic LTSM requirements for **learners** in Accounting are:

- Accounting textbook
- Accounting stationery for example a calculator, file, pen and pencil
- Accounting workbooks
- Access to a library, Web pages and the Internet
- Access to financial magazines and newspapers

Some of the answers were:

“ Accounting textbooks and NCS and subject assessment guidelines for Accounting.”

“ Textbooks, previous questions papers and study guides.”

“ Various textbooks, question paper bank and study guides.”

“ Textbooks, newspapers, charts and internet.”

“ Textbooks, whiteboard and computer laboratory with internet facilities.”

“ Different textbooks and training manuals from workshops including previous question papers.”

“ Different textbooks, overhead projector and newspapers.”

Question 2:

Would you say the number of exercises/questions from the LTSM you have mentioned in question 1 are sufficient for learners to master new Accounting content?	Yes 68	No 105	Total 173
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The question was posed to ascertain whether they consider the material that they use to be sufficient for learners to master **new** content. Information gathered from the interviews with the LFs, indicated that textbooks should be sufficient for learners to master the basics of new Accounting content. According to the statistics obtained from this question, most of the educators (61%) felt that they need more LTSM for their learners when new content is covered. Two participants did not answer the question. The next question concentrates more on the availability of material regarding other aspects of Accounting teaching and learning.

Question 3:

Would you consider the number of exercises/questions from the LTSM you have mentioned in question 1 to be enough for daily practice-work by learners, to provide sufficient variation to cater for all learners and to broaden the insight of the learners regarding Accounting content?	Yes 52	No 121	Total 173
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Although two educators did not answer the question, the majority (70%) mentioned that a gap exists in the availability of LTSM for general use in the Accounting classroom. Educators need sufficient LTSM in Accounting as learners need to apply Accounting knowledge by completing a variety of exercises on a daily basis. Without ample LTSM learners are not able to obtain the necessary insight into Accounting principles.

Question 4: How important do you consider the textbook to be in the teaching of FET Accounting?

From the responses of the questionnaires it is evident that the textbook remains the primary LTSM source for educators in Accounting. It provides educators with a basic framework. Another theme that emerged from the responses is that the textbook is used since it makes it easier for educators to teach. The main reason provided is that they then do not have to spend a lot of time making photocopies of other exercises, as they can use the activities in the textbook as a guideline to daily assessment of learners.

The textbook is also seen as a source for learners to revisit the examples provided in the textbook, if they need clarity on content already covered by the educator. Educators commented that learners often make use of the textbook to learn or revise Accounting terminology and – theory. Learners use the exercises they have completed from the textbook for revision and to prepare for tests or examinations. Educators stated that although the textbooks they employ have a limited number of exercises, the textbook still

assists learners to gradually learn Accounting content by applying their knowledge to the available exercises.

From the comments of educators it is evident that many still seem to be textbook bound. The textbook remains an integral part of Accounting teaching and learning, but educators need to be aware of possible alternative LTSM sources to assist the teaching and learning process.

Some of the responses were:

“ The educator cannot teach Accounting without a textbook.”

“ Learners do the activities in the textbook and can be used by the educator as a guide to see if they understand the work.”

“ It assists learners in homework, class activities and revision purposes.”

“ If a learner has a problem with some of the Accounting work, the different kinds of exercises and examples in the textbook will help the learner to get back on track.”

“ The textbook is the primary source of information for the learner.”

“ To learn accounting terminology, theory and give learners background.”

“ The textbook gives the learner insight into material, saves time and helps slow learners in understanding the subject because they can study at their own pace and time.”

Question 5: What is your opinion regarding the use of additional LTSM (such as additional questions to assist learners with exercise assignments, tests and examinations) for your FET Accounting learners?

Respondents were of the opinion that additional LTSM will not only provide more exercises, but will assist learners in their creative thinking, improve their problem-solving skills and enable them to approach different types of questions. The purpose of the questions in textbooks is mainly for learners to learn and understand new content, but most educators stated that only textbook exercises alone are not sufficient for learners to achieve full knowledge of Accounting.

Many educators remarked that learners need additional LTSM to master Accounting, as well as to solve very abstract problems in exercises. Additional LTSM will therefore assist learners to master a variety (easy, medium, difficult) of questions to enable them to be prepared for the final Grade 12 examination, as well as for tertiary studies. These educators added wrote that they will also profit hugely from additional LTSM, as they can use it for assignments, projects and to set tests and examination papers.

Some of the responses were:

“ It develops the creative thinking of learners so that they learn to be critical and logical when doing Accounting activities.”

“ Questions in text books provide learners with basic understanding of content and the application thereof, but are not sufficient to assist learners to achieve full knowledge. Additional LTSM help learners to master Accounting as a subject and be able to solve very abstract problems.”

“ Additional LTSM is of crucial value for learners to master a variety of questions, not only for the FET phase, but also to get them on an acceptable level for tertiary studies.”

“ By using LTSM, the work of the educator will be on a high standard. The educator can use the LTSM to give assignments, projects and to set tests and examination papers.”

“ LTSM equips learners with skills, knowledge and logical thinking for future purposes.”

Question 6: What is your opinion regarding the impact that additional LTSM will have on the academic performance of your FET Accounting learners?

From the responses most participants were confident and positive that additional LTSM will improve the performance of their learners. This positive reaction towards additional LTSM was noticeable from their answers. The majority mentioned the following positive aspects:

- it will enhance the preparation of learners for tests and examinations and learners will obtain better results at the end of the year;
- it will give learners a better perspective of Accounting and will improve the self-confidence of learners.

Many educators indicated that with additional LTSM the learners will improve their Accounting knowledge and this will assist them to be thoroughly prepared as they will then be used to various types of questions. They added that their learners will reap the benefit of more LTSM as they will as a result pass the subject with more ease. The same difficulty level questions can then be used for exercises, tests and examinations as many more example of the same type of question will then be available. They believed that learners will have more self-confidence and self-esteem, which in turn will show in their Accounting marks.

Some answers that were given are:

“ The performance of learners will improve and they will broaden their knowledge, because they were exposed to different types of questions with a high standard.”

“ Additional study will help learners to pass the subject with more ease.”

“ Learners will have more self-confidence to answer examination questions which will save them time during the examination.”

“ Learners will be highly exposed to different scenarios, projects, assignments and case studies which will have a positive impact on academic performance, even beyond grade 12.”

“ It will improve their understanding of the concepts of Accounting as well as the applications thereof in their day to day life.”

“ It will improve the ability of the learner to answer any question. Learners are better prepared for the examination and will have more self-confidence and self-esteem.”

Question 7:

Is there, to your knowledge, enough Accounting LTSM, such as different questions and memorandums currently available on the market?	Yes 38	No 128	No response 9	Total 175
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This question was posed to participants to ascertain whether they were aware of any LTSM available. Usually educators who are of the opinion that there is enough LTSM available on the market, are those who write their own questions and have many years of experience in Accounting. Most educators (77%) responded that they don't have enough LTSM because they need it for exercises, tests, assignments and examinations as already mentioned in question 5 of the questionnaire.

Question 8:

Would you be interested in receiving	Yes	No	No	Total
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and using such additional LTSM for the FET phase (based on the NCS for Accounting)?	164	2	response 9	175
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This question was asked to (in a sense) validate this research and to ascertain whether additional LTSM will be of any use to Accounting educators. The positive response to this question in favour of additional LTSM indicates clearly the need that exists. Almost all educators who previously stated that they already employ additional LTSM indicated here that more LTSM is needed to fulfill their needs.

Question 9: Please elaborate on the type of LTSM you would need (if any) to positively influence the academic results of your FET Accounting learners.

The reply of most of the educators was that they need many practical questions with key answers, study guides, previous question papers and memorandums, as well as other textbooks. They indicated that a variety of questions is always needed for revision, projects, assignments, reports, case studies and presentations. Although a variety of textbooks with different type of questions are available on the market, the educators made it clear that they are not in a position to buy all these textbooks and that they need LTSM which will challenge the learners to broaden their insight.

Some educators stipulated that they also make use of magazines, audio visual equipment (overhead projectors), charts and computer programmes to enhance the learning process of the learner.

Some of the responses were:

“ Books with exercises, projects, case studies and assignments.”

“ Computer programmes describing accounting procedures.”

“ The same type of questions which are preferred during examinations.”

“ Exercises which will enhance and enforce a deeper understanding of the content of accounting that have been done.”

Question 10: What, in your opinion, are possible factors that may influence FET Accounting learners to under-perform?

The majority of the educators responded by mentioning some or all of the following aspects:

- the qualification level of educators (Qualified and competent Accounting educators is one of the basic LTSM requirements for learners in Accounting (Learning programme guidelines: Accounting, 2008:21);
- lack of sufficient resource material (LTSM, textbooks, computers);
- overcrowding of classrooms;
- learners who are not motivated;
- the gap between the difficulty level of Accounting grade 9 and 10;
- insufficient official time allocation for Accounting;

- language of learning; and
- constant changes in the curriculum.

According to the above responses the school environment, the curriculum, learners and educators themselves can be blamed for the under-performance of Accounting learners. Some educators indicated that in cases where schools are still dysfunctional, not much can be done to improve the performance of learners. Some educators wrote that the managerial accounting section of the curriculum seems to be too difficult for learners, which is compounded by the lack of enough support material to overcome this problem. Some learners in this phase (FET) still have difficulty to read the questions properly and many learners are not disciplined and committed to complete their homework on a daily basis. Some educators also mentioned that circumstances at learners' home are not conducive to learning. It is clear from the responses that educators experience frustration and that they need all the support they can get. This study aims to address the shortage of proper LTSM mentioned by educators.

Some extracts of responses were:

“ Questions in textbooks differ from the questions in the examination papers.”

“ Not enough qualified educators for Accounting.”

“ Some schools are still operating under a cloud of dysfunction, purposeless and without direction.”

“ EMS concentrates more on Business Studies than Accounting. The Accounting work that has to be done is insufficient for grade 10.”

“ Learners cannot read properly. They do not understand the transactions of the textbook”

“ Learners do not know how to study and they are not disciplined and committed enough to do their homework every day to practice Accounting.”

“ Managerial accounting is too difficult for most of the learners. We need more material to support the learners to understand this part”

The information gathered from the interviews and questionnaires revealed that there are many similarities between the views of LFs and those of Accounting educators experienced in the classroom. These similarities as well as other findings of this chapter will be summarised in the next chapter.

5.9 CONCLUSION

This chapter explained the triangulation approach which was used in this study. This approach allows participants to voice their opinions, views, feelings and interpretations on the phenomenon under investigation. Data

regarding the provision of additional support material for Accounting, was obtained from FET phase Accounting educators and the learning facilitators for Accounting. Interviews and a questionnaire were the research tools used to collect the necessary data.

Information obtained from the interviews with the LFs revealed that educators use the textbook as primary source in the classroom, but also employ other textbooks and previous tests and examination papers to teach new work, for every day practice and to broaden the insight of learners. The LFs emphasised that the textbook consists only of questions of lower and medium difficulty level and that there is a need for additional support material in Accounting to improve the problem-solving skills of learners. The point was also raised that there are too many educators who are un- or under-qualified to teach Accounting.

Information gathered from the FET Accounting educators indicated that educators lack Accounting support material and in many cases use only the textbook as a source. From both the interviews with the LFs and questionnaire responses from Accounting educators it was determined that additional Accounting LTSM is necessary to assist educators and learners. Educators are mostly relying on previous question papers and tests and find it difficult to set their own papers. Educators want to use additional support material such as study guides and practical questions with memorandums for additional exercises to improve the creative thinking abilities and problem-solving skills of learners. Both LFs and educators agreed that learners will,

in doing so, Have an opportunity to improve their results in tests and examinations.

Learners in Accounting are in many cases under-performing as a result of factors such as a shortage of additional higher order questions as are found in the final Grade 12 examination paper; lack of commitment to complete homework daily; lack of engagement with Accounting in the EMS learning area in grade 8 and 9; insufficient language of learning skills and lack of insight into the essences of Accounting as a subject.

The findings and recommendations made in the next chapter are derived from information obtained and discussed in this chapter.

CHAPTER 6

FINDINGS AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter presents findings derived from the preceding chapters, and makes recommendations with regard to designing of “ The provision of support material to assist FET phase Accounting educators in the Free State province” .

Firstly, Chapter 2 focused on Accounting and principles of Accounting; Chapter 3 provided an analysis of a curriculum; while Chapter 4 concentrated on the transformation of the Accounting curriculum; Chapter 5 entailed the research design, methodology, collection of data through interviews and questionnaires and the analysis and reporting of data.

6.2 FINDINGS OF THIS STUDY

The findings of this study are discussed in a three-fold manner. Findings on the literature study are discussed first, followed by the findings derived from the interviews and in conclusion findings from the questionnaires will be put forward.

6.2.1 Findings from the literature study:

- 6.2.1.1 Accounting is concerned with the preparation and presentation of the financial information needed to make economic decisions and includes the analysis, interpretation, comments and proposals of the financial statements of a business. Accounting makes communication possible between parties who have a concern in a specific entity **(cf. 2.2)**.
- 6.2.1.2 The application of Accounting can be classified into two groups, namely Financial Accounting and Cost- and Management Accounting. Financial Accounting focuses on the entering of transactions and the compiling of financial statements while Cost- and Management Accounting concentrates on cost calculations, cost predictions for the future and to compile cost budgets **(cf. 2.3)**.
- 6.2.1.3 The primary aim of Accounting is the processing of data to obtain and provide plain, relevant and true information that can be effectively used by interested parties. The aims of Accounting are not only a language for business, but also to indicate what the principles of Accounting should be **(cf. 2.4)**.
- 6.2.1.4 A principle can be seen as a foundation, an origin or start for a point of view, belief, theories and sciences **(cf. 2.5)**.

- 6.2.1.5 Accounting principles are generally accepted rules developed from a basis of postulated circumstances, and serve as guidelines for Accounting practices. Accounting is put into practice in accordance with the generally accepted Accounting practice (GAAP) by accountants, financial advisors and management of businesses **(cf. 26)**.
- 6.2.1.6 The Accounting cycle comprises Accounting principles that are discovered, formulated and applied. Without Accounting principles the Accounting cycle cannot exist and function and consequently Accounting as science will not reach its aims. Although Accounting principles can be changed, increased or decreased, they have to be in accordance with generally accepted Accounting practice **(cf. 27)**.
- 6.2.1.7 The National Curriculum Statement (NCS) for Accounting provides purposeful guidelines of what are expected from learners to be able to apply the Accounting principles correctly at school level **(cf. 27)**.
- 6.2.1.8 LTSM refers to any material that facilitates learning and teaching, for example notes, documents, textbooks, newspapers, magazines, study guides, educator guides and reference books **(cf. 28)**.

- 6.2.1.9 A curriculum can be seen as a plan of a learning process, an educational experience and an educational journey (**cf. 3.21**).
- 6.2.1.10 The purpose of a curriculum is a planned route which has to be followed by both educators and learners so as to have an effect on teaching and learning (**cf. 3.22**).
- 6.2.1.11 Curriculum foundations are the sources of information from which accepted theories, principles, and ideas relevant to the field of curriculum, are derived. The foundations of a curriculum can be categorised in three sections, namely: psychology, sociology and culture and philosophy (**cf. 3.3**).
- 6.2.1.12 Conception of curriculum can be referred to as a defined orientation, or values, embedded in a curriculum perspective, which characterises the most prized virtues connected with curriculum style or practice (**cf. 3.3.2**).
- 6.2.1.13 Curriculum is an instrument for social reconstruction where values and skills are required which may help to improve the community (**cf. 3.3.3**).
- 6.2.1.14 Learning is goal directed within a school environment and learners are at school to learn certain things. The goals of a curriculum therefore should contribute in such a way that

learners can become well-equipped citizens of their country (**cf. 3.4**).

6.2.1.15 Educators and LFs need to be engaged in study and training on a continuous basis in order to convey the curriculum to learners, as such engagement keeps them in close touch with the goals and purposes of the curriculum (**cf. 3.4.1**).

6.2.1.16 Curriculum change can be seen as the result of changes which take place in societies, and more specifically changes in technology and people. When a curriculum has to be changed, the broader impact thereof on learners, parents, educators, community and the country has to be taken into account (**cf. 3.5.1**).

6.2.1.17 Curriculum development is a public and consultative process to underpin knowledge and skills (**cf. 3.5.2**).

6.2.1.18 Curriculum development is more effective if it is addressed in a systematic manner, if it takes place on an uninterrupted, continuous basis and if older designs, which can lead to new perspectives, are kept in mind (**cf. 3.5.3**).

6.2.1.19 The curriculum development process consists of four phases which flows in a specific order, but interacts with each other. It

starts with design, followed by dissemination, then implementation and ends with evaluation (**cf. 3.6**).

6.2.1.20 Decision-making comes strongly to the fore in the designing phase of a curriculum where factors such as the criteria and procedure for curriculum development, the educational and teaching objectives, child and subject knowledge and the necessary didactic and subject didactic knowledge and skills are taken into consideration. The three sources namely learner, community and subject are used to determine what has to be included in the curriculum (**cf. 3.6.1**).

6.2.1.21 The home background and ability of learners, role players outside the school such as parents and the Department of Education, the school's organisational structure and the school environment can hamper the implementation of a curriculum (**cf. 3.6.3.1**).

6.2.1.22 The implementation of a curriculum can be successful if the educator has a positive attitude, educational experience, skills to transfer information and is an expert in his/her subject field (**cf. 3.6.3.2**).

6.2.1.23 Evaluation of a curriculum should take place on an ongoing basis, as well as during and after each of the design, dissemination and implementation phases, with a view to effect

adjustments and determining success. Curriculum evaluation can make an enormous contribution to dynamic curriculum development and the empowerment of the educator as curriculum agent (**cf. 3.6.4**).

6.2.1.24 The official curriculum or written curriculum is found in a formal document, for example scope and sequence charts, syllabi, curriculum guides, course outlines, and list of objectives. The planned curriculum is the same as the official curriculum and the received or actual curriculum is the reality of the learners' experience (**cf. 3.7.1**).

6.2.1.25 The operational curriculum is also called the formal curriculum which is about formal school activities for which the timetable of the school allocates specific periods of teaching time (**cf. 3.7.2**).

6.2.1.26 The hidden curriculum refers to learners learning about social roles, gender roles, attitudes and other aspects of living from their educators, although it is not done in a direct, intended way (**cf. 3.7.3**).

6.2.1.27 The null curriculum consists of the subject matter not taught. Subjects such as psychology, law and parenting are not taught and cannot be compared with subjects like Accounting, Science

and Mathematics where specific prescribed content has to be taught (**cf. 3.7.4**).

6.2.1.28 The extra curriculum or informal curriculum comprises all those planned experiences outside of the school subjects. The extra curriculum provides lessons about teamwork, good sportsmanship and competition, which link to values and attitudes that learners also need to acquire (**cf. 3.7.5**).

6.2.1.29 A broad range of LTSMs can guide the learner in the acquisition of knowledge, skills and values required for the achievement of the required outcomes, as well as to foster independent and life-long learning (**cf. 3.9**).

6.2.1.30 In 1995 the National Department of Education began the process of developing a new curriculum for the school system. The curriculum in use prior to 1995 did not focus on skills, values and attitudes and as a result a new curriculum, which had to reflect the new values and principles of the Constitution of South Africa, had to be developed (**cf. 4.2**).

6.2.1.31 The curriculum introduced in 1997, called C2005, emphasises learning by doing, problem-solving, skills development and continuous assessment, whereas the previous curricula concentrated on content and examinations as main assessment tools (**cf. 4.3**).

- 6.2.1.32 An outcomes-based approach to teaching and learning was decided on to drive C2005, as this approach encourages a learner-centred and activity-based approach to education. The outcomes that learners ultimately have to reach/achieve can be divided into critical and developmental outcomes (**cf. 43**).
- 6.2.1.33 The National Curriculum Statement (NCS) is based on principles which can be applied to all subjects. These NCS principles for grade 10-12 include human rights, inclusivity, environmental and socio economic justice; outcomes-based education; integration and progression; credibility, quality, efficiency and relevance; and high levels of knowledge and skills (**cf. 44**).
- 6.2.1.34 OBE forms the foundation of the curriculum in South Africa and it strives to enable all learners to reach their maximum learning potential (**cf. 441.2**).
- 6.2.1.35 The International Accounting Standards (IAS) and the Generally Accepted Accounting Practices (GAAP) forms the basis for Accounting as a subject (**cf. 441.3**).
- 6.2.1.36 Accounting integrates with other learning fields and subjects, for example report writing from Languages, calculations from

Mathematical Literacy and Accounting concepts such as VAT from Business Studies (**cf. 441.4**).

6.2.1.37 The NCS acknowledges the rich history and heritage of South Africa as important contributors to nurturing the values contained in the Constitution (**cf. 441.8**).

6.2.1.38 A structural change in the curriculum was made by categorising subjects into learning areas: Communications, Literacy and Languages; Human and Social Sciences; Numeracy and Mathematical Sciences; Natural and Physical Science; Economic and Management Sciences; Technology, Arts and Culture and Life Orientation (**cf. 442**).

6.2.1.39 Curriculum 2005 was implemented in the foundation phase in 1997. The curriculum was structured according to the National Qualification Framework (NQF) into phases and eight levels (**cf. 443**).

6.2.1.40 The grade 8 and 9 curriculum went through an interim period between 1995 and 2004 before the Revised National Curriculum Statement (RNCS) was implemented in 2005. The grade 10 to 12 interim curriculum between 1995 and 2005 before the National Curriculum Statement (NCS) was implemented for grade 10 in 2006, grade 11 in 2007 and grade 12 in 2008 (**cf. 45**).

- 6.2.1.41 From 2005 (RNCS period) Accounting formed part of the new Learning area: Economic and Management Sciences (EMS), which now also includes Business Studies and Economics (**cf. 45.2**).
- 6.2.1.42 With the implementation of the NCS, the assessment process changed by shifting the focus point to projects, assignments, presentations and to a lesser extent, tests and examinations. Within this context, learners are encouraged to explore and learn by discussing the content in groups, work on reports, presentations and projects and to be active participants in the class situation. The educator, on the other hand, acts as a facilitator (**cf. 46.1**).
- 6.2.1.43 A final examination of 300 marks (75%) is added to the CASS mark of 100 (25%) to calculate the total (promotional) mark of a learner. Tests and examinations are no longer set separately for higher grade and standard grade. There has to be a fair balance between easy (30%), medium (40%) and challenging questions (30%) in tests and examination papers (**cf. 46.2**).
- 6.2.1.44 The examination paper of Accounting is compiled according to prescribed weightings of the three learning outcomes (LO), namely skills in Financial Accounting 50%-60% (LO 1), skills

in Managerial Accounting 20%-25% (LO 2) and skills in Managing Resources 20%-25% (LO3) (**cf. 46.3**).

6.2.1.45 Educators have to use the LTSMs to support the curriculum and not to replace the curriculum. LTSM will assist the learner to realise his/her full potential by being a creative, active and confident citizen, show independence of thought and apply several skills to be successful in Accounting (**cf. 47.4**).

6.2.2 Findings from the interviews with the learning facilitators

6.2.2.1 The textbook is the primary source for learning and teaching and educators have limited additional sources available to work from. The textbook stays the most important tool in the classroom, but it is only a tool to assist the educator and learner and cannot replace the educator (**cf. 5.8.1**).

6.2.2.2 Textbooks provide enough easy and medium difficulty level exercises for practice purposes, but there is a definite shortage of questions which test the broader knowledge of the learners. The absence of exercises which need higher problem-solving skills was highlighted as one of the main disadvantages of textbooks. Higher level questions allow the learner to concentrate more on interpreting and analysing data, to solve problems by using indirect calculation methods and to incorporate the general knowledge of the learners (**cf. 5.8.1**).

6.2.2.3 Additional LTSM supports teaching and learning by means of a variety of textbooks, compilations of final examination papers and question banks from previous tests and examinations. Additional LTSM has an important gap to fill in taking Accounting learners to a higher level of competency (**cf. 5.8.1**).

6.2.2.4 Accounting educators are in demand due to the possibilities that exist for these graduates in the private sector. The

remuneration packages in the private sector supersede those of the public sector with the result that Accounting educators accept job offers in the private sector more easily (**cf. 5.8.1**).

6.2.2.5 Educators with a qualification in Economics or Business Management are in many cases expected to teach Accounting due to the scarcity of qualified Accounting educators. The resulting effect is that a burden is placed on both the unfortunate educator as well as the learners who are expected to perform well (**cf. 5.8.1**).

6.2.2.6 According to the LFs, the common factors which can influence the performance of FET Accounting learners, are educators who are either un- or under qualified to teach Accounting, the lack of readily accessible additional LTSM, the jump from the EMS learning area in grade 9 to Accounting as a subject in grade 10, overcrowding of classrooms (especially in grade 8 and 9), insufficient time allocation for Accounting and a lack of motivation in learners to work diligently (**cf. 5.8.1**).

6.2.3 Findings from the questionnaires with the Accounting educators

6.2.3.1 76.5% of the Accounting educators in the sample have more than 5 years teaching experience. This data also implies that many educators have already been in the teaching profession

when changes to the curriculum (C2005, NCS) and teaching approach (OBE) were introduced in South Africa (**cf. 5.8.2**).

6.2.3.2 The experience in number of years for grade 10, 11 and 12 Accounting educators are almost the same. It portrays that educators do not seem to get the opportunity to gain experience by teaching grade 10 first, followed later by grade 11 and 12. (**cf. 5.8.2**).

6.2.3.3 Of the 45% Accounting educators who are in possession of a diploma, only 5% had Accounting as a main subject, while 25% had Economics and 46% Business Management as part of their main subject package. 55% of the Accounting educators obtained a degree. Most of these educators (60%) obtained a B.Comm degree, of which 59% had Accounting, 45% Economics and 49% Business Management as one of their subjects. Only 35% of educators in the sample included Accounting as part of their formal qualification (**cf. 5.8.2**).

6.2.3.4 26% of the Accounting educators who completed the questionnaire are in a senior position and therefore part of the management team of the school (**cf. 5.8.2**).

6.2.3.5 Most educators indicated that they use the textbook as main source of material. Besides the textbook, other LTSM employed includes questions from alternative textbooks, old

examination papers and study guides. These are used as additional exercises to provide learners with a broader perspective and insight into Accounting (**cf. 5.8.2**).

6.2.3.6 Educators experience a gap with regard to their need for LTSM and the availability of such LTSM. According to them they need sufficient LTSM in Accounting since learners should be engaged with numerous, as well as a variety of exercises in order to master not only new content, but also to gain insight in the content already covered (**cf. 5.8.2**).

6.2.3.7 Educators were of the opinion that additional LTSM will not only mean more exercises, but will improve learners' creative thinking and problem-solving skills, as questions differ in approach. Learners need additional LTSM to master the various areas of Accounting, also for exposure to a variety (easy, medium, difficult) of questions needed to put them on par with enter tertiary studies (**cf. 5.8.2**).

6.2.3.8 Additional LTSM will improve the performance of learners. The majority of educators stated that LTSM enhances the preparation of learners for tests and examinations, learners obtain better results at the end of the year and learners have a better insight into the principles of Accounting. With more opportunities available to master Accounting content, learners should have more self-confidence and a higher self-esteem

which will enable them to be better prepared for important examinations (**cf. 5.8.2**).

6.2.3.9 The educators clearly indicated that a variety of questions, which form part of LTSM, will always be in demand. They can use these questions for revision purposes, projects, assignments, reports, case studies and presentations (**cf. 5.8.2**).

6.2.3.10 A concern raised by Accounting educators was the insufficient time allocation for Accounting at many schools. More time is needed to ensure that learners are exposed to ample opportunities in the classroom to engage with Accounting content, be it from the prescribed textbook or from additional LTSM (**cf. 5.8.2**).

6.2.3.11 From the educators' responses the school environment, the curriculum, learners and they (educators) are to be blamed for the under-performance of Accounting learners. Other factors leading to under-performance of learners are the following: some schools are still dysfunctional, and in such cases not much can be done to improve the performance of learners. The managerial accounting section of the curriculum seems to be problematic for learners, which is compounded by the lack of enough support material to overcome this problem. Due to language problems some learners in the FET phase still have difficulty to read the questions properly and many learners are

not disciplined and committed to complete their homework on a daily basis. Circumstances at home are in many cases not conducive to learning. From the responses it is clear that educators experience frustration and that they need all the support they can get (**cf. 5.8.2**).

The following section deals with some recommendations put forward by this study. The main contribution of this study is, however, the development of additional LTSM for use by Accounting educators and learners. The recommendations are therefore linked to this contribution (See chapter 7).

6.3 RECOMMENDATIONS

Some initial recommendations are put forward at this stage. Chapter 7 focuses in more detail on the recommended LTSM to be employed by both Accounting educators and learners in the FET phase.

If Accounting stays part of the EMS learning area for grade 8 and 9, more time has to be allocated for Accounting by offering EMS (Economics and Business Studies) and Accounting separately on the time-table. The time allocation will be shared between Accounting and EMS (Economics and Business Studies) and educators who are qualified to teach Accounting can be responsible for the Accounting part. This should allow the educator enough time to bridge the knowledge gap that currently exists between grade 9 and 10. The educator can thoroughly cover the basics of Accounting in

grade 9 which means that the learner will be ready to immediately start with the new work in grade 10.

Time allocation for Accounting in the FET phase can be better utilised by starting and completing a whole section, for example the terminology, calculations and bookkeeping of VAT, in stead of first doing the terminology in grade 10, calculations in grade 11 and the bookkeeping of VAT in grade 12. In practice the learners cannot remember in detail what they did the previous grade and therefore the educator is compelled to do revision of the previous work done before continuing with new work.

The shortage of Accounting educators can be addressed by providing bursaries to learners to qualify as Accounting educators. Accounting educators can be discouraged from leaving for the private sector by appointing them in senior posts.

The lack of higher level questions in textbooks and LTSM for Accounting in the FET phase and the provision thereof forms part of this study and will be provided in Chapter 7 of this study.

6.4 POSSIBLE FURTHER RESEARCH

Certain aspects transpired in the course of this study which warrants continued research:

- Guidelines for Accounting educators on how to create their own LTSM by setting exercises for question papers and assignments.

- Developing in-service training programmes for educators to equip them sufficiently to teach Accounting for grade 8 and 9 learners.

The implementation of Curriculum 2005, based on OBE, created opportunities to conduct research on various aspects to improve the Accounting educator, -learner and -curriculum.

CHAPTER 7

LTSM FOR ACCOUNTING IN THE FET PHASE

7.1 INTRODUCTION

In this chapter the researcher provides LTSM for Accounting to be employed by FET phase Accounting educators (Grade 10-12). The researcher has compiled the LTSM through the years of teaching Accounting. The LTSM was used for class tests, formal tests, projects, assignments, case-studies and presentations for learners to acquire more knowledge, skills and values which were reflected in their higher marks for Accounting. LTSM can be applied to evaluate the basic knowledge of learners, broaden the insight of learners and to provide learners with a varied perspective on the manner in which test and examination questions can be drafted. The LTSM is also suitable when projects, case studies, presentations and reports have to be completed.

The educator can make use of LTSM to evaluate the basic knowledge of learners after new content has been completed. If the learner completes the class test successfully, it means that the learner has mastered the theoretical knowledge of a specific section that has been covered. The educator can then continue to provide additional LTSM to the learner in the form of exercises. This will improve the thinking skills and broaden the insight of learners (**cf. 5.8.1**). Examples of class tests, which educators can use as LTSM, will be provided next and the key answers are found in Annexure A.

7.2 Class tests as LTSM for Accounting

The class tests will focus on specific sections of Accounting that have to be completed in grade 11 and 12, but the learner has to apply his/her grade 10 knowledge to complete them. The format will be a fill-in paper to save time and in some instances evaluate the theoretical knowledge and calculation skills of learners. The first Class test focuses on the General ledger entries and to calculate the salary according to a salary scale.

CLASS TEST 1

WAGE AND SALARY JOURNAL

1. The gross salary will be posted to the _____
(account name) on the _____ side.
2. All deductions will be posted to the _____ side.
3. If the employer made a contribution to the pension fund, the
_____ (account name) will be debited and the
_____ (account name) will be credited.
4. The net wage will be posted to _____
(account name) on the _____ side.
5. A basic wage is the same as _____ wage.
6. Gross wage means to add _____ + _____ together.
7. A worker has been appointed on 1 March 2000 with the following salary scale:
R54 000 x R3 600 – R64 800 x R5 400 – R81 000.
The salary of the worker will be R_____ on 1 April 2004.

After _____ years the worker will not get an increase anymore.

The second Class test relates to bank reconciliation where the learner has to portray the process of reconciliation.

CLASS TEST 2

BANK RECONCILIATION

1. If the bank statement has a favourable balance, it means that the bank reconciliation statement must begin with a _____ balance.
2. A cheque that must be stopped, has to be written in the _____
_____ journal.
3. Post dated cheques received must be written in the CRJ. (True/False)
4. Post dated cheques issued are written in the _____ and
_____.
5. Cheques that are in the Salary journal, but not in the bank statement, must be written in the _____.

The learner has to provide the posting of an asset disposal transaction to the General ledger in Class test 3 and is not expected to do complex calculations.

CLASS TEST 3

ASSET DISPOSAL

1. If equipment was sold cash for a profit at the end or during the financial year, the following steps must be followed:

ACCOUNT DEBITED	ACCOUNT CREDITED

2. If the following transactions take place, asset disposal will be credited, but which account will be debited?
- sold on credit _____
 - stolen but insured _____
 - taken by the owner _____
 - trade-in on another asset _____

Class test 4 wants the learner to give the entries of the partnership agreement in the General ledger and to do calculations to determine the profit share of each partner.

CLASS TEST 4

PARTNERSHIPS

1. If partner A received a monthly salary the bank account will be credited and _____ account debited.
2. If the partner must get interest on capital at the end of the financial year, the interest on capital account will be debited and the _____ account credited.
3. If the closing entry was made to give each partner his share of profit, the _____ account will be debited and the _____

_____ account will be credited.

4. If the remaining profit was R48 000, what will the share of each partner be if the profit is shared as follows:

- in a ratio of 7:5 partner A _____ partner B _____
- according to their capital contributions if partner A and B contributed R170 000 and R70 000 respectively.

partner A _____ partner B _____

In Class test 5 the learner needs to differentiate between the perpetual inventory system and the periodic inventory system, give the formula to determine cost of sales and gross profit and to do the closing entries in the General journal.

CLASS TEST 5

PERIODIC INVENTORY SYSTEM

1. The following accounts appeared in the books of the business:

opening stock; closing stock; carriage on purchases; purchases; creditors allowance; debtors allowance; sales.

The formula to calculate the cost of sales will be as follows:

The formula to determine gross profit will be as follows:

2. To close opening stock in the General journal, the _____ must be debited and the _____ must be credited.

To close closing stock in the General journal, the _____ must be debited and the _____ must be credited.

3. Show how the following transactions will be recorded according to the periodic inventory system:

Perpetual system	Periodic system
Trading stock purchased on credit	
DR Trading stock	DR
CR Creditors control	CR
Sent trading stock back to a creditor	
DR Creditors control	DR
CR Trading stock	CR
The owner took trading stock for his own use.	
DR Drawings	DR
CR Trading stock	CR
Carriage paid on trading stock received	
DR Trading stock	DR
CR Bank	CR
Trading stock given as a donation to a club	
DR Donation	DR
CR Trading stock	CR

Class test 6 relates to clubs and concentrates on the Membership fees account and the differences between the Statement of Receipts and Payments and Statement of Income and Expenditure. The learner has to identify which accounts can be found in the one statement but not in the other one and vice versa.

CLASS TEST 6

CLUBS

1. Fill in the accounts that can be found in the membership fees account.

N1

MEMBERSHIP FEES	

2. Name three expenses that will appear in the Statement of Income and Expenditure, but not in the Statement of Receipts and Payments.

3. If the Trial balance, Statement of Receipt and Expenditure and adjustments were given, what are the steps that must be followed to do a Statement of Income and Expenditure and Balance sheet?

Class test 7 covers the calculations that have to be done in cash budgets and projected income statements. The learner has to apply high order thinking skills and calculations to arrive at the correct answers.

CLASS TEST 7 PROJECTED INCOME STATEMENTS AND CASH BUDGETS

1. The payment for fuel amounts to R 5000 a month. If the fuel price is raised with 5% each month, what will the price be for the next two months?

next month - R_____ after two months - R_____

2. If a profit of 50 % on sales was received, it can be shown as follows:

Cost price _____ %
Profit _____ %
Sales price _____ %

If the amount of sales was R15 000, the profit will be R_____.

3. If a profit of 50 % on cost price was added, it can be analysed as follows:

Cost price _____ %
Profit _____ %
Sales price _____ %

4. If the level of trading stock was kept constant, then:

purchases = _____

5. If the level of trading stock was kept constant and the owner took trading stock every month, then:

purchases = _____

6. Credit sales amounted to R50 000 for the month. 50 % will be received in

30 days and the discount of 5 % will be allowed. What is the amount that will be received?

R _____

7. Sales of R20 000 was received with a profit mark-up of 40 % on sales. 70 % of purchases were on credit. If the level of the trading stock was kept constant, what will be the amount owed to the creditors?

R _____

The next Class test wants the learner to provide the entries in the General ledger of those transactions that are unique to companies - shares and income tax. The learner has to complete an Appropriation account to identify the accounts that can be found in it.

CLASS TEST 8

COMPANIES

1. Show how the following transactions will be entered in the General ledger:

- The issuing of an interim dividend

DR _____ CR _____

- The payment of a dividend

DR _____ CR _____

- The payment of tax during the financial year

DR _____ CR _____

- If the amount for tax has been calculated at the end of the financial year

DR _____ CR _____

DR _____

CR _____

2. Write in the accounts that will appear in the appropriation account

APPROPRIATION ACCOUNT

The last Class test focuses on the production process which has to be followed when doing the General ledger accounts of a manufacturer, cost aspects, formulas to analyse information and calculating the value of closing stock by using the First In First Out method (FIFO) and the weighted average method.

CLASS TEST 9

MANUFACTURING

1. The flow of costs in a manufacturing business will be as follows:

Main costs

(a) _____

(b) _____

(c) _____

going to (d) _____

then to (e) _____

and ends at (f) _____

2. Fixed costs consist of:

(a) _____

(b) _____

3. (c) _____
Variable costs consist of:

(a) _____

(b) _____

4. Marginal income is _____ less _____

5. The following information of a manufacturer is available:

Fixed costs = R8 400

Sales price = R20

Variable costs = R6

(a) Determine the break-even point in units.

