



MINISTRY OF EDUCATION

Accounting for Senior High Schools

TEACHER MANUAL



YEAR THREE



NATIONAL COUNCIL FOR
CURRICULUM & ASSESSMENT
OF MINISTRY OF EDUCATION

MINISTRY OF EDUCATION



REPUBLIC OF GHANA

Accounting for Senior High Schools

Teacher Manual

Year Three

ACCOUNTING TEACHER MANUAL

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CONTENTS

INTRODUCTION FOR THE YEAR THREE TEACHER MANUAL	V
ACKNOWLEDGEMENTS	VII
SECTION 1: IMPLICATIONS AND THREATS OF ETHICAL PRINCIPLES	1
STRAND: FINANCIAL ACCOUNTING	1
Sub-Strand: Conceptual Framework	1
Focal Area 1: Introduction to Ethical Principles and the threats to these principles	3
Focal Area 2: Discuss the implications/importance of ethical principles in the preparation of financial statements	6
SECTION 2: FINANCIAL ACCOUNTING RATIO ANALYSIS	11
STRAND: FINANCIAL ACCOUNTING	11
Sub-Strand: Financial Data Analysis	11
Focal Area 1: Introduction to Accounting Ratios	13
Focal Area 2: Importance and limitations of Accounting Ratios	14
Focal Area 1: Compute profitability ratios and interpret the results	19
Focal Area 2: Compute liquidity ratios and interpret the results	21
Focal Area 1: Compute Efficiency / Management /Activity ratios and interpret the results	25
Focal Area 2: Solving a full question on ratios	27
SECTION 3: INTRODUCTION TO THE PREPARATION OF PARTNERSHIP AND COMPANY ACCOUNTS	36
STRAND: FINANCIAL ACCOUNTING	36
Sub-Strand: Financial Reporting	36
Focal Area 1: Partnership Business – meaning and partnership deed	39
Focal Area 2: Partnership Business – advantages and disadvantages	41
Focal Area 1: Discuss the contents of Appropriation, Current and Capital accounts of Partnership	45
Focal Area 2: Prepare Appropriation, Current and Capital accounts of Partnership	47
Focal Area 1: Prepare the Statement of Profit/Loss, Appropriation and Statement of Financial Position of partnership	53
Focal Area 2: Admission of a new partner and treatment of goodwill	56
Focal Area 1: Retirement of an old partner	62
Focal Area 2: Admission of a new partner and retirement of an old partner	65
Focal Area 1: Explain company as a form of business, its features and types	70
Focal Area 2: Discuss the advantages and disadvantages of forming a company	72
Focal Area 1: Discuss the terminologies used in company accounting	76
Focal Area 2: Preparation of Financial Statements of Companies	79
Focal Area 1: Prepare Statement of Profit or Loss, Statement of Changes in Equity and Statement of Financial Position for Companies	83
Focal Area 2: Prepare statement of profit/loss, statement of changes in equity and statement of financial position of companies	86

SECTION 4: PREPARE STORE LEDGER CARDS, COMPUTE LABOUR REMUNERATIONS, PREPARE PAYROLL AND ASSIGN COST DRIVER RATES TO PRODUCTS AND SERVICES

104

STRAND: COST ACCOUNTING	104
Sub-Strand: Controlling Cost to Improve Organisational Performance	104
Focal Area 1: Prepare store ledger card using First - In – First Out (FIFO) method of pricing issues from stores	107
Focal Area 2: LAST – IN – FIRST – OUT (LIFO)	109
Focal Area 1: Weighted Average Method	117
Focal Area 2: Simple Average Method	119
Focal Area 1: Revision of methods of Labour Remuneration	124
Focal Area 2: Payroll Computation - Explanation of Terms	126
Focal Area 1: Computation of Payroll	130
Focal Area 2: Computation of Labour Turnover and Idle Time	131
Focal Area 1: Computation of Cost Driver Rates	136
Focal Area 2: Assign overheads to products or services using cost driver rates.	137

SECTION 5: BUDGETS AND BUDGETARY CONTROL, STANDARD COSTING AND VARIANCE ANALYSIS

148

STRAND: COST ACCOUNTING	148
Sub-Strand: Determining cost of operations for pricing and controlling.	148
Focal Area 1: Preparation of Sales and Production Budgets	151
Focal Area 2: Preparation of Material Usage and Material Purchases Budgets	153
Focal Area 1: Preparation of Cash Budgets	157
Focal Area 2: Preparation of Cash Budgets.	159
Focal Area 1: Causes of variances and computation of material variances	167
Focal Area 2: Preparation of Material Usage and Material Purchases Budgets.	169

SECTION 6: APPLY BREAK-EVEN ANALYSIS IN PLANNING FOR PRODUCTION AND PROFITS AND COMPUTE COSTS FOR RELEVANT DECISION MAKING

177

STRAND: COST ACCOUNTING	177
Sub-Strand: Analysing information for control and decision making	177
Focal Area 1: Computations in Break–Even Analysis	179
Focal Area 2: Computations in Break–Even Analysis.	181
Focal Area 1: Compute relevant cost to make pricing decisions	185
Focal Area 2: Shut Down of a Department / Removal of a product Decisions	187
Focal Area 1: Acceptance or Rejection of a Special Order Pricing	191
Focal Area 2: Acceptance or Rejection of a Special Order Pricing	193

REFERENCES

201

INTRODUCTION

The National Council for Curriculum and Assessment (NaCCA) has developed the third and final set of curriculum materials to support the implementation of the new Senior High School curriculum.

