

JANUARY 1995

SYLLABUS

REPUBLIC OF SOUTH AFRICA

POST SCHOOL VOCATIONAL EDUCATION: TECHNICAL COLLEGES

FINANCIAL ACCOUNTING N4

CODE NUMBER: 04010164

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FINANCIAL ACCOUNTING N4**1. AIMS OF THE INSTRUCTIONAL OFFERING****1.1 GENERAL AIMS**

- * To develop the logical thought processes and analytical abilities of students to enable them to apply the fundamental principles of accounting to new and unfamiliar situations
- * To encourage a sound and systematic approach to the solution of problems
- * To contribute to the formative education of students by developing characteristic demands associated with accounting, such as neatness, orderliness, thoroughness, accuracy, sound judgement, a sense of responsibility, etc.
- * To develop the understanding students have of and their integration with their social environment through the meaningful interpretation of accounting information which they will come across in future
- * To enable students to deal with the basic demands of an accounting occupation confidently

1.2 SPECIFIC AIMS

- * To develop the accounting and numeracy skills of students who directly enter an accounting occupation, to enable them to deal with all procedures followed in the field of accounting
- * To increase students' understanding of accounting and management principles
- * To enable students to acquire knowledge and skills of accounting systems generally used by business enterprises
- * To give students the opportunity to apply in practice the theoretical knowledge of accounting principles and procedures acquired during the learning process by giving them the necessary exposure to practice-related applications such as the completion of documents, completion of exercises directly from source and supporting documents, and by simulating feasible situations related to the accounting practice
- * To enable students to acquire knowledge and skills of all administrative accounting tasks and related matters; for example completion of and handling business documents, filing, cost accounting, prospects of investment and financing
- * To equip students with knowledge of the required principles, concepts and procedures of accounting that are in line with generally accepted accounting practice.

2. ENTRANCE REQUIREMENT

Accounting SG/HG or Applied Accounting at the senior certificate level or N3-level.

Students without Accounting at a senior certificate level, but with at least a C symbol in Mathematics SG, may also be admitted to Financial Accounting N4.

3. DURATION OF INSTRUCTION

Full-time: A minimum of six hours per week for one semester

Part-time: A minimum of three hours per week for one semester

Due to the practical work and exercises prescribed in the syllabus, 1 hour of the prescribed six hours per week (full-time) can be regarded as a practical hour that could be supervised by a mentor, and without direct contact with the lecturer.

4. EVALUATION

Evaluation is conducted on a continual basis by means of short class and revision tests, formal tests and practice-orientated assignments, exercises as well as an external examination.

4.1 Internal evaluation

4.1.1 Class and revision tests

Short class and revision tests are given on a regular basis and are aimed at rectifying problems before proceeding with new modules. Class and revision tests can be short daily tests that take up a short time of each period, and are compiled and marked in accordance with the amount of work done in the module. Exercises done by students, as well as short assignments can also be marked and can form part of the semester mark for class and revision tests.

4.1.2 Formal tests

In addition to the class and revision tests, a formal test is conducted on completion of a module or work unit. These tests are compiled in the form of period or hour tests and are aimed at evaluating students' knowledge on completion of modules or work units.

4.1.3 Practice-orientated assignments

Students are given practice-orientated assignments and projects on completion of modules or units of work to evaluate whether they have mastered the practical component of Accounting. Student performance with regard to zeal, punctuality in completing tasks or assignments, conscientiousness, interest, dedication, adaptability, etc. which should be gradually developed to facilitate entrance to the world of work, is also included. These marks, in relation to the weighted value of the indicated modules, form part of the final semester mark.