(b) Determine the break-even point in units if the business wants to make a profit of R25 200.

The educator has to make sure that the learner has mastered the basic content knowledge before he/she can proceed to the additional LTSM in the form of exercises. These exercises not only require basic knowledge, but will test the moderately high to high-order thinking skills and calculations of learners.

During the data gathering process LFs and Accounting educators indicated that there is a need for additional LTSM in Accounting because of the following aspects:

- the absence of enough exercises in textbooks which need higher problem-solving skills **(cf. 5.8.2)**;
- lack of exercises in textbooks where the learner has to apply new content to broaden his/her insight in Accounting **(cf. 5.8.1)**;
- the stereotype format of questions in textbooks as opposed to learners being exposed to different styles of question formulation **(cf. 5.8.1)**;
- the difference in the level of difficulty between questions in textbooks and the final examination paper **(cf. 5.8.1)**;
- some Accounting educators struggle to compile their own LTSM because their tertiary studies didn't include Accounting as a subject **(cf. 5.8.2)**;
- the availability of LTSM for the educator to use in the Accounting classroom **(cf. 5.8.2)**;

- learners need LTSM in the form of questions with memos to do revision on their own to be better prepared for examinations (**cf. 5.8.2**).

To address the need for additional Accounting LTSM in the FET phase, LTSM is provided in this chapter according to the three Learning Outcomes of Accounting, as discussed in paragraph 4.6.3. The Learning Outcomes (LOs) and Assessment Standards (AS) will be indicated with each exercise.

7.3 ACCOUNTING LTSM FOR THE FET PHASE

The LTSM for Accounting will be presented in different sections as indicated by the Learning programme guidelines in paragraph 4.5.3 and 4.5.5 of this study. The terminologies exercise, activity and question can all be used to present LTSM. The term “ activity” is usually associated with textbooks where the learner has to learn new content by completing a variety of activities, while the term “ question” is associated with tests and examinations. This study will make use of the term “ exercise” to provide the LTSM for each section, because the learner has to use the exercises for revision purposes.

The aims of the additional LTSM which are provided are to:

- present the content in exercises according to different formats;
- improve the problem-solving skills of learners;
- ensure that the grade 10 learner not only has mastered the basic knowledge of grade 9, but also to help the learner to gain insight into

- the content of grade 10 by providing exercises with different levels of difficulty;
- provide content which requires basic-, moderately high- and high-order thinking skills from the learners.

The LTSM is provided according to the sections of the Accounting cycle (**cf. 2.8**) for a sole trader after which the other entities such as partnerships, clubs, companies and manufacturers follow. The content on periodic inventory systems, value added tax, cash budgets and bank reconciliation is covered. The answers to the exercises provided can be found in annexure B.

7.3.1 Compiling and posting of journals

The entering of transactions in journals and the posting of these journals to the ledgers forms part of the EMS curriculum in grade 8 and 9 (**cf. 4.5.1**). Some of the factors put forward for learners' under-performing in Accounting were the gap which exists in the difficulty level between grade 9 and 10 and the time that was allocated to Accounting in grade 9 (**cf. 4.8.2**). In Grade 10 the educator first has to make sure that the learner has mastered the entering of transactions from source documents into the different journals and the posting of the journals to the ledgers, for example to enter duplicate invoices in the Debtors journal and post them to the General- and Debtors ledger (**cf. 2.7**). Activities in textbooks don't concentrate on one journal at a time, but can also require learners to do a number of journals from given transactions or source documents. The learner has to use basic thinking skills to complete the activities, but when the format for providing

information is changed, the learner needs moderately high thinking skills to do the activities. The first exercise focuses on changing the format by giving a Debtors ledger to complete the ledgers. The learner must have a good understanding and insight in the work to complete the exercise.

Exercise 1 (LO1, AS: source documents and bookkeeping)

The following Debtors ledger was compiled by an inexperienced bookkeeper.

DEBTORS LEDGER OF WHEELER TRADERS					
Date	Details	Fol	Debits	Credits	Balance
2007	<u>H. Duvenhage</u>	DL 1			
May 1	Balance	b/d	434		434
1	Invoice	DJ 2	128		562
7	Receipts	CRJ 7		400	162
10	Discount	CRJ 7	20		142
	Invoice	DJ 2		88	54
18	Receipt	CRJ 7	150		204
22					
2007	<u>S. de Jager</u>	DL 2			
May 1	Balance	b/d		330	330
1	Invoice	DJ 2	60		270
13	Receipt	CRJ 7	120		150
24	Discount	DJ 7	10		140
	Invoice	CPJ 9	130		370
	R/D Cheque	GJ 4		120	250
31	Interest		30		280
Date	Details	Fol	Debits	Credits	Balance
2007	<u>A. de Jager</u>	DL 3			
May 1	Balance	b/d	887		887
9	Receipt	CRJ 7		500	387
	Discount	CRJ 7		20	367
16	Credit note	DAJ 1	130		497
2007	<u>T. Muller</u>				
May 1	Balance	b/d	160		160
22	Bad debts	GJ 4		160	160

Take the above information into account and compile only the following for May 2007:

1. a corrected Debtors ledger.
2. the Debtors list on 31 May 2007.
3. the Debtors control in the General Ledger.

Additional information

- a) S. de Jager had a debit balance of R330 on 1 May 2007.
- b) A. de Jager bought goods on 24 May 2007, but the amount was incorrectly posted to the account of S. de Jager.
- c) The discount that was allowed to S. de Jager on 24 May 2007, was cancelled in the General Journal on 31 May 2007.
- d) According to the CRJ the estate of T. Muller paid R1 00 on 22 May 2007.

The second exercise follows the same concept - giving transactions in stead of journals to do the Debtors ledger and Creditors ledger. The learner has to apply his/her knowledge and insight to record transactions and source documents in the different journals and ledgers. Exercise 2 will help the learner in the acquisition of knowledge and skills - one of the principles for developing LTSM (**cf. 3.9**).

Exercise 2 (LO1, AS: source documents and bookkeeping)

Take the information and transactions of Sport Traders into consideration and then do the following:

1. The account of K. Jackson for October 2007 in the Debtors Ledger
2. The account of Joubert Suppliers for October 2007 in the Creditors Ledger.

List of debtors on 30 September 2007

P. Kirsten	DL1	R 702
A. Kuiper	DL2	321
K. Jackson	DL3	455
R. Steyn	DL4	<u>112</u>
		<u>R1 590</u>

List of creditors on 30 September 2007

Stransky Distributors	CL1	R1 466
Joubert Suppliers	CL2	770
Kruger Wholesalers	CL3	<u>2 002</u>
		<u>R4 238</u>

October 2007

- 2 Sold goods on credit to:
P. Kirsten – R220
K. Jackson – R350
- 3 Paid R700 on the account of Joubert Suppliers.
- 7 Received R500 from K. Jackson as partial payment of his account.
- 10 Bought the following on credit from Joubert Suppliers:
Stock – R500
Stationery – R200
Packaging material – R150
Trading discount of 10% on the purchase of stock has not been taken into consideration by the creditor.
- 13 K. Jackson bought the following on credit:
8 chairs @ R50 each
2 tables @ R80 each
2 umbrellas @ R70 each.
- 17 Bought stationery on credit from Joubert Suppliers, R120.
- 25 Received a cheque of R950 from K. Jackson as full payment of his account.
- 28 Issued a cheque to Joubert Suppliers to settle the account and received 20% discount.
- 31 K. Jackson bought goods for R340, which included R100 for cash.

LTSM has to provide for the skills development of learners in the didactical process (**cf. 2.8**). The next exercise will help the learner to extend his/her problem-solving skills by correcting errors that were made in the books and at the same time evaluate if the learner understands how to enter all the different General journal transactions.

Exercise 3 (LO1, AS: source documents and bookkeeping)

Use the given information to compile the General Journal of Worcester Distributors on 30 April 2007.

(No descriptions are needed)

List of debtors on 30 April 2007

W. Hugo	R120
S. Froneman	410
P. van Wyk	270

Transactions and errors that were not taken into account

- The outstanding account of P. van Wyk must be charged with 15% p.a. interest for 2 months.
- A payment of R100 received from S. Froneman, was incorrectly posted to the account of W. Hugo.
- Stationery that was bought from Write Limited at R78, was entered into the Creditors journal as trading stock to the amount of R87 and posted accordingly.
- The Cost of sales column in the Debtors Allowance Journal was calculated with a surplus of R20 and posted accordingly.

- W. Hugo sent faulty goods (cost price R55) back, R72. The business sent the faulty goods to the supplier for repairs. The following entries were made into the journals and posted to the ledgers:

DEBTORS ALLOWANCE JOURNAL

W. Hugo	Debtors allowance	Cost of sales
	72	

CREDITORS ALLOWANCE JOURNAL

Zack-Manufacturers	Creditors control	Trading stock
	72	72

Another format can be used to test the knowledge and insight of the learner regarding the General journal and the use of source documents to do the General ledger accounts. In exercise 4, the source of information which is given, differs from the normal format where transactions are given for example in exercise 3. Practical exercises and a variety of exercises to evaluate the same content were requested by the educators when asked what LTSM for Accounting they would need to positively influence the academic results of their FET Accounting learners (**cf. 5.8.2**).

Exercise 4 (LO1, AS: source documents and bookkeeping)

Study the under-mentioned information of Kokstad Stores and then do the following:

1. the General journal on 31 March 2007.
2. the Debtors control account, balanced.

The following transactions were not entered in the books and must be entered in the General Journal on 31 March 2007:

- The account of L. Young must be written off as bad debts.
- The account of S. Taylor has to be charged with 15% p.a. interest for March 2007.
- The discount to N. Potter still has to be cancelled.
- The correct amount of the invoice issued to C. Mostert, was R370.
- The owner took goods of R300 for his own use.

DEBTORS LEDGER OF KOKSTAD STORES

Date	Details	Fol	Debits	Credits	Balance
C. MOSTERT					
2007		DL 1			
March 1	Balance	b/d	600		600
5	Receipt	CRJ		250	350
12	Discount	CRJ		20	330
18	Invoice	DJ	340		670
	Credit note	DAJ		50	620
N. POTTER					
		DL 2			
1	Balance	b/d	450		450
11	Receipt	CRJ		200	250
	Discount	CRJ		10	240
15	R/D cheque	CPJ	200		440
S. TAYLOR					
2007		DL 3			
March 1	Balance	b/d	800		800
B. WEST					
		DL 4			
1	Balance	b/d	1 210		1 210
16	Receipt	CRJ		900	310
	Discount	CRJ		90	220
28	Invoice	DJ	720		940
L. YOUNG					
		DL 5			
1	Balance	b/d	130		130

When the educator has finished the cash journals, credit journals, allowance journals and General journal, exercise 5 can be done to determine if the learner can differentiate between the different types of transactions so as to enter the transactions correctly in the correct journals. The grade 10 learner

has to use moderately high thinking skills to complete the exercise correctly. The learner can perform self-evaluation as well as the educator programme evaluation which form part of the principles to develop LTSM (**cf. 3.9**).

Exercise 5 (LO1, AS: source documents and bookkeeping)

Use the transactions below to do the following journals in the books of Jock Sports and then close the journals.

1. The Cash receipt journal with the following columns: Bank, Sales, Cost of sales, Debtors control, Discount allowed, Sundry accounts.
2. The Cash payments journal with the following columns: Bank, Trading stock, Wages, Debtors control, Creditors control, Discount received, Sundry accounts.
3. The Debtors journal.
4. The Creditors journal with the following columns: Creditors control, Trading stock, Stationery, Sundry accounts.
5. The Debtors allowance journal.
6. The Creditors allowance journal with the following columns: Creditors control, Trading stock, Stationery, Sundry accounts.
7. The General journal.

October 2006

The selling price of the business will be calculated as follows: Cost Price + 25%. The last cheque counter foil was no. 86.

- 1 Purchased the following on credit from Textile distributors:
 - trading stock R2 450
 - packing material R320S. Wagenaar bought goods on credit, R520.
- 3 Received a cheque of R310 from K. Pienaar to settle his account of R325. Credit card sales of R410

Paid Shoe distributors R2 080 and received R70 discount.

- 6 Cash sales according to the cash register slip, R7 440
Send damaged stock back to Textile distributors, R60.
Paid the wages per cheque, R250.
- 8 Bought stationery from Stationers Limited per cheque, R140.
Trade discount of 15% was given.
D. Lambrecht bought goods (R140).
13. Paid the wages per cheque, R280.
Received R200 from G. van Graan as partial payment of his account.
Bought the following per cheque from Top World:
- trading stock, R3 550
- stationery, R190.
- 15 Cash sales per cash register slip, R5 260.
D. Lambercht sent R30 of defect good back.
Z. Schoombie, a debtor, has been declared insolvent. His estate paid 40c for every rand owed. He owed the business R85.
Credit sales to:
- M. van der Merwe, R300
- H. van Deventer, R50
- 20 Paid wages by cheque, R300.
Received the cheque of G. van Graan back, marked “ R/D” . (refer to 13 October)
M. van der Merwe asked for discount for the extra goods that he received. A credit note of R15 was issued. He undertook to keep the goods.
Bought the following on credit from Sportswear Limited:
- trading stock, R70
- stationery, R70
- equipment, R870 (excluding carriage)
- the carriage on the equipment was R110.
- 22 Issued a cheque to Bystand Building Society to pay off the loan, R2 500.
Credit card sales, R480.
- 25 Sent the following back to Sportswear Limited and received a debit note:
- trading stock, R55
- stationery, R20.
The owner took goods for his own use, cost price R65.
Received a cheque from H. van Deventer for full payment of his account after he had received 10% discount (refer to 15 October).
- 27 Paid the wages by cheque, R350.
Received a cheque from W. Roets for the rent of the building, R400.
During September 2006, P. Maré paid off R150 on his account. The account of

- P. Maree was incorrectly credited with the amount. The error must be corrected.
- 30 Received the cheque of H. van Deventer, marked “ R/D” .
The discount allowed must be cancelled (see 25 October).
According to the bank statement the following amounts were debited:
- service fee, R54.
- deposit and cheque books, R25
- interest on overdraft account, R72
Cash register sales, R4 450.
- 31 Received a cheque of R60 from F. Jacobs. His account was previously written off.
Charged R12 interest on the overdue account of N. Breda.
Credit sale of goods to D. Lambrecht, R120.

The next exercise can be used by the educator to determine if the learner has mastered the posting of the different journals to the General ledger. The exercise requires the learner to first do the General journal before it can be posted to the General ledger. The learner has to be prepared to apply his/her knowledge about the General journal to succeed in posting all the journals correctly. The format of the exercise satisfies enhanced learning through integration of different sections of content which is important in the didactical process when creating LTSM (**cf. 2.8**).

Exercise 6 (LO1, AS: source documents and bookkeeping)

Study the following journal totals and additional information of Star Traders for March 2007 and then do the following:

1. the General journal for the additional transactions on 31 March 2007.
2. the following balance sheet accounts, properly balanced:
Trading stock, Debtors control, Creditors control.
3. the following nominal accounts:
Stationery; Discount received, Debtors allowance, Bad debts, Interest income.

Certain balances on 1 March 2007:

	Fol	R
Trading Stock	B 6	12 230
Debtors control	B 7	5 140
Creditors control	B 9	4 490

CASH RECEIPTS JOURNAL (CRJ 7)

Bank	Sales	Cost of sales	Debtors control	Discount allowed	Sundry accounts
16 510	7 800	4 120	5 730	170	2 980

Sundry accounts consists of: 28 March – Rent income

CASH PAYMENTS JOURNAL (CPJ 9)

Bank	Wages	Creditors control	Discount received	Debtors control	Sundry accounts
19 290	1 050	9 510	430	90	5 660

Sundry accounts consists of: 12 March – Stationery – R560

22 March – Equipment – R4 500

25 March – Drawings – R600

DEBTORS JOURNAL (DJ 3)

Sales	Cost of sales
10 150	6 400

DEBTORS ALLOWANCE JOURNAL (DAJ 1)

Debtors control	Cost of sales
330	100

CREDITORS ALLOWANCE JOURNAL (CAJ 2)

Creditors control	Stationery	Trading stock	Equipment
1 980	40	800	1 140

CREDITORS JOURNAL (CJ 4)

Creditors control	Stationery	Trading Stock	Equipment
12 270	340	8 100	3 830

Additional transactions on 31 March 2007:

■ Charged the account of S. Malan with R15 interest.

- K. Smith was declared insolvent and his debt of R1 70 must be written off as irrecoverable.
- Trading Stock of R560 that was bought on credit from Space Distributors, was entered into the CPJ as trading stock and posted accordingly.
- A “ R/D” cheque of R80 previously received from a debtor, W. Bell, was entered as follows and posted to the ledgers:

CPJ

Details	Fol	Bank	Creditors control
Bell & Co.	CL 2	80	80

- The owner took goods of R420 for his own use. No entry was made.

The educator can also use a different approach by just giving the totals of the journals and leave out, for example, the General journal but adding the Petty cash journal to the exercise, which has already been covered in grade 9. Exercise 7 illustrates this approach where the previous knowledge of the learner is tested as well as new content that has been done. It is important that LTSM extends opportunities to consolidate or revise work in the didactical process (**cf. 3.9**).

Exercise 7 (LO1, AS: source documents and bookkeeping)

Use the totals of the given journals of SWA Traders to do the General Ledger. The balance sheet accounts must be balanced.

JOURNALS ON 31 OCTOBER 2007

CASH RECEIPTS JOURNAL			CRJ 7		
Bank	Sales	Cost of	Debtors	Discount	Sundry accounts

		sales	control	allowed	Amount	
24 530	17 800	10 120	5 730	170	1 000	

Sundry accounts consists of: 30 October – Rent income

CASH PAYMENTS JOURNAL CPJ 9

Bank	Wages	Creditors Control	Discount Received	Trading Stock	Debtors control	Sundry accounts
						Amount
20 090	1 050	6 510	430	6 070	250	6 210

Sundry accounts consists of:

- 1 October – Petty cash – R1 000
- 12 October – Stationery – R560
- 22 October – Equipment – R3 300
- 25 October – Drawings – R3 600
- 31 October – Petty cash – R750

DEBTORS JOURNAL DJ 3

Sales	Cost of sales
10 150	6 400

DEBTORS ALLOWANCE JOURNAL DAJ 1

Debtors allowance	Cost of sales
330	100

CREDITORS ALLOWANCE JOURNAL CAJ 2

Creditors control	Stationery	Trading stock	Equipment
1 980	40	800	1 140

CREDITORS JOURNAL CJ 4

Creditors control	Stationery	Trading stock	Equipment
22 270	340	18 100	3 830

PETTY CASH JOURNAL PCJ 8

Petty Cash	Wages	Stationery
750	680	70

The above exercises concentrate on the recording of transactions in the appropriate journals and the posting of the journals to the General-, Debtors- and Creditors ledgers. The educator can change the level of difficulty by giving the information in different formats as indicated above. The next section assesses the salaries and wages which form part of learning outcome 3 and include journals and their posting to the General ledger (**cf. 4.6.3**).

7.3.2 Journals and General ledger for salaries and wages

The section on wages and salaries forms part of the grade 10 curriculum (**cf. 4.5.5**). The learner has to do calculations from given information to determine the salaries and wages of the employees before it can be posted to the General ledger. The manner in which the information is presented and the type of calculations that has to be done determines the level of difficulty of the exercise and indicates whether the learner needs a low, medium or high level of problem-solving skills to perform the exercise. The following exercise concentrates on salaries and the learner has to perform various calculations to do the Salaries journal before posting it to the General ledger.

Exercise 8 (LO3, AS: Salaries and Wages)

Study the following information of the Big-Falls Traders and then do the following:

1. The Salaries journal for the month ended 28 February 2007.
(Ignore any cents.)
2. Post the Salaries journal to the General ledger.

3. Show the postings to the General ledger from the Cash Payments Journal for all the deductions and salaries at the end of the month. (You don't have to do the Cash Payments Journal.)

- a) Salaries will be paid as follows:
- S. Danië ls, an employee, earns R48 600 per annum.
 - The salary of P. Klopper is R61 200 per annum.
- b) Pension will be handled as follows:
- Employees contribute 12% of their gross salaries.
 - The employer contributes 1½ times of what the employee contributes.
- c) Tax will be paid on the gross salaries as follows:
- S. Danië ls – 18%
 - P. Klopper – 21%
- d) Medical aid will be deducted, according to the gross salary of the employees, as follows:

Gross Salary	Children		
	0	1	2
R3 000 – R3 999	R355	R450	R525
R4 000 – R4 499	420	550	650
R4 500 – R4 999	510	660	780
R5 000 – R6 000	630	800	950

S. Danië ls is married with 1 child.
P. Klopper is married with no children.

- The employer' s contribution is double of what the employee contributes.
- e) Cheques were issued on 28 February 2007 for the payment of the salaries, pension fund, medical aid fund and SARS.

Although the exercise is a medium level challenge for the learner, the level of difficulty can be raised by replacing the given salaries with a salary scale and additional information, for example the salary of P. Klopper can be replaced by the following salary scale and information:

P. Klopper started with the business at R39 600 per annum on 1 January 2002 according to the following salary scale:

R39 600 x R3 600 - R46 800 x R4 800 - R70 800

P. Klopper will get an increase on his salary each year according to the given salary scale on 1 January.

The next exercise focuses on the calculation of wages to complete the Wages journal. The learner has to apply his/her calculation skills which classify the level of difficulty of these exercises as moderately high thinking skill or high-order thinking skill exercises (**cf. 46.3**). Exercise 9, where moderately high thinking skills are needed, the rate per hour has to be calculated first before the other calculations of the overtime can be made.

Exercise 9 (LO3, AS: Salaries and Wages)

The following information of AAA Builders is available for the week ending on 20 May 2007:

Workers	Normal wage	PAYE	Overtime	Sunday
Brits	R200	R50	10 hours	5 hours
Moss	280	70	2	-
Van Zyl	240	60	7	3

Each worker must work 40 hours per week (Monday to Saturday) which they did for the week ending on 20 May 2007.

Overtime will be compensated at 1½ times the normal rate per hour, while workers working on Sunday will be compensated twice the normal rate per hour.

The worker contributed 10% of his basic wage to the Pension fund. The employer contributed on a Rand-on-Rand basis to the Pension fund.

Compile the following:

1. The Wages journal for the week ending 20 May 2007.

2. The General ledger by posting the Wages journal.

Exercise 10 demands high-order thinking skills from the learner, because the workers have worked different hours during the week and the overtime is split between the week, Saturdays and Sundays. During the interviews with the LFs they made it clear that learners have to go beyond just doing Accounting, to questions focusing on problem-solving skills and indirect calculation methods (**cf. 5.8.1**).

Exercise 10 (LO3, AS: Salaries and Wages)

Study the given information and then compile the following:

1. the Wages journal for the week ending 12 May 2007.
2. the posting of the journal to the General ledger.

Block Limited had the following contemporary workers in their service:

HOURS WORKED								
Name	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	wage/hour
S. Botha	8	9	10	8	8	5	-	R25
D. Marx	7	8	9	8	8	-	5	R20
G. Venter	8	8	8	6	6	2	2	R30

A normal working week is 8 hours per day from Monday to Friday. Overtime during the week and on Saturdays will be paid at 2 times the normal rate and 3 times the normal rate for Sundays.

The following deductions were made:

Pension fund: R100 per week per worker.

Unemployed insurance fund: 1% of the basic wages.

Income tax: 10% of the gross wages.

The employer contributes to the pension fund 1½ times the amount that the employee did and the same amount to the UIF as what the employee did.
A cheque was issued on 12 May 2007 to pay the wages.

The content on salaries and wages can be combined in a question which requires basic- to moderately high thinking skills from the learner. In exercise 11 the learner has to perform basic calculations to compile the Salaries journal and then post the four Wages journals with the Salaries journal to the General ledger. Although the learner has to take into account that each journal has to be posted individually according to date, he/she only has to apply basic thinking skills to complete the exercise.

Exercise 11 (LO3, AS: Salaries and Wages)

Study the following information of Stellenbosch Traders en then do the following:

1. the Salaries journal for the month ended 31 March 2007;
 2. post the Salaries journal and Wages journals to the General ledger;
 3. show the postings to the General ledger from the Cash Payments Journal for all the deductions, wages and salaries at the end of the month. (You don't have to do the Cash Payments Journal.)
- a) Die following totals were found from the wages journals for March 2007:

	Gross wages	DEDUCTIONS				Net wages
		Pension fund	Medical fund	PAYE	UIF	
5/3	2 344,75	445,75	50	478	70	1 301
12/3	2 855,50	480,50	50	532	70	1 723
19/3	2 114,00	410,00	50	441	70	1 143
26/3	3 202,75	530,75	50	606	70	1 946

EMPLOYER' S CONTRIBUTION		
	Pension fund	Medical fund
5/3	445,75	100
12/3	480,50	100
19/3	410,00	100
26/3	530,75	100

- b) C. de Wet, an employee, earns R60 720 per annum.
- c) W. Basson was employed on 1 January 2007 with a monthly salary of R3 200.
- d) The salaried persons contribute 10% of their gross salary to the pension fund, while the employer contributes the same amount as his employees.
- e) The following deductions were made regarding the salaried persons:

	Medical fund	PAYE
C. de Wet	250	1 066
W. Basson	250	673
	500	1 739

- f) The employer' s contribution to the Medical fund will be on the same basis as for the employees who received wages.

When salaries and wages are combined in a question, the level of difficulty can be raised by adding more difficult calculations. In exercise 12 the learner has to apply moderately high thinking skills to perform the calculations. Most of the information necessary to do the calculations is provided. The calculations in exercise 12 can also help learners to improve their mathematical skills - one of the factors pointed out by educators as hampering learners to perform in Accounting (**cf. 5.8.2**).

Exercise 12 (LO3, AS: Salaries and Wages)

Study the following information of Busy Dry Cleaners for October 2007:

TOTALS OF THE WAGES JOURNALS FOR THE WEEKS ENDED IN OCTOBER 2007							
Day	Gross wages	DEDUCTIONS			Net Wages	Employer' s contribution	
		PAYE	UIF	Medical		Medical	UIF
8	5 500	1 925	55	775	2 745	1 085	55
15	5 100	1 785	51	710	2 554	994	51
22	5 800	2 030	58	840	2 872	1 176	58
29	5 600	1 960	56	805	2 779	1 127	56

G. Kramer is the only employee in the business who is receiving a salary of R36 600 per annum.

The following deductions were on the salary statement of G. Kramer:

PAYE – R1 085

Medical – R435

Pension – R350

The employer' s contribution for G. Kramer was as follows:

Medical – R609

Pension – R350

1. Answer the following questions and show your calculations:
 - 1.1 What is the total percentage for UIF on gross wages that the employer has to pay over to the fund at the end of the month?
 - 1.2 What percentage was deducted from gross wages for PAYE?
 - 1.3 What is the percentage relationship between the contribution of the employer and the employee to the medical aid?
 - 1.4 What is the amount that G. Kramer earned as net salary per month?
 - 1.5 What is the amount that must be paid to the medical aid fund at the end of October 2007?
2. Show the entries in the General ledger when posting the Salaries journal. (Amounts are not needed).

In the next exercise the learner has to answer indirect questions, which implies that the learner first has to calculate the information needed before he/she can perform the calculations to answer the questions. One LF commented that exercises have to include indirect calculation methods to be classified as high level exercises (**cf. 5.8.1**). The learner has to apply high-order thinking skills to answer exercise 13.

Exercise 13 (LO3, AS: Salaries and Wages)

(LO3, AS: Internal control)

The employees of Omega Manufacturers are J. Swart, S. Paulsen and J. van Rhyn.

The employees will be paid as follows:

- basic time R8 per hour
- overtime R15 per hour

1. The time-charts of the employees for the week ending 7 July 2007, were as follows:

EMPLOYEES	BASIC TIME	OVERTIME
J. Swart (married, 1 child)	45 hours	4 hours
S. Paulsen (unmarried)	35 hours	-
J. van Rhyn (married, 3 children)	45 hours	6 hours

2. The following deductions were made weekly by the company from the employees' wages:

- Pension contribution at 5% from the basic wage. (ordinary time)

- PAYE:

J. Swart	R105
S. Paulsen	R56
J. van Rhyn	R112.50

- Medical aid:

Unmarried:	R9.00
Married:	R15.00
Married + 1 child:	R18.50
Married + 2 or more children:	R25.50

- J. Swart got a personal deduction for his home loan at SAAMSPAN for R100 a week and S. Paulsen a deduction of R9 a week for his life assurance premium

that will be paid to TOGETHER. Both amounts will be paid to the above mentioned institutions at the end of the month.

3. Employer contributions: (amounts will be paid to the institutions at the end of the month.)
 - Pension fund: $7\frac{1}{2}$ % of the basic wage.
 - Medical aid: 40c for each Rand contributed by the employee.
4. The Wages journals for 14 Julie, 21 Julie and 28 July 2007 are exactly the same as the one that you did for 7 July 2007.
5. The following totals were taken from the Salaries journal on 31 July 2007:

Gross salary	R13 000
Deduction for employees:	
- Pension	896
- Medical aid	260
- PAYE	3 124
Employer' s contribution:	
- Pension	1 344
- Medical aid	390

ANSWER THE FOLLOWING QUESTIONS (Show calculations if applicable)

- 1.1 What is the amount that will be booked against the wages account every week?
- 1.2 What is the percentage of the employer' s contribution to the total contributions regarding the medical aid fund for the salaried persons?
- 1.3 What is the amount that will be paid at the end of July to the salaried persons and to which account in the ledger will the amount be posted?
- 1.4 Calculate the amounts that will be owed on 31 July 2007 to:
 - 1.4.1 SARS: PAYE
 - 1.4.2 the Pension Fund.
- 1.5 Determine what the expense of the company will be for all its employees for the medical aid contribution account at the end of the month.
- 1.6 Discuss the internal control that can be done to ensure that the amount for SARS has been paid to them before the 7th of the next month.

All the exercises from 1 to 13 are based on the grade 10 curriculum **(cf.45.3)**. It focused on the recording of transactions into the journals and how to post the journals to the ledgers. The following exercises focus on the next section of the Accounting cycle - the procedures followed at the end of the financial year **(cf. 2.7)**.

7.3.3 Year-end exercises for Sole traders

Exercises that concentrate on the year-end of a sole trader contain the same information and structure, but can require the learner to perform different tasks. Usually the information given will be a trial balance with adjustments and then the learner has to do financial accounts or financial statements. Closing entries in the General journal with a Post-closing trial balance can also be asked from the given trial balance and adjustments. Learners have to apply moderately high- to high-order thinking skills to calculate and enter the adjustments in the books. The level of difficulty of the exercise is determined by the calculations and the insight the particular learner has to come up with when doing the adjustments.

In the following exercise the calculations to enter the adjustments are not too difficult and the learner has to apply moderately high order thinking skills to complete the exercise. The answers to the questions may be unusual for the learner, because no General ledger question was asked to help with the calculations of the different profits. For the grade 10 learner, exercise 14 can be helpful in this regard.

Exercise 14 (LO1, AS: Final accounts and financial statements)

Take the following information and adjustments into consideration and then do the following:

1. the closing transfers in the General journal (No descriptions are necessary).
2. the Post-closing trial balance on 28 February 2007.

PRE-ADJUSTMENT TRIAL BALANCE OF SPRING TRADERS ON
28 FEBRUARY 2007

Balance sheet account section	Debits	Credits
Capital (1 March 2006)		328 219
Drawings	45 779	
Land and Buildings	180 000	
Equipment	38 700	
Vehicles	63 500	
Fixed deposit: Rainbow Bank	12 000	
Loan: Summer Bank		18 000
Trading Stock	33 553	
Debtors control	5 889	
Creditors control		18 980
Bank	9 772	
Cash float	500	
Petty cash	100	
 Nominal accounts section		
Sales		168 165
Cost of sales	108 118	
Debtors allowance	1 441	
Rent income		6 400
Advertising... ..	2 500	
Wages and salaries	22 444	
Interest on loan	1 800	
Insurance	2 450	
Water en electricity	10 775	
Bank charges	560	
Telephone... ..	2 691	
Discount received		3 311
Discount allowed	788	
Bad debts	90	
Interest on fixed deposit		1 500
Stationery	1 125	
	544 575	544 575

ADJUSTMENTS

- a) The telephone account for February 2007 of R330 was received, but will be paid in March 2007.
- b) Part of the building was rented from 1 June 2006. The rent for February 2007 was still outstanding.
- c) An additional amount of R3 000 at 16 % interest per annum was made as a fixed deposit on 1 February 2007. No entry was made in the books of the transaction. The existing fixed deposit was made in the previous financial year at 15 % interest per annum.
- d) The bank statement for February 2007 was received, but no entries were made in the books of the following:
- | | | |
|---|---|-----|
| - | service fees | R45 |
| - | cash handling fees | 17 |
| - | a stop order of R150 in favour of Summer Bank as payment for the interest on loan for March 2007. | |

The information in exercise 15 is given in the same manner as in exercise 14 although the grade 10 learner has to complete a different task. The adjustments are more difficult than in exercise 14, because some adjustments require more difficult calculations to arrive at the answer, for example adjustments (e), (f) and (h). The grade 10 learner has to apply moderately high- to high-order thinking skills to calculate and solve the adjustments.

Exercise 15 (LO1, AS: Final accounts and financial statements)

Study the given information and after the adjustments were taken into account, do the following:

1. the Trading account and the Profit and loss account
2. the Post-closing trial balance on 28 February 2007

PRE-ADJUSTMENT TRIAL BALANCE OF SWARTLAND TRADERS ON
28 FEBRUARIE 2007

Balance sheet account section	Debits	Credits
Capital		232 670
Drawings	42 100	
Land and buildings	125 000	
Equipment	33 100	
Vehicles	44 500	
Trading stock	21 240	
Debtors control	4 910	
Creditors control		22 630
Bank		10 120
Cash float	100	
Petty cash	150	
Fixed deposit: Hillside bank	38 000	
Loan: Porterville bank		20 000
 Nominal accounts section		
Sales		165 170
Cost of sales	98 215	
Debtors allowances	985	
Bad debts	310	
Water en electricity	21 540	
Telephone	6 200	
Interest on loan	1 500	
Insurance	7 700	
Wages	14 380	
Rates and taxes	950	
Rent income		6 870
Bank charges	880	
Interest on fixed deposit		4 300
	461 760	461 760

ADJUSTMENTS

- a) The water and electricity account for February 2007 of R1 850 was received, but still has to be paid.
- b) The management has decided to write off the account of J. Freud as bad debts, R110.
- c) Bank charges according to the bank statement for February 2007, was R80. No entry was made into the books.
- d) Rates and taxes amounted annually to 1% of the cost price of the land and buildings.
- e) A fixed deposit of R38 000 was invested on 1 March 2005 for two years at 15%. According to a decision of the management, part of the fixed deposit must be deposited into the bank account of the business at the end of the investment period. R15 000 of the investment was re-invested on 28 February 2007. No entry was made of these transactions. The outstanding interest must also be taken into account.
- f) An additional loan of R10 000 was made at Porterville bank on 31 August 2006 at 18% which is the same interest rate as for the previous loan. The interest rate was increased to 21% on 1 January 2007.
- g) The total insurance for the financial year ended 28 February 2007 was R7 200.
- h) A part of the building is rented according to a contract from 1 July 2005 to 28 February 2008. The rent will be paid as follows:
 - from 1 Jul. 2005 – 30 Apr. 2006 = R500 per month
 - from 1 May 2006 – 31 Oct. 2006 = R520 per month
 - from 1 Nov. 2006 – 30 Apr. 2007 = R550 per month
 - from 1 May. 2007 – 28 Feb. 2008 = R600 per month

The trial balance and adjustments as format can also be used to determine whether the learner can take from easy to difficult adjustments into consideration when compiling the financial statements of a business. Exercises can be varied by requiring the learner to do a combination of the

Income statement or adding the notes to the financial statements or adding the Balance sheet. Adjustments can at first require moderately high thinking skills from the learner and can at the end include adjustments which require more insight.

The calculations of the adjustments in exercise 16 are not very difficult and do not require a lot of insight. Adjustments can also be used to evaluate the knowledge of the learner on other sections such as wages and salaries (exercise 16). Although most of the content of adjustments (b), (c), (d), (f) and (g) was covered in grade 10, the grade 11 learner can use the next exercise to evaluate the new content that was done to perform the Income statement. LTSM has to enhance learning by improving the memory of the learner, integrate content and extend opportunities to revise work **(cf. 28)**.

Exercise 16 (LO1, AS: Final accounts and financial statements)

Study the following information and then compile the INCOME STATEMENT for the year ending 29 February 2008.

PRE-ADJUSTMENT TRIAL BALANCE OF OFM TRADERS ON
29 FEBRUARY 2008

	Debits	Credits
Balance sheet account section		
Capital (1 March 2007)		78 123
Drawings	15 650	
Equipment	12 450	
Vehicles	55 000	
Accumulated depreciation on equipment		2 720
Accumulated depreciation on vehicles		9 000
Fixed deposit: Pro Bank	5 000	
Loan: Bloem Bank		17 000
Trading stock	21 442	
Debtors control	3 050	
Provision for bad debts		152
Creditors control		8 177
Bank	11 039	
Cash float	200	
Petty cash	120	
Nominal accounts section		
Sales		88 654
Cost of sales	53 192	
Debtors allowance	719	
Rent expense	4 200	
Wages	11 480	
Interest on loan	1 700	
Insurance	1 986	
Water and electricity	4 192	
Telephone	1 760	
Discount received		1 112
Discount allowed	441	
Bad debts	146	
Interest on fixed deposit		275
Pension fund contribution	520	
Stationery	926	
	205 213	205 213

ADJUSTMENTS

- a) According to the inventory the following stock was on hand on 29 February 2008:
- | | |
|--------------------------|---------|
| - Trading stock | R21 136 |
| - Stationery | R 210 |
- b) Rent has been paid from 1 March 2007 to 30 April 2008.
- c) The telephone account for February 2008 has not yet been paid, R254.
- d) Insurance includes an annual premium of R1 056 which has been paid on 1 October 2007.
- e) Adjust the provision for bad debts to 4% of debtors.
- f) Interest of 14% is payable on the loan that was negotiated on 1 January 2004. An additional loan of R5 000 was negotiated on 1 December 2007 at 12% per annum.
- g) The fixed deposit was made on 1 September 2006 at an interest rate of 11% per annum.
- h) Make provision for depreciation as follows:
on equipment at 10% per annum on the book value.
on vehicles at 15% per annum according to the fixed-amount-method.
A second hand vehicle was bought on 1 June for R16 000 and entered into the books.
- i) The Wages Journal for February 2008 wasn't posted to the General ledger:

Gross wage	PAYE	Pension	Net wage	Employer's contribution
950	240	50	660	50

The next exercise requires the learner to do the Income statement as well as the notes of the financial statements. The integration of sections like the wages and salaries, asset disposal and bank reconciliation into the adjustments means that the grade 11 learner has to apply high-order thinking

skills to enter the adjustments correctly in the books. It was one of the concerns of LFs that textbooks provide activities that focus on the new content of a specific section and do not integrate the content of other sections that has already been covered (**cf. 5.8.1**). In the didactical process, it is therefore important that LTSM has to contextualise a task within the whole curriculum by integrating content (**2.7**).