5. SEMESTER MARK

5.1 A semester mark is determined out of 100 and is compiled from class and revision tests, formal tests and marks allocated to assignments and practical projects. The semester mark is compiled as follows:

Class and revision tests:	10 %
Formal tests :	60 %
Practical assignments :	<u>30 %</u>
Semester mark :	100

- 5.2 To gain entrance to the external examination, a candidate must obtain a sub-minimum of 40 % in the semester mark. If entrance to the examination is achieved, a semester mark, on a 40:60-basis, in combination with the external examination mark, will form part of the final mark (promotion mark).
- 5.3 Semester marks obtained are valid for the two years following directly on the examination in which the original semester mark was initially used. After that time this mark will no longer be valid. The student must thus register again for the same subject and obtain a new semester mark.

6. EXAMINATION

- 6.1 The examination paper will be compiled, moderated and marked externally.
- 6.2 The examination paper consists of practice-orientated questions and aspects such as application, analysis and synthesis will feature in the compilation of accounts, statements and accounting-related calculations. Although comprehension questions could also be used, these will be limited as far as possible as the examination papers are directly aimed at accounting-related tasks as carried out in practice.
- 6.3 A three hour paper totalling 200 marks will be set at the end of the semester.

7. PASS REQUIREMENTS

- 7.1 To pass Financial Accounting N4, a candidate must obtain a final mark of 40% by addition of the semester mark and the examination mark in a 40:60-ratio, provided that a sub-minimum of 40% is obtained as a semester mark as well as an examination mark.

8. GENERAL INFORMATION

- 8.1 The practical components (assignments and projects) are aimed at preparing the student for the world of work in general and at the execution of accounting functions in particular.
- 8.2 The practical components are also aimed at increasing the student's competence level in such a way that he/she can be productive in a job for which an accounting background is required.
- 8.3 It is thus necessary that the student acquires practical experience in the field of accounting by doing assignments which are directly related to source documents and the execution of accounting functions as dealt with in organisations to establish direct contact between the student and the accounting practice. Visits by experts in accounting can guide the students and train them.
- 8.4 The practical components are further directed at learning an accounting package on a microcomputer in order to keep pace with modern computer-directed trends in accounting areas as applied in practice. It is therefore recommended that students enrol simultaneously for Computerised Financial Systems N4 and Financial Accounting N4.

9. LEARNING CONTENT

WEIGHTED VALUE

MODULE 1: INTRODUCTION (REVISION COMPONENTS OF PREVIOUS SYLLABI) (6 weeks)	40
MODULE 2: ACCOUNTING ENTRIES FOR A TRADING CONCERN ACCORDING TO THE PERIODIC STOCK SYSTEM (2 weeks)	15
MODULE 3: DEPARTMENTAL ACCOUNTS (2 weeks)	10
MODULE 4: NON-PROFIT ENTERPRISES (3 weeks)	20
MODULE 5: CASH FLOW STATEMENTS: SOLE OWNER (2 weeks)	15

FINANCIAL ACCOUNTING N4

Module 1: Introduction (revision components of previous syllabi)

1.1 Accounting theory, principles and concepts

Contents	Learning objectives
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Students must be able to:

1.1 Revision components i.r.o. accounting principles of the sole trader (service and trading enterprise)	
1.1.1 Accounting theory, principles and concepts	1.1.1 briefly describe the basic accounting concepts, principles and policy
1.1.2 Types of organisations <ul style="list-style-type: none"> * Sole trader * Partnership * Close corporation * Company with limited liability * Public company * Organisations with no profit motive 	1.1.2 identify the different forms of organisations by explaining the similarities and differences between each
1.1.3 Activities of organisations <ul style="list-style-type: none"> * Service activities * Trading activities * Manufacturing activities * Activities with no profit motive 	1.1.3 identify the business activities of the organisations mentioned in par 1.1.2 and to indicate the difference between each in respect of generating profit
1.1.4 The accounting transactions of service and trading activities with relation to the usage of source documents, the double entry principle and influence of the double entry transactions on the accounting equation	1.1.4 identify the source document and the accounts involved with each transaction, and to determine which account must be debited or credited, as well as explaining the influence of the relevant transaction on the accounting equation

Didactic guidelines

With reference to learning objectives 1.1.1 to 1.1.3:

1. Topics in this section must be discussed briefly to serve as revision of students' background knowledge. Illustrate with good examples. Additional literature, such as published annual statements of listed companies, as well as accounting statements can be consulted.