Exercise 17 (LO1, AS: Final accounts and financial statements)

Study the given information and then do the following:

1. Compile the Income statement for the year ending 29 February 2008.
2. The notes of the Balance sheet on 29 February 2008.

**PRE-ADJUSTMENTS TRIAL BALANCE OF AQUA TRADERS
ON 29 FEBRUARY 2008**

	Debits	Credits
Balance sheet accounts Section		
Capital		360 070
Drawings	48870	
Land and Buildings	250 800	
Vehicles	143 500	
Equipment	54 600	
Accumulated depreciation on vehicles		55 300
Accumulated depreciation on equipment		12 200
Trading stock	75 100	
Debtors control	13 700	
Creditors control		33 300
Provision for bad debts		800
Bank	21 340	
Petty cash	250	
Cash float	700	
Pension fund		5 210
Loan: SA-Bank		15 000

Nominal accounts Section

	Debits	Credits
Sales		966 290
Cost of Sales	690 000	
Debtors allowance	890	
Bad debts	280	
Water and electricity	44 330	
Stationery	2 220	
Telephone	18 150	
Interest income		170
Interest on mortgage bond	2 400	
Insurance	9 860	
Salaries and wages	84 895	
Rent income		13 200
Discount allowed	880	
Discount received		1 100
Interest on current account		865
Bank charges	740	
	1 463 505	1 463 505

ADJUSTMENTS

- a) The following stock was on hand on 29 February 2008:
Stationery, R540
Trading stock, R72 900.
- b) The loan at SA Bank was negotiated at 24% per annum on 1 March 2006.
According to the agreement, R5 000 should be paid every year on 1 September.
- c) The debtor, D. Agenbach, owed R270 and was declared insolvent. His estate paid 50c in the Rand per cheque. The rest of his debt should be written off as bad debts. No entry was made of the above mentioned.
- d) The Bank statement for February 2008 was received and the following information, which was not in the books, appeared:
 - Debits Bank charges of R95
 A “ R/D” cheque (J. Vos) of R250 (discount of R50 was given).

- Credits Interest of R70
The rent of R1 100 for March 2008.
R60 from S. Wahl (his debt had previously been written off as bad debts.)
- e) The overdue account of W. Koekemoer, a debtor, that amounted to R750 has to be charged with 12% per annum for four months.
- f) The provision for bad debts has to be adjusted to R670.
- g) The telephone account of R970 for February 2008 was received, but would be paid in March 2008.
- h) A yearly insurance premium of R1 500 was paid on 1 November 2008.
- i) The salary of P. Rossouw for February 2008 was not paid to him, because he was still on leave. The following information was available and had still to be entered in the books:
 - P. Rossouw earns a yearly salary of R62 400.
 - Deductions were for: Pension fund – R520; PAYE – R1 820
 - A cheque was issued to pay the PAYE.
- j) The provision for depreciation must be calculated as follows:
 - Equipment: 15% p.a. according to the diminishing-balance-method.
Equipment with a cost price and accumulated depreciation of R7 500 and R4 200 respectively, was sold for cash at book value at the start of the financial year. The transaction was entered into the books.
 - Vehicles: 20% p.a. on the cost price.
A new vehicle was bought for R67 000 on 1 June 2007 and entered into the books.

The trial balance can be used in exercises to enable learners to analyse and give an interpretation of the financial position of a business. In exercise 18 the information for two years is given so that the learner can make a comparison between the financial years. Some of the questions are put

directly to the learner, while others are formulated in an indirect manner. The learner has to display insight to know which ratio or formula should be used to answer the question. The grade 11 learner has to use high-order thinking skills to perform calculations and to answer the questions. Educators felt that learners need to become more critical and logical in their thinking when doing Accounting activities (**cf. 5.8.2**). LTSM is helpful to support the critical thinking abilities of learners (**cf. 3.8**) when exercises are provided that force the learner to analyse and interpret financial information.

Exercise 18 (LO1, AS: Final accounts and financial statements)
(LO3, AS: Internal control)

POST-ADJUSTMENT TRIAL BALANCE OF PONGOLA TRADERS

	2006		2007	
	Debits	Credits	Debits	Credits
Balance Sheet Account Section				
Capital		225 000		280 830
Drawings	10 010		18 700	
Land and buildings	160 000		215 830	
Vehicles	89 500		89 500	
Equipment	45 100		56 600	
Accumulated depreciation on vehicles		18 770		36 670
Accumulated depreciation on equipment		5 600		9 550
Trading stock	18 070		9 730	
Petty cash	500		500	
Debtors control	7 880		13 060	
Creditors control		12 100		15 800
Bank	1 250			300
Loan		20 000		16 000
Fixed deposit	15 000		21 000	

	2006		2007	
	Debits	Credits	Debits	Credits
Nominal Accounts Section				
Sales		255 600		315 750
Cost of sales	156 030		190 600	
Debtors allowance	550		1 310	
Bad debts	440		50	
Rent income		4 800		6 000
Water and electricity	15 310		18 440	
Telephone	9 160		15 550	
Discount allowed	1 500		1 780	
Discount received		3 340		3 990
Interest on loan	5 000		4 000	
Insurance	6 600		7 200	
Interest on fixed deposit		1 800		3 360
Bank charges	550		880	
Stationery	760		1 370	
Depreciation	3 800		21 850	
	547 010	547 010	632 120	632 120

ANSWER THE FOLLOWING QUESTIONS

- a) What is the percentage per annum of the depreciation on vehicles, if they have used the fixed amount method? (show your calculations)
- b) Did the business manage a good debtor's collection policy and allowance of credit to debtors during 2007? Motivate by giving two reasons.

Answer the following questions by using the appropriate ratios to motivate every answer. Answers must be calculated to two decimal places.

- c) Calculate the gross profit on turnover of the business for both years. Give two reasons why it isn't the same as the 40% profit rate of the business.
- d) Was there an increase or decrease in the business net income as a percentage of the turnover from 2006 to 2007?
- e) Could the increase or decrease of the ratio calculated at (d) be attributed to the change of the expenses of the business?

- f) Calculate the present interest rate of the fixed deposit. Use this rate as measurement to state if the business got a favourable degree of profitability for 2007.
- g) Has the degree of solvency of the business increased from 2006 to 2007?
- h) Will the business be able to fulfil its short term commitments for 2007?
- i) Calculate the acid test ratio for 2007. Give comments.

Exercises can contain information which is provided in Income statements and selections of the Balance sheets or notes of the financial statements. Learners have to search and gather information to answer the questions or use it in ratios to give an interpretation or analysis of the situation of the business. Information can therefore be provided in different formats, although the learner has to answer the same type of questions. Exercises 18 and 19 are good examples of different formats which evaluate the same content. The LFs mentioned that it is good for learners to get exposed to different formats of how questions are asked (**cf. 5.8.1**).

In exercise 19 the information is provided by means of the Income statement and some sections of the Balance sheet. The learner has to study the given information, use formulas and ratios for his/her calculations and display insight into financial statements to be able to answer the questions. High-order thinking skills are necessary to give the correct answers. For instance, question 4 doesn't require the learner to do the current asset ratio, but the learner has to link the question to the specific ratio that is needed to answer the question.

Exercise 19 (LO1, AS: Final accounts and financial statements)

INCOME STATEMENT OF KROON TRADERS FOR THE YEAR ENDED
28 FEBRUARIE 2007

Sales	154 000
Cost of sales	(92 400)
Gross profit	61 600
Other income	5 200
Rent income	4 800
Discount received	400
Expenses	(58 100)
Water and electricity	8 600
Telephone	5 100
Advertisements	12 000
Rates and taxes	4 900
Salaries and wages	22 500
Insurance	3 000
Discount allowed	200
Stationery	150
Depreciation	1 650
Operating income	12 300
Interest income	1 800
Interest expense	(2 800)
Net income	7 700

Information from the Balance Sheet on 28 February 2007

	R
Fixed assets (book value)	125 000
Current assets	57 000
Trading stock	35 000
Current liabilities	25 000
Fixed deposit	15 000
Long-term liabilities	14 000
Capital (1/3/06)	171 000
Owner' s equity	158 000
.....	

DO THE FOLLOWING

Answer the following questions with proof and commentary:
(Calculate to the 2nd decimal)

1. Does the business have land and buildings?
2. What is the degree of profitability if the balance of the capital account in the beginning of the financial year is used as measurement?
The return rate on deposits at banks is approximately 3%
3. Is the business solvent?
4. Will the business be able to fulfill its short term commitments?
5. Is the test acid ratio of the business good?
6. How do the percentage expenses on turnover for 2007 compare with the 20% of 2006?
7. What was the profit percentage that was added to determine the sales price?
8. Did the business make an effort to increase the sales?
9. What was the interest rate on the fixed deposit?
10. How big a portion is the net income to the total sales if it's putting into a percentage?
11. What was the cash amount the owner withdrew during the year, if he withdrew R4 200 of trading stock during the year?

An exercise can have a high level of difficulty if there is a shortage of information provided. The learner has to make calculations to arrive at amounts which he/she can then use to supply answers. In exercise 20 only the Balance sheet is given with a few notes of the financial statements. This increases the skills and insight the learner has to apply.

Exercise 20 (LO1, AS: Final accounts and financial statements)

Analyse the financial statements of Monati Traders for 2008.
Calculations must be to the 2nd decimal accurately:

- 1) The turnover rate of stock
- 2) Is the business solvent?
- 3) Acid test ratio. (Give comments)
- 4) The owner plans to expand his business next year. Will he be able to borrow R50 000?
- 5) Profitability
- 6) The profit percentage which the business adds to the cost price if the turnover was R247 000 and the gross profit R61 750.

BALANCE SHEET OF MONATI TRADERS ON 31 DECEMBER 2008

ASSETS	Note	
Non-current assets		154 680
Fixed assets		149 880
Fixed deposits		4 800
Current assets		31 433
Inventory		14 476
Trade and other receivables		13 625
Cash and cash equivalents		3 332
TOTAL ASSETS		186 113
 EQUITY AND LIABILITIES		
Owner' s equity		152 029
Non-current liabilities		
Loan		20 000
Current liabilities		14 084

Trade and other payables	14 084
TOTAL EQUITY AND LIABILITIES	<u>186 113</u>

NOTES TO THE BALANCE SHEET

Owner's equity

Balance (1/1/2008)	120 000
Net income	54 200
Drawings	(22 171)
Balance (31/12/2008)	152 029

Stock

	2008	2007
Trading stock	14 060	18 632
Consumable stores on hand	416	390
	14 476	19 022

The following section forms part of the transactions of an entity which can take place anytime during the financial year. The disposal of assets is part of the grade 11 curriculum (**cf. 45.5**).

7.3.4 Asset disposal

Exercises can be compiled where only the disposal of an asset is applicable or can form part of a question such as an adjustment which is about the disposal of an asset. The disposal of an asset requires high-order thinking skills of the learner, especially when he/she has to make various calculations to get to the profit or loss position at the time when the asset was disposed. The learner also has to apply basic knowledge regarding the theoretical work of bookkeeping according to the following five steps:

- Transfer the asset to the Asset disposal account at cost price;

- Determine the depreciation of the current financial year of the asset, if it was sold during or at the end of the year;
- Remove the accumulated depreciation of the asset to the Asset disposal account;
- Take the transaction of the disposal of the asset into consideration for example cash, credit, stolen, trade-in, owner took it and so on;
- Determine the profit or loss that has been made with the disposal of the asset.

If the educator wants to verify whether the learner has mastered the application of the five steps, exercises focusing on entering the transaction either in the General journal or the General ledger, or both, can be given.

Exercise 21 focuses on the above-mentioned steps by requiring the learner to follow the five steps of asset disposal in the General ledger as well as the calculations of depreciation which require high-order thinking skills from the grade 11 learner.

Exercise 21 (LO3, AS: Calculate and record depreciation, the acquisition and disposal of assets)

Open the following accounts in the General Ledger of Impala Shop, do the entries and balance the balance sheet accounts at the end of the financial year.

1. Equipment
2. Accumulated depreciation on equipment
3. Asset disposal account.

Transactions

2007
March 1 Balances brought down:

		Equipment	R240 000
		Accumulated depreciation on equipment	90 050
June	2007		
	1	Bought equipment on credit from BB-Distributors at R58 400.	
		Paid B. Mouton R1 600 per cheque for the delivery of the equipment.	

2007
November 1 Equipment valued at R4 000, bought on 1 September 2005, has been stolen. The insurance company acknowledged the claim for R28 000 which they would pay as soon as possible.

2008
February 29 Bought equipment at R20 000 and paid for it by cheque.
Depreciation on equipment must be calculated at 15 % per annum on the book value.

A basic knowledge of these five steps can also be tested by giving an exercise where the transaction for asset disposal has to be entered in the General journal. The calculations of the depreciation in exercise 22 are not too difficult, since the amount for the accumulated depreciation, at the beginning of the year, was given. The learner needs moderately high thinking skills to complete the exercise.

Exercise 22 (LO3, AS: Calculate and record depreciation, the acquisition and disposal of assets)

The following balances appeared at the start of the financial year, in the books of Pro Carriers on 1 March 2007:

Vehicles	R345 000
Accumulated depreciation on vehicles	R 89 600

The following transactions regarding the vehicles took place during the year and were recorded in the books:

- A vehicle was bought on credit for R75 000 on 1 August 2007.
- A vehicle was bought cash for R30 000 on 30 November 2007.

The following adjustments must still be recorded in the books:

- A vehicle with a book value of R22 800 and accumulated depreciation of R10 400 at the beginning of the financial year, was taken by the owner for his own use on 31 January 2008.

- Depreciation of 20 % according to the diminishing-balance-method, must be taken into account on vehicles at the end of the financial year.

DO THE FOLLOWING

Record the adjustments in the General journal.
(No descriptions are needed after each entry).

The same type of exercise as exercise 22 can be given to the learner where he/she needs to complete high-order thinking skills. In the following exercise the accumulated depreciation of the asset taken by the owner was not given and the learner has to calculate the depreciation of the asset disposed from the day it was bought. The learner first has to work backwards from the current financial year before calculations can be done and the transaction can be entered in the books. If the learner has to use this calculation method, it can be referred to as an indirect method to arrive at an answer. The indirect method requires high-order thinking skills. The content of asset disposal can be combined with other sections of the work which will be indicated in exercise 23.

Exercise 23 (LO3, AS: Calculate and record depreciation, the acquisition and disposal of assets)

(LO3, AS: Salaries and Wages)

The following information was taken from the books of Leopold Traders:

On 1 March 2007, the beginning of the financial year, the following balances were among others, in the books:

Equipment	R108 000
Accumulated depreciation on equipment	R 45 000

The owner took a computer, cost price R15 000, at book value for his own use on 1 February 2008. The computer was bought on 1 March 2005. Depreciation of 10 %, according to diminishing-balance-method, had been taken into account each year. Depreciation must also be taken into account on the rest of the equipment on 29 February 2008.

The following information was not written in the Salary journal, which was already posted to the General ledger, on 29 February 2008:

P. Viljoen is on leave and earned a gross salary of R6 800 per month. The total monthly contribution that has to be made to the pension fund amounts to R660. He contributes a third and the rest will be contributed by the employer. A tax rate of 40% has to be calculated on his gross salary.

Do the entries for above transactions in the General journal.

The content of asset disposal can be combined with the other transactions which were done in the General journal. Exercise 24 is an example of such a combination and the learner has to apply high-order thinking skills to solve the given problems and to do some of the calculations. The exercise can be used as LTSM to revise and consolidate content that has already been covered (**cf. 2.8**).

Exercise 24 (LO3, AS: Calculate and record depreciation, the acquisition and disposal of assets)

(LO1, AS: Source documents and bookkeeping)

Enter the following in the General journal of WI Traders on 30 November 2007:

- a) Trading stock of R3 200 was bought on credit from Smart Distributors and entered in the Creditors Journal. Trade discount of 15% wasn't taken into account.
- b) A petty cash voucher was issued for stationery bought for R20. The transaction was entered in the stationery column of the CPJ.

- c) The cost price column in the DAJ was added up with R300 too much and posted as such.
- d) The payment of R500 to STR Wholesalers, a creditor, was entered correctly in the journal, but posted to SSS Wholesalers in the Creditors Ledger.
- e) The following debits on the bank statement were entered as follows:
 - interest – CPJ as interest on current account, R52
 - service fees – CPJ as bank charges, R78.
 - R/D cheque – CPJ as debtors control (S. Ludwig), R150. Discount of R10 with payment was allowed. The discount has still to be cancelled.
- f) Equipment, cost price R18 000, was stolen on 30 November 2007. A claim of R11 000 was made at Sure, an insurance company. Only 95% of the claim was approved by Sure, but will be paid in 2008. The equipment was 2 years and 1 month old when it was stolen. Depreciation of 20% on book value was determined, each year, at the end of the financial year on 28 February.

The calculations of depreciation according to the fixed-amount-method (cost price-method) and the diminishing-balance-method (book value-method) can be combined in one exercise and the level of difficulty can be raised by using different percentages for various assets. In exercise 25 the learner has to use the indirect method to calculate the depreciation of the caravan for each financial year which requires high-order thinking skills. The calculations of the other assets have also to be taken into account to determine the total depreciation for the current financial year.

Exercise 25 (LO3, AS: Calculate and record depreciation, the acquisition and disposal of assets)

(LO3, AS: Internal control)

The following information was in the books of Sprite Distributors on 1 July 2007, the start of the financial year:

Vehicles	R98 000
Equipment	54 780
Accumulated depreciation on vehicles	35 600
Accumulated depreciation on equipment	18 580

A typewriter was bought for R8 700 cash on 1 November 2007.

A new vehicle of R65 000 was bought on credit from General Traders on 31 March 2008.

On 1 April 2008 the only caravan of the business was stolen. According to the fixed asset register the caravan was bought for R22 000 on 1 October 2005. The insurance company undertook to pay R15 000. The details of the caravan were included in the vehicles account and accumulated depreciation on vehicles account.

Depreciation must be brought into account each year as follows:

On equipment – 15% p.a. according to the diminishing-balance-method.

On vehicles – 20% p.a. according to the fixed-amount-method.

On the caravan – 10% p.a. according to the fixed-amount-method.

INSTRUCTIONS

1. Do the following General ledger accounts: (Balance sheet accounts have to be balanced)
 - 1.1 Vehicles
 - 1.2 Equipment
 - 1.3 Accumulated depreciation on vehicles
 - 1.4 Accumulated depreciation on equipment
 - 1.5 Asset disposal account

2. Answer the following questions:
 - 2.1 What can the owner do to ensure that the fixed assets are not stolen?
 - 2.2 What is used to record the information of fixed assets?
 - 2.3 What type of information has to be recorded?

The section on asset disposal can be evaluated in grade 11 as indicated in exercise 25, but it can also be examined as part of the adjustments of the exercises provided for partnerships which form part of the grade 11 curriculum. In grade 12 the evaluation and interpretation of asset disposal will be evaluated - the learner thus has to fully understand the content about asset disposal (**cf. 45.5**).

7.3.5 Partnerships

The content of partnerships is closely related to the content discussed above regarding sole traders. As in the case of sole traders, exercises on partnerships can be given on General ledger accounts, financial statements and the interpretation of financial statements (**cf. 45.3**). The first set of exercises will focus on the General ledger, followed by the exercises that involve year-end adjustments, compiling of financial statements and the analysis of the financial statements.

In exercise 26 the learner has to apply moderately high thinking skills to do the General ledger accounts. The exercise tests basic knowledge, but more so the insight of the learner regarding the calculation of the drawings of the partners.

Exercise 26 (LO1, AS: Record the unique information for a partnership)

The following information was in the books of Calitz Traders on 31 December 2007. Take the given information and do the following accounts in the General ledger:

- 1) The Appropriation account on 31 December 2007

2) the Current account of Martiz, fully balanced.

Some of the account balances that were in the books of Calitz Traders on 1 January 2007:

Capital Maritz,	R300 000
Capital Calahan,	R200 000
Current account Martiz,	R5 300 (dt)
Current account Calahan	R2 800 (cr)

The provisional net income was R210 000 on 31 December 2007, the end of the financial year.

The following stipulations were in the partnership agreement:

- a) the salaries that the partners will receive are as follows:
 - Martiz, R6 000 per month
 - Calahan, R50 000 per annum.
- b) the partners must receive interest of 15% on the opening balances of their capital contributions.
- c) the remaining income must be divided accordingly to their capital contributions.

During the year partner Martiz:

- took R12 000 in cash for private use
- took R4 400 stock for his own use
- received the twelve salary cheques of the financial year.
He was on holiday during December 2006 and received his salary cheque of December 2006 in January 2007.

During the year partner Calahan:

- took R66 000 in cash for his private use.

Exercises which focus on the General ledger accounts of partnerships can also be used to link, for example, with content regarding asset disposal. Although the level of difficulty stays high, it's LTSM which stimulates the concept of a different format the learner has to get used to. Exercise 27 is a

good example of combining the levels of difficulty. The part on partnerships has a moderately high difficulty level, while the asset disposal requires a high level of insight to perform the calculations.

Exercise 27 (LO1, AS: Record the unique information for a partnership)
(LO3, AS: Calculate and record depreciation, the acquisition
and disposal of assets)

The following information was in the books of LL Traders on 31 December 2007.
Take the given information and do the following accounts in the General Ledger:

- 1) the Asset disposal account
- 2) the Current accounts of the partners, fully balanced
- 3) the Appropriation account on 31 December 2007.

Some of the account balances that were in the books of LL Traders on 1 January 2007:

Capital Louw, R250 000
Capital Lambert, R150 000
Current account Louw, R24 500 (cr)
Current account Lambert, R5 100 (dt)

The provisional net income was R192 000 on 31 December 2007, the end of the financial year. The following transaction must still be taken into consideration:

A computer, cost price R7 500, bought on 31 August 2005, was taken over by one of the partners, Lambert, for R2 000 on 31 December 2007. He bought it for his children to work on at home. Depreciation on equipment was calculated at 20% per annum, according to the diminishing-balance-method.

The following stipulations were in the partnership agreement:

- a) the salaries that the partners will receive are as follows:
Louw, R4 500 per month
Lambert R3 500 per month

- b) the partners must receive interest of 15% p.a. on the opening balances of their capital contributions.
- c) the remaining income must be divided accordingly to their capital contributions.

During the year partner Louw:

- took R44 000 in cash for private use
- took R7 000 stock for his own use
- received a cheque for his salary for eleven months.

During the year partner Lambert:

- took R50 000 in cash for his private use
- received his salary in full.

The partnership as business enterprise can also be used to exercise the closing entries at the end of the financial year (as was done in grade 10). Exercise 28 requires the learner to enter the journal entries of the partnership agreement which requires basic knowledge. The calculation to determine the final amount of the net income requires moderately high thinking skills, since the learner has to deduct the amount for trading stock and add the amount for the stationery on hand to the net income. The next exercise integrates content that was covered during separate years and can be used for revision purposes - one of the aims of LTSM (**cf. 2.8**).

Exercise 28 (LO1, AS: Record the unique information for a partnership)

(LO1, AS: Final accounts and financial statements)

The following information was taken from the books of Skinstad Traders on 30 June 2008. Do the following:

- 1) The journal entries of the partnership agreement.
- 2) The closing entries in the General journal.

NO DESCRIPTIONS ARE NECESSARY AFTER EACH ENTRY.

The following balances were in the books of Skinstad Traders on 1 July 2007:

Capital: Skinner	R250 000
Capital: Stadler	150 000
Current account: Skinner	5 290 (dr)
Current account: Stadler	8 760 (cr)

The following stipulations were in the partnership agreement:

- a) The salaries that the partners will receive are as follows:
Skinner, R4 500 per month,
Stadler, R46 000 per annum.
- b) The partners will receive an interest of 8% p.a. on their capital contributions.
Stadler contributed R30 000 to his capital account on 1 May 2008.
- c) The remaining income must be divided equally.

The provisional net income was R1 80 000 on 30 June 2008, the end of the financial year. The following transactions were not entered in the books:

- The trading stock deficit of R500 and stationery of R400 that was on hand.
- The cheque for the salary of Skinner for June 2008.

The following information was in the books on 30 June 2008:

Drawings: Skinner	R65 300
Drawings: Stadler	52 900

The final accounts and financial statements of partnerships can be evaluated by means of different adjustments with different levels of difficulties in exercises. The format of the exercises can also differ by instructing the learner to do different tasks. The next exercise requires moderate to high-order thinking skills and insight and involves the adjustments. Adjustments (5), (7) and (8) require high-order thinking skills from the learner. LFs

commented in their interviews that activities in textbooks fall short of providing adjustments where the learner has to apply high-order thinking skills (**cf. 5.81**). Exercise 29 is a good example of integration of different sections of Accounting as four assessment standards are evaluated at the same time.

Exercise 29 (LO1, AS: Record the unique information for a partnership)

(LO1, AS: Final accounts and financial statements)

(LO3, AS: Salaries and Wages)

(LO3, AS: Calculate and record depreciation, the acquisition and disposal of assets)

Use the Trial balance and information that appeared in the books of Boulevard Distributors and do the following:

- 1) The Income statement for the year ended 29 February 2008.
- 2) The Current accounts note.

PRE-ADJUSTMENT TRIAL BALANCE OF BOULEVARD DISTRIBUTORS

ON 29 FEBRUARY 2008

Balance sheet section	Debit	Credit
Capital: Havard ((1/3/07)		60 000
Capital: Boutsen (1/3/07)		50 000
Current account: Havard		2 440
Current account: Boutsen	505	
Drawings: Havard	44 430	
Drawings: Boutsen	22 780	
Land and buildings	115 400	
Vehicles	85 500	
Equipment	42 200	
Accumulated depreciation on vehicles		18 750

Accumulated depreciation on equipment		7 970
Bank	7 022	
Cash float	60	
Debtors control	3 150	
Creditors control		19 790
Loan: Helping Bank @ 15%		14 000
Trading stock	15 620	
Provision for bad debts		125

Nominal accounts Section	Debits	Credits
Sales		514 615
Cost of sales	326 500 205	
Debtors allowance	14 100	
Wages		
Bank charges	1 225	
Discount received		670
Telephone	1 330	
Stationery	470	
Insurance	585	
Rent income		6 750
Water and electricity	9 368	
Interest on current account		1 020
Bad debts	80	
Interest on loan.....	1 400	
Asset disposal		4 350
Depreciation	8 550	
	1 599 216	1 599 216

ADJUSTMENTS

- 1) According to physical stocktaking on 29 February 2008 the following was on hand:
 - Trading stock R14 995
 - Stationery 125

- 2) Provision for bad debts has to be adjusted to 2% of the trade debtors.

- 3) The bank statement for February 2008 was received, but no entry was made in the books:
 - Interest earned R 25
 - Service fee 135
 - Cash handling fee 75

- 4) Insurance of R200 for March 2008 was paid and entered as follows in the books:
 - DR Water and electricity CR Bank

- 5) Rent is increased by 5% each year on 1 June. The building was rented from 2005. The rent for March 2008 was received and entered in the books.

- 6) The loan of R14 000 from Helping Bank was negotiated on 1 May 2007.

- 7) Depreciation on vehicles was wrongly calculated at 10% on cost price and entered in the books. Depreciation must be calculated at 10% according to the diminishing-balance-method. No vehicles were bought or sold during the financial year.
- 8) Equipment with a cost price of R11 000 and accumulated depreciation of R4 850 on 1 March 2007, was sold on 30 November 2007. A cheque of R4 350 was received and entered in the books. No other entry of the sales transaction was entered in the books. Depreciation on equipment must be calculated at 20% on the cost price.
- 9) The Wage journal of the last week of February 2008 was compiled, but not posted:

- Gross wage	R1 500
- PAYE	450
- Net wage	1 050

The partnership agreement stipulates the following:

- a) Boutsen is entitled to a yearly salary of R30 000, while Havard must receive a monthly salary of R3 000.
- b) The partners are entitled to 15% interest per annum on their capital contributions. The capital of the partners did not change during the year.
- c) The remaining income must be divided according to their capital contributions at the beginning of the financial year.

The format and adjustments of exercise 30 have been changed by using adjustments which need moderately high thinking skills. The correctness of the calculations can be verified by requiring the learner to do the Income statement and all the notes of the financial statements.

Exercise 30 (LO1, AS: Final accounts and financial statements)

Compile the following from the under-mentioned information, as taken from the books of Monza Traders, with partners Moller and Zanele, for the financial period 1 March 2007 to 29 February 2008:

- 1) The Income statement for the year ended 29 February 2008.
- 2) The notes for the Income statement and Balance sheet on 29 February 2008.

TRIAL BALANCE OF MONZA TRADERS ON 29 FEBRUARY 2008

Balance Sheet Accounts Section	Debits	Credits
Capital: Moller		400 000
Capital: Zanele		300 000
Current account: Moller		33 120
Current account: Zanele	5 890	
Drawings: Moller	78 650	
Drawings: Zanele	66 920	
Land and buildings @ cost price	370 00	
Fixed deposit: Kroon Bank	61 800	
Equipment @ cost price	118 000	
Vehicles @ cost price	30 000	
Accumulated depreciation on equipment (1 March 2007)		26 400
Accumulated depreciation on vehicles (1 March 2007)		6 000
Trading stock.....	103 430	
Debtors control.....	32 300	
Provision for bad debts		980
Creditors control		6 000
Bank	33 710	
Cash float	400	
 Nominal Accounts Section		
Sales.....		785 210
Cost of Sales	403 050	
Debtors allowance	800	
Rent income.....		17 100
Discount received		4 860
Wages and salaries	129 980	
Advertising	2 000	
Interest on fixed deposit		5 200
Discount allowed.....	1 460	
Bad debts	700	
Telephone	41 770	
Stationery	2 200	
Water and electricity	101 810	
	1 584 870	1 584 870

ADDITIONAL INFORMATION

1. A debtor, V. Peens, complained that the paint delivered to him, was not the right colour. After an allowance of R400 was agreed on, he decided to keep the paint. No entry was made in the books.
2. According to a physical stocktaking, there was trading stock of R1 021 40 on 29 February 2008.
3. Although there was no stationery on hand on 29 February 2008, an invoice was received from Allsorts Distributors on 27 February 2008. The invoice was for stationery of R450 that was bought and still to arrive. The entry must still be entered into the books.
4. The telephone account of R1 802 for February 2008 was received, but will be paid in March 2008.
5. The provision for bad debts must be adjusted to 3% of the trading debtors.
6. The payment of R2 300 for the monthly salary of partner Zanele for February 2008, was entered as follows:
DR Drawings: Zanele R2 300
CR Bank 2 300
7. The rent income was increased by 5% on 1 December 2007. Rent was received for 14 months from 1 March 2007.
8. The fixed deposit of R15 700 at Kroon Bank had expired on 31 October 2007 and was entered correctly into the books. The fixed deposits at Kroon Bank were invested at 10,5% during the previous financial year.
9. New equipment of R8 000 was bought and entered in the books on 30 April 2007. The existing equipment had been bought on 1 March 2005. Depreciation on equipment is calculated according to the fixed-amount-method. No equipment was sold during the financial year.
10. Depreciation on vehicles must be calculated at 20% p.a. according to the diminishing-balance-method. No vehicles were bought or sold during the financial year.
11. The electricity of the business works according to a card system. The electricity must be bought in advance at 50c per unit and must then be entered into the

business system by means of the card. At the end of February 2008, there were still 1 890 units left.

12. The partner's agreement stipulates the following:
 - 12.1 The partners are entitled to 5% interest per annum on their capital. Both partners increased their capital contributions by R50 000 each on 1 September 2007 and entered into the books accordingly.
 - 12.2 Partner Moller is entitled to a yearly salary of R30 000, while partner Zanele, must receive a monthly salary of R2 300.
 - 12.3 The remaining profit/loss must be divided equally between the partners.

The interpretation of the financial statements of partnerships is an extension of the analysis of the financial statements of a sole trader. The analysis of the financial statements requires high-order thinking skills and insight to answer questions and calculate the formulas and ratios. Exercise 31 uses the content of partnerships as background to ascertain whether the learner can analyse the given information and have the insight to motivate his/her answers. Accounting educators indicated that additional LTSM will help the learners in their creative thinking abilities and improve their problem-solving skills (**cf. 5.8.2**). Exercise 31 fulfill this need and provides the learners an opportunity to expand their experience, make their own observations, draw their own conclusions and find their own solutions to problems to get closer to the real world (**cf. 2.8**).

Exercise 31 (LO1, AS: Final accounts and financial statements)
(LO3, AS: Internal control)

TRIAL BALANCE OF HUGO AND SONS ON 29 FEBRUARY 2008

Balance sheet account section	Debits	Credits
Capital: S. Hugo		190 000
Capital: W. Hugo		150 000
Current account: S. Hugo		26 652
Current account: W. Hugo		11 293
Drawings: S. Hugo	23 400	
Drawings: W. Hugo	44 005	
Land and buildings @ cost price	450 000	
Mortgage loan: AB borrowers @ 18% p.a.		55 000
Equipment @ cost price	65 000	
Accumulated depreciation on equipment (1 March 2007)		15 000
Trading stock	47 555	
Debtors control	26 995	
Provision for bad debts		1 200
Creditors control		21 400
Creditors for salaries		5 000
Bank		1 260
Cash float	400	
Petty cash	100	
Nominal accounts section		
Sales		871 250
Cost of sales	455 700	
Debtors allowance	5 700	
Rent income		12 800
Discount received		4 860
Bad debts recovered		1 525
Wages and salaries	85 000	
Advertising.....	6 000	
Interest on loan	7 200	
Discount allowed	2 660	
Bad debts	700	
Sundry expenses	146 845	
	1 367 260	1 367 260

Use the above trial balance and answer the following questions and also calculate the ratios: (to the 2nd decimal accurately)

- a) What is the percentage of the business' profit on cost price according to the trial balance? If it is the policy of the business to add 100% profit on cost price, name three reasons why it differs.

- b) The aim of the business is to replace its stock each quarter. Was the turnover rate of the business as desired?
- c) The current interest rate of banks was approximately 13%. Were the earnings of the owners satisfying? The net income was equally divided between the partners.
- d) Is the business solvent?
- e) Will the business be able to pay its short term liabilities?
- f) Did the business keep the correct stock levels?

All the above exercises are based on the perpetual inventory system. This means that the Trading stock account is being used through the year for entering transactions that involve stock. Sole traders and partnerships can also choose to do their transactions according to the periodic inventory system, where the Trading stock account becomes inactive during the financial year and is replaced by various other accounts like purchases, carriage on purchases and so on which are used to determine cost of sales at the end of the year.

7.3.6 Periodic inventory system

In this section the learner has to learn how the periodic inventory system functions in order to do clubs and manufacturing where the periodic inventory system is used. Although the basic functioning of the periodic inventory system and clubs forms part of the grade 11 curriculum, its application can be examined in grade 12 in questions regarding manufacturing.

Exercise 32 concentrates on the basic knowledge which the learner has to apply to do the General ledger accounts. The exercise requires the learner to do only those accounts which are unique to the periodic inventory system. As LTSM it is ideal for revision to evaluate the progress of the learner (**cf. 3.9**).

Exercise 32 (LO3, AS: Record transactions in journals and ledgers, utilising the periodic inventory system)

Study the following information and then do the following General ledger accounts, properly balanced:

- Trading stock
- Purchases
- Debtors allowance
- Opening stock
- Closing stock
- Trading account

A part of the Pre-adjustment trial balance of Splash Traders on 29 February 2008

	Fol	Debits	Credits
Stock (1 March 2007)	B4	55 760	
Sales	N1		322 810
Purchases	N2	198 700	
Creditors allowance	N5		9 240
Debtors allowance	N7	5 770	
Carriage on purchases	N8	14 350	
Import rights	N12	4 120	

ADJUSTMENTS

- a) The value of the stock on 29 February 2008, according to the inventory, was

R42 700.

- b) Stock, cost price R2 000, was donated to a charity organisation. No entry was made of the transaction.
- c) No entry was made in the books of goods, R720, that were returned to the supplier.
- d) The owner took trading stock of R480, before stock taking, for his own use and was entered as follows:
DR Drawings R840
CR Purchases 840

Correct the error.

- e) An account of R380 was paid for import rights of goods that were imported from overseas. No entry of the transaction was made in the books.

The closing entries in the General journal and the Trading account differ from that which the learner usually does in exercises based on the perpetual system. Exercise 33 focuses on the basic knowledge of the learner regarding periodic inventory systems and closing entries, but also requires moderately high thinking skills to do the calculations of determining the gross profit of the business without doing the General ledger.

Exercise 33 (LO3, AS: Record transactions in journals and ledgers, utilising the periodic inventory system)

(LO1, AS: Final accounts and financial statements)

Take the following information of Floors Traders into account and then journalise the following: (no descriptions are required)

- 1) the adjustments
- 2) all the closing entries.

**AN EXTRACTION OF THE PRE-ADJUSTMENT TRIAL BALANCE
OF FLOORS TRADERS ON 29 FEBRUARY 2008**

	Fol	Debits	Credits
Sales	N1		174 600
Purchases	N2	116 410	
Creditors allowance	N5		1 140
Debtors allowance	N7	570	
Carriage on purchases	N8	12 080	
Opening stock	N9	32 170	

ADJUSTMENTS

- a) A donation of trading stock, cost price R700, was made to the golf club the previous month and entered into the books. The club sent the goods back because it was the wrong stock. No entry was made of the goods that were sent back.

- b) Stock of R740 was purchased per cheque and included carriage of R50. The transaction was entered as follows:
 DR Stationery R740
 CR Bank 740

- c) The fixed deposit at ACT Bank expires today. Interest of R2 400 for the last 6 months at 15% per annum was received and entered into the books.