With reference to learning objective 1.1.4:

2. Students should be able to handle each transaction on the basis of the following structure:
 - * source document for the transaction
 - * ledger account debited and ledger account credited
 - * the influence of the double entry on the accounting equation.
3. Topics dealt with in this module, must be emphasised continuously in all other modules. Use practical examples to illustrate the accounting practice visually.

Evaluation

With reference to learning objectives 1.1.1 to 1.1.3:

1. Theory questions can be asked in class tests. In examination papers the emphasis should rather be on practical than on theoretical questions as students should already have mastered the theory concepts.

With reference to learning objectives 1.1.1 to 1.1.4:

2. Students must be evaluated on a daily basis to determine whether the student has grasped the double entry principle, including all other elements involved (also refer in this regard to the evaluation guide lines (par 4) at the beginning of the syllabus).

FINANCIAL ACCOUNTING N4

Module 1: (cont)

1.2 The recording of transactions from source documents according to the continuous (perpetual) stock system

Contents	Learning objectives
	Students must be able to:
1.2.1 The accounting cycle	1.2.1 identify and describe briefly the steps in the accounting cycle
1.2.2 Source documents	1.2.2 define a source document, describe the necessity of it as a source of information and to distinguish between the original and duplicate as well as source and supporting documents and also external and internal documents
1.2.3 Books of original entry: <ul style="list-style-type: none"> * Cash receipts journal * Cash payments journal * Debtors journal * Creditors journal * Debtors allowances journal * Creditors allowances journal * Petty cash journal * General journal * Wages journal * Salaries journal * Cash book with analysis columns 	1.2.3 do the recording of transactions in the subsidiary books of organisations from source documents
1.2.4 Posting to the general and subsidiary ledgers	1.2.4 do the posting of all the transactions in columns from the books of original entry to the general and subsidiary ledgers, as well as the grouping of ledger accounts, T-form and three column accounts.
1.2.5 Drafting of a trial balance	1.2.5 test the correctness of the double entries with the aid of the trial balance, and to trace the errors if it does not balance

Didactic guidelines

With reference to the learning objectives 1.2.1 and 1.2.2:

1. Topics can only be discussed briefly to serve as revision for background knowledge of the students.

With reference to the learning objectives 1.2.2 to 1.2.4:

2. Students should at all times be able to do exercises directly from sets of source documents.
3. Students should be able to do all cash and credit transactions of a service and trading organisation which are usually recorded in the journals mentioned and which have been dealt with in the N3/NSC and std 10 HG/SG syllabi.

With reference to learning objective 1.2.3:

4. Both methods of dealing with employer's contribution must be dealt with.
5. Students must be informed that different names for the same subsidiary journals are in use, e.g. debtors journal/sales journal/sales book.
6. Columns and the position of columns can also vary in the subsidiary journals of the different enterprises.

With reference to learning objective 1.2.5:

7. It must be emphasised that the trial balance only indicates that for every debit entry a corresponding credit entry was made.

Evaluation

With reference to learning objective 1.2.1 to 1.2.5:

1. Theory questions can be asked in class tests. In examination papers the emphasis should rather be on practical than on theoretical questions as students should already have mastered the theory concepts.

With reference to learning objectives 1.2.2 to 1.2.5

2. Examination questions will be set from actual source documents with the exception of the salaries and wages journals.
3. Students should reach a high competency level in regard to these topics.
4. To increase the competency level of the students, short assignments and exercises must be evaluated on a regular basis.
5. Students can be evaluated on all transactions that are recorded in the subsidiary journals mentioned and which were dealt with in the N3/NSC and std 10 HG/SG syllabi.