- d) After the above mentioned adjustments, the trading stock was, according to the inventory, R39 250.

The learner has to be able to compare the perpetual- and periodic inventory systems with each other. When the learners do the journals, ledgers and financial statements, they will be able to compare the two inventory systems. Exercise 34 involves a sole trader who is using a periodic inventory system. The learner has to apply the basic knowledge regarding the periodic inventory system together with the adjustments and financial statements of a sole trader. The adjustments involved to complete the Income statement require the learner to apply high-order thinking skills and insight to calculate (d), (g) and (h).

Exercise 34 (LO3, AS: Record transactions in journals and ledgers, utilising the periodic inventory system)

(LO1, AS: Final accounts and financial statements)

Take the following information into account and then do the Income Statement with the note for the year ended 29 February 2008.

A part of the Pre-adjustment trial balance of Tamarisk Traders on 29 February 2008

	Debits	Credits
Trading stock (01/03/2007)	64 500	
Fixed deposit	6 000	
Debtors control	4 400	
Provision for bad debts		216
Purchases	238 670	
Sales		378 420
Creditors allowance		12 310
Debtors allowance	1 890	
Carriage on purchases	21 690	
Custom dues	2 300	
Rent income		9 670
Bad debts	300	
Wages	56 440	
Interest on fixed deposit		700
Bank charges	760	
Stationery	1 170	
Water and electricity	18 230	
Telephone	9 950	
Discount received		4 540
Discount allowed	800	

ADJUSTMENTS

- a) Stock, sales price R3 380, was donated before stock taking to a children' s home. The business has a profit mark-up on cost price of 30%. No entry was made of the transaction.
- b) No entry was made of trading stock, cost price R500, which was sent back to the supplier.
- c) Stock according to the inventory on 29 February 2008 was as follows:
 Trading stock, R55 120
 Stationery, R140

- d) A cheque of R228, that was previously received from a debtor in settlement of his account after 5% discount was deducted, was received from the bank because of insufficient funds. The account must be written off as bad debts.
- e) Make provision for bad debts that will be equal to 4% of the amount owed by debtors.
- f) An amount of R780 for the carriage of trading stock from the factory to the shop was entered as follows:
- | | | |
|----|-----------|------|
| DR | Purchases | R780 |
| CR | Bank | R780 |
- g) A part of the building was rented from 1 March 2007. The rent was increased with R50 on 1 July 2007 and with a further R20 on 1 October 2007. The rent for March 2008 had already been received.
- h) The fixed deposit was made at Tourist Bank on 1 April 2007 at 16.25%. On 1 August 2007 the interest rate decreased to 14% and was decided to withdraw half of the fixed deposit on 1 December 2007. A part of the deposit was received on 1 December 2007 and was entered into the books.

The periodic inventory system can also be integrated with the content of a partnership. The learner has to display the basic knowledge of periodic inventory systems, partnerships and financial statements to apply his/her insight and high-order thinking skills to solve the given adjustments and compile the financial statements of a partnership. Exercise 35 complies with all these requirements.

Exercise 35 (LO3, AS: Record transactions in journals and ledgers, utilising the periodic inventory system)

(LO1, AS: Final accounts and financial statements)

The given information from the books of Sportman Traders, with partners Joubert and Small, must be taken into account for the financial period 1 March 2007 to 29 February 2008 and then do the following:

1. The Income Statement for the year ended 29 February 2008. (Show the calculation to determine the cost of sales).

2. The following notes:
 - 2.1 Interest expense
 - 2.2 Capital
 - 2.3 Current accounts

TRIAL BALANCE OF SPORTMAN TRADERS ON 29 FEBRUARIE 2008

Balance Sheet Account Section	Debit	Credit
Capital: Joubert		220 000
Capital: Small		180 000
Current account: Joubert		26 652
Current account: Small		11 293
Drawings: Joubert	23 400	
Drawings: Small	44 005	
Land and buildings	410 000	
Mortgage loan from AB borrowers 18% p.a.		55 000
Equipment @ cost price	65 000	
Accumulated depreciation on equipment (1 March 2007)		15 000
Trading stock (1 March 2007)	147 555	
Debtors control	23 750	
Provision for bad debts		1 200
Creditors control		26 420
Bank	1 260	
Cash float	400	
Petty cash	100	
Nominal Account Section		
Sales		731 600
Purchases	455 700	
Carriage on purchases	8 890	
Debtors allowance	5 700	
Rent income		12 800
Discount received		4 860
Bad debts recovered		1 525
Import dues	755	
Creditors allowance		1 070
Wages and salaries	85 000	
Advertisements	1 920	
Interest on mortgage loan	7 200	
Discount allowed	2 660	
Bad debts	700	
Stationery	3 425	
	1 427 070	1 427 070

ADDITIONAL INFORMATION

1. No entry was made of the trading stock R150 that was donated to a High School before the stock taking.

2. Stock on hand on 29 February 2008:
Trading stock, R146 000
Stationery, R730.
3. A cheque of R770, post-dated for 15 March 2008, was issued to Big Shoes distributors for the settlement of the account, R820. The amount of the cheque was entered into the Cash Payments Journal as R707 and posted to the General ledger. The correction of the discount has also to be made.
4. The provision for bad debts must be adjusted to 4% of the outstanding amount by the debtors.
5. Partner Joubert took trading stock to the value of R280. No entry was made into the books.
6. The total for the rent income is for offices that were rented from 1 March 2007. The rent for two months is still outstanding.
7. The loan from AB Borrowers was granted on 1 November 2006. According to the agreement R10 000 has to be paid on the loan annually. Make provision for the interest outstanding.
8. On 1 January 2006 an advertisement contract of R2 880 was concluded with the radio for two years and paid in cash. A new contract of R720 with the local paper was concluded for nine months on 1 December 2007.
9. Depreciation of 17% p.a. at book value on equipment must be brought into account.
10. The partners' agreement states the following:
 - 10.1 Partners are entitled to 12% interest per annum on their capital contributions. The interest was increased to 15% on 1 January 2008. No contribution was made during the year.
 - 10.2 Partner Joubert is entitled to a monthly salary of R1 500 and partner Small R1 200 per month.
 - 10.3 Partners share of profit or loss according to the ratio of 4:3.

The basic knowledge of the learner about the periodic inventory system can be put to good use when doing the stock accounts of a club. The section regarding clubs forms part of the grade 11 curriculum (**cf. 4.5.5**) and it is therefore advisable that the educator proceeds with clubs after the section on periodic inventory systems has been completed. LTSM can then be coherently designed

to ensure full alignment of the learning content regarding learning outcomes, assessment criteria and assessment opportunities (**cf. 3.9**).

7.3.7 Clubs

Clubs, as a non-profitable entity, make use of a periodic inventory system. The main source of income is membership fees and most clubs sell refreshments for an additional income. The learner has to apply his/her basic knowledge about clubs to do the Membership fees account, use the periodic inventory system to do the stock accounts, such as the Refreshments account, and to do the temporary accounts like Prepaid expenses, Accrued expenses, Income received in advance and Accrued income to rectify the nominal accounts at the end of the financial year. The writing back of these temporary accounts has to be done at the beginning of the following financial year which forms part of the Accounting cycle (**cf. 2.7**).

The first few exercises involve the Membership fees account. It requires high-order thinking skills to calculate and keep track of the membership fees during the financial year. The exercises focus mainly on the Membership fees account or can be combined with more General ledger accounts. Most of the exercises can be differentiated on the basis of the format in which the information is presented. The learner has to use the different formats to complete the exercise. Exercise 36 requires the learner to apply his/her insight of membership fees. The level of difficulty of this exercise is moderately high.

Exercise 36 (LO1, AS: Record the unique information for clubs)

Use the given information and do the **Membership fees account** in the General ledger of Oases sport club.

- ❖ Oases sport club has 157 members on the 31 December 2006
- ❖ Membership fees are R120 per annum per member, regardless of the time in year the member was entered.
- ❖ Entrance fees are 150 per member.
- ❖ The journals have been posted to the General ledger quarterly.
- ❖ All the new members paid their membership and entrance fees for 2007 when they entered.

On 1 January 2007, the beginning of the financial year, there were 5 members who had not paid their membership fees for 2006 and 2 members that had paid in advance for 2007.

Until 31 March 2007 the following number of members had paid their membership fees:

for 2006 – 3
 for 2007 – 102
 new members – 15

The management decided to write off the outstanding membership fees for 2006 and to scratch the members name from the register.

On 30 June 2007 another 10 new members were accepted at the club.

Until 30 September 2007 the following number of members did pay their membership fees:

for 2007 – 46
 for 2008 – 3

On 15 December 2007 the club received a request from a member to pay back his membership fees he had paid in advance for 2008, because he was moving to another town. His request was granted on 31 December 2007 and his name was removed from the register.

On 31 December 2007 another 5 members paid their membership fees for 2008, while a few members' membership fees were outstanding.

The same format of exercise 36 can be used to increase the level of difficulty by requiring more problem-solving techniques. The calculations of the membership fees in exercise 37 are more difficult than in exercise 36. It requires high-order thinking skills.

Exercise 37 (LO1, AS: Record the unique information for clubs)

Study the under-mentioned information of Star Running Club and then do the **Membership fees account** for 2007.
(Show calculations how to get the amount for Income and expenditure in the Membership fees account)

Membership fees are R200 per member per annum. Members that join the club during the year, will pay membership fees as follows:

from 1 January to 29 February = full amount
from 1 March to 31 May = 80% of the amount per annum
from 1 June to 31 August = 60% of the amount per annum
from 1 September to 31 October = 40% of the amount per annum
from 1 November to 31 December = 20% of the amount per annum

Members who leave the club before 1 September, will receive 30% of the membership fees that has been paid, back.

Members that haven't paid their membership fees in full at the end of the year, will pay a 20% increase on the outstanding balance of their membership fee. Members that pay their membership fees in advance for the next year, will get a 10% discount on their membership fees.

On 1 January 2007, the start of the financial year, the club has 80 members.

- a) On 31 December 2006:
membership fees of 3 members were still outstanding for 2006
2 members paid half of their membership fees for 2006
6 members already paid their membership fees for 2007.
- b) New members joined the club during 2007 as follows and paid their membership fees in full:
7 members in January
4 members in April
2 members in July
3 members in October
1 member in November.
- c) Members left the club during 2007 as follows:
4 members in April and 2 members in December. These members paid their membership fees in full during 2007.
- d) One member didn't pay any membership fees during 2006 and still owed it. It must be written off as irrecoverable. His name must also be removed from the members register.
- e) According to the Cash Book, membership fees received during 2007 amounted to R18 200, including R720 membership fees that were received for 2008. Membership fees of R480 were still outstanding for 2007.

Membership fees can also be combined with other General ledger accounts.

The format of the next exercise is to provide a Post-closing trial balance at the

end of the previous financial year with additional information for the learner to do certain General ledger accounts. The learner has to apply high-order thinking skills in order to take all the given information into account when doing the accounts in the General ledger.

Exercise 38 (LO1, AS: Record the unique information for clubs)

Use the under-mentioned information and do the following General ledger accounts:

- a) Membership fees
- b) Interest on fixed deposits
- c) Wages
- d) Refreshments
- e) Stationery

BOOKS OF WCC SPORT CLUB
Post closing Trial Balance on 31 December 2006

	Debits	Credits
Accumulated funds... ..		90 600
Land and buildings... ..	50 700	
Equipment... ..	15 100	
Accumulated depreciation on equipment... ..		2 050
Fixed deposit: West Coast Bank (9% p.a.)... ..	11 000	
Bank balance according to Cash book... ..	13 870	
Creditors... ..		1 340
Stock: Refreshments... ..	545	
Consumable stores on hand... ..	75	
Accrued income... ..	5 680	
Income received in advance... ..		3 000
Prepaid expenses... ..	20	
	96 990	96 990

ADDITIONAL INFORMATION

- a) The consumable stores on hand were for stationery.
- b) The accrued income was for:
 - membership fees R5 400
 - Interest on fixed deposit R280
- c) The income received in advance was for membership fees.

- d) The prepaid expense was for wages.
- e) Membership fees are R600 for the year. If a member joins the Club during the year, he must pay his membership fees pro rata from the month he joined the club until the end of that year. Members who failed to pay their membership fees of the previous year, will be removed from the membership fees register.
- f) On 31 December 2006 the club had 152 members. New members that have joined the club paid their membership fees and entrance fees in full for 2007. The entrance fee amounts to R200 per annum.
- g) The new members joined the club as follows during 2007:
 1st quarter – during January
 2nd quarter – during May
 3rd quarter – nobody
 4th quarter – during November.
- h) The cash book of the club was posted quarterly and the totals were as follows:

	RECEIPTS		PAYMENTS	
March 2007	Membership: 2006 2007 Entrance fee Interest: Fixed deposit Refreshment sales	R 3 000 51 000 2 400 450 14 100	Wages Refreshments Creditors Equipment Affiliation	R 2 100 13 600 1 100 17 500 1 500
June 2007	Membership fees: 2007 Entrance fee Refreshment sales	31 400 1 000 22 500	Wages Stationery Refreshments Water and lights	1 800 620 17 800 32 600
Sept. 2007	Membership fees: 2007 Refreshment sales Interest: Fixed deposit	9 000 17 100 650	Wages Refreshments Honorariums	5 400 12 300 5 000
Dec. 2007	Membership fees: 2007 2008 Refreshment sales Entrance fee	200 4 200 28 800 400	Wages Water and lights Refreshments	7 800 34 700 14 900

- i) According to a stock-taking on 31 December 2007, the following was registered:
- Refreshments – R740
 - Stationery – R110

The same level of difficulty can be maintained as in exercise 38, although the format of presenting the information can be different. Exercise 39 requires the learner to do General ledger accounts from the Balance sheet of the previous financial year, the Statement of Receipts and Payments and additional information.

Exercise 39 (LO1, AS: Record the unique information for clubs)

In consideration of the given information, do the following General ledger accounts of Sea Breeze Sport Club for the financial year ending 31 December 2007:

- 1) Accumulated depreciation on lawnmowers
- 2) Membership fees
- 3) Telephone
- 4) Refreshments
- 5) Golf-equipment
- 6) Stationery
- 7) Interest on fixed deposit

**SEA BREEZE SPORT CLUB
BALANCE SHEET ON 31 DECEMBER 2006**

ASSETS	Note	
Non-Current assets		179 500
Fixed assets		172 500
Investments		7 000
Current assets		88 000
Stock		48 700
Debtors		1 200
Cash		38 100
TOTAL ASSETS		267 500
 OWNERS' EQUITY AND LIABILITIES		
Capital fund		234 800

Non-Current liabilities		
Loan: XXX Bank... ..		8 000
Current liabilities		24 700
Creditors		24 700
TOTAL OWNERS' EQUITY AND LIABILITIES		267 500

ADDITIONAL INFORMATION TO THE BALANCE SHEET ON 31 DECEMBER 2006

a) Fixed assets

	Cost Price	Accumulated depreciation	Book-value
Buildings and grounds	120 000		120 000
Lawnmowers	75 000	22 500	52 500
	195 000	22 500	172 500

b) Stock contains:

- refreshments	R25 600
- golf-equipment	18 200
- consumable stores (stationery)	4 900

c) Debtors were for accrued income on:

- membership fees	R800
- interest on fixed deposit	400

d) Creditors were for:

- Creditors	R23 250
- Income received in advance - membership fees....	1 200
- Accrued expenses - telephone	150
- honorarium: secretary	100

STATEMENT FOR RECEIPTS AND PAYMENTS

for the year ended 31 December 2007

RECEIPTS			213 670
Membership fees:		75 480	
2006	400		
2007	73 080		

2008	2 000		
Entrance fees		16 000	
Donations		2 700	
Fixed deposit: Sport Bank (15% p.a.)...		7 000	
Sale of refreshments		62 400	
Interest on fixed deposit		1 715	
Sale of golf-equipment		48 375	
<u>Less: PAYMENTS</u>			155 120
Creditors		23 250	
Purchases of refreshments		31 550	
Competition prices		1 620	
Purchases of golf-equipment		28 900	
Interest on loan		1 500	
Wages		7 200	
Stationery		2 750	
Honorarium: treasurer		500	
secretary		400	
Water and electricity		24 980	
Fixed deposit: Plus Bank		12 000	
Bank charges		440	
Petty Cash		1 020	
Lawnmowers (1 June 2007)		14 000	
Maintenance cost		4 010	
Cash surplus for the year			58 550
Balance in bank on 1 January 2007			37 350
Balance in the bank on 31 December 2007.....			95 900

GENERAL INFORMATION

The constitution of the club determined that a membership fee of R400 per member per annum has to be paid. Members who have entered after the first quarter of the year will pay R40 for each remaining month of the year. The month in which the member has entered also count as a remaining month. Each member will pay R1 000 entrance fee.

The club had 176 members on 31 December 2006.

ADJUSTMENTS

- a) Membership fees of 2006 that were still outstanding, must be written off and their membership must be cancelled as from 1 January 2007.
- b) According to the membership register, members have entered to the club during 2007 as follows:
- 7 members during February
 - 2 members during April
 - 4 members during August
 - 3 members during October.
- c) At the end of 2007 there were still members who had not paid their membership fees for the current financial year.
- d) The fixed deposit of R7 000 at Sport bank has expired on 1 November 2007. A deposit at Plus Bank of R12 000 was made at 16% per annum on 1 September 2007.
- e) The totals of the Petty Cash journal were as follows on 31 December 2007:
- Petty cash R970
 - Wages 330
 - Stationery 40
 - Telephone 600
- f) Golf-equipment, cost price R8 700, was donated as competition prizes during the year.
- g) Refreshments were sold at cost price + 20%.
- h) According to a stock-taking on 31 December 2007 there was:
- golf-equipment R6 150
 - stationery 520
- i) Depreciation on lawnmowers must be calculated at 15% per annum, according to the diminishing-balance-method.

The format of the next exercise provides the opening and closing balances of some General ledger accounts and the Income and Expenditure statement with additional information of the current financial year to complete the Statement of Receipts and Payments for the financial year. The exercise will help learners to increase their problem-solving skills and broaden their insight because of the format of the exercise and the method that has to be applied. Exercise 40 is the

opposite of exercise 39 which implies that the learner has to work *towards* the Statement of Receipt and Payments and not *from* it to compile the Income and Expenditure statement.

Exercise 40 (LO1, AS: Record the unique information for clubs)

Use the following information and draw up the Statement of Receipts and Payments for the year ended 31 December 2007.

BOOKS OF COMRADES SPORT CLUB
AN EXTRACTION OF THE POST-ADJUSTMENT TRIAL BALANCE ON
31 DECEMBER

	2006		2007	
	Debits	Credits	Debits	Credits
		98 400		113 487
Capital fund	72 477		88 477	
Land and buildings	15 100		17 900	
Equipment		2 050		3 130
Accumulated depreciation on equipment	6 000		12 000	
Fixed deposit: West Coast Bank (14% p.a.)	13 273		2 890	
Bank balance according to cash book		7 000		5 000
Loan: Omega Bank (22% p.a.)	600		222	
Stock: Refreshments				
Consumable stores on hand (Stationery)... ..			55	

INCOME AND EXPENDITURE STATEMENT FOR THE
YEAR ENDED 31 DECEMBER 2007

Membership fees	15 500
Other income	4 768
Entrance fee	450
Donations	1 770
Profit on refreshments (7 778 – 5 230)	2 548
Expenses	(5 041)
Stationery	160
Insurance	520
Wages	2 430
Honorarium: Treasurer	250
Water and electricity	280
Bank charges	321
Depreciation	1 080
Operating surplus	15 227
Interest income	1 290
Surplus before interest expense	16 517
Interest expense	(1 430)
Net surplus for the year	15 087

ADDITIONAL INFORMATION

1. Membership fees for 2007 still outstanding amount to R200 and R800 for 2008 has been paid in advance.
2. Wages of R130 for December 2007 have not been paid yet.
3. On 1 October 2007 R2 000 has been paid off on the loan. The interest of the last three months will be paid in January 2008.
4. A new insurance of R360 per annum was taken out on 1 September 2007 and has been paid.
5. Depreciation on equipment is calculated at 10% on book value.
6. An additional fixed deposit at 15% per annum was made on 1 July 2007. The interest on this deposit was still outstanding on 31 December 2007.

As is the case with clubs, manufacturing enterprises also use a periodic inventory system and can therefore be explained after the learner has mastered the content of periodic inventory systems. The section on manufacturing forms part of the grade 12 curriculum (**cf. 45.5**).

7.3.8 Manufacturing

Manufacturing forms part of managerial accounting where the learner has to apply costing principles to prepare, present, analyse and report on cost information. The costs accounts in the General ledger and the Production cost statement form the basis of what the learner has to master before he/she can perform calculations to analyse the cost information.

The next exercise concentrates on the General ledger to test the basic knowledge of the learner, although moderately high thinking skills are also necessary to do some of the calculations.

Exercise 41 (LO2, AS: Prepare, present, analyse and report on cost information for a manufacturing enterprise)

Use the given information of King Manufacturers to do the following General ledger accounts for the financial period ending 29 February 2008:

1. Raw material stock
2. Direct material
3. Manufacturing overhead costs
4. Work-in-progress
5. Finished goods stock

Information:

Stock on 1 March 2007 was as follows:

Raw material	33 750
Indirect material	1 150
Work-in-progress	18 570
Finished goods	24 200

The following transactions and information regarding the financial year ending 29 February 2008, were available:

R	
Raw material purchased: cash	130 000
: credit	480 000
Carriage on raw materials purchased: cash	32 600
Raw materials issued for manufacturing	650 000
Raw materials sent back by manufacturing	5 000
Indirect material purchased	9 400
Wages paid: Direct wages	470 000

Indirect wages	45 000
Salaries: Factory manager	135 000
Salaries of administrative personnel	155 000
Salaries of sales and distribution department	76 000
Commission of sales personnel	180 000
Rent paid	60 000
Insurance	102 000
Water and electricity	154 000
Depreciation: Factory equipment	42 000
Depreciation: Office equipment	14 500
Telephone	48 000
Sundry administrative expenses	27 500
Pension fund contributions: Direct labour	23 500
Indirect labour	2 250
Administrative	7 750

Additional information:

a) The cost of finished goods manufactured during the financial year ending 29 February 2008, was R1 500 000.

b) Information regarding the units of finished goods was as follows:

1 March 2007	44
Produced during the financial year	2 500
Sold during the financial year	2 490

The policy of the business is to sell older products first.

c) Indirect material of R890 was on hand on 29 February 2008.

d) The following expenses have to be divided between the different departments as follows:

DEPARTMENTS	Factory	Administration	Sales and distribution
Rent paid	70%	20%	10%
Insurance	1	1	1
Water and electricity	80%	10%	10%
Telephone	1	2	3

Exercise 42 mainly covers the Production cost statement, but also requires the learner to do an account of the General ledger and one ratio. The learner needs basic knowledge and moderately high thinking skills to complete the exercise. Basic knowledge regarding the periodic inventory system can be applied to determine the direct material used and to complete the Finished goods account. The calculation of the different overheads will test the thinking skills of the learner.

Exercise 42 (LO2, AS: Prepare, present, analyse and report on cost information for a manufacturing enterprise)

Use the following information, extracted from the records of Dunbar Manufacturers. You have to prepare the following:

1. the Finished goods stock account.
2. the Production cost statement for the year ended on 29 February 2008.
3. the production cost per unit of finished goods.

The following transactions and information for the financial year ending on 29 February 2008 is available:

R	
Direct material purchased: cash	80 000
: credit	192 200
Carriage on direct material purchased	15 800
Wages paid: Direct labour	172 000
Indirect labour	45 400
Salaries: Factory	123 000
Rent: Factory	48 000
Insurance: Factory	14 000
Water and electricity: Factory	62 500
Depreciation: Factory equipment	22 100
Sales	1 092 000

Indirect material purchased	17 200
Unemployment Insurance contribution:	
Direct labour	1 700
Indirect labour	500

During the year 25 000 units were completed.

Finished goods were sold at a profit of 40% on cost price.

Stock on hand was as follows:

	28 February 2007	29 February 2008
Raw materials	14 500	21 100
Indirect material	4 900	2 200
Work-in-progress	8 900	5 400
Finished goods	11 000	?

The rates and taxes for the financial year ending on 29 February 2008 is still outstanding to the amount of R8 000. The rates and taxes are allocated to the factory and administration section in proportion to the floor space used. The administration section is using 1 000m² of the total floor space which is 4 000m² .

This exercise can be extended from the Production cost statement to the Trading statement which means that the amount for sales and gross profit form be part of the reporting. The learner needs to apply high-order thinking skills and insight to calculate the expenses of the factory.

Exercise 43 (LO2, AS: Prepare, present, analyse and report on cost information for a manufacturing enterprise)

The following information was provided by Plasto Manufacturers for the financial year ending on 29 February 2008. The following have to be compiled from the information:

1. Notes to the financial statements

2. Production cost statement

3. Trade statement

Information:

Stock on hand was as follows:

	28 February 2007	29 February 2008
Direct material	5 600	4 900
Indirect material	4 100	7 500
Work-in-progress	51 500	38 800
Finished goods	12 400	19 100

The following transactions and information regarding the financial year ending 29 February 2008, was available:

	R
Direct material purchased: cash	76 000
: credit	82 000
Carriage on direct material purchased: credit	9 400
Custom duties on direct material purchased	2 100
Indirect material: cash purchases	22 200
Finished goods sold during the financial year	908 040

Statistics of the business:

	Factory	Administration	Sales and distribution
Personnel: wages	30	-	-
: salaries	1	5	14
Area	2 500m ²	1 000m ²	1 500m ²
Labour hours per week	96	40	44

The following expenses have to be divided between the different departments as follows:

Expenses	Basis for division	Amount
Insurance	Area	R15 000
Water and electricity	Labour hours	27 000
Stationery	Personnel: salaries	6 000
Telephone	Personnel: salaries	14 000
Rent	Area	23 940

The following income and expenses must also be taken into consideration:

R

Depreciation	92 000
Bad debts	850
Advertising	3 600
Bank charges	1 100
Interest on fixed deposit	3 000
Interest on overdraft bank account	400

Adjustments:

- a) Depreciation of 15% on cost price was taken into account on the office equipment of R80 000. The remaining depreciation was calculated on the factory machinery.
- b) The interest on the fixed deposit is calculated at 12% per annum. A fixed deposit of R50 000 was made on 1 July 2007. There is still interest outstanding.
- c) The building was rented from 1 March 2007. The rent was increased by 10% from 1 January 2008. The rent for March 2008 was already been paid.
- d) An analysis of the direct wages of the factory workers for the financial year is as follows:

Gross... ..	R138 000
PAYE... ..	13 000
UIF... ..	1 400
UIF contribution.	1 400

- e) Indirect wages and salaries were as follows:

	Factory Indirect wages	Administration salaries	Sales and distribution salaries
Gross	8 000	3 000	2 000
UIF	80	30	20
UIF contribution	80	30	20

- f) A summary of the salary of the factory manager for the financial year, was:

Gross... ..	R120 000
PAYE... ..	20 000

Medical... ..	7 000
Pension... ..	6 000
Medical contribution... ..	14 000
Pension contribution.....	6 000

g) Commission of R30 000 was paid to the marketing personnel of the sales department during the financial year.

As illustrated in exercise 42, the analysis of cost information can form part of an exercise. The exercise can focus entirely on the calculation and interpretation of cost information which will demand high-order thinking skills and insight. Exercise 44 portrays a practical situation where the learner has to calculate the required information.

Exercise 44 (LO2, AS: Prepare, present, analyse and report on cost information for a manufacturing enterprise)
(LO3, AS: Internal control)

The following information of Sport World Manufacturers is provided:

Sport World Traders manufactures just on order. During the year an order was received from Memory Enterprises to manufacture 50 000 soccer balls as souvenirs of the world cup. The budget to manufacture the soccer balls was as follows:

BUDGETED PRODUCTION COSTS OF SOCCER BALLS

	R
Direct material costs	145 000
Direct labour costs	205 000
Manufacturing overhead costs	110 000

Additional information:

Manufacturing overhead costs consist of 70% fixed costs and 30% variable costs.

The soccer balls will be sold to Memory Enterprises at a profit mark-up of 50% on cost price.

CALCULATE THE FOLLOWING:

- 1) the direct material cost per unit
- 2) the direct labour cost per unit
- 3) the primary costs per unit
- 4) the manufacturing overhead costs per unit
- 5) cost price of 1 soccer ball
- 6) sales price of 1 soccer ball
- 7) the breakeven point
- 8) the profit that is going to be made on the order

Answer the following question:

- 9) How can the different types of internal control be used by management to prevent accidents?

The section on companies goes hand in hand with manufacturing since it comprises the majority of the content the learner has to master in grade 12 **(cf. 4.5.5)**.

7.3.9 Companies

The exercises focusing on companies involve the General ledger accounts, financial statements, cash flow statement and the analysis of the financial statements. The basic knowledge which the learner has mastered regarding the entries in the General ledger can be put to good use to understand the rest of the content of companies. Learners have to apply high-order thinking

skills to do the financial-, cash flow statements and the calculation of the ratios to analyse the financial statements.

If an exercise requires a learner to do the General ledger of a company, other content like asset disposal, as illustrated in exercise 45, can also be included. LTSM on companies can be used to revise other content covered - as in the case of the sections on sole traders, partnerships and so on.

Exercise 45 (LO1, AS: Record the unique information for a company)

Sport Limited was registered on 15 January 2003 with the following share capital:

Authorised – 80 000 shares R5 each

Balances on 1 March 2007:

Share Capital	R300 000
Retained income	74 400
SA Revenue Services: Income tax	880 (dr)
Shareholders for dividends	15 100

The following transactions took place during the financial year

On 1 March 2007, the beginning of the financial year, the rest of the shares were offered to the public at a premium of 60 cents.

2007

- March 10 Paid the outstanding dividends per cheque;

- April 1 Applications for all the shares offered, were received.

- Aug 31 Paid provisional income tax of R33 000 per cheque.

- Sept 2 An interim dividend of 35 cents per share was declared.
- 15 Paid the interim dividend per cheque

2008

- Feb 25 A cheque of R38 000 was issued for a second provisional payment of income tax.
- 29 The total income tax for the financial year was R74 550.
A final dividend of 60 cents was declared.
The net income was R248 500 for the year, after the next transaction was taken into account:
Equipment (cost price R8 000) was stolen. Depreciation on equipment was calculated on the cost price each year. The accumulated depreciation on the stolen equipment was R3 000 on 1 March 2007 and was bought on 1 September 2004. The insurance company, Tuff Insurers, undertakes to pay R3 500 of the claim.

DO THE FOLLOWING

1. Show the following accounts in the General ledger, balanced or closed: (Use folio references)
 - Ordinary share capital
 - Ordinary share premium
 - SA Revenue Services: Income tax
 - Shareholders for dividends
 - Appropriation account
2. The entries in the General journal for the equipment that was stolen.

The format for the financial statements of a company remains almost the same as it was for sole traders and partnerships. The adjustments mastered by the learners when they did sole traders and partnerships are also applicable to companies. The adjustments require the learner to apply high-order skills as provided in exercise 46.

Exercise 46 (LO1, AS: Prepare final accounts and financial statements)

Novice Limited have an authorised share capital of 1 00 000 ordinary shares of R5 each. 60 000 shares were issued with a premium of R1 per share. The pre-adjustment trial balance and adjustments of Novice Limited were for the financial period that ended on 29 February 2008.

Do the following:

- 1) The Income statement for the period ended 29 February 2008.
- 2) The Balance sheet with notes on 29 February 2008.

**PRE-ADJUSTMENT TRIAL BALANCE OF NOVICE LIMITED
ON 29 FEBRUARY 2008**

	Debit	Credit
BALANCE SHEET ACCOUNTS SECTION		
Ordinary share capital.....		300 000
Share premium		60 000
Retained income (1/3/2007)		32 800
Land and Buildings	294 800	
Vehicles	135 000	
Equipment	81 000	
Mortgage loan		50 000
Trading stock	37 400	
Debtors control	12 950	
Creditors control		48 180
Bank	45 630	
Cash Float	500	
Provision for bad debts		680
Accumulated depreciation on vehicles		54 000
Accumulated depreciation on equipment.....		21 800
Pension fund		2 400
SA Revenue Services: Income tax	20 000	
NOMINAL ACCOUNTS SECTION		
Sales		544 240
Cost of sales	288 150	
Debtors allowance	640	
Salaries	62 100	
Insurance	14 800	
Bad debts	440	
Interest on mortgage loan	5 500	
Rent income		9 000
Telephone	9 900	
Stationery	4 610	
Water and Electricity	45 000	
Audit fees	8 750	

Directors fees	35 000	
Dividends on ordinary shares	12 000	
Pension fund contribution	8 930	
	1 123 100	1 123 100

ADJUSTMENTS

- a) Stock on hand on 29 February 2008 according to a physical stocktaking:
Trading stock R36 230
Stationery 550
- b) Debtor, W. Langer was declared insolvent. His estate will pay 80c in each Rand of the R150 that he owed.
- c) The provision for bad debts must be adjusted to 5% of the Debtors control.
- d) A vehicle, cost price R38 000, that was bought on 1 June 2005 has been sold for R25 000 cash on 1 March 2007. No entry of the transaction was made into the books. Depreciation is calculated on vehicles at 20% per annum on the cost price and on equipment at 15% on the book value.
- e) The interest on the mortgage loan will be paid quarterly at 18% per annum. On 1 December 2007 an additional loan of R10 000 was lent at 18% per annum. According to the agreement the loan will be paid back in payments of R2 000 on the first of each month, starting on 1 February 2008.
- f) The water and electricity account for February 2008 of R4 250 was received and it has not yet been paid.
- g) Rent was received from 1 March 2007 and paid in advance for a quarter.
- h) Insurance for the financial period ending on 29 February 2008, was R13 400.
- i) On 1 January 2008 the direction has decided to issue an additional 20 000 ordinary shares of R5 each at a premium of R1. On 29 February 2008, the closing date for application, application for the 20 000 ordinary shares were received and issued. No entry of the transaction was made into the books.
- j) The total income tax for the financial period amounted to R15 500.
- k) A final dividend of R24 000 was declared.

The Cash flow statement forms part of the financial statements of a company. Exercises can consist of the Cash flow statement only or it can be combined with the interpretation of the financial statements by means of ratios that have to be calculated. The next exercise combines the Cash flow statement with a few questions to analyse the financial statements of the company. The learner has to do calculations with a high level of difficulty to compile and answer the information requested. The nature of compiling a Cash flow statement lends itself towards high-order thinking skills.

Exercise 47 (LO1, AS: Prepare final accounts and financial statements, analyse and interpret the financial statements)

The under-mentioned information of the two financial periods of Blouberg Limited, a public company, is given:

Do the following:

1. Compile the Cash flow statement for the year ended 29 February 2008.
2. Calculate the following:
 - 2.1 The financial leverage on 29 February 2008 (debt/shareholders' equity)
 - 2.2 The net asset value per share on 29 February 2008.

BALANCE SHEETS OF BLOUBERG LIMITED ON

ASSETS	29 February 2008	28 February 2007
FIXED ASSETS	905 000	871 000
CURRENT ASSETS	1 510 000	1 430 000
Stock	660 000	650 000
Debtors	850 000	780 000
	2 415 000	2 301 000

	29 February 2008	28 February 2007
SHARE CAPITAL AND RESERVES		
	1 077 500	970 000
Ordinary share capital	740 000	700 000
Share premium	15 000	-
Retained income	322 500	270 000
NON-CURRENT LIABILITIES		
Mortgage loan at OK Bank (12% p.a.)	355 000	400 000
CURRENT LIABILITIES		
	982 500	931 000
Creditors	520 000	330 000
Bank overdraft	350 000	510 000
Shareholders for dividends	112 500	91 000
	<u>2 415 000</u>	<u>2 301 000</u>

ADDITIONAL INFORMATION

1. Blouberg Limited have an authorised share capital of 1 000 000 ordinary shares of R1 each. On 5 September 2007 there were additional shares issued at a premium.
2. A part of the loan was only paid back on 31 July 2007.
3. An interim dividend of 10 cent per share was declared and paid on 31 August 2007. A final dividend was declared on 25 February 2008 and will be paid to the shareholders during March 2008.
4. The Income tax account (N9) was debited with R157 000 at the end of the financial year. Income tax of R4 500 was included in the debtors on 28 February 2007. R2 000 was still due to the SA Revenue Services on 29 February 2008 and included in the creditors.
5. The fixed assets consist of:

	2008	
	Cost price	Book value
Land and Buildings	?	?
Equipment	170 500	120 000
Vehicles	130 000	35 000

	2007	
	Cost price	Book value
Land and buildings	700 000	700 000
Equipment	?	1 01 000
Vehicles	1 80 000	70 000

No equipment was sold during the financial year. Depreciation on equipment at 20% on cost price was written off every year. All existing equipment was bought on 1 March 2006, while the new equipment was bought on 29 February 2008.

A vehicle was sold for cash at the beginning of the financial year at book value. The accumulated depreciation was R30 000 on the selling date. No other vehicles were bought or sold during the financial year.

Exercises can also be used to assess whether the learner has mastered all the content of companies by focusing on facets from all the content that has been covered. Exercise 48 requires the learner to apply his/her basic knowledge and moderately high thinking skills to complete the General ledger accounts and note to the Balance sheet while applying high-order thinking skills and insight to calculate the ratios and analyse the financial statements.

Exercise 48 (LO1, AS: Record the unique information for a company.

Prepare final accounts and financial statements,
analyse and interpret the financial statements)

(LO3, AS: Internal control)

PAARL LIMITED
BALANCE SHEET ON 29/28 FEBRUARY

	2008	2007
EMPLOYMENT OF CAPITAL		
Fixed assets	66 575	37 610
Current assets:	114 975	104 190
Stock... ..	49 275	67 950
Debtors... ..	32 400	20 640
Cash... ..	33 300	15 600
	181 550	141 800
CAPITAL EMPLOYED		
Share capital and reserves	98 800	58 500
Ordinary share capital... ..	60 000	40 000
Ordinary share premium... ..	10 000	-
Retained income... ..	28 800	18 500
Non-current liabilities	28 000	38 000
Current liabilities	54 750	45 300
Creditors... ..	47 500	40 100
Shareholders for dividends... ..	7 250	5 200
	181 550	141 800

ADDITIONAL INFORMATION

- a) From the Income statement for the year ending 29 February 2008, the following information was given:
- | | |
|-----------------------------|----------|
| Sales | R270 000 |
| Net income after tax | 22 300 |
- b) The company has an authorised share capital of 100 000 ordinary shares of R1 each. New shares were issued on 5 March 2007.
- c) A total dividend of 20 cent per share was declared during the year.
- d) The SA Revenue Services: Income tax account was included to debtors and amounted to R1 200 for 2007 and R800 for 2008.
- e) Income tax of R8 310 was paid on 31 August 2007.