FINANCIAL ACCOUNTING N4

Module 1 (Cont.):

1.3 Bank reconciliation

Contents	Learning objectives
	Students must be able to:
1.3.1 Aim of bank reconciliation	1.3.1 describe the aim of bank reconciliation
1.3.2 Bank statement: aim and uses	1.3.2 name the aim and functions of the bank statement
1.3.3 Reasons for the differences between the balances as in the bank statement and the bank account	1.3.3 compare the bank statement with the cash journals / cash book and identify and record the differences
1.3.3.1 Items in the cash journals / cash book, but not on the bank statement	
* Outstanding deposits	
* Outstanding cheques	
1.3.3.2 Items on the bank statement, but not in the journals / cash book	
* Bank charges	
* Interest on overdraft	
* Stop and debit orders	
* Dishonoured (R/D) cheques	
* Deposits by debtors	
* Interest on current account (favourable balance)	
1.3.3.3 Errors in the cash journals / cash book	
1.3.3.4 Errors on the bank statement	
* Deposits credited in error on the bank statement	
* Cheques debited in error on the bank statement	
1.3.4 Steps to reconcile the bank statement and the cash journals / cash books	1.3.4 record the supplementary entries in the cash journals / cash book

Contents	Learning objectives
1.3.4.1 Recording of outstanding transactions in the cash journals / cash book	
1.3.4.2 Drafting of the bank reconciliation statement * where the bank account has a favourable balance * where the bank account has an overdrawn balance	1.3.4.2 draw up a bank reconciliation statement and to compare the balance in the bank statement with the balance in the bank account / cash book
1.3.5 Reconciliation of the bank statement with a bank reconciliation statement of a previous month	1.3.5 compare the bank statement with the cash journals / cash book of the current month and the reconciliation statement of the previous month and to do the necessary entries
1.3.6 Payment stopped due to * lost cheques * stale cheques * disputes	1.3.6 briefly describe the procedure to stop the payment of a cheque, recording of the cancellation in the applicable cash journal / cash book, and the issuing of a new cheque
1.3.7 Postdated cheques * received * issued	1.3.7 the correct procedure and entries with regard to postdated cheques.

Didactic guidelines

With reference to learning objective 1.3.4:

1. Students should be able to do bank reconciliation from a given bank statement and actual source documents.

Evaluation

With reference to learning objectives 1.3.1 to 1.3.7

1. Theory questions can be asked in class tests. In examination papers the emphasis should rather be on practical than on theoretical questions as students should already have mastered the theory concepts.
2. Students should reach a high competency level in regard to this topic.

FINANCIAL ACCOUNTING N4

Module 1 (Cont.):

1.4 Control accounts

Contents	Learning objectives
	Students must be able to:
1.4.1 Aim of control accounts	1.4.1 briefly describe the aim of control accounts
1.4.2 Adjustment of books of original entry	1.4.2 provide additional columns required in the books of original entry
1.4.3 Debtors and creditors ledger	1.4.3 post from the books of original entry to the subsidiary ledgers
1.4.4 Debtors control account	1.4.4 post from the books of original entry to the debtors control account in the general ledger draft a list of debtors at a given stage and reconcile it with the debtors control account
1.4.5 Creditors control account	1.4.5 post from the books of original entry to the creditors control account in the general ledger draft a list of creditors at a given stage and reconcile it with the creditors control account
1.4.6 Transfers between debtors and creditors ledgers	1.4.6 make transfers between the debtors and creditors by means of journal entries and post to the general and subsidiary ledgers.