- f) The business used a 20% profit mark-up on cost price.
- g) Stock only consists of trading stock.

DO THE FOLLOWING

1. Analyse the following ratios for 2008, but no commentary is necessary:
(calculate to the 2nd decimal place accurately).
 - 1.1 Acid test ratio
 - 1.2 Turnover rate of stock
 - 1.3 The financial leverage (debt/shareholders' equity)
 - 1.4 Earnings per share
 - 1.5 Earnings on average shareholders' equity
 - 1.6 Net asset value per ordinary share
2. The share capital note of the Balance Sheet on 29 February 2008.
3. The following accounts in the General ledger, fully balanced on 29 February 2008.
 - 3.1 SA Revenue Services: Income tax
 - 3.2 Appropriation account
4. Answer the following questions:
 - 4.1 How much was paid as interim dividend during the year?
 - 4.2 What was the premium per share received for issuing new shares?
 - 4.3 The audit report was signed by H. Otto CA(SA). Otto has to be a member of what professional body to be able to use the letters CA(SA) behind his name?

The LTSM for the following sections forms part of any type of business entity. Bank reconciliation has to be done at the end of every month to reconcile the balance of the bank statement with the balance of the Bank account in the books of the business. The bank reconciliation procedure

forms part of the grade 11 curriculum, while its analysis and interpretation is covered in grade 12 (**cf. 4.5.3**).

7.3.10 Bank reconciliation statements

The reconciliation of the bank statement with the cash journals of the business can take on a variety of formats. This is illustrated in the next exercises. Some content requires learners to apply their basic knowledge and moderately high thinking skills. At first the exercises provide the cash journals and bank statement in detail so that the learner can learn the process of reconciliation. Thereafter the format of the exercises can be in paragraph form, as illustrated by exercise 49, or it can be in a short question format like exercise 69.

Exercise 49 (LO1, AS: Prepare bank reconciliation statements)

The following information was taken from the books of Holiday Traders.

Do the

1. Cash Receipt Journal and the Cash Payments Journal for October 2007.
2. Bank account for October 2007 (properly balanced).
3. Bank reconciliation statement on 31 October 2007.

HOLIDAY TRADERS

BANK RECONCILIATION STATEMENT ON 30 SEPTEMBER 2007

	Debits	Credits
Debit balance according to the Bank Statement	2 909	

Debit outstanding cheques:		
no. 411	120	
450	540	
455	50	
Credit outstanding deposits		1 080
Credit balance according to the Bank account		1 539
	2 619	2 619

After the Cash Receipt Journal, Cash Payments Journal and Salary Journal of Holiday Traders were compared with the bank Statement for October 2007 from Action Bank, the following was noticed:

1. The following appeared in the credit column of the Bank Statement, but not in the Cash Receipt Journal:

- 1.1 A deposit of R1 080 on 1 October 2007.
- 1.2 A deposit of R100 that was deposited by S. Kolbie, a debtor, whose account was previously written off.

2. Items in the debit column of the Bank Statement, but not in the Cash Payment Journal:

- 2.1 Service fees, R40.
- 2.2 Cash handling fees, R15
- 2.3 Interest, R88.
- 2.4 A debit order in favour of BBB Insurers, R700, for insurance.
- 2.5 Cheque no. 450 – R540.
- 2.6 The following cheque was sent back by the bank:
 - 2.6.1 From debtor, J. Moolman, R320 marked “ R/D: Insufficient funds” .

3. The following items appeared in the Cash Receipts Journal, but not in the Bank statement:

- 3.1 A deposit of R2 250 was made on 30 October 2007.

4. The following items appeared in the Cash Payments Journal, but not in the Bank statement:

Cheques no.: 490 – R800 (Dated 15 November 2007)
492 – R610 (Issued to West Traders as payment of an outstanding account. In the meantime the cheque was stopped, because it was lost in the post. Cheque 503 was issued to replace cheque 492. No entry was made in the books of above-mentioned transactions.)

5. Cheque no. 499 of R1 500 appeared in the Salary Journal, but not in the Bank Statement.

6. Additional information:

6.1 Cheque no. 411 that appeared in the Bank Reconciliation Statement of September 2007, is stale. The cheque was issued as sponsorship to the athletic club of the town. The club has been disbanded.

6.2 No entry was made of a cheque, dated 1 November 2007 for R550 that was received from a debtor, G. Paulse.

6.3 The Bank Statement showed on 31 October 2007 a credit balance of R6 492.

A bank reconciliation exercise can take on a shorter format, but it can combine other assessment standards as indicated in the following exercise. To be able to analyse transactions according to the accounting equation, the learner needs moderately high thinking skills to first determine which accounts will be debited and credited and if the accounts are an asset, liability, income or expense. Then the learner should indicate what the effect of the accounts will be on the accounting equation.

Exercise 50 (LO1, AS: Prepare bank reconciliation statements)

(LO1, AS: Analyses and shows the effect of the transactions on the accounting equation)

From the under-mentioned information the following must be done:

1. Fill the amounts of the CRJ and CPJ in on the form that is provided.
2. The bank reconciliation statement on 28 February 2007.
3. Analyse the transactions (marked with #) according to $A = O + L$.
The bank has a favourable balance.
Give the full effect of each transaction.

BANK RECONCILIATION STATEMENT OF DIAMOND STORES ON 31 JANUARY 2007

	Debits	Credits
Debit balance according to bank statement	1 245	
Credit outstanding deposit		8 712
Debit outstanding cheques: no. 606	780	
610	400	
622	3 207	
Debit balance according to bank account	3 080	
	8 712	8 712

INFORMATION

- a) The bank statement was received on 28 February 2007 and the following information accrued from it:
 - the bank statement ended with a favourable balance of R2 522.
 - the following cheques appeared on the bank statement, but not in the CPJ for February 2007:
 - * cheque no. 606 for R780
- # 1 * cheque no. 610 for R410 – Investigation revealed that the bank statement is correct. The cheques were issued to pay the telephone.

- the following cheques appeared on the bank statement only, and not in the CPJ for February 2007:
 - * cheque no. 644 for R1 004
 - * cheque no. 649 for R331
 - * cheque no. 650 for R980 – The cheque was issued for rent, but has been lost. Cheque no. 656, dated 5 March 2007, was issued but not entered in the books.

 - the following cheque appeared in the SJ for February 2007, but not on the bank statement:
 - * cheque no. 655 for R3 200.
 - the outstanding deposit in the bank reconciliation statement for January 2007 did appear on the bank statement for February 2007. A deposit of R6 566 appeared in the CRJ for February 2007, but not on the bank statement for February 2007.
- b) The following information was not entered in the journals, but appeared on the bank statement for February 2007:
- # 2 - cheque book R15; service fee R143 and tax levy R13.
 - # 3 - interest earned R48
 - # 4 - a R/D cheque of R250 received from a debtor, S. Cloete.
 - # 5 - a debit order of R8 000 in favour of Sure Finance for the installment of the owner's loan as well as the installment of the loan for the business. The owner made a loan of R172 800 which he will pay back over a 54 month period.
- c) The following information was also revealed:
- P. Groenewald, a debtor, bought goods (cost price R1 200) on credit on 28 February 2007. The business added 30% profit on cost price. Groenewald wrote three cheques, dated 28 February 2007, 31 March 2007 and 30 April 2007, to pay for the goods. The amounts on the cheques are the same and no entry of the three cheques was made in the books.

The exercise can also provide minimal information to test the problem-solving ability of the learner. Exercise 51 portrays a situation where only

selective information is available and the learner has to apply high-order skills to do the bank reconciliation and to determine what the balance of the Bank account is at the beginning and end of the month.

Exercise 51 (LO1, AS: Prepare bank reconciliation statements)

On 1 October 2007 a fire destroyed the computer of Origan Distributors on which the bookkeeping system was kept. The cheque book and deposit book were in the safe and the following information was retrieved:

- according to the cheque counterfoils, cheque no. 128 was the last cheque issued for September 2007.
- the following cheque counterfoils for September 2007 were not marked against the bank statement:

No	in favour of	amount
124	Trading stock	R 1 210
127	Petty cash	159
128	Salary	1 950

- according to the deposit book, there were no outstanding deposits at the end of September 2007.
- the following cheque counterfoils were for October 2007:

No	In favour of:	Amount
129	Telephone	R1 780
130	Insurance	480
131	Trading stock	6 630
132	Stationery	250
133	Water and electricity	890
134	Petty cash	100
135	Salary	1 900

- the following deposits were made during October 2007:
Sales – R2 510
 4 200
 8 800
- S. Botha pays a monthly rent of R800.

The bank statement for October 2007 was as follows:

Day	Details	Debits	Credits	Balance
1	Balance b/d			4 139
	cheque 129	1 780		2 359
5	deposit		2 510	4 869
9	cheque book	15		4 854
12	cheque 130	480		4 374
16	deposit		4 200	8 574
20	cheque 127	159		8 415
24	cheque 128	1 950		6 465
28	credit deposit		800	7 265
30	cheque 131	6 630		645 –
	cheque 133	890		255 –
31	service fee	155		410 –
	interest		72	338 –

DO THE FOLLOWING

1. The bank reconciliation statement on 31 October 2007.
2. The bank account in the General Ledger.

The content involved in bank reconciliation has to be analysed and interpreted in grade 12. The educator can make use of the memo of an exercise where the bank reconciliation has already been done and compile questions that are applicable to the information given. The learner has to use his/her basic knowledge (theory and method of bank reconciliation) and high order thinking skills to answer the questions. Exercise 52 is such an example. The memo of exercise 51 was mainly used to be analysed after a few alterations.

Exercise 52 (LO1, AS: Analyses and interprets bank reconciliation statements)

(LO3, AS: Internal control and audit processes)

GENERAL LEDGER OF ORIGAN DISTRIBUTORS

BANK				B 7			
Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 1	Balance	b/d	820	2007 Oct 31	Sundry accounts	CPJ6	12 200
31	Sundry accounts	CRJ4	16 382		Balance	c/d	5 002
			17 202				17 202
2007 Nov 1	Balance	b/d	5 002				

BANK RECONCILIATION STATEMENT OF ORIGAN DISTRIBUTORS ON 31 OCTOBER 2007.

	Debits	Credits
... .. balance according to the Bank statement		
Credit outstanding deposit		8 800
Credit cheque incorrectly debited		560
Debit outstanding cheques: no. 124	1 210	
132	250	
134	100	
135	1 900	
Credit postdated cheque received		700
... .. balance according to the Bank account		

1. What was the total amount of the deposits that were recorded in the CRJ as well as on the bank statement?
2. Cheque no.124 was issued on 15 June 2007. On which date will the cheque become stale?
3. Give two reasons why the outstanding cheques did not appear on the bank statement.

4. Which sources will you compare with the bank reconciliation statement to determine the outstanding cheques?
5. Give a reason why the postdated cheque received appears in the bank reconciliation statement. Instead of putting the postdated cheque received in the bank reconciliation statement, what other entry could have been done?
6. What was the balance of the bank statement on 31 October 2007? Also indicate whether the balance will appear as a debit or credit on the bank statement.
7. The cheque for R560 appears in the bank statement as an incorrect cheque. What caused the cheque to be entered in this manner?
8. The owner wants to make sure that all cash transactions are recorded correctly and that no fraud has taken place. What procedure will be followed to do an internal audit to make sure that no fraud has taken place at the business?

The interpretation and analysis of financial information can be implemented in every exercise where the learner has to answer questions on specific work that has been covered. The cash budget and projected income statement of a sole trader can also be used to improve the skills of the learner regarding interpretation of financial information. Exercises 56 to 58 were compiled for that purpose.

7.3.11 Cash budget and projected income statement for sole traders

A cash budget implies that the learner has to predict from information provided what the receipts and payments of a business will be for a specific number of months in advance. Learners will need moderately high to high-order thinking skills to be able to calculate various amounts needed to compile the cash budget. The format of the exercises can differ depending

on the amount of and manner in which the information is given. Information can be provided in such a way that the learner first has reached certain conclusions before any calculations can be done. This method of providing information is shown in exercise 53 where the learner first has to determine what percentage the cost of sales is before he/she can calculate the purchases for each month. The learner also has to first determine the amount of credit sales before the debtor's collection schedule can be compiled.

Exercise 53 (LO2, AS: Prepare and present a cash budget for a sole trader)

Use the following information of Spot on Traders and do a cash budget for the period 1 September 2008 to 31 December 2008. Also do a Debtors collection schedule.

a) The following information was in the books:

-	<u>June 2008</u>	
	Sales	R 9 000
-	<u>July 2008:</u>	
	Sales	R11 000
	Cost of sales	5 500
-	<u>August 2008:</u>	
	Sales	R12 500
	Cost of sales	6 250
	Bank	8 700 (dr)
	Rent income	400
	Salaries and wages	4 500
	Other current expenses	6 000

b) Cash sales amounts to 40% of total sales.
The gross profit margin on sales will be maintained.

c) Credit sales will be collected as follows:

- 50% after 30 days
- 30% after 60 days
- 20% after 90 days.

d) The expected sales will be as follows:

-	September	R15 000
-	October	16 000
-	November	25 000
-	December	32 000

- e) 20% of all purchases are in cash.
The level of the trading stock will be maintained.
- f) Creditors will be paid 60 days after the date of the transaction.
- g) The rent will be the same until the end of September 2008, but will then be increased by 20% per annum. Rent is received at the end of every month.
- h) Salaries and wages will be increased by 10% per annum on 1 September 2008.
- i) The management has decided to take a loan for R7 000 @ 18% per annum on 30 November 2008. The interest will be paid to the bank at the end of every month.
- j) All the other current expenses will increase monthly as follows:
 - September by 10%
 - October by a further 20%
 - November to R8 500
 - December by 10%

Another format in which information can be provided is to give the financial statements of a business. The learner has to apply high-order thinking skills to calculate the appropriate amounts for the cash budget. Exercise 54 uses the financial statements with additional information to provide the information which is needed to compile the cash budget of the business.

Exercise 54 (LO2, AS: Prepare and present a cash budget for a sole trader)

Take the following information into consideration and draw up the cash budget for the three months ending on 31 May 2008. Compile a schedule to determine what the amount received from the debtors will be for each budget month.

NATAL OUTFITTERS

INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008

Turnover	NOTE	380 000
-------------------	------	---------

Cost of sales	(190 000)
Gross profit	190 000
Other operating income	2 640
Rent income	2 640

Operating expenses	(98 540)
Wages and salaries	80 400
Sundry expenses	13 200
Bad debts	1 040
Depreciation	3 900
Operating profit	94 100
Interest expense	(12 600)
Net income for the year	81 500

NATAL OUTFITTERS

BALANCE SHEET ON 29 FEBRUARY 2008

	Note
--	-------------

<u>ASSETS</u>	
Non-current assets	242 000
Fixed assets	242 000
Current assets	90 474
Inventory	52 500
Trade and other receivables ...	16 050
Cash and cash equivalents ...	21 925
TOTAL ASSETS	332 475
<u>EQUITY AND LIABILITIES</u>	
Accumulated funds	212 900
Non-current liabilities	
Loan: Quick Bank	65 000
Current liabilities	54 575
Trade and other payables	54 575
TOTAL EQUITY AND LIABILITIES	332 475

Additional information for 2008

1. According to a contract the long-term loan must be paid back to the amount of R5 000 on 1 April each year. This amount is included as short-term liability under the creditors note in the Balance sheet. The interest on the loan will be staying at 18% per annum and paid each month.
2. Included in the cash note in the Balance sheet, is the R21 000 balance of the bank account.
3. The estimate sales for the next six months will be as follows:
March R30 000; April R35 000; May R40 000;
June R40 000; July R45 000; August R45 000
4. The actual sales for the previous three months were as follows:

December R35 000; January R25 000; February R25 000

5. 40% of the total sales will be for cash. The collecting of the credit sales will be as follows:
20% in the month of sales (5% discount allowed on these payments)
60% after 30 days
15% after 60 days
3% after 90 days
2% is written off as bad debts.
6. The business maintains the same profit ratio as in the past.
7. In principle the business will keep the stock level constant. 75% of all stock purchased is on credit. Creditors will be paid 60 days after the date of the transaction.
8. Wages and salaries will be increased by 10% from 1 May.
9. The rent income will be increased by 10% from 1 May. Rent has to be paid 1 month in advance.
10. The estimated amount for bad debts will not exceed R2 400 for the next year.
11. The estimated depreciation for the year will be R4 200.
12. Other current expenses will increase by 10% for the year.

Another format that can be used to provide information when compiling a cash budget is by means of only the Income statement and additional information. The given information is therefore less than is the case in exercise 54. The learner has to rely more on his/her insight to do the required calculations and compile the cash budget. Exercise 55 provides an Income statement which can be used to do calculations with a high level of difficulty.

Exercise 55 (LO2, AS: Prepare and present a cash budget for a sole trader)

Take the following information into consideration and draw up the cash budget for the three months that will end on 31 May 2008. Compile a schedule to determine what the amount received from the debtors will be for each budget month.

SHARKS TRADERS

INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008

Sales	550 000
Cost of sales	(165 000)
Gross profit	385 000
Other income	7 920
Rent income	7 920
Expenses	(211 420)
Wages and salaries	78 600
Other sundry expenses	70 000
Bad debts	720
Advertising	3 200
Telephone	15 000
Water and electricity	21 000
Depreciation	22 900
Operating profit	181 500
Interest expense	(24 300)
Net income	157 200

Additional information

1. R30 000 will be paid on the long-term loan on 1 May 2008. This amount is included as a short-term liability under the creditors note in the Balance sheet of 29 February 2008. The amount of the loan which appeared under the long term liabilities in the Balance sheet of 28 February, amounted to R60 000. The interest on the loan will be staying at 27% per annum and paid each month.
2. The actual sales for the previous three months was as follows:
December – R60 000; January – R30 000; February – R35 000.
3. The estimated sales for the next six months will be as follows:

March – R40 000; April – An increase of 10%; May – R35 000.

4. 20% of the total sales will be for cash. The collection of the credit sales will be as follows:
20% in the month of sales (5% discount allowed on these payments)
60% after 30 days
15% after 60 days
3% after 90 days
2% is written off as bad debts.
 5. The business maintains the same profit ratio as in the past.
 6. The balance of the trading stock account was R48 000 on 29 February 2008. The stock level will be constant for March and April 2008 and will then be increased by 5% for May 2008.
 7. Purchases of trading stock took place in the same month that sales were made. 75% of all stock purchased is on credit. Creditors will be paid 60 days after the transaction took place.
 8. Wages and salaries will be increased by 10% as from 1 May 2008.
 9. The rent income will be increased by 15% from 1 March 2008.
 10. The estimated depreciation for the year will be R22 800.
 11. Advertising costs of R4 500 will be concluded in May 2008.
 12. The telephone account amounted to R1 400 for February 2008. It is expected that the account will decrease by 10%, where-after it will stay constant. The telephone account of the previous month will be paid on the 5th of the following month.
 13. To ensure a saving of 8% on the water and electricity account, it was decided to install a meter where prepaid electricity can be entered from April 2008. The meter was bought for R700 and installed on 1 April 2008.
 14. Other current expenses will be R6 000 for March 2008 and will be increased by 1% every month.
 15. The overdraft bank balance was R1 801 on 29 February 2008.
- Part of the cash budget is that the learner has to analyse and interpret the cash budget and projected Income statement for sole traders. The learner needs insight regarding the content of cash budgets and Income statements as well as high-order thinking skills to answer questions sufficiently.

Exercise 56 focuses on the cash budget for a sole trader. The learner has to apply moderately high thinking skills to answer the questions.

Exercise 56 (LO2, AS: Analyse and interpret projected income statements and a cash budget for sole traders)

JACK TRADERS

CASH BUDGET FOR THE PERIOD 1 OCTOBER 2008 - 31 DECEMBER 2008

CASH RECEIVED	OCT	NOV	DEC
Cash sales	6 400	7 200	10 000
From debtors:			
credit sales: Jul 7 200	1 080	-	-
Aug 9 000	2 250	1 350	-
Sep 12 000	7 200	3 000	1 800
Oct 9 600	-	5 760	2 400
Nov 10 800	-	-	6 480
Vehicle trade in		17 000	
Rent income	4 840	4 840	4 840
	21 770	39 150	25 520
CASH PAYMENTS			
Cash purchases	1 600	1 800	2 500
Payments to creditors	6 000	8 000	6 400
Operating expenses	5 000	5 100	5 202
Vehicle deposit		20 000	
Vehicle installments	-	5 000	5 000
	12 600	39 900	19 102
Cash surplus (deficit)	9 170	(750)	6 418
Bank: opening balance	(1 328)	7 842	7 092
Bank: closing balance	7 842	7 092	13 510

Study the given cash budget of Jack Traders and then do the following:

- 1) Calculate the days and percentages of how the debtors paid their accounts.
- 2) What percentage are cash sales and credit sales from total sales of the business?

- 3) Calculate the total sales of the business for December 2008.
- 4) According to an agreement which the business has with its tenants, rent will be increased by 10% on 1 October each year. How much rent can the business expect for 2008?
- 5) The profit of the business is 50% on sales. If the business is keeping the stock levels constant, what percentage of the purchases will be on credit and after how many days are creditors paid?
- 6) What is the expected monthly percentage increase of the operating expenses that has been envisaged?
- 7) It is planned to trade in the old vehicle and buy a new one on 1 November 2008. Give comments regarding the proposed date of purchasing the vehicle. Provide proof that October or December can be either better or worse options.

Questions on the cash budget can vary from elementary to very complicated and difficult. Various and different questions on the cash budget can be asked. Exercise 57 concentrates more on calculations than commenting on views. This differs from exercise 56 where more comments were needed and fewer calculations had to be done. The learner has to use high-order skills to do the calculations and insight to comment on certain questions.

Exercise 57 (LO2, AS: Analyse and interpret projected income statements and a cash budget for sole traders)

QUEEN TRADERS

CASH BUDGET FOR THE PERIOD 1 MARCH 2008 - 31 MAY 2008

CASH RECEIVED	MAR	APR	MAY
Cash sales	18 000	13 500	16 500
From debtors:			
credit sales: Dec 56 000	5 600	-	-
Jan 24 500	6 125	2 450	-
Feb 28 000	11 200	7 000	2 800
Mar 42 000	8 232	16 800	10 500
Apr 31 500	-	6 174	12 600
May 38 500	-	-	7 546
Interest on fixed deposit	-	54	54
Rent income	2 500	2 700	2 700
	51 657	48 678	52 700
CASH PAYMENTS			
Cash purchases	21 600	16 200	19 800
Payments to creditors	5 400	8 100	6 075
Wages	5 000	5 000	5 600
Advertising	2 000	2 000	2 000
Telephone	1 100	1 100	1 100
Water and electricity	1 750	1 750	1 750
Drawings	6 600	6 600	6 600
Fixed deposit	7 200		
	50 650	40 750	42 925
Cash surplus (deficit)	1 007	7 928	9 775
Bank: opening balance	15 713	16 720	24 648
Bank: closing balance	16 720	24 648	34 423

Study the cash budget that was prepared by the bookkeeper before answering the following:

- 1) Determine the percentage of how the debtors paid their accounts in 30, 60 and 90 days.
- 2) If 5% was allowed for bad debts, what discount percentage is given to debtors who pay in the same month that they bought goods?
- 3) What can the business do to motivate their debtors to pay earlier?
- 4) What percentage of total sales are cash sales?
- 5) What percentage increase will be applicable for rent income in April 2008?

- 6) Determine the percentage increase for wages in May 2008.
- 7) Give comments about the fixed deposit regarding the time of investment, amount and the interest rate earned.
- 8) Drawings increased by 20% from February 2008 to March 2008. What was the amount for drawings in February 2008 and can the business afford the increase?
- 9) The profit of the business is 40% on sales. The business is keeping the stock levels constant. Currently the business is buying stock at 75% cash and 25% on credit. It means that the business qualifies for a trade discount of 20% when buying cash and when paying the creditors within 30 days a 10% discount is given.

The business considers changing its purchasing strategy to 25% cash purchases and the rest on credit. The business will however forfeit the trade discount on cash purchases, but will still pay the creditors within 30 days to receive a 10% discount. What will the effect be of such a decision on cash purchases and payment of creditors for each budget month? Will the net cash position of the business be better, at the end of the budget period, than the situation currently?

The learner has to analyse and interpret a projected income statement for a sole trader. High-order thinking skills are required in this regard. Exercise 58 provides a projected income statement for three months. It concentrates on calculations as well as commenting on the given information.

Exercise 58 (LO2, AS: Analyse and interpret projected income statements and a cash budget for sole traders)

COMFORT DISTRIBUTORS

PROJECTED INCOME STATEMENT FOR THE THREE MONTHS

	April 2008	May 2008	June 2008
Turnover	55 000	66 000	99 000
Cost of sales	22 000	26 400	39 600
Gross profit	33 000	39 600	59 400
Other operating income	2 200	2 200	2 416
Discount received	400	400	400
Rent income	1 800	1 800	2 016
Operating expenses	(26 170)	(27 200)	(29 265)
Wages and salaries	12 000	12 600	12 600
Water and electricity	5 100	4 900	4 100
Telephone	1 200	1 200	1 200
Bad debts	250	300	450
Discount allowed	900	1 080	1 620
Advertisements	200	400	700
Stationery	220	220	220
Fuel	800	1 000	1 500
Repairs	750	750	750
Trading stock deficit	3 000	3 000	3 000
Depreciation	1 750	1 750	3 125
Operating profit	9 030	14 600	32 551
Interest income	5 000	5 000	5 000
Profit before interest expense	14 030	19 600	37 551
Interest expense	(120)	(90)	(60)
Net income	13 910	19 510	37 491

- 1) What is the profit percentage on sales?
- 2) Is the business selling a product which is seasonal? (Proof)
- 3) Does the business benefit from advertising? (Proof)
- 4) In which ways can the business increase the other operating income?
- 5) What will the percentage increase be on rent income?

- 6) Calculate the percentage increase of the wages and salaries for the employees and motivate if it is a fair increase.
- 7) Identify 1 expense which the business is going to focus to save on. Give 1 way in which the business can fulfill this saving.
- 8) Motivate if the credit collection policy of the business is effective.
- 9) Give 2 reasons why the business is making provision for a fuel increase.
- 10) Give 3 possible steps which the business can take to make the trading stock deficit less.
- 11) The business is using the fixed amount method to write off the depreciation on the vehicles at 15% per annum. What was the cost price of the vehicles for April 2008. The business plans to buy a new vehicle on 1 June 2008. What will the purchase-price of the new vehicle be?
- 12) The business has a loan of R8 000 on 1 April 2008. The interest on loan will be paid monthly and the fixed installment on the loan will be paid at the beginning of each month. The interest expense account consists only of the interest on loan. Determine the amount of the installment in which the loan will be paid back each month.

As was the case with the analysis and interpretation of financial information of any type of entity, value added tax is also applicable to all entities. The next section focuses entirely on how to calculate value added tax and how to take it into consideration when compiling the books of an entity.

7.3.12 Value added tax (VAT)

Learners have to be able to calculate VAT from the books of various entities. Exercises can require the learner to take out the VAT from given amounts or calculate the VAT to be added to amounts and then compile the VAT accounts. The exercises require moderately high levels of difficulty because of the calculations the learner has to perform. The format in which

the information is provided can differ from journals, General ledger accounts or final accounts. Exercise 59 provides journals and the learner has to extract the VAT from the given amounts.

Exercise 59 (LO1, AS: Perform elementary VAT calculations and apply the principles of VAT in different situations)

Use the following journals to do the VAT Input and VAT Output accounts and balance the accounts at the end of the month. VAT is included in the amounts, where applicable.

JOURNALS OF SUNRISE TRADERS ON 31 OCTOBER 2007

CASH RECEIPTS JOURNAL

CRJ 7

Bank	Sales	Cost of sales	Debtors Control	Discount allowed	Sundry accounts	
					Amount	
24 530	17 800	10 120	5 730	170	1 000	

Sundry accounts consists of: 30 October – Rent income

CASH PAYMENTS JOURNAL

CPJ 9

Bank	Wages	Creditors control	Discount Received	Trading Stock	Debtors control	Sundry accounts
						Amount
20 090	1 050	6 510	430	6 070	250	6 210

Sundry accounts consists of: 1 October – Petty cash – R1 000

12 October – Stationery – R560

22 October – Equipment – R3 300

25 October – Drawings – R3 600

31 October – Petty cash – R750

DEBTORS JOURNAL DJ 3

Sales	Cost of sales
10 150	6 400

DEBTORS ALLOWANCE JOURNAL DAJ 1

Debtors allowance	Cost of sales
330	100

CREDITORS ALLOWANCE JOURNAL CAJ 2

Creditors control	Stationery	Trading stock	Equipment
1 980	40	800	1 140

CREDITORS JOURNAL CJ 4

Creditors control	Stationery	Trading stock	Equipment
22 270	340	18 100	3 830

PETTY CASH JOURNAL PCJ 8

Petty Cash	Wages	Stationery
750	680	70

Exercise 60 differs from exercise 59 in that the General ledger as format to provide information is used. The learner has to calculate VAT from the amounts given to compile the VAT accounts.

Exercise 60 (LO1, AS: Perform elementary VAT calculations and apply the principles of VAT in different situations)

The amounts in the given General ledger include VAT, where applicable, because the bookkeeper has neglected to take VAT into consideration when doing the journals.

Do the necessary VAT calculations and alterations before doing the following accounts in the General ledger:

Trading stock; VAT Input; VAT Output; VAT Control; all given nominal accounts

GENERAL LEDGER OF PMB TRADERS

TRADING STOCK

B 6

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 1	Balance	b/d	12 230	2007 Mar 31	Cost of sales	CRJ	4 120
31	Creditors control	CJ	8 100		Cost of sales	DJ	6 400
	Cost of sales	DAJ	100		Creditors control	CAJ	800
	Bank	CPJ	4 000		Drawings	GJ	420
					Balance	c/d	12 690
			24 430				24 430
Apr 1	Balance	b/d	12 690				

DEBTORS CONTROL

B 7

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 1	Balance	b/d	5 140	2007 Mar 31	Bank	CRJ	5 730
31	Sales	DJ	10 150		Discount allowed	CRJ	170
	Bank	CPJ	90		Debtors allowance	DAJ	330
	Sundry accounts	GJ	95		Sundry accounts	GJ	170
					Balance	c/d	9 075
			15 475				15 475
Apr 1	Balance	b/d	9 075				

CREDITORS CONTROL

B 9

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Bank	CPJ	9 510	2007 Mar 1	Balance	b/d	4 490
	Discount received	CPJ	430	31	Sundry accounts	CJ	12 270
	Sundry accounts	CAJ	1 980		Sundry accounts	GJ	640
	Balance	c/d	5 480				
			17 400				17 400
				Apr 1	Balance	b/d	5 480

SALES

N 1

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 Mar 31	Debtors control	DJ	10 150

					Bank	CRJ	6 500
--	--	--	--	--	------	-----	-------

STATIONERY

N 4

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 12	Bank	CPJ	560	2007 Mar 31	Creditors control	CAJ	40
31	Creditors control	CJ	340				

DISCOUNT RECEIVED

N 5

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 Mar 31	Creditors control	CPJ	430

DEBTORS ALLOWANCE

N 6

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Debtors control	DAJ	330				

BAD DEBTS

N 10

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Debtors control	GJ	170				

INTEREST INCOME

N 11

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 Mar 31	Debtors control	GJ	15

The next exercise provides the learner with the final accounts of a business. The learner has to use the information to determine the VAT input and VAT output of the business if the amounts exclude VAT.

Exercise 61 (LO1, AS: Perform elementary VAT calculations and apply the

principles of VAT in different situations)

The following accounts appear in the General ledger of **Frik Traders**. The business only uses cash journals and the general journal. Do the VAT Input and VAT Output accounts, fully balanced at the end of the year.
VAT is excluded from the amounts, where applicable.

TRADING ACCOUNT				F 1			
Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007				2007			
Feb 28	Cost of sales	GJ	247 770	Feb 28	Sales	GJ	410 883
	Profit and loss	GJ	163 113				
			410 883				410 883

PROFIT AND LOSS ACCOUNT				F 2			
Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007				2007			
Feb 28	Advertising	GJ	1 280	Feb 28	Trading account	GJ	163 113
	Wages and salaries	GJ	44 746		Rent income	GJ	10 200
	Interest on loan	GJ	1 425		Interest on fixed deposit	GJ	6 380
	Insurance	GJ	3 526		Discount received	GJ	1 799
	Water and electricity	GJ	34 957				
	Repairs	GJ	1 338				
	Telephone	GJ	1 760				
	Discount allowed	GJ	441				
	Bad debts	GJ	188				
	Stationery	GJ	1 335				
	Depreciation	GJ	28 614				
	Capital	GJ	61 882				
			181 492				181 492

Exercises can be made more practical by giving information the learner has to use to complete the VAT 201 return form. The learner has to apply high-

order thinking skills to determine which amounts include VAT, exclude VAT and which amounts are exempted from VAT. The VAT has to be calculated from the given amounts.

Exercise 62 (LO1, AS: Perform elementary VAT calculations and apply the principles of VAT in different situations)

Study the following information and do the VAT 201 return form.
VAT is calculated at 14% on the invoice basis.

SUMMARY OF TRANSACTIONS	R
Purchased equipment per cheque	12 500
Cash sales	88 200
Personnel function paid per cheque	8 700
Salaries and wages	120 000
Cash purchases of trading stock	30 400
Rent income	12 000
Bank charges	1 500
Credit card sales	40 000
Credit purchases of trading stock	51 000
Vehicles bought on credit	210 000
Vehicle sold for cash	54 000
Land sold	80 000
Debtors allowance	2 000
Discount received	1 800
Fuel	10 900
Commission paid	5 000
Bad debts	900
Interest on current account	600
Stationery paid per cheque	4 800
Water and electricity	27 000
Telephone	10 500
Membership fees of employees at golf club	3 000
Pension fund contribution	28 800

The exercises provided so far in this chapter are all long questions - each exercise should take the learner more than 20-30 minutes to complete. Short exercises can also be compiled and will evaluate content of a specific section that has been covered. The following section will focus on a format where exercises consist of short questions.

7.3.13 Short questions

Short questions can consist of the analysis of transactions according to source documents, journals, which General ledger account to be debited and credited, calculation of amounts and the accounting equation. The aim of short questions in an exercise, test or examination paper is to test a variety of basic knowledge without taking too much time. Short questions can be used in any section of Accounting, such as bank reconciliation, wages and salaries and asset disposal.

Exercise 63 focuses on the identification of the journal involved, the General ledger accounts which will be debited and credited and the calculation of certain amounts. Although the identification of the transactions according to the journal and General ledger accounts requires basic knowledge of the learner, the calculations can raise the level of difficulty of the exercise.

Exercise 63 (LO1, AS: Analyse the transactions of sole traders)

Analyse the following transactions as follows:

NO / JOURNAL / ACCOUNT DEBITED / ACCOUNT CREDITED / AMOUNT

1. The account of F. Calitz, a debtor, was R550. His cheque was received in settlement of his account after 7% discount was given.
2. Sales as per credit card were R1 300. A profit mark-up of 60% on cost price was added.
3. Bought equipment of R2 500 per cheque from HG Furniture. Carriage of R200 was also paid per cheque to GO Carriers for transporting the equipment.

4. At the end of the month the business was, according to the bank statement, debited with the following amounts:

■ credit card levy	R23
■ tax levy	12
■ cheque book	7
■ interest	89
■ service fees	44

5. Received a cheque of R12 000 from Maxi Bank because the fixed deposit of R10 000 expires today. The rest was for interest still owed.

6. A cheque of R300 was previously received from B. Haupt, a debtor, for the partial payment of his account. The cheque, marked “ R/D” was returned by the bank.

7. A loan of R50 000 was made at KRDBank five years ago at 18% per annum. According to the agreement, the loan must be paid back at the end of each year in equal installments. The interest on the loan is paid every half a year. After three years a cheque is now issued to pay off the loan and the interest.

By using the same transactions, short questions can also focus simultaneously on the accounting equation. Exercise 64 wants the learner to identify the source document and journal of each transaction, but also to analyse the transaction according to the accounting equation. To indicate the influence of a transaction on the accounting equation requires moderately high thinking skills.

Exercise 64 (LO1, AS: Analyse and show the effect of transactions on the Accounting equation of sole traders)

Analyse the following transactions as follows:

Source document (e.g. CRR or RECEIPT); JOURNAL (e.g. CRJ or CPJ);

A = O + L

Give the full effect of each transaction. The bank has a favourable balance, except when stated otherwise.

1. Sold goods (cost price R120) per credit card, R200.
2. Paid wages of R50 from the petty cash.
3. On the bank statement the following debits appeared: Credit card levy R12; Service fees R77; Cash handling fees R41.
4. Invested R30 000 at SSS Bank as a fixed deposit.
5. B. Klopper, a debtor, paid R100 on his account and received a further R5 discount.
6. Bought R350 of stationery on credit.
7. According to the bank statement, a cheque of R400 that was received from H. Little, a debtor, was a “ R/D” cheque.
8. Received R90 interest on the fixed deposit at SSS Bank. The interest was paid directly into the bank account and appeared on the bank statement.
9. According to the bank statement the bank account has an overdraft and interest of R75 was deducted.

The transactions of other entities like partnerships and companies can also be analysed in the same manner as in exercise 63 and 64. The following exercises illustrate how short questions can be applied to specific content of Accounting. Exercise 65 focuses on salaries and wages. Learners have to apply moderately high calculating skills to give an answer.

Exercise 65 (LO3, AS: Salaries and Wages)

SHOW CALCULATIONS IN FULL, IF NECESSARY

Write down only the number and answer:

1. The following details of Sanki were available:

PAYE	Medical	Pension
R2 250	R240	R670

30% of the gross salary was paid for PAYE.

The employer contributes 75% to the medical aid of the employee.

- 1.1 What was the gross salary of Sanki per month?
- 1.2 How much will the contribution of the employer be to the medical fund?
- 1.3 How will the pension be posted to the General ledger?
- 1.4 What will the result on the accounting equation be, if the PAYE is posted from the SJ to the General ledger?
2. The remuneration of wageworkers is as follows:

Monday to Friday 8 hours per day @ R8 per hour (ordinary time)

Overtime: weekdays 1½ times the normal rate

Overtime: Saturday 2 times the normal rate

Overtime: Sunday 2½ times the normal rate.