FINANCIAL ACCOUNTING N4

Module 1 (cont):

1.5 Results of sole traders: Activities and financial status

Contents	Learning objectives
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Students must be able to:

1.5.1 Additional transactions

1.5.1.1 Carriage on purchases

1.5.1.1 do the following in connection with transactions in par. 1.5.1.1 and 1.5.1.2 of the contents column:

* record the entries in the correct subsidiary journal

* post the entries to the correct accounts in the general ledger

* indicate the influence on the accounting equation

1.5.1.2 Bad debts recovered

1.5.1.3 Sale of fixed assets

1.5.1.3 do the following in connection with transactions in par 1.5.1.3 of the contents column:

* complete or adjust the asset register

* do the recording procedure for the sale of fixed assets during and at the end of the financial period, namely

- journalise the applicable transactions and record the cash transactions in the cash journals

- post the entries to the relevant ledger accounts

- indicate the influence on the accounting equation

1.5.2 Adjustments

1.5.2 do the following in connection with transactions in par 1.5.2.1 to 1.5.2.12 in the contents column:

1.5.2.1 Additional bad debts

1.5.2.2 Provision for bad debts

Contents	Learning objectives
1.5.2.3 Provision for depreciation on fixed assets:	* briefly explain the aim of adjustments
* Fixed instalment method * Diminishing balance method * Machine hour method	* journalise the necessary adjustments
1.5.2.4 Provision for discount allowed	* post the adjustments to the correct ledger accounts
1.5.2.5 Provision for unforeseen expenses	* indicate the influence on the accounting equation
1.5.2.6 Expenses payable/accrued expenses	* indicate how the relevant ledger accounts will be shown in the financial statements
1.5.2.7 Income receivable/accrued income	* identify and journalise the amounts that must be written back at the beginning of the next financial period, and adjust the relevant ledger accounts
1.5.2.8 Prepaid expenses	
1.5.2.9 Income received in advance	
1.5.2.10 Consumable stores on hand	
1.5.2.11 Trading stock deficit	
1.5.2.12 Correction of errors and omissions	
1.5.3 Post-adjustment trial balance	1.5.3 draft a post-adjustment trial balance after all adjustments have been journalised and transferred to the relevant accounts
1.5.4 Closing transfers	1.5.4 journalise the closing transfers and post to the relevant accounts
1.5.5 Final accounts	1.5.5 draft a trading account and profit and loss account as well as a post-closing trial balance
1.5.6 Income statement	1.5.6 draft an income statement in vertical form
1.5.7 Balance sheet	1.5.7 draft a balance sheet in vertical form with the necessary notes.

Didactic guidelines

With reference to learning objectives 1.5.1 to 1.5.7:

1. After the completion of module 1 the students should be able to draft a complete set of books for a sole trader (service and trading enterprise) from the subsidiary books up to the balance sheet.

With reference to learning objective 1.5.2.3:

2. Refer to the requirements of the Receiver of Revenue i.r.o. the time-limit for writing off an asset.

Evaluation

With reference to all learning objectives in module 1:

1. This module will be examined in full.
2. Questions should be in the form of practical applications where students will be asked to do entries directly from source documents.

FINANCIAL ACCOUNTING N4

Module 1: (cont.)

1.6 Document project (according to the continuous/perpetual stock system)

Contents	Learning objectives
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Students must be able to:

- | | |
|--|--|
| 1.6.1 Complete document assignment on a combined service and trading organisation. | 1.6.1 complete a comprehensive assignment from source documents within a specified time. |
|--|--|

Didactic guidelines

With reference to learning objective 1.6:

1. The lecturer can draw up a comprehensive assignment where students must use a set of source documents to complete the books of account for a combined service and trading organisation within a specified time.
2. This set of documents must be compiled in such a manner that it simulates the practice of accounting as faithfully as possible.
3. The following aspects must be dealt with in the assignment:
 - 3.1 Grouping of documents in bundles.
 - 3.2 Arranging in date order.
 - 3.3 Drafting of all subsidiary journals revised in module 1:
 - Cash receipts journal
 - Cash payments journal
 - Debtors journal
 - Creditors journal
 - Debtors allowances journal
 - Creditors allowances journal
 - Petty cash journal
 - General journal
 - Wages journal/salaries journal
 - 3.4 Posting to the debtors and creditors ledger.
 - 3.5 Posting to the general ledger.
 - 3.6 Drafting of a bank reconciliation statement.
 - 3.7 Drafting of a debtors list and reconciliation with the debtors control account.
 - 3.8 Drafting of a creditors list and reconciliation with the creditors control account.
 - 3.9 Drafting of a pre-adjustment trial balance.
 - 3.10 All the additional transactions and adjustments dealt with.