F. Stuart, a wageworker, worked the following hours during the week:

Monday	7	Tuesday	8
Wednesday	12	Thursday	8
Friday	9	Saturday	5
Sunday	2		

Calculate the gross wage of Stuart at the end of the week.

3. Study the following Wage journal on 19 January 2007:

Ordinary Wage	Over-time	Gross wage	UIF	PAYE	Medical	Net Wage	Employer' s contribution: medical
R12 540	R2 800	R20 340	203,40	5 085	2 800	12 251,60	8 400

- 3.1 Calculate the percentage that will be deducted for the wageworkers' PAYE?
- 3.2 How much is the basic wage of the wageworkers?
- 3.3 How will the payment for wages of the wageworkers influence the accounting equation? The bank balance was positive.

- 3.4 How will the contribution of the employer influence the accounting equation?
- 3.5 Do the posting of the Wage journal to the General ledger. Only a cheque for the payment of the wages was issued.

Choose the correct answer by just writing the answer next to the appropriate number for example: 7 A

4. The following information was issued:

Ordinary wages	R2 300
Overtime wages	700
Gross salaries	12 800
Pension deductions	1 202
PAYE	8% of the gross wages and gross salaries

The following amount will be paid to the SA Revenue Services for PAYE at the end of the month:

- A R1 264
 B R1 208
 C R1 167,84
 D R1 111,84
 E Not one of the above-mentioned.
5. S. Bach, a worker of the business is married with one child. He earns a salary of R51 600 per annum.

His deductions were as follows: PAYE

TAX SCALE			
Monthly salary	Children		
	0	1	2
TAX PAYABLE			
R3 000 – R3 499	975	955	935
R3 500 – R3 999	1 200	1 180	1 160
R4 000 – R4 499	1 445	1 425	1 405
R4 500 – R4 999	1 710	1 690	1 670

Pension fund deductions: 10% of the basic salary.

Medical aid deductions: Married-R150 Unmarried-R100

Medical aid: R1 for each R1 contributed by the employee.

Pension: R2 for each R1 contributed by the employee.

What will be the net salary that S. Bach will receive?

A R2 300

B 2 570

C 2 350

D 2 295

E Not one of the above-mentioned

Exercise 66 concentrates on the content of asset disposal and requires high-order thinking skills.

Exercise 66 (LO3, AS: Calculate and record depreciation, the acquisition and disposal of assets)

The fixed asset register of Castrol Wholesalers was as follows on 1 January 2007, the beginning of the financial year:

Type of vehicle	Date purchased	Cost price
Delivery vehicle	1 May 2004	R60 000
Van	1 July 2006	R45 000
Motorcycle	1 September 2006	R15 000

Depreciation of 10 % on the book value of vehicles must be brought into account annually.

During 2007 the following happened:

On 30 June 2007 the motorcycle was badly damaged in an accident. The motorcycle was insured with Quick Insurers for R15 000. The insurance company acknowledged the claim and paid the amount, after the extra payment of R2 000 was deducted, on 15 July 2007. A new motorcycle was bought for R18 000 cash on 31 August 2007.

Study and complete the given ledger accounts for 2007. Calculations must be given, where necessary, in full. (IGNORE CENTS)

2007				2007			
Jan 1	Balance	b/d	.. (a)	Jun 30	... (b) ...	GJ	15 000
Aug 31	Bank	CPJ	18 000				

ACCUMULATED DEPRECIATION ON VEHICLES

B7

2007				2007			
Jun 30	Asset disposal	(c)	1 225	Jan 1	Balance	b/d	.. (d) ..
				Jun 30	Depreciation	GJ	.. (e) ..
				Dec 31	Depreciation	GJ	.. (f) ..

ASSET DISPOSAL				N18		
2007				2007		
Jun 30	Vehicles	GJ	15 000	Jun 30	Accumulated depreciation on vehicles	GJ 1 225
					... (g) ...	GJ 13 000
					... (h) ...	GJ 775

The content of a partnership can be tested as indicated in the next exercise.

The calculations require the learner to use moderately high thinking skills.

Exercise 67 (LO1, AS: Record the unique information for a partnership)

Study the following account which was taken from the books of ES Traders, with partners R. Erasmus and T. Stork.

The financial year was from 1 March 2007 to 29 February 2008.

Current account: T. Stork

2008			2007		
Feb 29	Drawings: T. Stork	(a) ...	Mar.1	Balance	b/d 2 400
	Balance	c/d 11 100	2008	Feb 29 (b) 48 000
					Interest on capital:
					T. Stork (c)(d)
				(e)... .. 22 000

INFORMATION

- a) T. Stork received the following during the year:
 - a salary of R4 000 per month
 - trading stock of R12 500 for the year
 - withdrew R8 800 cash during the year

- b) T. Stork increased his capital contribution from R60 000 to R80 000 on 31 October 2007. Interest of 12% must be brought into account per annum.

- c) The profit-share that Stork received for the financial year, was R22 000.

Complete the account above by just writing the number and answer down.

The closing entries of sole traders, using a periodic inventory system, can be converted into a short question format as indicated in exercise 68. The learner has to apply his/her basic knowledge to do the entries and moderately high calculation skills to determine the net income of the business.

Exercise 68 (LO3, AS: Record transactions in journals and ledgers, utilising the periodic inventory system)

(LO1, AS: Final accounts and financial statements)

Study the journal below and then fill in the answers as follows: (c) sales

GENERAL JOURNAL OF BASTA DISTRIBUTORS

Date	Details	Fol	Debits	Credits
2008 Jun. 30	(a) (b) Bring stock at the beginning of the year into account.		33 900	33 900
	Trading stock Closing stock Closing stock according to inventory	(c)	20 800	20 800
	Creditors allowance Trading account (d) Closing entry		5 600 88 500	94 100
	Sales (e) Trading account		167 200	4 200 163 000

Closing entry		
<div style="text-align: right; padding-right: 20px;">Closing stock (f)</div> Closing entry	20 800	20 800

Date	Details	Fol	Debits	Credits
	Trading account Opening stock Carriage on purchases Closing entry	(h)	(g)	(i) 9 300
	Trading account Profit and loss account Transfer of gross profit		(j)	(j)

Exercise 69 (LO1, AS: Prepare bank reconciliation statements)

Indicate the effect of the following transactions on the answer sheet with an X.

- a) A deposit, which appeared in the CRJ, was not credited on the Bank statement by the bank.
- b) The bank charged bank charges and interest on the Bank statement.
- c) The Bank statement showed a deposit from the estate of a debtor.
- d) A deposit only appeared on the Bank statement.
- e) The Bank statement showed a payment for the loan as well as the interest.
- f) The bank refused a cheque that was deposited by a debtor. The cheque was refused because of insufficient funds.
- g) A cheque was issued to a creditor for buying trading stock and was entered in the Cash payments journal. The amount in the Cash payments journal was more than the amount in the Bank statement. The Bank statement is correct.
- h) A cheque was issued to Newspaper for an advertisement, but was lost and must be cancelled. A new cheque was issued but didn't appear in the Cash payment journal and the Bank statement.
- i) A cheque was issued to the school as a donation. The cheque is stale and must be cancelled.

- j) A postdated cheque was issued to the municipality for rates and taxes and was not entered in the books.
- k) A postdated cheque was received from a debtor. No entry was made in the books.
- l) A cheque in the Salary journal didn't appear on the Bank statement.
- m) The Bank statement showed a favourable balance at the end of the month.

7.4 CONCLUSION

The LTSM for Accounting presented in this chapter aims to assist Accounting educators and learners in the FET phase. Educators can use the exercises to provide learners with a better foundation by improving their thinking skills and broadening their insight in the content that has to be covered. Learners have to get used to the different formats in which content can be evaluated by doing a variety of exercises as provided in this chapter. These exercises give the educator a good idea of the difficulty level of the content to ensure better results in the final examination.

Although the exercises are just an example of how content can be evaluated, educators can integrate content of different sections of Accounting (indicated in this chapter) to give learners the opportunity to achieve the three learning outcomes and various assessment standards. The exercises can be done either individually or in groups to give learners the opportunity to learn from one another. The educator can efficiently incorporate the exercises for projects, presentations, case studies and questions in tests and examinations.

The textbook provides activities for the learners to gradually learn new content and to master the basic knowledge and skills of a specific section that has been covered. The class tests provided in this chapter can be used as an assessment tool to determine if the learner is familiar with the theoretical background needed to do the additional LTSM. These exercises can only be effective as additional LTSM if the learner has already mastered the basic theory and has completed the activities in the textbook successfully.

References

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ANNEXURE A

CLASS TEST 1

WAGE AND SALARY JOURNAL

1. Salary account
Debit side
2. Credit side
3. Pension fund contribution
Pension fund
4. Creditors for wages
Credit side
5. Ordinary
6. Basic wage + overtime
7. R5 850
6 years

CLASS TEST 2

BANK RECONCILIATION

1. Credit balance
2. CRJ
3. False
4. CPJ and Bank reconciliation statement
5. Bank reconciliation statement

CLASS TEST 3

ASSET DISPOSAL

1.

ACCOUNT DEBITED	ACCOUNT CREDITED
Asset disposal	Equipment
Depreciation	Accumulated depreciation on equipment
Accumulated depreciation on equipment	Asset disposal
Bank	Asset disposal
Asset disposal	Profit for selling an asset

2. Debtors control
Insurance company
Drawings
Creditors control

CLASS TEST 4

PARTNERSHIPS

1. Drawings
2. Current account
3. Appropriation account
Current account
4. A=R28 000 B=R20 000

A=R34 000 B=R14 000

CLASS TEST 5

PERIODIC INVENTORY SYSTEM

1. Purchases – Creditors allowance
+ Opening stock
+ Carriage on purchases
- Closing stock

2. Sales – Debtors allowance – Cost of sales
 Trading account
 Opening stock
- Closing stock
 Trading account
3. Purchases
 Creditors control
- Creditors control
 Creditors allowance
- Drawings
 Purchases
- Carriage on purchases
 Bank
- Donation
 Purchases

CLASS TEST 6

CLUBS

1.

MEMBERSHIP FEES	
Accrued income	Income received in advance
Bank	Bank
Donation	Membership fees written off
Income received in advance	Honorarium
Income and Expenditure account	Accrued income

2. Membership fees written off
 Depreciation
 Loss/Profit for selling an asset
 Donation (Refreshments)
 Discount

3. Open temporary accounts + other rough work accounts as needed.
Do the adjustments.
Write B-accounts in the Trial balance and the N-accounts in the Statement of Receipts and Payments.
Carry B-accounts in the Statement of Receipts and Payments over to the Trial balance.
Close all temporary accounts + rough work accounts.

CLASS TEST 7 PROJECTED INCOME STATEMENTS AND CASH BUDGETS

1. R5 250 – first month R5 512.50 – second month
2. 50%
 50%
 100%
 R7 500
3. 100%
 50%
 150%
 R5 000
4. Cost of sales
5. Drawings + Cost of sales
6. R23 750
7. R8 400

CLASS TEST 8

COMPANIES

1. DR Dividends on ordinary shares CR Shareholders for dividends
 DR Shareholders for dividends CR Bank
 DR SARS: Income tax CR Bank

DR Income tax

CR SARS: Income tax

DR Bank

CR Ordinary share capital

DR Bank

CR Ordinary share premium

2.

APPROPRIATION ACCOUNT

Income tax	Profit and loss account
Dividends on ordinary shares	Retained income (start)
Retained income (end)	

CLASS TEST 9

MANUFACTURING

1.
 - (a) Direct material (Raw materials)
 - (b) Direct labour
 - (c) Manufacturing overheads
 - (d) Work-in-Progress (Work-in-Process)
 - (e) Finished goods
 - (f) Cost of sales

2.
 - (a) Direct (raw) material
 - (b) Direct labour
 - (c) Administration costs

3.
 - (a) Manufacturing overheads
 - (b) Sales and Distribution costs

4. Sales Variable costs

5.
 - (a) $R8\ 400 \div (20 - 6) = 600$ units

 - (b) $R8\ 400 + R25\ 200 = R33\ 600 \div (20 - 6) = 2\ 400$ units

6.1

DAY	IN			OUT			BALANCE		
	Units	Price / unit	Amount	Units	Price / unit	Amount	Units	Price / unit	Amount
1							200	4	800
5	600	5	3 000				600	5	3000
7				200	4	800			
				200	5	1 000	400	5	2 000
13	1 600	3	4 800				1 600	3	4 800
17				400	5	2 000			
				800	3	2 400	800	3	2 400
20				300	3	900	500	3	1 500
22				(100)	3	(300)	600	3	1 800
28	(200)	3	(600)				400	3	1 200

6.2

DAY	IN			OUT			BALANCE		
	Units	Price / unit	Amount	Units	Price / unit	Amount	Units	Price / unit	Amount
1							200	4	800
5	600	5	3 000				800	4.75	3 800
7				400	4.75	1 900	400	4.75	1 900
13	1 600	3	4 800				2 000	3.35	6 700
17				1 200	3.35	4 020	800	3.35	2 680
20				300	3.35	1 005	500	3.35	1 675
22				(100)	3.35	335	600	3.35	2 010
28	(200)	3	(600)				400	3.525	1 410

ANNEXURE B

EXERCISE 1

DEBTORS LEDGER OF WHEELER TRADERS

H. DUVENHAGE

DL 1

Date	Details	Fol	Debits	Credits	Balance
2007					
May 1	Balance	b/d	434		434
7	Invoice	DJ2	128		562
10	Receipt	CRJ7		400	162
	Discount	CRJ7		20	142
18	Invoice	DJ2	88		230
22	Receipt	CRJ7		150	80

S. DE JAGER

DL 2

Date	Details	Fol	Debits	Credits	Balance
2007					
May 1	Balance	b/d	330		330
13	Invoice	DJ2	60		390
24	Receipt	CRJ7		120	270
	Discount	CRJ7		10	260
31	R/D cheque	CPJ9	120		380
	Discount cancelled	GJ4	10		390
	Interest	GJ4	30		420

A. DE JAGER

DL 3

Date	Details	Fol	Debits	Credits	Balance
2007					
May 1	Balance	b/d	887		887
9	Receipt	CRJ7		500	387
	Discount	CRJ7		20	367
16	Credit note	DAJ1		130	237
24	Invoice	DJ2	130		367

T. MULLER

DL 4

Date	Details	Fol	Debits	Credits	Balance
2007					
May 1	Balance	b/d	160		160
22	Receipt	CRJ7		100	60
	Bad debts	GJ4		60	-

LIST OF DEBTORS ON 31 MAY 2007

H. Duvenhage	80
S. de Jager	420
A. de Jager	367
T. Muller	0
	867

GENERAL LEDGER OF WHEELER TRADERS**DEBTORS CONTROL****B 5**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 May 1	Balance	b/d	1 811	2007 May 31	Bank	CRJ7	1 270
31	Sales	DJ2	406		Discount allowed	CRJ7	50
	Bank	CPJ9	120		Debtors allowance	DAJ1	130
	Sundry accounts	GJ4	40		Sundry accounts	GJ4	60
					Balance	c/d	867
			2 377				2 377
Jun 1	Balance	b/d	867				

EXERCISE 2

DEBTORS LEDGER OF SPORT TRADERS

K. JACKSON

DL 3

Date	Details	Fol	Debits	Credits	Balance
2007 Oct 1	Balance	b/d			455
2	Invoice	DJ	350		805
7	Receipt	CRJ		500	305
13	Invoice	DJ	700		1 005
25	Receipt	CRJ		950	55
	Discount	CRJ		55	-
31	Invoice	DJ	240		240

CREDITORS LEDGER OF SPORT TRADERS

JOUBERT SUPPLIERS

CL 2

Date	Details	Fol	Debits	Credits	Balance
2007 Oct 1	Balance	b/d			770
3	Cheque	CPJ	700		70
10	Invoice	CJ		800	870
17	Invoice	CJ		120	990
28	Cheque	CPJ	792		198
	Discount	CPJ	198		-

EXERCISE 3

GENERAL JOURNAL OF WORCESTER DISTRIBUTORS

GJ 1

Date	Details	Debits	Credits	Debtors Control		Creditors Control	
				Debits	Credits	Debits	Credits
2007							
Apr 30	P. van Wyk	6-75		6-75			
	Interest income		6-75				
	W. Hugo	100					
	S. Froneman		100				
	Stationery	78					
	Write Limited	9				9	
	Trading stock		87				
	Cost of sales	20					
	Trading stock		20				
	Trading stock	55					
	Cost of sales		55				
	Trading stock	17					
	Zack Manufacturers		17				17
				6-75		9	17

EXERCISE 4

GENERAL JOURNAL OF KOKSTAD STORES

GJ 1

Date	Details	Debits	Credits	Debtors Control		Creditors Control	
				Debits	Credits	Debits	Credits
2007							
Mar 3	Bad debts	130					
	L. Young		130		130		
	S. Taylor	10		10			
	Interest income		10				
	N. Potter	10		10			
	Discount allowed		10				
	C. Mostert	30		30			
	Sales		30				
	Drawings	300					
	Trading stock		300				
				50	130	-	-

GENERAL LEDGER OF KOKSTAD STORES

DEBTORS CONTROL

B 5

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007				2007			
Mar 1	Balance	b/d	3 190	Mar 31	Bank	CRJ	1 350
31	Sales	DJ	1 060		Discount allowed	CRJ	120
	Bank	CPJ	200		Debtors allowance	DAJ	50
	Sundry accounts	GJ	50		Sundry accounts	GJ	130
					Balance	c/d	2 850
			4 500				4 500
Apr 1	Balance	b/d	2 850				

EXERCISE 5

GENERAL JOURNAL OF JOCK-SPORTS TRADERS

GJ 2

Date	Details	Debits	Credits	Debtors Control		Creditors control	
				Debits	Credits	Debits	Credits
2007							
Oct 15	Bad debts	51					
	Z. Schoombie		51		51		
	Write off 60c in the Rand						
25	Drawings	65					
	Trading stock		65				
	Owner took goods						
27	P. Maree	150					
	P. Maré		150				
	Correction of error						
30	H. van Deventer	5		5			
	Discount allowed		5				
	Discount cancelled						
31	N. Breda	12		12			
	Interest income		12				
	Interest charged						
				17	51		

DEBTORS JOURNAL OF JOCK-SPORTS TRADERS OCTOBER 2007 DJ2

Doc no.	Day	Debtor	Fol	Sales	Cost of Sales
	1	S. Wagenaar		520	416
	8	D. Lambrecht		175	140
	15	M. van der Merwe		300	240
		H. van Deventer		50	40
	31	D. Lambrecht		120	96
				1 165	932

DEBTORS ALLOWANCE JOURNAL OF JOCK-SPORTS TRADERS

OCTOBER 2007

DAJ 1

Doc no.	Day	Debtor	Fol	Debtors allowance	Cost of sales
	15	D. Lambrecht		30	24
	20	M. van der Merwe		15	-
				45	24

CREDITORS JOURNAL OF JOCK-SPORTS TRADERS OCTOBER 2007 CJ 1

Doc no	Day	Details	Fol	Creditors Control	Trading stock	Stationery	Sundry accounts		
							Amount	Fol	Details
	1	Textile Distributors		2 770	2 450		320		Packaging material
	20	Sportswear Limited		1 120	70	70	980		Equipment
				3 890	2 520	70	1 300		

CREDITORS ALLOWANCE JOURNAL OF JOCK-SPORTS TRADERS OCTOBER 2007 CAJ 1

Doc no	Day	Details	Fol	Creditors control	Trading stock	Stationery	Sundry accounts		
							Amount	Fol	Details
	6	Textile Distributors		60	60				
	25	Sportswear Limited		75	55	20			
				135	115	20			

CASH RECEIPT JOURNAL OF JOCK-SPORTS TRADERS OCTOBER 2007 CRJ 1

Doc no	Day	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control	Discount allowed	Sundry accounts		
										Amount	Fol	Details
	3	K. Pienaar		310				310	15			
		Sales		410	720	410	328					
	6	Cash		7 440	7 440	7 440	5 952					
	13	G. van Graan		200	200			200				
	15	Sales		5 260		5 260	4 208					
		Z. Schoombie		34	5 294			34				
	22	Sales		480	480	480	384					
	25	H. van Deventer		45	45			45	5			
	27	W. Roets		400	400					400		Rent income
	30	Sales		4 450	4 450	4 450	3 560					
	31	F. Jacobs		60	60					60		Bad debts recovered
					19 089	18 040	14 432	589	20	460		

CASH PAYMENTS JOURNAL OF JOCK-SPORTS TRADERS

OCTOBER 2007

CPJ 1

Doc no.	Day	Details	Fol	Bank	Trading stock	Wages	Debtors control	Discount received	Creditors control	Sundry accounts		
										Amount	Fol	Details
87	3	Shoe Distributors		2 080				70	2 080			
88	6	Wages		250		250						
89	8	Stationers Limited		119						119		Stationery
90	13	Wages		280		280						
91		Top World		3 740	3 550					190		Stationery
92	20	Wages		300		300						
		G. van Graan		200			200					
93	22	Bystand-Building Society		2 500						2 500		Loan: Bystand Building Society
94	27	Wages		350		350						
	30	H. van Deventer		45			45					
B/S				151						79		Bank charges
										72		Interest on overdraft account
				10 015	3 550	1 180	245	70	2 080	2 960		

EXERCISE 6**GENERAL LEDGER OF STAR TRADERS****TRADING STOCK****B 6**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 1	Balance	b/d	12 230	2007 Mar 31	Cost of sales	CRJ	4 120
31	Creditors control	CJ	8 100		Cost of sales	DJ	6 400
	Cost of sales	DAJ	100		Creditors control	CAJ	800
					Drawings	GJ	420
					Balance	c/d	8 690
			20 430				20 430
Apr 1	Balance	b/d	8 690				

DEBTORS CONTROL**B 7**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 1	Balance	b/d	5 140	2007 Mar 31	Bank	CRJ	5 730
31	Sales	DJ	10 150		Discount allowed	CRJ	170
	Bank	CPJ	90		Debtors allowance	DAJ	330
	Sundry accounts	GJ	95		Sundry accounts	GJ	170
					Balance	c/d	9 075
			15 475				15 475
Apr 1	Balance	b/d	9 075				

CREDITORS CONTROL**B 9**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Bank	CPJ	9 510	2007 Mar 1	Balance	b/d	4 490
	Discount received	CPJ	430	31	Sundry accounts	CJ	12 270
	Sundry accounts	CAJ	1 980		Sundry accounts	GJ	640
	Balance	c/d	5 480				
			17 400				17 400
				Apr 1	Balance	b/d	5 480

STATIONERY**N 4**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 12	Bank	CPJ	560	2007 Mar 31	Creditors control	CAJ	40
31	Creditors control	CJ	340				

DISCOUNT RECEIVED**N 5**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 Mar 31	Creditors control	CPJ	430

DEBTORS ALLOWANCE**N 6**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Debtors control	DAJ	330				

BAD DEBTS**N 10**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Debtors control	GJ	170				

INTEREST INCOME**N 11**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 Mar 31	Debtors control	GJ	15

EXERCISE 7

GENERAL LEDGER OF SWA TRADERS

DRAWINGS

B 2

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 25	Bank	CPJ9	3 600				

EQUIPMENT

B 3

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 22	Bank	CPJ9	3 300	2007 Oct 31	Creditors control	CAJ2	1 140
31	Creditors control	CJ4	3 830		Balance	c/d	5 990
			7 130				7 130
Nov 1	Balance	b/d	5 990				

TRADING STOCK

B 4

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 31	Bank	CPJ9	6 070	2007 Oct 31	Creditors control	CAJ2	800
	Creditors control	CJ4	18 100		Cost of sales	CRJ7	10 120
	Cost of sales	DAJ1	100		Cost of sales	DJ3	6 400
					Balance	c/d	6 950
			24 270				24 270
Nov 1	Balance	b/d	6 950				

DEBTORS CONTROL

B 5

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 31	Sales	DJ3	10 150	2007 Oct 31	Bank	CRJ7	5 730
	Bank	CPJ9	250		Discount allowed	CRJ7	170
					Debtors allowance	DAJ1	330
					Balance	c/d	4 170
			10 400				10 400
Nov 1	Balance	b/d	4 170				

BANK

B 6

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 31	Sundry accounts	CRJ7	24 530	2007 Oct 31	Sundry accounts	CPJ9	20 090

PETTY CASH**B 7**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 1	Bank	CPJ9	1 000	2007 Oct 31	Sundry accounts	PCJ8	750
31	Bank	CPJ9	750		Balance	c/d	1 000
			1 750				1 750
Nov 1	Balance	b/d	1 000				

CREDITORS CONTROL**B 8**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 31	Bank	CPJ9	6 510	2007 Oct 31	Sundry accounts	CJ4	22 270
	Discount received	CPJ9	430				
	Sundry accounts	CAJ2	1 980				
	Balance	c/d	13 350				
			22 270				22 270
				Nov 1	Balance	b/d	13 350

SALES**N 1**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 Oct 31	Bank	CPJ9	17 800
					Debtors control	DJ3	10 150

COST OF SALES**N 2**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 31	Trading stock	CRJ7	10 120	2007 Oct 31	Trading stock	DAJ1	100
	Trading stock	DJ3	6 400				

RENT INCOME**N 3**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 Oct 31	Bank	CRJ7	1 000

DISCOUNT ALLOWED**N 4**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 31	Debtors control	CRJ7	170				

WAGES**N5**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 31	Bank	CPJ9	1 050				
	Petty cash	PCJ8	680				

DISCOUNT RECEIVED**N6**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 Oct 31	Creditors control	CPJ9	430

STATIONERY**N7**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 12	Bank	CPJ9	560	2007 Oct 31	Creditors control	CAJ2	40
31	Creditors control	CJ4	340				
	Petty cash	PCJ8	70				

DEBTORS ALLOWANCE**N8**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 31	Debtors control	DAJ1	330				

EXERCISE 8

SALARY JOURNAL OF BIGG-FALLS TRADERS FOR THE MONTH ENDED 28 FEBRUARY 2007

SJ 12

Employee	Gross salary	DEDUCTIONS				Net salaries	Employer' s contributions	
		Pension	Medical	PAYE	Total		Pension	Medical
S. Danië ls	4 050	486	550	729	1 765	2 285	729	1 100
P. Klopper	5 100	612	630	1 071	2 313	2 787	918	1 260
	9 150	1 098	1 180	1 800	4 078	5 072	1 647	2 360

GENERAL LEDGER OF BIGG-FALLS TRADERS

MEDICAL FUND

B 7

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Feb 28	Bank	CPJ	3 540	2007 Feb 28	Salaries	SJ	1 180
					Medical fund contribution	SJ	2 360
			3 540				3 540

PENSION FUND

B 8

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Feb 28	Bank	CPJ	2 745	2007 Feb 28	Salaries	SJ	1 098
					Pension fund contribution	SJ	1 647
			2 745				2 745

SARS: PAYE

B 9

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Feb 28	Bank	CPJ	1 800	2007 Feb 28	Salaries	SJ	1 800

CREDITORS FOR SALARIES

B 10

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Feb 28	Bank	CPJ	5 072	2007 Feb 28	Salaries	SJ	5 072

SALARIES**N 5**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Feb 28	Sundry accounts	SJ	9 150				

PENSION FUND CONTRIBUTION**N 6**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Feb 28	Pension fund	SJ	1 647				

MEDICAL FUND CONTRIBUTION**N 7**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Feb 28	Medical fund	SJ	2 360				

EXERCISE 9

WAGE JOURNAL OF AAA BUILDERS FOR THE WEEK ENDED 20 MAY 2007

WJ 5

Employee	Ordinary wage	Over time			Sunday			Gross wage
		Hours	R/Hour	Amount	Hours	R/Hour	Amount	
Brits	200	10	7-50	75	5	10	50	325
Moss	280	2	10-50	21	-	14	-	301
Van Zyl	240	7	9	63	3	12	36	339
								965

Employee	DEDUCTIONS			Net wage	Employer' s contribution	
	Pension	PAYE	Total		Pension	
Brits	20	50	70	255	20	
Moss	28	70	98	203	28	
Van Zyl	24	60	84	255	24	
	72	180	252	713	72	

GENERAL LEDGER OF AAA BUILDERS

PENSION FUND

B 8

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 May 20	Wages	WJ	72
					Pension fund contribution	WJ	72

SARS: PAYE

B 9

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 May 20	Wages	WJ	180

CREDITORS FOR WAGES

B 10

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 May 20	Wages	WJ	713

WAGES**N7**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 May 20	Sundry accounts	WJ	965				

PENSION FUND CONTRIBUTION**N8**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 May 20	Pension fund	WJ	72				

EXERCISE 10

WAGE JOURNAL OF BLOCK LIMITED FOR THE WEEK ENDED 12 MAY 2007 WJ 18

Employee	Normal time			Over time: Week			Overtime: Sunday			Gross wage
	Hours	R/Hour	Amount	Hours	R/Hour	Amount	Hours	R/Hour	Amount	
S. Botha	40	25	1 000	8	50	400	-		-	1 400
D. Marx	39	20	780	1	40	40	5	60	300	1 120
G. Venter	36	30	1 080	2	60	120	2	90	180	1 380
			2 860			560			480	3 900

Employee	DEDUCTIONS				Net wage	Employer' s contribution	
	Pension	UIF	PAYE	Total		Pension	UIF
S. Botha	100	10-00	140	250	1 150	150	10-00
D. Marx	100	7-80	112	219-80	900-20	150	7-80
G. Venter	100	10-80	138	248-80	1 131-20	150	10-80
	300	28-60	390	718-60	3 181-40	450	28-60

GENERAL LEDGER OF BLOCK BEPERK

PENSION FUND

B 8

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 May 12	Wages	WJ	300
					Pension fund contribution	WJ	450

SARS: PAYE

B 9

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 May 12	Wages	WJ	390

UIF

B 10

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 May 12	Wages	WJ	28-60
					UIF contribution	WJ	28-60

CREDITORS FOR WAGES

B 11

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007				2007			

May 12	Bank	CPJ	3 181-40	May 12	Wages	WJ	3 181-40
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WAGES

N 7

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 May 12	Sundry accounts	WJ	3 900				

PENSION FUND CONTRIBUTION

N 8

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 May 12	Pension fund	WJ	450				

UIF CONTRIBUTION

N 9

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 May 12	UIF	WJ	28-60				

EXERCISE 11**SALARY JOURNAL OF STELLENBOSCH TRADERS
FOR THE MONTH ENDED 31 MARCH 2007****SJ 1**

Employee	Gross salary	DEDUCTIONS				Net salaries	Employer' s contributions	
		Pension	Medical	PAYE	Total		Pension	Medical
C. de Wet	5 060	506	250	1 066	1 822	3 238	506	500
W. Basson	3 200	320	250	673	1 243	1 957	320	500
	8 260	826	500	1 739	3 065	5 195	826	1 000

GENERAL LEDGER OF STELLENBOSCH TRADERS**MEDICAL FUND****B 7**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Bank	CPJ	2 100	2007 Mar 5	Wages	WJ	50
					Medical fund contribution	WJ	100
				12	Wages	WJ	50
					Medical fund contribution	WJ	100
				19	Wages	WJ	50
					Medical fund contribution	WJ	100
				26	Wages	WJ	50
					Medical fund contribution	WJ	100
				31	Salaries	SJ	500
					Medical fund contributions	SJ	1 000
			2 100				2 100

SARS: PAYE**B 8**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Bank	CPJ	3 796	2007 Mar 5	Wages	WJ	478
				12	Wages	WJ	532
				19	Wages	WJ	441
				26	Wages	WJ	606

				31	Salaries	SJ	1 739
			3 796				3 796

PENSION FUND**B 9**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Bank	CPJ	5 386	2007 Mar 5	Wages	WJ	445-75
					Pension fund contribution	WJ	445-75
				12	Wages	WJ	480-50
					Pension fund contribution	WJ	480-50
				19	Wages	WJ	410
					Pension fund contribution	WJ	410
				26	Wages	WJ	530-75
					Pension fund contribution	WJ	530-75
				31	Salaries	SJ	826
					Pension fund contributions	SJ	826
			5 386				5 386

UIF**B 10**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Bank	CPJ	280	2007 Mar 5	Wages	WJ	70
				12	Wages	WJ	70
				19	Wages	WJ	70
				26	Wages	WJ	70
			280				280

CREDITORS FOR SALARIES**B 11**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 May 31	Bank	CPJ	5 195	2007 May 31	Salaries	SJ	5 195

CREDITORS FOR WAGES**B 12**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Bank	CPJ	6 113	2007 Mar 5	Wages	WJ	1 301
				12	Wages	WJ	1 723
				19	Wages	WJ	1 143
				26	Wages	WJ	1 946
			6 113				6 113

SALARIES**N 5**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 May 31	Sundry accounts	SJ	8 260				

WAGES**N 6**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 5	Sundry accounts	WJ	2 344,75				
12	Sundry accounts	WJ	2 855,50				
19	Sundry accounts	WJ	2 114,00				
26	Sundry accounts	WJ	3 202,75				

PENSION FUND CONTRIBUTION**N 7**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 5	Wages	WJ	445-75				
12	Wages	WJ	480-50				
19	Wages	WJ	410				
26	Wages	WJ	530-75				
31	Salaries	SJ	826				

MEDICAL FUND CONTRIBUTION**N 8**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 5	Wages	WJ	1 00				
12	Wages	WJ	1 00				
19	Wages	WJ	1 00				
26	Wages	WJ	1 00				
31	Salaries	SJ	1 000				

EXERCISE 12

BUSY DRY CLEANERS

1.1 $55 + 55 = 110 \div 5\,500 \times 100 = 2\%$

1.2 $1\,925 \div 5\,500 \times 100 = 35\%$

1.3 $1\,085 \div 775 \times 100 = 140\%$

1.4 $36\,600 \div 12 = R\,3\,050 - 1\,085 - 435 - 350 = R\,1\,180$

1.5 $3\,130 + 4\,382 + 435 + 609 = R\,8\,556$

2. DR Salaries

CR SARS: PAYE

Medical fund

Pension fund

Creditors for salaries

DR Medical fund contribution

CR Medical fund

DR Pension fund contribution

CR Pension fund

EXERCISE 13

OMEGA MANUFACTURERS

1.1 Swart: $(45 \times 8 = 360) + (4 \times 15 = 60) = R\ 420$

Paulsen: $35 \times 8 = R\ 280$

Van Rhyn: $(45 \times 8 = 360) + (6 \times 15 = 90) = R\ 450$

Wages account = R 1 150

1.2 $390 \div (260+390) \times 100 = 60\%$

1.3 $R13\ 000 - (896 + 260 + 3\ 124) = R\ 8\ 720$ to creditors for salaries

1.4.1 $(105 + 56 + 112.50) \times 4 = R\ 1\ 094 + 3\ 124$
 $= R\ 4\ 218$

1.4.2 $(360 + 280 + 360) \times 5\% \times 4 = R\ 200$
 $(360 + 280 + 360) \times 7.5\% \times 4 = 300$
 $896 + 1\ 344 = \underline{2\ 240}$
 $\underline{2\ 740}$

1.5 $(18.50 + 9 + 25.50) \times 40c \times 4 = R\ 84.80 + 390 = R\ \underline{474.80}$

- 1.6 Make sure the bookkeeper has calculated the amount payable to SARS correctly as soon as possible after the completion of the Salary and Wages journals.
Make sure that the communication channel between the bookkeeper and the person who is responsible for paying the amount on behalf of the business to SARS is healthy and punctual.
Make sure that the correct amount, according to the Salary and Wages journals, is paid to SARS before the 7th of every month by checking the dates on the documents which are kept as proof of payments made.

EXERCISE 14

GENERAL JOURNAL OF SPRING TRADERS **GJ 2**

Date	Details	Debits	Credits
2007 Feb 28	Sales	168 165	
	Debtors allowance		1 441
	Trading account		166 724
	Closing entry		
	Trading account	108 118	
	Cost of sales		108 118
	Closing entry		
	Trading account	58 606	
	Profit and loss account		58 606
	Transfer of gross profit		
	Rent income	7 200	
	Discount received	3 311	
	Interest on fixed deposit	1 840	
	Profit and loss account		12 351
	Closing entry		
	Profit and loss account	45 615	
	Advertising		2 500
	Wages and salaries		22 444
	Interest on loan		1 800
	Insurance		2 450
	Water and electricity		10 775
	Bank charges		622
	Telephone		3 021
	Discount allowed		788
	Bad debts		90
	Stationery		1 125
	Depreciation		18 864
	Closing entry		
	Profit and loss account	25 342	
	Capital		25 342
	Transfer of net income		
	Capital	45 779	
	Drawings		45 779
	Transfer of drawings		

POST-CLOSING TRIAL BALANCE OF SPRING TRADERS ON 28 FEBRUARY 2007

BALANCE ACCOUNTS SECTION	Debits	Credits
Capital		307 782
Land and buildings	180 000	
Equipment	38 700	
Vehicles	63 500	
Fixed deposit: Rainbow Bank	15 000	
Loan: Summer Bank		18 000
Trading stock	33 553	
Debtors control	5 889	
Creditors control		18 980
Bank	6 560	
Cash float	500	
Petty cash	100	
Accrued expenses		330
Accrued income	1 140	
Prepaid expenses	150	
	345 092	345 092

EXERCISE 15

GENERAL LEDGER OF SWARTLAND TRADERS

TRADING ACCOUNT

F 1

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007				2007			
Feb 28	Cost of sales	GJ	98 215	Feb 28	Sales	GJ	164 185
	Profit and loss	GJ	65 970				
			164 185				164 185

PROFIT AND LOSS ACCOUNT

F 2

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007				2007			
Feb 28	Rates and taxes	GJ	1 250	Feb 28	Trading account	GJ	65 970
	Wages	GJ	14 380		Rent income	GJ	6 320
	Interest on loan	GJ	2 800		Interest on fixed deposit	GJ	5 700
	Insurance	GJ	7 200				
	Water and electricity	GJ	23 390				
	Bank charges	GJ	960				
	Telephone	GJ	6 200				
	Bad debts	GJ	420				
	Capital	GJ	21 390				
			77 990				77 990

**POST-CLOSING TRIAL BALANCE OF
SWARTLAND TRADERS ON 28 FEBRUARY 2007**

BALANCE ACCOUNTS SECTION	Debits	Credits
Capital		211 960
Land and buildings	125 000	
Equipment	33 100	
Vehicles	44 500	
Fixed deposit: Hillside Bank	15 000	
Loan: Porterville Bank		20 000
Trading stock	21 240	
Debtors control	4 800	
Creditors control		22 630
Bank	12 800	
Cash float	100	
Petty cash	150	
Accrued expenses		3 450
Income received in advance		550
Accrued income	1 400	
Prepaid expenses	500	
	258 590	258 590

EXERCISE 16

OFM TRADERS

INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008

	Note	
Turnover (88654 – 719)		87 935
Cost of sales		(53 192)
Gross profit		34 743
Other operating income		1 142
Discount received		1 112
Provision for bad debts adjustment		30
Operating expenses		(34 408)
Rent expenses (4200 – 600)		3 600
Wages (11 480 + 950)		12 430
Insurance (1986 – 616)		1 370
Water and electricity		4 192
Telephone (1760 + 254)		2 014
Discount allowed		441
Bad debts		146
Pension fund contribution (520 + 50)		570
Stationery (926 – 210)		716
Trading stock deficit		306
Depreciation (973 + 7 650)		8 623
Operating profit		1 477
Interest income (275 + 275)		550
Profit before interest expense		2 027
Interest expense (1 700 + 130)		(1 830)
Net income for the year		197

EXERCISE 17

AQUA TRADERS

INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008

	Note	
Turnover (966 290 – 890)		965 400
Cost of sales		(690 000)
Gross profit		275 400
Other operating income		14 490
Rent income		13 200
Bad debts recovered		60
Provision for bad debts adjustment		130
Discount received		1 100
Operating expenses		(200 075)
Bad debts (280 + 135)		415
Water and electricity		44 330
Stationery (2 220 – 540)		1 680
Telephone (18 150 + 970)		19 120
Insurance (9 860 – 1 000)		8 860
Salaries and wages (84 895 + 5 200)		90 095
Discount allowed (880 – 50)		830
Bank charges (740 + 95)		835
Trading stock deficit		2 200
Depreciation $([10\ 050 + 15\ 300] + 6\ 360)$		31 710
Operating profit		89 815
Interest income $([170+30] + [865 + 70])$	1	1 135
Profit before interest expense		90 950
Interest expense (2 400 + 1 800)	2	(4 200)
Net income for the year		86 750

AQUA TRADERS

NOTES OF FINANCIAL STATEMENTS FOR THE YEAR ENDED
29 FEBRUARY 2008

					2008
1	INTEREST INCOME				
	on debtors				200
	on current account				935
					1 135
2	INTEREST EXPENSE				
	on mortgage loan				4 200
					4 200
3	FIXED ASSETS				
		Land and buildings	Vehicles	Equipment	Total
	Cost price	250 800	76 500	62 100	389 400
	Accumulated depreciation		(55 300)	(16 400)	(71 700)
	Book value (start)	250 800	21 200	45 700	317 700
	Movements				
	Additions @ cost price		67 000		67 000
	Sales @ book value			(3 300)	(3 300)
	Depreciation		(25 350)	(6 360)	(5 900)
	Book value (end)	250 800	62 850	36 040	349 690
	Cost price	250 800	143 500	54 600	448 900
	Accumulated depreciation		(80 650)	(18 560)	(99 210)
4	STOCK				
	Trading stock				72 900
	Consumable stores on hand				540
					73 440

5	DEBTORS AND OTHER RECEIVABLES	
	Net trade debtors	13 090
	Trade debtors	13 760
	Provision for bad debts	(670)
	Prepaid expenses	1 000
		14 090
6	CASH AND CASH EQUIVALENTS	
	Bank	20 540
	Petty cash	250
	Cash float	700
		21 490
7	OWNER'S EQUITY	
	Balance (01-03-2007)	360 070
	Net income	86 750
	Drawings	(48 870)
		397 950
8	CREDITORS AND OTHER PAYABLES	
	Trade creditors	33 300
	Accrued expenses (970 + 1 800)	2 770
	Income received in advance	1 100
	Creditors for salaries	2 860
	Pension fund	5 730
	Installment on loan	5 000
		50 760

EXERCISE 18

PONGOLA TRADERS

a) $36\,670 - 18\,770 = 17\,900$
 $17\,900 / 89\,500 \times 100 = 20\%$

b) Yes
Discount allowed is high and bad debts low

c)

2006	2007
$99\,020 / 255\,050 \times 100 = 38,82\%$	$123\,840 / 314\,440 \times 100 = 39,38\%$

Debtors allowance and clearance sale

d)

2006	2007
$65\,840 / 255\,050 \times 100 = 25,81\%$	$66\,070 / 314\,440 \times 100 = 21,01\%$

A decrease of 4,8%

e)

2006	2007
$43\,120 / 255\,050 \times 100 = 16,91\%$	$71\,120 / 314\,440 \times 100 = 22,62\%$

Yes, the increase in expenses with 5,71% contributed to the decrease in net income to the turnover.

f) $3\,360 / 21\,000 \times 100 = 16\%$ interest rate

Profitability for 2007: $66\,070 / [(280\,830 + 328\,200) / 2] \times 100 = 21,7\%$

Good, because it is higher than 16%

g)

2006	2007
$312\,930 : 32\,100$ 9,75 : 1	$360\,000 : 32\,100$ 11,21 : 1

The solvency ratio increased and it is higher than the norm of 1 : 1

h)

2007
$23\,290 : 16\,100$

1,45 : 1

The business will not be able to pay the short term liabilities, because the ratio is below the norm of 2 : 1

i)

2007
23 290 – 9 730 : 16 100
0,84 : 1

The business is keeping to much stock, because the ratio is below the norm of 1 : 1

EXERCISE 19

KROON TRADERS

- 1) Yes, they have paid rates and taxes.
- 2) $7\,700 / 171\,000 \times 100 = 4,5\%$
Yes, the rate is higher as the 3% received from banks.
- 3) $(125\,000 + 57\,000 + 15\,000) : (25\,000 + 14\,000)$
 $5,05 : 1$
Yes, it is higher than the norm of 1 : 1
- 4) $57\,000 : 25\,000$
 $2,28 : 1$
Yes, the ratio is above the norm of 2 : 1
- 5) $57\,000 - 35\,000 : 25\,000$
 $0,88 : 1$
No, the norm is 1 : 1 The business is keeping to much stock
- 6) $(58\,100 + 2\,800) / 154\,000 \times 100 = 39,55\%$
There is a significant increase from 20% to 39,55%
- 7) $61\,600 / 92\,400 \times 100 = 66,67\%$
- 8) Yes, there is an advertising account
- 9) $1800 / 15\,000 \times 100 = 12\%$
- 10) $7\,700 / 154\,000 \times 100 = 5\%$
- 11) $171\,000 + 7\,700 - ? = 158\,000$
 $? = 20\,700$
 $20\,700 - 4\,200 = 16\,500$ cash

EXERCISE 20

MONATI TRADERS

$$1) \frac{R185\,250}{\frac{1}{2}(R14\,060 + R18\,632)} \\ = 11,33 \text{ times}$$

$$2) R186\,113 : R34\,084 \\ 5,46 : 1$$

$$3) R31\,433 - R14\,476 : R14\,084 \\ 1,2 : 1$$

Stock levels not too high, because 1,2 is above the norm of 1:1.

$$4) R20\,000 + R50\,000 : R152\,029 \\ 0,46 : 1$$

Low geared (Below 1:1). Can borrow R50 000.

$$5) \frac{R54\,200}{\frac{1}{2}(R120\,000 + R152\,029)} \times \frac{100}{1} \\ = 39,85\%$$

$$6) \frac{R61\,750}{R185\,250} \times \frac{100}{1} \\ = 33,33\%$$

EXERCISE 22

GENERAL JOURNAL OF PRO CARRIERS

GJ 2

Date 2008	Details	Debits	Credits
Jan 31	Asset disposal	33 200	
	Vehicles		33 200
	Depreciation	4 180	
	Accumulated depreciation on vehicles		4 180
	Accumulated depreciation on vehicles	14 580	
	Asset disposal		14 580
	Drawings	15 000	
	Asset disposal		15 000
	Loss for selling an asset	3 620	
	Asset disposal		3 620
Feb 29	Depreciation	56 770	
	Accumulated depreciation on vehicles		56 770

EXERCISE 23

GENERAL JOURNAL OF LEOPOLD TRADERS

GJ 3

Date 2008	Details	Debits	Credits
Feb 1	Asset disposal	15 000	
	Equipment		15 000
	Depreciation	1 113-75	
	Accumulated depreciation on equipment		1 113-75
	Accumulated depreciation on equipment	3 963-75	
	Asset disposal		3 963-75
	Drawings	11 036-25	
	Asset disposal		11 036-25
29	Depreciation	5 085	
	Accumulated depreciation on equipment		5 085
	Salaries	6 800	
	Pension fund		220
	Receiver of Revenue: PAYE		2 720
	Creditors for Salaries		3 860
	Pension fund contribution	440	
	Pension fund		440

EXERCISE 24

GENERAL JOURNAL OF WI TRADERS

GJ 2

Date 2007	Details	Debits	Credits	Debtors Control		Creditors control	
				Debits	Credits	Debits	Credits
Nov 30	Smart Distributors	480				480	
	Trading stock		480				
	Bank	20					
	Petty cash		20				
	Cost of sales	300					
	Trading stock		300				
	STR Wholesalers	500					
	SSS Wholesalers		500				
	Interest on current account	52					
	Interest on overdraft account	52					
	Bank		104				
	S. Ludwig	10		10			
	Discount allowed		10				
	Asset disposal	18 000					
	Equipment		18 000				
	Depreciation	2 016					
	Accumulated depreciation on equipment		2 016				
	Accumulated depreciation on equipment	6 576					
	Asset disposal		6 576				
	Sure Insurance Company	10 450					
	Asset disposal		10 450				
	Loss through theft	974					
	Asset disposal		974				
				10	-	480	-

EXERCISE 25**GENERAL LEDGER OF SPRITE DISTRIBUTORS****VEHICLES****B 4**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jul 1	Balance	b/d	98 000	2007 Apr 1	Asset disposal	GJ	22 000
2008 Mar 31	Creditors control	CJ	65 000	2008 Jun 30	Balance	c/d	141 000
			163 000				163 000
2008 Jul 1	Balance	b/d	141 000				

EQUIPMENT**B 5**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jul 1	Balance	b/d	54 780	2008 Jun 30	Balance	c/d	63 480
Nov 1	Bank	CPJ	8 700				
			63 480				63 480
2008 Jul 1	Balance	b/d	63 480				

ACCUMULATED DEPRECIATION ON VEHICLES**B 6**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Apr 1	Asset disposal	GJ	5 500	2007 Jul 1	Balance	b/d	35 600
2008 Jun 30	Balance	c/d	50 200	Apr 1	Depreciation	GJ	1 650
				2008 Jun 30	Depreciation	GJ	18 450
			55 700				55 700
				Jul 1	Balance	b/d	50 200

ACCUMULATED DEPRECIATION ON EQUIPMENT**B7**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2008 Jun 30	Balance	c/d	24 880	2007 Jun 1	Balance	b/d	18 580
				2008 Jun 30	Depreciation	GJ	6 300
			24 880				24 880
				Jul 1	Balance	b/d	24 880

ASSET DISPOSAL**N9**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Apr 1	Vehicles	GJ	22 000	2007 Apr 1	Accumulated depreciation on vehicles	GJ	5 500
					Insurance company	GJ	15 000
					Loss through theft	GJ	1 500
			22 000				22 000

- 2.1 Lock away in a safe place like a garage.
Surroundings can be cordoned off with palisades.
Security company can provide guards.
- 2.2 Fixed asset register.
- 2.3 Date bought, Cost price, Depreciation that's been written off every year, amendments and repairs.

EXERCISE 26

GENERAL LEDGER OF CALITZ TRADERS

CURRENT ACCOUNT: MARITZ

B 3

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 1	Balance	b/d	5 300	2007 Dec 31	Interest on capital: Maritz	GJ	45 000
Dec 31	Drawings: Maritz	GJ	94 400		Salary: Maritz	GJ	72 000
	Balance	c/d	25 100		Appropriation acc	GJ	7 800
			124 800				124 800
				2008 Jan 1	Balance	b/d	25 100

APPROPRIATION ACCOUNT

F 3

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Dec 31	Salary: Maritz	GJ	72 000	2007 Dec 31	Profit and loss acc	GJ	210 000
	Salary: Calahan	GJ	50 000				
	Interest on capital: Maritz	GJ	45 000				
	Interest on capital: Calahan	GJ	30 000				
	Current account: Maritz	GJ	7 800				
	Current account: Calahan	GJ	5 200				
			210 000				210 000

EXERCISE 27

GENERAL LEDGER OF LL TRADERS

ASSET DISPOSAL ACCOUNT

N9

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Dec 31	Equipment	GJ	7 500	2007 Dec 31	Accumulated depreciation on equipment	GJ	3 020
					Drawings: Lambert	GJ	2 000
					Loss for selling an asset	GJ	2 480
			7 500				7 500

CURRENT ACCOUNT: LOUW

B4

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Dec 31	Drawings: Louw	GJ	100 500	2007 Jan 1	Balance	b/d	24 500
	Balance	c/d	35 750	2007 Dec 31	Interest on capital: Louw	GJ	37 500
					Salary: Louw	GJ	54 000
					Appropriation acc	GJ	20 250
			136 250				136 250
				2008 Jan 1	Balance	b/d	35 750

CURRENT ACCOUNT: LAMBERT

B3

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 1	Balance	b/d	5 100	2007 Dec 31	Interest on capital: Lambert	GJ	22 500
2007 Dec 31	Drawings: Lambert	GJ	94 000		Salary: Lambert	GJ	42 000
					Appropriation acc	GJ	12 150
					Balance	c/d	22 450
			99 100				99 100
2008 Jan 1	Balance	b/d	22 450				

APPROPRIATION ACCOUNT**F 3**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Dec 31	Salary: Louw	GJ	54 000	2007 Dec 31	Profit and loss acc	GJ	188 400
	Salary: Lambert	GJ	42 000				
	Interest on capital: Louw	GJ	37 500				
	Interest on capital: Lambert	GJ	22 500				
	Current account: Louw	GJ	20 250				
	Current account: Lambert	GJ	12 150				
			188 400				188 400

EXERCISE 28

GENERAL JOURNAL OF SKINSTAD TRADERS

GJ 2

Date 2008	Details	Debits	Credits
Jun 30	Salary: Skinner	54 000	
	Current account: Skinner		54 000
	Salary: Stadler	46 000	
	Current account: Stadler		46 000
	Interest on capital: Skinner	20 000	
	Current account: Skinner		20 000
	Interest on capital: Stadler	10 000	
	Current account: Stadler		10 000
	Profit and loss	179 900	
	Appropriation account		179 900
	Appropriation account	130 000	
	Salary: Skinner		54 000
	Salary: Stadler		46 000
	Interest on capital: Skinner		20 000
	Interest on capital: Stadler		10 000
	Appropriation account	49 900	
	Current account: Skinner		24 950
	Current account: Stadler		24 950
	Current account: Skinner	69 800	
	Drawings: Skinner		69 800
	Current account: Stadler	52 900	
	Drawings: Stadler		52 900

EXERCISE 29

BOULEVARD DISTRIBUTORS

INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008

	Note	
Turnover (514 615 – 205)		514 410
Cost of sales		(326 500)
Gross profit		187 910
Other operating income		6 957
Discount received		670
Rent income (6 750 – 525)		6 225
Provision for bad debts adjustment		62
Operating expenses		(44 738)
Wages (14 100 + 1 500)		15 600
Bank charges (1 225 + 210)		1 435
Telephone		1 330
Stationery (470 – 125)		345
Insurance		585
Water and electricity (9 368 – 200)		9 168
Bad debts		80
Depreciation (7 530 + 6 240 + 1650)		15 420
Loss for selling an asset		150
Trading stock deficit		625
Operating profit		150 129
Interest income (1 020 + 25)		1 045
Profit before interest expense		151 174
Interest expense (1 400 + 350)		(1 750)
Net income for the year		149 424

8 CURRENT ACCOUNTS

	HAVARD	BOUTSEN	TOTAL
Opening balance	2 440	(505)	1 935
Net income for the year	81 504	67 920	149 424
Salaries	36 000	30 000	66 000
Interest on capital	9 000	7 500	16 500
Primary appropriation	45 000	37 500	82 500
Remaining profit	36 504	30 420	66 924
Drawings for the year	(44 430)	(22 780)	(67 210)

	Closing balance	39 514	44 635	84 149
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EXERCISE 30

MONZA TRADERS

INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008

	Note	
Turnover (785 210 – 800)		784 010
Cost of sales		(403 050)
Gross profit		380 960
Other operating income		19 463
Discount received		4 860
Rent income (17 100 – 2 520)		14 580
Provision for bad debts adjustment		23
Operating expenses		(300 867)
Wages and salaries		129 980
Advertising		2 000
Discount allowed		1 460
Bad debts		700
Telephone (41 770 + 1 802)		43 572
Stationery		2 200
Water and electricity (101 810 – 945)		100 865
Depreciation (4 800 + 800 + 13 200)		18 800
Trading stock deficit		1 290
Operating profit		99 556
Interest income (5 200 + 2 388)		7 588
Net income for the year		107 144

MONZA TRADERS

NOTES OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2008

		2008			
1	INTEREST INCOME				
	on fixed deposit				7 588
					7 588
2	FIXED ASSETS				
		Land and buildings	Vehicles	Equipment	Total
	Cost price	370 000	30 000	110 000	510 000
	Accumulated depreciation		(6 000)	(26 400)	(32 400)
	Book value (start)	370 000	24 000	83 600	477 600
	Movements				
	Additions @ cost price			8 000	8 000
	Sales @ book value				
	Depreciation		(4 800)	(14 000)	(18 800)
	Book value (end)	370 000	19 200	77 600	466 800
	Cost price	370 000	30 000	118 000	518 000
	Accumulated depreciation		(10 800)	(40 400)	(51 200)
3	STOCK				
	Trading stock				102 140
	Consumable stores on hand				450
					102 590
4	DEBTORS AND OTHER RECEIVABLES				
	Net trade debtors				30 943
	Trade debtors			31 900	
	Provision for bad debts			(957)	
	Prepaid expenses				945
	Accrued income				2 388
					34 276

		2008		
5	CASH AND CASH EQUIVALENTS			
	Bank	33 710		
	Cash float	400		
		34 110		
6	CAPITAL			
		MOLLER	ZANELE	TOTAL
	Balance (01-03-2007)	350 000	250 000	600 000
	Contribution made	50 000	50 000	100 000
		400 000	300 000	700 000
7	CURRENT ACCOUNTS			
		MOLLER	ZANELE	TOTAL
	Opening balance	33 120	(5 890)	27 230
	Net income for the year	57 272	49 872	93 144
	Salaries	30 000	27 600	57 600
	Interest on capital	18 750	13 750	32 500
	Primary appropriation	48 750	41 350	90 100
	Remaining profit	8 522	8 522	17 044
	Drawings for the year	(78 650)	(66 920)	(145 570)
	Closing balance	11 742	(22 938)	(11 196)
8	CREDITORS AND OTHER PAYABLES			
	Trade creditors	6 450		
	Accrued expense	1 802		
	Income received in advance	2 520		
		10 772		

EXERCISE 31

HUGO AND SONS

a) $\frac{R409\ 850}{R455\ 700} \times \frac{100}{1}$
= 89,94%

Stock gets old, broke, stolen or the owner withdrew it for his own use.

b) $\frac{R455\ 700}{R47\ 555} \times \frac{9,58}{4} = 2,4$ months
= 9,58 times per annum.

Yes, the business replaces the stock faster than 1 time per quarter

c)

S. HUGO	START	END	
Capital	190 000	190 000	
Current account	26 652	93 567	26 652 + 90 315 - 23 400
	216 652	283 567	
W. HUGO			
Capital	150 000	150 000	
Current account	11 293	57 603	11 293 + 90 315 - 44 005
	161 293	207 603	

S. HUGO: $\frac{R90\ 315}{\frac{1}{2}(R216\ 652 + R283\ 567)} \times \frac{100}{1}$
= 36,11%

W. HUGO: $\frac{R90\ 315}{\frac{1}{2}(R161\ 293 + R207\ 603)} \times \frac{100}{1}$
= 48,96%

The earnings of the partners are satisfying.

d) R573 850 : R82 680
6,94 : 1

Business is solvent, because it is higher than the norm of 1:1.

e) R73 850 : R27 680
2,67 : 1

Yes, it is higher than the norm of 2:1.

f) R73 850 - R47 555 : R27 680

0,95 : 1

The stock level of the business is too high, because it is more than the norm of 1:1.

EXERCISE 32

GENERAL LEDGER OF SPLASH TRADERS

TRADING STOCK

B 4

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2008				2008			
Feb 29	Balance	b/d	55 760	Feb 29	Opening stock	GJ	55 760
	Closing stock	GJ	42 700		Balance	c/d	42 700
			98 460				98 460
Mar 1	Balance	b/d	42 700				

PURCHASES

N 2

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2008				2008			
Feb 29	Total	b/d	198 700	Feb 29	Creditors allowance	GJ	9 960
	Drawings	GJ	360		Donation	GJ	2 000
					Trading account	GJ	187 100
			199 060				199 060

DEBTORS ALLOWANCE

N 7

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2008				2008			
Feb 29	Total	b/d	5 770	Feb 29	Sales	GJ	5 770

OPENING STOCK

N 13

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2008				2008			
Feb 29	Trading stock	GJ	55 760	Feb 29	Trading account	GJ	55 760

CLOSING STOCK

N 14

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2008				2008			
Feb 29	Trading account	GJ	42 700	Feb 29	Trading stock	GJ	42 700

TRADING ACCOUNT**F 1**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2008 Feb 29	Opening stock	GJ	55 760	2008 Feb 29	Sales	GJ	317 040
	Purchases	GJ	187 100		Closing stock	GJ	42 700
	Import rights	GJ	4 500				
	Carriage on purchases	GJ	14 350				
	Profit and loss account	GJ	98 030				
			359 740				359 740

EXERCISE 33

GENERAL JOURNAL OF FLOORS TRADERS

GJ 9

Date 2008	Details	Debits	Credits
Feb 29	Purchases	700	
	Donation		700
	Purchases	690	
	Carriage on purchases	50	
	Stationery		740
	Bank	32 000	
	Fixed deposit: ACT Bank		32 000
	Trading stock	39 250	
	Closing stock		39 250
	Creditors allowance	1 140	
	Purchases		1 140
	Trading account	160 960	
	Purchases		116 660
	Carriage on purchases		12 130
	Opening stock		32 170
	Sales	570	
	Debtors allowance		570
	Sales	174 030	
	Closing stock	39 250	
	Trading account		213 280
	Trading account	52 320	
	Profit and loss account		52 320

EXERCISE 34

TAMARISK TRADERS

INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008

	Note	
Turnover (378 420 – 1 890)		376 530
Cost of sales		(256 630)
Gross profit		119 900
Other operating income		13 480
Discount received		4 540
Rent income (9 670 – 770)		8 900
Provision for bad debts adjustment		40
Operating expenses		(90 338)
Bad debts (300 + 240)		540
Wages		56 440
Bank charges		760
Stationery (1 170 – 140)		1 030
Water and electricity		18 230
Telephone		9 950
Discount allowed (800 – 12)		788
Donation		2 600
Operating profit		43 042
Interest income (700 + 720)		1 420
Net income for the year		44 462

Opening stock	R 64 500
+ Purchases (235 290 – 12 810)	222 480
Custom dues	2 300
Carriage on purchases	22 470
– Closing stock	55 120
COST OF SALES	256 630

EXERCISE 35

SPORTMAN TRADERS

INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008

	Note	
Turnover (731 600 – 5 700)		725 900
Cost of sales		(465 400)
Gross profit		260 500
Other operating income		21 932
Discount received (4 860 – 63)		4 797
Rent income (12 800 + 2 560)		15 360
Bad debts recovered		1 525
Provision for bad debts adjustment		250
Operating expenses		(101 145)
Wages and salaries		85 000
Advertisements (1 200 + 240)		1 440
Discount allowed		2 660
Bad debts		700
Stationery (3 425 – 730)		2 695
Donation		150
Depreciation		8 500
Operating profit		181 287
Interest expense (7 200 + 3 900)	1	11 100
Net income for the year		170 187

Opening stock	R147 555
+ Purchases (455 270 – 1 070)	454 200
Import dues	755
Carriage on purchases	8 890
– Closing stock	146 000
COST OF SALES	465 400

1	INTEREST EXPENSE	
	on mortgage loan	11 100
		11 100

5	CAPITAL			
	Balance (01-03-2007)	JOUBERT	SMALL	TOTAL
		220 000	180 000	400 000

6	CURRENT ACCOUNTS			
		JOUBERT	SMALL	TOTAL
	Opening balance	26 652	11 293	37 945
	Net income for the year	95 664	74 523	170 187
	Salaries	18 000	14 400	32 400
	Interest on capital	27 500	22 500	50 000
	Primary appropriation	45 500	36 900	82 400
	Remaining profit	50 164	37 623	87 787
	Drawings for the year	(23 680)	(44 005)	(67 685)
	Closing balance	98 636	41 811	140 447

EXERCISE 36

GENERAL LEDGER OF OASIS SPORT CLUB

MEMBERSHIP FEES

N 1

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007				2007			
Jan 1	Accrued income	GJ	600	Jan 1	Income received in advance	GJ	240
Dec 31	Bank	CB	120	Mar 31	Bank	CB	14 400
	Income received In advance	GJ	840		Membership fees written off	GJ	240
	Income and expenditure	GJ	21 600	Jun 30	Bank	CB	1 200
				Sept 30	Bank	CB	5 880
				Dec 31	Bank	CB	600
					Accrued income	GJ	600
			23 160				23 160

EXERCISE 37

GENERAL LEDGER OF STAR RUNNING CLUB

MEMBERSHIP FEES				N1			
Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007				2007			
Jan 1	Accrued income	GJ	960	Jan 1	Income received in advance	GJ	1 080
Dec 31	Bank	CB	240	Dec 31	Bank	CB	18 200
	Income received In advance	GJ	720		Membership fees written off	GJ	240
	Income and expenditure	GJ	18 080		Accrued income	GJ	480
			<u>20 000</u>				<u>20 000</u>

Accrued income: $3x (200 \times 120/100) = 720$
 $2x (100 \times 120/100) = 240$

Income received in advance: $6x (200 \times 90/100) = 1 080$

Back payment: $4x (200 \times 30/100) = 240$

Income and expenditure:

* new members – $7x 200 = 1 400$
 $4x (80\% \times 200) = 640$
 $2x (60\% \times 200) = 240$
 $3x (40\% \times 200) = 240$
 $1x (20\% \times 200) = 40$
2 560

* existing members – $80 - 1 = 79$

6 members – income received in advance = 1 080
4 members – moved = 560 (800-240)
2 members – accrued income = 480 (200 x 120/100 x 2)
67 members x 200 = 13 400
79 = 18 080

EXERCISE 38

GENERAL LEDGER OF WCC SPORT CLUB

MEMBERSHIP FEES

N 1

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 1	Accrued income	GJ	5 400	2007 Jan 1	Income received in advance	GJ	3 000
Dec 31	Income received In advance	GJ	4 200	Mar 31	Bank	CB	54 000
	Income and expenditure	GJ	98 200		Membership fees written off	GJ	2 400
				Jun 30	Bank	CB	31 400
				Sept 30	Bank	CB	9 000
				Dec 31	Bank	CB	4 400
					Accrued income	GJ	3 600
			107 800				107 800

INTEREST ON FIXED DEPOSIT

N 4

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 1	Accrued income	GJ	280	2007 Mar 31	Bank	CB	450
Dec 31	Income and expenditure	GJ	990	Sept 30	Bank	CB	650
				Dec 31	Accrued income	GJ	170
			1 270				1 270

WAGES

N 5

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 1	Prepaid expense	GJ	20	2007 Dec 31	Income and expenditure	GJ	17 120
Mar 31	Bank	CB	2 100				
Jun 30	Bank	CB	1 800				
Sept 30	Bank	CB	5 400				
Dec 31	Bank	CB	7 800				
			17 120				17 120

REFRESHMENTS**N 6**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007	Refreshments			2007			
Jan 1	Stock	GJ	545	Mar 31	Bank	CB	14 100
Mar 31	Bank	CB	13 600	Jun 30	Bank	CB	22 500
Jun 30	Bank	CB	17 800	Sept 30	Bank	CB	17 100
Sept 30	Bank	CB	12 300	Dec 31	Bank	CB	28 800
Dec 31	Bank	CB	14 900		Refreshments stock	GJ	740
	Income and expenditure	GJ	24 095				
			83 240				83 240

STATIONERY**N 7**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007	Consumable stores			2007	Consumable stores		
Jan 1	on hand	GJ	75	Dec 31	on hand	GJ	110
Jun 30	Bank	CB	620		Income and expenditure	GJ	585
			695				695

EXERCISE 39**GENERAL LEDGER OF SEA BREEZE SPORT CLUB****ACCUMULATED DEPRECIATION ON LAWNMOWERS****B 7**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Dec 31	Balance	c/d	31 600	2007 Jan 1	Balance	b/d	22 500
				Dec 31	Depreciation	GJ	9 100
			31 600				31 600
				2008 Jan 1	Balance	b/d	31 600

MEMBERSHIP FEES**N 1**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 1	Accrued income	GJ	800	2007 Jan 1	Income received in advance	GJ	1 200
Dec 31	Income received In advance	GJ	2 000	Dec 31	Bank	CB	75 480
	Income and expenditure	GJ	74 680		Membership fees written off	GJ	400
					Accrued income	GJ	400
			77 480				77 480

TELEPHONE**N 7**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Dec 31	Petty cash	PCJ	600	2007 Jan 1	Accrued expenses	GJ	150
				Dec 31	Income and expenditure	GJ	450
			600				600

REFRESHMENTS**N 8**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 1	Refreshments Stock	GJ	25 600	2007 Dec 31	Bank	CB	62 400
Dec 31	Bank	CB	31 550		Refreshments stock	GJ	5 150
	Income and						

	expenditure	GJ	10 400				
			67 550				67 550

GOLF EQUIPMENT

N 9

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 1	Golf equipment stock	GJ	18 200	2007 Dec 31	Bank	CB	48 375
Dec 31	Bank	CB	28 900		Competition prices	GJ	8 700
	Income and expenditure	GJ	16 125		Golf equipment stock	GJ	6 150
			63 225				63 225

STATIONERY

N 10

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 1	Consumable stores on hand	GJ	4 900	2007 Dec 31	Consumable stores on hand	GJ	520
Dec 31	Bank	CB	2 750		Income and expenditure	GJ	7 170
	Petty cash	PCJ	40				
			7 690				7 690

INTEREST ON FIXED DEPOSIT

N 11

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 1	Accrued income	GJ	400	2007 Dec 31	Bank	CB	1 715
Dec 31	Income and expenditure	GJ	1 515		Accrued income	GJ	200
			1 915				1 915

EXERCISE 40

COMRADES SPORT CLUB

RECEIPTS AND PAYMENTS STATEMENT

for the year ending 31 December 2007

RECEIPTS		26 928
Membership fees	16 100	
Entrance fees	450	
Donations	1 770	
Sale of refreshments	7 778	
Interest on fixed deposit	830	
<u>Less: PAYMENTS</u>		37 311
Stationery	215	
Purchases of refreshments	5 230	
Interest on loan	1 155	
Wages	2 300	
Insurance	760	
Bank charges	321	
Honorarium to the treasurer	250	
Water and electricity	280	
Fixed deposit	6 000	
Loan	2 000	
Land and buildings	16 000	
Equipment	2 800	
Shortfall for the year		(10 383)
Balance in the bank on 1 January 2007		13 273
Balance in the bank on 31 December 2007		2 890

EXERCISE 41

GENERAL LEDGER OF KING MANUFACTURERS

RAW MATERIAL STOCK

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 1	Balance	b/d	33 750	2007 Mar 1	Direct material	GJ	650 000
	Bank	CPJ	130 000	2008 Feb 29	Balance	c/d	31 350
	Bank	CPJ	32 600				
	Creditors control	CJ	480 000				
2008 Feb 29	Direct material	GJ	5 000				
			681 350				681 350
2008 Mar 1	Balance	b/d	31 350				

DIRECT MATERIAL COST

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 1	Raw material	GJ	650 000	2008 Feb 29	Raw material	GJ	5 000
					Work-in-progress	GJ	645 000
			650 000				650 000

MANUFACTURING OVERHEAD COSTS

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2008 Feb 29	Indirect material	GJ	9 660	2008 Feb 29	Work-in-progress	GJ	441 110
	Indirect labour	GJ	47 250				
	Salary: Factory manager	GJ	135 000				
	Rent	GJ	42 000				
	Insurance	GJ	34 000				
	Water and electricity	GJ	123 200				
	Depreciation	GJ	42 000				
	Telephone	GJ	8 000				
			441 110				441 110

WORK-IN-PROGRESS

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 1	Balance	b/d	18 570	2008 Feb 29	Finished goods	GJ	1 500 000
2008 Feb 29	Direct material	GJ	645 000		Balance	c/d	98 180
	Direct labour	GJ	493 500				
	Factory overheads	GJ	441 110				
			1 598 180				1 598 180
2008 Mar 1	Balance	b/d	98 180				

FINISHED GOODS

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 1	Balance	b/d	24 200	2008 Feb 29	Cost of sales	GJ	1 491 800
2008 Feb 29	Work-in-progress	GJ	1 500 000		Balance	c/d	32 400
			1 524 200				1 524 200
2008 Mar 1	Balance	b/d	32 400				

EXERCISE 42

GENERAL LEDGER OF DUNBAR MANUFACTURERS

FINISHED GOODS

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 1	Balance	b/d	11 000	2008 Feb 29	Cost of sales	GJ	780 000
2008 Feb 29	Work-in-progress	GJ	800 000		Balance	c/d	31 000
			811 000				811 000
2008 Mar 1	Balance	b/d	31 000				

DUNBAR MANUFACTURERS

PRODUCTION COST STATEMENT FOR THE YEAR ENDING 29 FEBRUARY 2008

	Notes	R
Prime costs		455 100
Direct material costs	1	281 400
Direct labour costs	2	173 700
Manufacturing overhead costs	3	341 400
Total manufacturing costs		796 500
Add: Work-in-progress at the beginning		8 900
		805 400
Less: Work-in-progress at the end		(5 400)
Cost of production of finished goods		800 000

DUNBAR MANUFACTURERS

NOTES TO THE FINANCIAL STATEMENTS

1. Direct material costs	R
Opening stock	14 500
Net purchases	272 200
Carriage on purchases	15 800
Less: Closing stock	(21 100)
	281 400

2. Direct labour costs	R
Factory wages	172 000
Add: UIF contributions	1 700
	173 700

3. Manufacturing overhead costs	R
Indirect material (4 900 + 17 200 – 2 200)	19 900
Indirect labour (45 400 + 500)	45 900
Salaries	123 000
Depreciation	22 100
Rent	48 000
Rates and taxes	6 000
Water and electricity	62 500
Insurance	14 000
	341 400

Production cost of finished goods per unit:

$$R800\ 000 \div 25\ 000\ \text{units} = R32\ \text{per unit}$$

EXERCISE 43

PLASTO MANUFACTURERS

PRODUCTION COST STATEMENT FOR THE YEAR ENDING 29 FEBRUARY 2008

	Notes	R
Prime costs		309 600
Direct material costs	1	170 200
Direct labour costs	2	139 400
Manufacturing overhead costs	3	280 760
Total manufacturing costs		590 360
Add: Work-in-progress at the beginning		51 500
		641 860
Less: Work-in-progress at the end		(38 800)
Cost of production of finished goods		603 060

PLASTO MANUFACTURERS

TRADING STATEMENT FOR THE YEAR ENDING 29 FEBRUARY 2008

	Notes	R
Sales		907 360
Cost of finished goods sold	4	(596 360)
Gross profit		311 000

PLASTO MANUFACTURERS

NOTES TO THE FINANCIAL STATEMENTS

1. Direct material costs	R
Opening stock	5 600
Net purchases	158 000
Carriage on purchases	9 400
Custom duties	2 100
Less: Closing stock	(4 900)
	170 200

2. Direct labour costs	R
Factory wages	138 000
Add: Pension fund contributions	1 400
	139 400

3. Manufacturing overhead costs	R
Indirect material (4 100 + 22 200 – 7 500)	18 800
Indirect labour (8 000 + 80 + 120 000 + 14 000 + 6 000)	148 080
Depreciation (92 000 – 12 000)	80 000
Rent (23 940 – 1 980 x [2500 ÷ 5000])	10 980
Insurance	7 500
Water and electricity	14 400
Stationery	300
Telephone	700
	280 760

4. Cost of finished goods sold	R
Opening stock	12 400
Add: Cost of production of finished goods	603 060
	615 460
Less: Closing stock	(19 100)
	596 360

EXERCISE 44

SPORT WORLD MANUFACTURERS

1) $R145\ 000 \div 50\ 000\ \text{balls} = R2.90$

2) $R205\ 000 \div 50\ 000\ \text{balls} = R4.10$

3) $R350\ 000 \div 50\ 000\ \text{balls} = R7$

4) $R110\ 000 \div 50\ 000\ \text{balls} = R2.20$

5) $(R145\ 000 + R205\ 000 + R110\ 000) \div 50\ 000\ \text{balls} = R9.20$

6) $R9.20 \times 150 \div 100 = R13.80$

7) $R110\ 000 \times 70\% = R77\ 000$ fixed costs

$R110\ 000 \times 30\% = R33\ 000 + R145\ 000 + R205\ 000 = R383\ 000$ variable costs

$R383\ 000 \div 50\ 000\ \text{balls} = R7.66$

$R13.80 - R7.66 = R6.14$ contribution per ball

$R77\ 000 \div R6.14 = 12\ 541$ balls

8) $R13.80 - R9.20 = R4.60 \times 50\ 000\ \text{balls} = R230\ 000$

9) Preventive: Workers can wear protective gear. Compile safety rules and regulations for the workers. Safety equipment like fire extinguishers, fire hoses and emergency kit have to be available in the work place.

Detective: Implement smoke detectors or fire alarms.

Corrective: Buy safety equipment or protective wear where it is needed.

Directive: Pay bonuses to workers if no accidents occur for a specific duration.