3.11 Drafting of a post-adjustment trial balance.

3.12 Drafting of the annual financial statements.

Evaluation

1. The assignment can be evaluated as part of the semester mark.
2. The following methods of evaluation can be followed:
 - 2.1 Students can complete the assignment in the prescribed time under test conditions after which the complete assignment is handed in to be marked.
 - 2.2 Students can complete sections of the assignment in their own time while other sections are done under test conditions. Marks are then allocated for those sections completed under test conditions.

FINANCIAL ACCOUNTING N4

Module 2: Accounting entries for a trading organisation according to the periodic stock system

Contents	Learning objectives
	Students must be able to:
2.1 Recording of the following transactions in the ledger accounts:	2.1 enter the transactions mentioned in general ledger accounts
2.1.1 Purchasing of stock	
2.1.2 Sales of stock	
2.1.3 Returns of stock bought by the organisation	
2.1.4 Returns of stock bought by clients	
2.1.5 Withdrawal of stock by the owner	
2.1.6 Carriage on purchases (carriage in)	
2.1.7 Other purchasing costs that increase the purchase price	
2.1.8 Carriage on sales (carriage out)	
2.2 Adjusting of books of first entry to accommodate the periodic stock system	2.2 adjust the columns of the respective books of first entry, properly closing off and posting them to the general ledger
2.3 Calculation of cost of sales	2.3 identify the accounts involved in the calculation of the cost of sales and to do the calculation
2.4 Trading stock as year-end adjustment	2.4 record the adjustment of the trading stock amount in the general journal and post it to the general ledger
2.5 Closing transfers	2.5 do the closing transfers to the trading account, profit and loss account and capital account
2.6 Financial statements	2.6 do the trading section (calculation of the gross profit) in the income statement

Didactic guidelines

With reference to learning objective 2.1 to 2.6:

1. After completion of this module the students should be able to compile the books of an organisation according to the continuous (perpetual) as well as the periodic stock system.

Evaluation

1. During evaluation there should only be concentrated on the learning objectives as set out above. It should therefore not be necessary to evaluate a complete set of books according to the periodic stock system.

FINANCIAL ACCOUNTING N4

Module 3: Departmental accounts according to the periodic stock system

Contents	Learning objectives
Students must be able to:	
3.1 Aim of departmental accounts	3.1 explain the aim of departmental accounts and explain how to control the departmental profits by making use of departmental accounts
3.2 Adaptation of source documents	3.2 interpret source documents or departmental codes on source documents and enter them in the books of original entry
3.3 Adaptation of books of original entry	3.3 adapt the books of original entry mentioned in the contents column by providing additional columns, recording the transactions, and closing them off
* Columnar creditors journal	
* Columnar creditors allowances journal	
* Columnar debtors journal	
* Columnar debtors allowances journal	
* Cash journals/cash book	
* Columnar inter-departmental transfers journal	
* General journal	
3.4 Adaptation of relevant accounts in the general ledger	3.4 adapt the accounts mentioned in the contents column by providing additional columns, recording the relevant journal totals in them, and closing them off
* Departmental purchases account	
* Departmental sales account	
3.5 Departmental trading statement	3.5 draw up the departmental trading statement at the end of the accounting period
3.6 Departmental income statement	3.6 draw up the departmental income statement at the end of the accounting period.

Didactic guidelines

With reference to learning objective 3.1 to 3.6:

1. Departmental sets of accounts with two departments will be sufficient.
2. Practical contact with departmental organisations is of the utmost importance for students to gain knowledge of departmental stock recording and especially stock control.
3. Students must complete some exercises from source documents that are based on departmental stock codes.