EXERCISE 45

GENERAL LEDGER OF SPORT LIMITED

ORDINARY SHARE CAPITAL B 1

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2008 Apr 30	Balance	c/d	400 000	2007 Mar 1	Balance	b/d	300 000
				Apr 1	Bank	CRJ	100 000
			400 000				400 000
				2007 May 1	Balance	b/d	400 000

ORDINARY SHARE PREMIUM B 2

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007 Apr 1	Bank	CRJ	12 000

SA REVENUE SERVICES: INCOME TAX B 7

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 1	Balance	b/d	880	2008 Feb 29	Income tax	GJ	74 550
Aug 31	Bank	CPJ	33 000				
2008 Feb 25	Bank	CPJ	38 000				
29	Balance	c/d	2 670				
			74 550				74 550
				2008 Mar 1	Balance	b/d	2 670

SHAREHOLDERS FOR DIVIDENDS B 8

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 10	Bank	CPJ	15 100	2007 Mar 1	Balance	b/d	15 100
Sep 15	Bank	CPJ	28 000	Sep 2	Dividends on ordinary shares	GJ	28 000
2008 Feb 29	Balance	c/d	48 000	2008 Feb 29	Dividends on ordinary shares	GJ	48 000
			91 100				91 100
				2008 Mar 1	Balance	b/d	48 000

APPROPRIATION ACCOUNT**F 3**

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2008				2008			
Feb 29	Income tax	GJ1	74 550	Feb 29	Profit and loss	GJ1	248 500
	Dividends on				Retained	GJ1	74 400
	ordinary shares	GJ1	76 000		income		
	Retained income	GJ1	172 350				
			322 900				322 900

GENERAL JOURNAL OF SPORT LIMITED**GJ 2**

Date	Details	Debits	Credits
2008			
Feb 29	Asset disposal	8 000	
	Equipment		8 000
	Depreciation	1 200	
	Accumulated depreciation on equipment		1 200
	Accumulated depreciation on equipment	4 200	
	Asset disposal		4 200
	Tuff Insurers	3 500	
	Asset disposal		3 500
	Loss on theft	300	
	Asset disposal		300

Calculation of depreciation:

equipment 30 months old

$R3\ 000 / 30\ \text{months} = R1\ 00\ \text{per month} \times 12 = R1\ 200\ \text{per annum}$

$R1\ 200 / R8\ 000 \times 100 = 15\%$

EXERCISE 46

NOVICE LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008

	Note	
Turnover (544 240 – 640)		543 600
Cost of sales		(288 150)
Gross profit		255 450
Other operating income		7 540
Rent income (9 000 – 1 800)		7 200
Provision for bad debts adjustments		40
Profit on sale of asset		300
Operating expenses		(221 310)
Salaries		62 100
Insurance (14 800 – 1 400)		13 400
Bad debts (440 + 30)		470
Telephone		9 900
Stationery (4 610 – 550)		4 060
Water and electricity (45 000 + 4 250)		49 250
Audit fees		8 750
Directors fees		35 000
Pension fund contribution		8 930
Trading stock deficit		1 170
Depreciation (8 880 + 19 400)		28 280
Operating profit		41 680
Interest expense	1	(7 980)
Net income before tax		33 700
Taxation		(15 500)
Net income for the year	8	18 200

NOVICE LIMITED

NOTES OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2008

					2008
1	INTEREST EXPENSE				
	on mortgage loan (5 500 + 2 480)				7 980
					7 980
2	FIXED ASSETS				
		Land and buildings	Vehicles	Equipment	Total
	Cost price	294 800	135 000	81 000	510 800
	Accumulated depreciation	-	(54 000)	(21 800)	(75 800)
	Book value (start)	294 800	81 000	59 200	435 000
	Movements				
	Additions @ cost price				
	Sales @ book value		(24 700)		(24 700)
	Depreciation		(19 400)	(8 880)	(28 280)
	Book value (end)	294 800	36 900	50 320	382 020
	Cost price	294 800	97 000	81 000	472 800
	Accumulated depreciation	-	(60 100)	(30 680)	(90 780)
3	STOCK				
	Trading stock				36 230
	Consumables on hand				550
					36 780
4	DEBTORS AND OTHER RECEIVABLES				
	Net trade debtors				12 160
	Trade debtors				12 800
	Provision for bad debts				(640)
	Prepaid expenses				1 400
	SA Revenue Services: Income tax				4 500
					18 060

5	CASH AND CASH EQUIVALENTS	
	Bank (45 630 + 120 + 25 000 + 120 000)	190 750
	Cash float	500
		191 250
6	SHARE CAPITAL	
	Authorised:	
	1 00 000 ordinary shares of R5 each	500 000
	Issued:	
	60 000 ordinary shares of R5 each on 1 March 2007	300 000
	20 000 ordinary shares of R5 each during the financial year	100 000
	80 000 ordinary shares of R5 each on 29 February 2008	400 000
7	SHARE PREMIUM	
	Balance on 1 March 2007	60 000
	Shares issued: 20 000 shares @ 100 cent premium	20 000
	Balance on 29 February 2008	80 000
8	RETAINED INCOME	
	Retained income on 1 March 2007	32 800
	Net income for the year	18 200
	Dividends on ordinary shares	(36 000)
	Paid	12 000
	Declared	24 000
	Retained income on 29 February 2008	15 000
9	TRADE AND OTHER PAYABLES	
	Trade creditors	48 180
	Accrued expenses (2 480 + 4 250)	6 730
	Income received in advance	1 800
	Pension fund	2 400
	Installment on loan	24 000
	Shareholders for dividends	24 000
		107 110

NOVICE LIMITED

BALANCE SHEET ON 29 FEBRUARY 2008

	Note	
ASSETS		
Non current assets		382 020
Fixed assets	2	382 020
Current assets		246 090
Stock	3	36 780
Debtors	4	18 060
Cash	5	191 250
Total assets		628 110
EQUITY AND LIABILITIES		
Ordinary shareholders' equity		495 000
Share capital	6	400 000
Share premium	7	80 000
Retained income	8	15 000
Non current liabilities		
Loan:		26 000
Current liabilities		107 110
Creditors	9	107 110
Total equity and liabilities		628 110

EXERCISE 47

BLOUBERG LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008.

	Notes	R
Cash flow from operating activities		224 250
Cash generated by operations	1	580 600
Interest paid		(44 850)
Dividends paid	3	(161 000)
Taxation paid	4	(150 500)
Cash flows from investing activities		(74 250)
Fixed assets purchased		(94 250)
Less: Proceeds on disposal of fixed assets		20 000
Cash flows from financing activities		10 000
Decrease in long term loans		(45 000)
Proceeds on shares issued		55 000
Net change in cash	2	160 000
Cash at the beginning of the year		(510 000)
Cash at the end of the year	2	(350 000)

Calculations: ***

Net income before tax	392 000 ***
Tax	<u>157 000</u>
Net income after tax	235 000
Dividends	<u>182 500</u> (700 000 x 10% = 70 000 + 112 500)
Retained income for the year	52 500
Retained income (beginning)	<u>270 000</u>
Retained income (end)	<u>322 500</u>

<u>Accumulated depreciation on vehicles</u>	
Asset disposal	30 000 Balance 110 000
Balance	95 000 Depreciation 15 000 ***

<u>Depreciation on equipment</u>	
2007: a -	(ax 20%) = 101 000
	0,8a = 101 000
	a = 126 250 (cost price)

Depreciation: 126 250 - 101 000 = 25 250
The same amount will be written off in 2008.

BLOUBERG LIMITED

**NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED
29 FEBRUARY 2008**

1	Cash generated by operations	
	Net income before tax	392 000
	Interest paid	44 850
	Adjustment for depreciation	40 250
	Operating profit before changes in working capital	477 100
	Changes in working capital	103 500
	Increase in stock	(10 000)
	Increase in debtors	(74 500)
	Increase in creditors	188 000
	Cash generated from operations	580 600
2	Cash	
	Bank	160 000
	Cash float	-
	Petty cash	-
		160 000
3	Dividends paid	
	Amount due at the beginning of the year	(91 000)
	Amount paid and declared during the year	(182 500)
	Amount due at the end of the year	112 500
		(161 000)
4	Taxation paid	
	Amount due at the beginning of the year	4 500
	Amount in Income statement	(157 000)
	Amount due at the end of the year	2 000
		(150 500)

Financial leverage

2008: 355 000 : 1 077 500
0,33 : 1

Net asset value on ordinary shares

2008: $\frac{1\ 077\ 500}{740\ 000} \times \frac{100}{1} = 146$ cent

EXERCISE 48

PAARL LIMITED

1.1 $114\,975 - 49\,275 : 54\,750$
 $1,2 : 1$

1.2 $\frac{225\,000}{\frac{1}{2}(49\,275 + 67\,950)} = 3,84 \text{ times}$

1.3 $28\,000 : 98\,800$
 $0,28 : 1$

1.4 $\frac{22\,300}{60\,000} \times \frac{100}{1} = 37,17 \text{ cent}$

1.5 $\frac{22\,300}{\frac{1}{2}(98\,800 + 58\,500)} \times \frac{100}{1} = 28,35\%$

1.6 $\frac{98\,800}{60\,000} \times \frac{100}{1} = 164,67 \text{ cent}$

2	SHARE CAPITAL	R
	<u>Authorised:</u>	
	100 000 ordinary shares of R1 each	100 000
	<u>Issued:</u>	
	40 000 ordinary shares of R1 each on 1 March 2007	40 000
	20 000 ordinary shares of R1 each during the financial year	20 000
	60 000 ordinary shares of R1 each on 29 February 2008	60 000

3.

GENERAL LEDGER OF PAARL LIMITED

SA REVENUE SERVICES

B 7

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007				2008			
Mar 1	Balance	b/d	1 200	Feb 29	Income tax	GJ1	8 710
Aug 31	Bank	CPJ	8 310		Balance	c/d	800
			9 510				9 510
2008							
Mar 1	Balance	b/d	800				

APPROPRIATION ACCOUNT

F 3

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2008				2008			
Feb 29	Income tax	GJ1	8 710	Feb 29	Profit and loss	GJ1	31 010
	Dividends on				Retained income	GJ1	18 500
	ordinary shares	GJ1	12 000				
	Retained income	GJ1	28 800				
			49 510				49 510

4.1 $12\ 000 - 7\ 250 = 4\ 750$

4.2 $\frac{R10\ 000}{20\ 000\ \text{shares}} = 50\text{c premium/share}$

4.3 SAICA (South African Institute of Chartered Accountants)

EXERCISE 49

CASH RECEIPTS JOURNAL OF HOLIDAY TRADERS OCTOBER 2007 CRJ 4

Doc no.	Day	Details	Bank	Sundry accounts	
				Amount	Details
	31	TOTAL b/d	15 213		
B/S		S. Kolbie	100	100	Bad debts recovered
149		West Traders	610	610	Creditors control
411		Athletic club	120	120	Donation
			16 043		
			B7		

CASH PAYMENTS JOURNAL OF HOLIDAY TRADERS OCTOBER 2007 CPJ 6

Doc no.	Day	Details (Name of payee)	Bank	Sundry accounts	
				Amount	Details
	31	TOTAL b/d	6 949		
B/S			143	55	Bank charges
				88	Interest on overdraft account
B/S		BBB Insurers	700	700	Insurance
B/S		J. Moolman	320	320	Debtors control
503		West Traders	610	610	Creditors control
			8 722		
			B7		

GENERAL LEDGER OF HOLIDAY TRADERS

BANK

B7

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 31	Sundry accounts	CRJ4	16 043	2007 Oct 1	Balance	b/d	1 539
				31	Sundry accounts	CPJ6	8 722
					Balance	c/d	5 782
			16 043				16 043
2007 Nov 1	Balance	b/d	5 782				

**BANK RECONCILIATION STATEMENT OF HOLIDAY TRADERS ON
31 OCTOBER 2007.**

	Debits	Credits
Credit balance according to the Bank statement		6 492
Credit outstanding deposit		2 250
Debit outstanding cheques: no. 455	50	
490	800	
499	1 500	
503	610	
Debit balance according to the Bank account	5 782	
	8 742	8 742

EXERCISE 50

DIAMOND STORES

DR	BANK ACCOUNT	CR
	CRJ	CPJ
	25 379	19 710
	980	10
	48	980
	520	171
		250
		8 000
	26 927	29 121

#	A	O	L
1	-10	-10	0
2	-171	-171	0
3	+48	+48	0
4	±250	0	0
5	-3 200	-3 200	0
	-4 800	0	-4 800

BANK RECONCILIATION STATEMENT OF DIAMOND STORES ON 28 FEBRUARY 2007.

	Debits	Credits
Credit balance according to the Bank statement		2 522
Credit outstanding deposit		6 566
		520
Debit outstanding cheques: no. 622	3 207	
	644	
	649	
	655	
	656	
Debit balance according to the Bank account	886	
	9 608	9 608

EXERCISE 51

GENERAL LEDGER OF ORIGAN DISTRIBUTORS

BANK

B7

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Oct 1	Balance	b/d	820	2007 Oct 31	Sundry accounts	CPJ6	12 200
31	Sundry accounts	CRJ4	16 382		Balance	c/d	5 002
			17 202				17 202
2007 Nov 1	Balance	b/d	5 002				

**BANK RECONCILIATION STATEMENT OF ORIGAN DISTRIBUTORS ON
31 OCTOBER 2007.**

	Debits	Credits
Debit balance according to the Bank statement	338	
Credit outstanding deposit		8 800
Debit outstanding cheques: no. 124	1 210	
132	250	
134	100	
135	1 900	
Debit balance according to the Bank account	5 002	
	8 800	8 800

EXERCISE 52

1. $R16\ 382 - 8\ 800 - 700 = R6\ 882$
2. 15 December 2007
3. The cheques were not yet presented at the bank.
The cheques were post-dated.
4. CPJ, SJ and the previous month's bank reconciliation statement.
5. The bookkeeper entered the cheque in the CRJ.
The cheque can be cancelled in the CPJ.
6. R1 400 Debit balance
7. The bank incorrectly debited the cheque on the bank statement of the business, because the cheque does not belong to the business.
8. Check with cashier the cash float at the start of a shift.
Make sure that a cash slip is printed for each customer and the cashier scans each item purchased.
Balance the cash with the source documents.
Reconcile the deposits slips with the cash received.
Audit the bank reconciliation that has been done.
Report any differences.
Identify who is accountable for any differences.
Recommendations to the owner to improve internal control if necessary.

EXERCISE 53

SPOT ON TRADERS

CASH BUDGET FOR THE PERIOD 1 SEPTEMBER 2008 - 31 DECEMBER 2008

CASH RECEIVED	SEP	OCT	NOV	DEC
Cash sales	6 000	6 400	10 000	12 800
Cash received from debtors	6 810	8 070	9 000	12 180
Rent income	400	480	480	480
			7 000	
	13 210	14 950	26 480	25 460
CASH PAYMENTS				
Cash purchases	1 500	1 600	2 500	3 200
Payments to creditors	4 400	5 000	6 000	6 400
Interest on mortgage loan				105
Wages and salaries	4 950	4 950	4 950	4 950
Other sundry expenses	6 600	7 920	8 500	9 350
	17 450	19 470	21 950	24 005
Cash surplus (deficit)	(4 240)	(4 520)	4 530	1 455
Bank: opening balance	8 700	4 460	(60)	4 470
Bank: closing balance	4 460	(60)	4 470	5 925

DEBTORS COLLECTION SCHEDULE	SEP	OCT	NOV	DEC
Jun 5 400	1 080	-	-	-
Jul 6 600	1 980	1 320	-	-
Aug	3 750	2 250	1 500	-
Sep	-	4 500	2 700	1 800
Oct	-	-	4 800	2 880
Nov	-	-	-	7 500
	6 810	8 070	9 000	12 180

EXERCISE 54

NATAL OUTFITTERS

CASH BUDGET FOR THE PERIOD 1 MARCH 2008 - 31 MAY 2008

CASH RECEIVED	MARCH	APRIL	MAY
Cash sales	12 000	14 000	16 000
Cash received from debtors	15 300	17 490	20 310
Rent income	220	242	242
	27 520	31 732	36 552
CASH PAYMENTS			
Cash purchases	3 750	4 375	5 000
Payments to creditors	9 375	9 375	11 250
Interest on mortgage loan	1 050	975	975
Wages and salaries	6 700	6 700	7 370
Other sundry expenses	1 210	1 210	1 210
Loan		5 000	
	22 085	27 635	25 805
Cash surplus (deficit)	5 435	4 097	10 747
Bank: opening balance	21 000	26 435	30 532
Bank: closing balance	26 435	30 532	41 279

DEBTORS COLLECTION SCHEDULE	MARCH	APRIL	MAY	BAD DEBTS
Dec 21 000	630	-	-	420
Jan 15 000	2 250	450	-	300
Feb 15 000	9 000	2 250	450	300
Mar 18 000	3 420	10 800	2 700	-
Apr 21 000	-	3 990	12 600	-
May 24 000	-	-	4 560	-
	15 300	17 490	20 310	1 020

EXERCISE 55

SHARKS TRADERS

CASH BUDGET FOR THE PERIOD 1 MARCH 2008 - 31 MAY 2008

CASH RECEIVED	MAR	APR	MAY
Cash sales	8 000	8 800	10 000
Cash received from debtors	27 920	30 808	34 360
Rent income	759	759	759
	36 679	40 367	45 119
CASH PAYMENTS			
Cash purchases	3 000	3 300	4 350
Payments to creditors	6 750	7 875	9 000
Interest on mortgage loan	2 025	2 025	1 350
Wages and salaries	6 550	6 550	7 205
Advertising			4 500
Telephone	1 400	1 260	1 260
Water and electricity	1 750	2 310	1 610
Other sundry expenses	6 000	6 060	6 120
Repayment of loan			30 000
	27 475	29 380	65 395
Cash surplus (deficit)	9 204	10 987	(20 276)
Bank: opening balance	(1 801)	7 403	18 390
Bank: closing balance	7 403	18 390	(1 886)

DEBTORS COLLECTION SCHEDULE	MAR	APR	MAY
Dec 48 000	1 440	-	-
Jan 24 000	3 600	720	-
Feb 28 000	16 800	4 200	840
Mar 32 000	6 080	19 200	4 800
Apr 35 200	-	6 688	21 120
May 40 000	-	-	7 600
	27 920	30 808	34 360

EXERCISE 56

JACK TRADERS

1) Received in October: for Oct = 0

After 30 days: for Nov = $5\,760 \div 9\,600 \times 100 = 60\%$

After 60 days: for Des = $2\,400 \div 9\,600 \times 100 = 25\%$

Received in October: After 90 days from Jul = $1\,080 \div 7\,200 = 15\%$

2) Take for e.g. Oct: 9 600 credit sales + 6 400 cash sales = 16 000 total sales

credit sales: $9\,600 \div 16\,000 \times 100 = 60\%$

cash sales: $6\,400 \div 16\,000 \times 100 = 40\%$

3) $10\,000 \text{ cash sales} \div 40\% = 25\,000 \text{ total sales}$

4) $4\,840 \times 100 \div 110 = 4\,400$ for 9 months

$(4\,840 \times 3) + (4\,400 \times 9) = 54\,120$

5) Take for e.g. Oct.: sales = $16\,000 \times 50\% = 8\,000$ cost of sales

cash purchases for Oct = 1 600

cash purchases percentage: $1\,600 \div 8\,000 \times 100 = 20\%$

Therefore: credit purchases = 80%

Oct: $8\,000 \times 80\% = 6\,400$ paid in Dec. Thus after 60 days creditors are paid

6) Nov: An increase of 100

$100 \div 5\,000 \times 100 = 2\%$ each month

7) Buying the vehicle in November will cause no cash flow problems although October and December have the best cash surplus available. Buying the vehicle will have a net cash outflow of R3 000 (20 000 deposit – 17 000 trade in) + the monthly instalment of R5 000. It will be even better to buy the vehicle in November and arrange that the first instalment be paid in December.

Although October has the best cash surplus, the bank balance is an overdraft balance and will therefore not be suitable for the transaction. If it can be arranged to pay the first instalment in November, the transaction can take place in October.

The best month to buy the vehicle will be December because of the positive cash flow that will be available.

EXERCISE 57

QUEEN TRADERS

- 1) Take for e.g. Feb: 28 000 credit sales
received in March (30 days) = 11 200
 $11\ 200 \div 28\ 000 \times 100 = 40\%$
received in April (60 days) = 7 000
 $7\ 000 \div 28\ 000 \times 100 = 25\%$
received in May (90 days) = 2 800
 $2\ 800 \div 28\ 000 \times 100 = 10\%$
- 2) Percentage in the same month as buying goods: $100\% - 40\% - 25\% - 10\% - 5\% = 20\%$ in the same month
Take for e.g. Mar: 42 000 credit sales and received in March 8 232
 $42\ 000 \times 20\% = 8\ 400 - 8\ 232 = 168$ discount
percentage discount: $168 \div 8\ 400 \times 100 = 2\%$
- 3) Give a better discount for paying within 30 days for e.g. 5% to 10%
- 4) Take for e.g. Mar: 18 000 cash sales + 42 000 credit sales = 60 000 total sales
 $18\ 000 \div 60\ 000 \times 100 = 30\%$ cash sales
- 5) R200 increase $\div 2\ 500 \times 100 = 8\%$
- 6) R600 increase $\div 5\ 000 \times 100 = 12\%$
- 7) No problem with the time or amount of the investment as it is, although the cash flow position improves rapidly toward May. It means that a bigger amount can be invested later on, or even better, an investment for e.g. R5 000 can be done each month.

The interest rate: $R54$ per month $\times 12 = R648$ per annum $\div 7\ 200 \times 100 = 9\%$ which is above the inflation rate. Possibilities to invest on the money market for a better return can be investigated.

- 8) $R6\ 600 \times 100 \div 120 = R5\ 500$ in February
The increase in drawings affect the cash flow in such a way that there is no cash flow deficit and the cash surplus increased monthly. So therefore the business can afford the increase in drawings.

9) Current purchasing strategy:

CASH PAYMENTS	MAR	APR	MAY	TOTAL
Cash purchases	21 600	16 200	19 800	57 600
Payments to creditors	5 400	8 100	6 075	19 575
				77 175

Proposed purchasing strategy:

CASH PAYMENTS	MAR	APR	MAY	TOTAL
Cash purchases	9 000	6 750	8 250	24 000
Payments to creditors	16 200	24 300	18 225	58 725
				82 725

Feb: sales - 40 000 x 60% = 24 000 cost of sales x 75% = 18 000 - 10% = 16 200

Mar: sales - 60 000 x 60% = 36 000 cost of sales x 25% = 9 000

x 75% = 27 000 - 10% = 24 300

Apr: sales - 45 000 x 60% = 27 000 cost of sales x 25% = 6 750

x 75% = 20 250 - 10% = 18 225

May: sales - 55 000 x 60% = 33 000 cost of sales x 25% = 8 250

Net result: R82 725 - 77 175 = 5 550 worse

R34 423 - 5 550 = R28 873 closing balance of the bank

Keep the current purchasing strategy.

EXERCISE 58

COMFORT DISTRIBUTORS

- 1) $33\ 000 \div 55\ 000 = 60\%$ profit on sales
- 2) Yes. Sales increased dramatically to June. It can be a product that is used more during the colder months for e.g. coal or heaters.
- 3) Yes. The increase in advertising costs correlates with the increase in the sales.
- 4) Paying the creditors sooner to receive more discount.
Ask more for rent, but stay competitive in the market.
- 5) $216\ \text{increase} \div 1\ 800 \times 100 = 12\%$
- 6) $600 \div 12\ 000 \times 100 = 5\%$
Not really, because inflation is on average more.
- 7) Water and electricity.
Put the lights off after work.
- 8) Yes.
The discount allowed is on the increase which means that debtors are paying within a short time after they have bought the goods. The bad debt is also minimal in relation to the sale figures.
- 9) Expect that fuel prices will rise because of:
 - a higher oil price on international markets.
 - a weaker rand which means that the exchange rate is down on foreign currencies and for the same quantity of oil, the country has to pay more.The business has a delivery service and with the increase in sales, it means more deliveries have to be done.
- 10) Do more stock checks in the storeroom and shop.
Better control over personnel who handle and work with the stock.
Emphasise to personnel the importance of handling the stock with care.
Don't order stock again that hasn't got a good turnover rate.
Clearance sales of stock must happen more often.
- 11) Cost price of vehicles for April 2008: $1\ 750 \div 15\% \times 12 = R140\ 000$
Cost price of new vehicle: $3\ 125 \div 15\% \times 12 = 250\ 000 - 140\ 000 = R110\ 000$
- 12) $120 \div 8\ 000 \times 100 \times 12 = 18\%$ $90 \times 12 \div 18\% = 6\ 000$

Instalment: $8\ 000 - 6\ 000 = 2\ 000$ each month

EXERCISE 59

SUNRISE TRADERS

VAT CONTROL

B 9

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	VAT input	GJ	3 659-62	2007 Mar 31	Vat output	GJ	3 490-93
					Balance	c/d	168-69
			<u>3 659-62</u>				<u>3 659-62</u>
Apr 1	Balance	b/d	168-69				

VAT INPUT

B 10

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Bank	CPJ9	1 159-27	2007 Mar 31	Creditors control	CAJ2	243-16
	Creditors control	CJ4	2 734-91		VAT control	GJ	3 659-62
	Petty cash	PCJ8	8-60				
			<u>3 902-78</u>				<u>3 902-78</u>

VAT OUTPUT

B 11

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Debtors allowance	DAJ1	40-53	2007 Mar 31	Bank	CRJ7	2 284-97
	VAT control	GJ	3 490-93		Debtors control	DJ3	1 246-49
			<u>3 531-46</u>				<u>3 531-46</u>

CALCULATIONS:

$$CRJ = (17\,800 + 1\,000) \times 14 \div 114 = 2\,308.77 - (170 \times 14\%) = 2\,284.97$$

$$CPJ = (6\,070 + 560 + 3\,300) \times 14 \div 114 = 1\,219.47 - (430 \times 14\%) = 1\,159.27$$

$$DJ = 10\,150 \times 14 \div 114 = 1\,246.49$$

$$DAJ = 330 \times 14 \div 114 = 40.53$$

$$CAJ = 1980 \times 14 \div 114 = 243.16$$

$$CJ = 22\,270 \times 14 \div 114 = 2\,734.91$$

$$PCJ = 70 \times 14 \div 114 = 8.60$$

EXERCISE 60

GENERAL LEDGER OF PMB TRADERS

TRADING STOCK

B 6

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 1	Balance	b/d	12 230	2007 Mar 31	Cost of sales	CRJ	4 120
31	Creditors control	CJ	7 105-26		Cost of sales	DJ	6 400
	Cost of sales	DAJ	100		Creditors control	CAJ	701-75
	Bank	CPJ	3 508-77		Drawings	GJ	368-42
					Balance	c/d	11 353-86
			22 944-03				22 944-03
Apr 1	Balance	b/d	11 353-86				

VAT CONTROL

B 9

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	VAT input	GJ	1 790-50	2007 Mar 31	Vat output	GJ	1 969-35
	Balance	c/d	178-85				
			1 969-35				1 969-35
				Apr 1	Balance	b/d	178-85

VAT INPUT

B 10

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Bank	CPJ	499-80	2007 Mar 31	Creditors control	CAJ	243-16
	Creditors control	CJ	1 506-84		Drawings	GJ	51-58
	Creditors control	GJ	78-60		VAT control	GJ	1 790-50
			2 085-24				2 085-24

VAT OUTPUT

B 11

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Debtors allowance	DAJ	40-53	2007 Mar 31	Bank	CRJ	774-45
	Debtors control	GJ	20-88		Debtors control	DJ	1 246-49
	VAT control	GJ	1 969-35		Debtors control	GJ	9-82
			2 030-76				2 030-76

$$CRJ = 6\,500 \times 14 \div 114 = 798.24 - (170 \times 14\%) = 774.45$$

$$CPJ = (4\,000 + 560) \times 14 \div 114 = 560 - (430 \times 14\%) = 499.80$$

$$CJ = 12\,270 \times 14 \div 114 = 1\,506.84$$

$$DJ = 10\,150 \times 14 \div 114 = 1\,246.49$$

$$DAJ = 330 \times 14 \div 114 = 40.53$$

$$CAJ = 1\,980 \times 14 \div 114 = 243.16$$

$$GJ = [640 \times 14 \div 114 = 78.60] [170 \times 14 \div 114 = 20.88] [95 - 15 = 80 \times 14 \div 114 = 9.82]$$

SALES

N 1

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007			
				Mar 31	Debtors control	DJ	8 903-51
					Bank	CRJ	5 701-75

STATIONERY

N 4

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007				2007			
Mar 12	Bank	CPJ	491-23	Mar 31	Creditors control	CAJ	35-09
31	Creditors control	CJ	298-25				

DISCOUNT RECEIVED

N 5

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007			
				Mar 31	Creditors control	CPJ	377-19

DEBTORS ALLOWANCE

N 6

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007							
Mar 31	Debtors control	DAJ	289-47				

BAD DEBTS

N 10

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007							
Mar 31	Debtors control	GJ	149-12				

INTEREST INCOME

N 11

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007			

				Mar 31	Debtors control	GJ	15
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EXERCISE 61

FRIK TRADERS

VAT CONTROL

B 9

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	VAT input	GJ	5 935-58	2007 Mar 31	Vat output	GJ	58 863-56
	Balance	c/d	52 927-98				
			58 863-56				58 863-56
				Apr 1	Balance	b/d	52 927-98

VAT INPUT

B 10

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Bank	CPJ	5 935-58	2007 Mar 31	VAT control	GJ	5 935-58

VAT OUTPUT

B 11

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Mar 31	Bad debts	GJ	26-32	2007 Mar 31	Bank	CRJ	58 889-88
	VAT control	GJ	58 863-56				
			58 889-88				58 889-88

CALCULATIONS:

$$410\ 883 + 10\ 200 = 421\ 083 \times 14\% = 58\ 951.62 - (441 \times 14\%) = 58\ 889.88$$

$$1\ 280 + 3\ 526 + 34\ 957 + 1\ 338 + 1\ 760 + 1\ 335 = 44\ 196 \times 14\% = 6\ 187 - (1\ 799 \times 14\%) = 5\ 935.58$$

EXERCISE 62

VAT 201 RETURN

	Amounts which are included	R
OUTPUT TAX		
Non capital goods and services	$88\ 200 + 12\ 000 + 40\ 000 - 2\ 000$	16 971.93
Capital goods and services	$54\ 000 + 80\ 000$	16 456.14
		33 428.07
INPUT TAX		
Capital goods and services	$12\ 500 + 210\ 000$	27 324.56
Non capital goods and services	$30\ 400 + 51\ 000 - 1\ 800 + 4\ 800 + 27\ 000 + 10\ 500 + 1500$	15 154.39
		42 478.95
ADJUSTMENTS	900	110.53
		42 589.48
	VAT REFUNDABLE	9 161.41

Amounts not included = 8 700; 120 000; 10 900; 5 000; 3 000; 28 80

EXERCISE 63

NO	JOURNAL	ACCOUNT DEBITED	ACCOUNT CREDITED	AMOUNT
1	CRJ	Bank	Debtors control	511-50
		Discount allowed	Debtors control	38-50
2	CRJ	Bank	Sales	1 300
		Cost of sales	Trading stock	812-50
3	CPJ	Equipment	Bank	2 700
4	CPJ	Bank charges	Bank	86
		Interest on overdraft account	Bank	89
5	CRJ	Bank	Fixed deposit: Maxi Bank	10 000
		Bank	Interest on fixed deposit	2 000
6	CPJ	Debtors control	Bank	300
7	CPJ	Loan: KRD Bank	Bank	10 000
		Interest on loan	Bank	2 700

EXERCISE 64

NO	SOURCE DOCUMENT	JOURNAL	A	O	L
1	Receipt or CRR	CRJ	+ 200 - 120	+ 200 - 120	0 0
2	Petty cash voucher	PCJ	- 50	- 50	0
3	Bank statement	CPJ	- 130	- 130	0
4	Receipt or deposit slip	CRJ	± 30 000	0	0
5	Receipt	CRJ	± 100	0	0
			- 5	- 5	0
6	Invoice	CJ	0	- 350	+ 350
7	Bank statement	CPJ	± 400	0	0
8	Bank statement	CRJ	+ 90	+ 90	0
9	Bank statement	CPJ	0	- 75	+ 75

EXERCISE 65

1.1 $R\ 2\ 250 \div 30\% = R\ 7\ 500$

1.2 $R\ 240 \div 25\% = R\ 960 - 240 = R\ 720$

1.3 DR Salaries
CR Pension fund

1.4
$$\begin{array}{r} B = E + L \\ 0 - 2\ 250 + 2\ 250 \end{array}$$

2. $(7 \times 8) + (8 \times 8) + [(8 \times 8) + (4 \times 12)] + (8 \times 8) + [(8 \times 8) + (1 \times 12)] + (5 \times 16) + (2 \times 20) = R\ 492$

3.1 $5\ 085 \div 20\ 340 \times 100 = 25\%$

3.2 $R\ 12\ 540$

3.3
$$\begin{array}{r} B = E + L \\ -12\ 251-60 \quad 0 \quad -12\ 251-60 \end{array}$$

3.4
$$\begin{array}{r} B = E + L \\ 0 \quad -8\ 400 \quad +8\ 400 \end{array}$$

3.5

MEDICAL FUND

B 8

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007			
				Jan 19	Wages	WJ	2 800
					Medical fund contribution	WJ	8 400

UIF

B 9

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007			
				Jan 19	Wages	WJ	203-40

SARS: PAYE

B 10

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2007			

				Jan 19	Wages	WJ	5 085
--	--	--	--	--------	-------	----	-------

CREDITORS FOR WAGES

B 11

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 19	Bank	CPJ	12 251-60	2007 Jan 19	Wages	WJ	12 251-60

WAGES

N 7

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 19	Sundry accounts	WJ	20 340				

MEDICAL FUND CONTRIBUTION

N 8

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2007 Jan 19	Medical fund	WJ	8 400				

4. A

5. D

EXERCISE 66

CASTROL WHOLESALERS

a) $R60\ 000 + R45\ 000 + R15\ 000 = R120\ 000$

b) Asset disposal

c) GJ

d) $R60\ 000 \times 10\% \times 8/12 = R4\ 000$
 $R60\ 000 - R4\ 000 \times 10\% = R5\ 600$
 $R60\ 000 - R9\ 600 \times 10\% = R5\ 040$
 $R45\ 000 \times 10\% \times 6/12 = R2\ 250$
 $R15\ 000 \times 10\% \times 4/12 = \underline{R\ 500}$
R17 390

e) $R15\ 000 - 500 \times 10\% \times 6/12 = R725$

f) $R60\ 000 - R14\ 640 \times 10\% = R4\ 536$
 $R45\ 000 - R2\ 250 \times 10\% = R4\ 275$
 $R18\ 000 \times 10\% \times 4/12 = \underline{R\ 600}$
R9 411

g) Quick Insurers

h) Loss for selling an asset

EXERCISE 67

ES TRADERS

a) R69 300

b) Salary: T. Stork

c) GJ

d) R8 000

e) Appropriation account

EXERCISE 68

BASTA DISTRIBUTORS

- a) Opening stock
- b) Trading stock
- c) N
- d) Purchases
- e) Debtors allowance
- f) Trading account
- g) R43 200
- h) N
- i) R33 900
- j) R52 100

EXERCISE 69

NO	JOURNAL		BANK RECONCILIATION STATEMENT		NO ENTRY
	CRJ	CPJ	DR	CR	
a				X	
b		X			
c	X				
d	X				
e		X			
f		X			
g	X				
h	X	X	X		
i	X				
j		X	X		
k					X
l			X		
m				X	

ANNEXURE C

FET: ACCOUNTING TEACHER

The purpose of this questionnaire is to determine your opinion regarding:

- possible factors that may have an negative/positive impact on the FET Phase Accounting results in township schools;
- additional, more advanced Accounting learning and teaching support material (LTSM) to assist FET teachers and learners in assignment exercises, tests and examinations.

The questionnaire consists of 2 parts.

PART 1

Mark only one with an X, where applicable.

1. PERSONAL INFORMATION

1.1 Educational district in the Free State where your school is situated:

(a) Fezile Dabi... ..

(b) Thabo Mofutsanyana...

(c) Xhariep... ..

(d) Motheo... ..

(e) Lejweleputswa... ..

1.2 Number of years teaching experience:

(a) Less than 5 years... ..

(b) 5-15 years... ..

(c) 16-25 years... ..

(d) over 25 years... ..

1.3 Number of years teaching Accounting in:

Grade 10

Grade 11

Grade 12

1.4 Highest school qualification:

Grade 10	
Grade 11	
Grade 12	

1.5 Tertiary qualifications:

Diploma:.....

Main subjects:.....

.....

Degree:.....

Main subjects:.....

.....

Honours:.....

Masters:.....

Doctorate:.....

1.6 Teaching position:

Secondary assistant (level 1)... ..

Head of department... ..

Deputy-principal... ..

Principal... ..

PART 2

2. INFORMATION REGARDING ACCOUNTING AS SUBJECT

2.1 What kind of learning and teaching support material (LTSM) are you currently using in your FET Accounting classroom?

.....
.....
.....
.....
.....

2.2

Is the number of exercises in the LTSM which you have mentioned in 2.1 sufficient for learners to master new Accounting content?	Yes	No
--	-----	----

2.3

Is the number of exercises in the LTSM which you have mentioned in 2.1 enough for drill-work; to provide sufficient variation to cater for all learners; and to broaden the insight of the learners regarding the content?	Yes	No
--	-----	----

2.4 How important do you consider the textbook to be in the teaching of FET Accounting?

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.....
.....

2.5 What is your opinion regarding the use of **additional LTSM** (such as additional questions to assist learners with exercise assignments, for tests and examinations) for your FET Accounting learners?

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.....

2.6 What is your opinion regarding the impact that additional LTSM will have on the academic performance of your FET Accounting learners?

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.....
.....
.....
.....

2.7

Is there, to your knowledge, enough LTSM, such as different questions and memorandums in Accounting available on the market?	Yes	No
---	-----	----

2.8

Would you be interested in receiving and using such additional LTSM for the FET phase (based on the new curriculum for Accounting)?	Yes	No
---	-----	----

2.9 Please elaborate on the type of LTSM you would need (if any) to positively influence the academic results of your FET Accounting learners.

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.....

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.....

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2.10 Can you elaborate on possible factors that may, in your opinion, influence FET Accounting learners in such a way that they are under performing?

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