Evaluation

1. Evaluation must be based on practical orientated exercises and questions.
2. Theory questions can be asked in class tests.

FINANCIAL ACCOUNTING N4

Module 4: Organisations without a profit motive (non-trading organisations)

Contents	Learning objectives
	Students must be able to:
4.1 Aim of non-trading organisations	4.1 explain the difference between organisations with and without a profit motive, as well as give a brief explanation of the general and accounting administration of a non-trading organisation
4.1.1 Terminology	
4.1.2 Administration	
4.1.3 Characteristics	
4.2 Special items (ledger accounts)	4.2 explain the aim of the different ledger accounts typical to a non-trading organisation, interpret and record the entries allocated to them
4.2.1 Entrance fees	
4.2.2 Subscriptions	
4.2.3 Affiliation fees	
4.2.4 Honorarium	
4.2.5 Legacies and donations	
4.3 Special funds	4.3 explain the aim of special funds and record the entries i.r.o. the creation of the fund as well as the employment of the income from the special fund
4.3.1 Creation and expansion of funds and fund investments	
4.3.2 Interest on funds	
4.3.3 Capitalization of interest to funds	
4.3.4 Interest to cover current expenses	
4.3.5 Allocation of prizes from interest	
4.4 Concepts i.r.o. incomes and expenses as well as receipts and payments	4.4 define the concepts in the contents column and explain the difference between the respective concepts.
4.4.1 Receipts and incomes	
4.4.2 Payments and expenses	

Contents	Learning objectives
4.4.3 Capital expenses and current expenses	
4.4.4 Capital receipts and current receipts	
4.5 Analysis cash book	4.5 draw up an analysis cash cook with relevant entries and post to the correct ledger accounts
4.6 Trading account per activity	4.6 draw up a trading account for the different activities of a non-trading organisation
4.7 Statement of incomes and expenses (income and expenditure statement)	4.7 indicate the surplus or deficit by means of an income statement
4.8 Adjustment of the set of accounts to provide for a profit section	4.8 do the necessary adjustments to accommodate a section with a profit motive within the books of a non-trading organisation
4.9 Balance sheet	4.9 draw up the balance sheet of the non-trading organisation in vertical form

Didactic guidelines

With reference to learning objective 4.3:

1. The operation of only one special fund is sufficient.

With reference to learning objective 4.9:

2. For the placement of the special fund in the balance sheet of the non-trading organisation see annexure 2.

Evaluation

1. Evaluation must be based on practical orientated exercises and questions.
2. Theory question can be asked during class tests.
3. Questions should include all types of non-trading organisations and not only clubs.

FINANCIAL ACCOUNTING N4

Module 5: Cash flow statement of a sole trader

Contents	Learning objectives
	Students must be able to:
5.1 The aim of a cash flow statement	5.1 explain the aim of a cash flow statement
5.2 Users of the cash flow statement * Entrepreneur/owner * Credit providers * Cash flow planning	5.2 name the users of the cash flow statement of an organisation and indicate why they are interested in the cash flow statement
5.3 Explanations and concepts	5.3 define the different cash flow items and explain the important principles i.r.o. the setting out of the cash flow statement
5.4 Non-cash flow items	5.4 name and explain the different non-cash flow items
5.5 Procedure for the drafting of a cash flow statement	5.5 follow the correct procedure for the drafting of the cash flow statement
5.5.1 Cash retained from operating activities	
5.5.2 Cash utilised in investment activities	
5.5.3 Cash goods from financing activities	
5.6 Special items	5.6 explain special items i.r.o. the cash flow and record these in the cash flow statement.
5.6.1 Depreciation	
5.6.2 Profit/loss on sale/scraping of fixed assets	

Didactic guidelines

With reference to learning objectives 5.1 to 5.6:

See annexure 1 for the form of the cash flow statement.

Evaluation

Students can be requested to draft a complete cash flow statement from given cash flow information applicable to a sole trader.