This Year Three Teacher Manual for Accounting covers all aspects of the content, pedagogy, teaching and learning resources and assessment required to effectively support learners in their final year of Senior High School. All the necessary information for the Student Assessment Portal has been included in the Year Three Teacher Manual to simplify the development of weekly learning plans, meaning that teachers have a single reference document.

The Year Three Teacher Manual has two main objectives:

- To support learners to consolidate and deepen their understanding of the content, pedagogy, and assessment across all three years of the new Senior High School curriculum in preparation for the West Africa Senior Secondary Certificate Examination (WASSCE).
- To equip teachers with the tools and resources needed to deliver revision-focused, assessment-led lessons that build on the knowledge learners have acquired from Year One to Year Three.

In this third year, teachers will be supporting learners to prepare for the WASSCE. Each section of the Teacher Manual is therefore structured around the highest Depth of Knowledge (DoK) levels, allowing learners to build progressively on knowledge acquired from Year One to Year Three. For each week, learning tasks and pedagogy are built around the assessment, ensuring that classroom activities directly prepare learners for the demands of the examination. Two sets of sample examination papers are also provided; one administered by Week 12 as a first semester practice examination, and one by Week 20 as a mock examination, to gauge learners' competencies and identify areas requiring remediation.

To further support teachers in delivering Year Three, NaCCA, working with the Ghana Education Service, has developed a subject specific App for each subject.

The Year Three PLC sessions have been revised in response to findings from the 2025 annual evaluation survey. The survey confirmed that teachers have made strong progress in lesson planning, use of varied instructional methods, ICT integration and modes of assessment. To address the identified gap in explaining concepts clearly using examples familiar to learners, each PLC session now includes a dedicated Content Exploration segment. This ten-minute segment brings the subject group together to work through one challenging problem or concept from the week's Teacher Manual content, not to plan how to teach it, but to ensure that every teacher in the group fully understands it.

The PLC sessions in Year Three also place particular emphasis on connecting the week's content to equivalent topics taught in Years One and Two. Teachers are encouraged to note the recap weeks signposted throughout the Teacher Manual and to use the App to explore how content across all three years links together.

As in previous years, teachers are expected to integrate National Values, Gender Equality and Social Inclusion (GESI), Social and Emotional Learning (SEL), and 21st-century skills into

their learning activities, assessment tasks, and rubrics and mark schemes. The subject-specific App will support teachers in doing this throughout the year.

Ghana Education Service acknowledges the dedication of the teachers who have implemented the new curriculum across Years One and Two and recognises that Year Three represents both the culmination of that effort and a critical moment for learners. The Year Three Teacher Manual and its accompanying resources have been developed to ensure that every learner, regardless of background, ability, or school context, is fully prepared to demonstrate what they know and can do in the WASSCE and to progress confidently to further studies, the world of work, and adult life.

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SECTION 1: IMPLICATIONS AND THREATS OF ETHICAL PRINCIPLES

STRAND: FINANCIAL ACCOUNTING

Sub-Strand: Conceptual Framework

Week 1

Learning Outcome: Apply ethical principles in the preparation of financial statements.

Content Standard: Demonstrate knowledge and understanding in the application of ethical principles in the preparation of financial statements.

INTRODUCTION AND SECTION SUMMARY

This section discusses the issue of ethical principles in the Accounting profession which are crucial for the accurate preparation of financial statements. Learners will develop a thorough understanding of how to avoid fraudulent activities which will lay the ground work for trust and transparency in financial statements. This can help to ensure improve employee morale, and sustainable financial growth. Emphasis will be placed on the practical application of ethics, ensuring learners can effectively use them not only to produce reliable and transparent financial statements, but also apply them in daily lives.

By the end of this section, learners will be expected to understand and explain ethical principles, discuss how these principles are applied in daily life and within the accounting profession and demonstrate the ability to avoid threats to these ethical principles.

The following weeks with their respective focal areas are considered in this section:

Week 1: Discuss Ethical principles, their threats and implications of ethical principles on the preparation of financial statements.

Recap Weeks

Year 2	Week 1: Explain the types of Accounting Concepts, Conventions and Concepts. Week 2: Discuss the purpose, importance and limitations of Accounting Concepts.
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SUMMARY OF PEDAGOGICAL EXEMPLARS

In this section, teachers are encouraged to employ diverse instructional strategies to cater to the varying learning needs and abilities of all learners. For example, initiate talk for learning by engaging learners in discussions about the real-world applications of ethical principles. Use collaborative learning techniques, such as group projects and peer review sessions, to enhance understanding through teamwork. Incorporate case studies and practical exercises to help learners apply accounting principles in real-life scenarios. Utilise resource persons, such as guest speakers from the accounting industry, to provide insights and real-world perspectives.

Differentiation is crucial; provide additional support through guided practice and targeted interventions for those needing extra help. Particular attention should be paid to learners with special educational needs, making relevant accommodations to ensure their full participation in all activities. To support teachers in their approach to differentiation, this manual sometimes refers to learners as approaching proficiency (AP), proficient (P) or working as a high level of proficiency (HP). For gifted and talented learners, offer advanced content such as complex financial analysis tasks or leadership roles in group projects to challenge and deepen their understanding.

ASSESSMENT SUMMARY

Various forms of assessment should be conducted to ascertain learners’ performance in relation to the principles to be taught in this section. For Level 1, use quizzes and short tests to assess basic knowledge of ethical principles. Level 2 can be assessed through case studies and practical exercises where learners apply these ethics to real-world scenarios.

Level 3 should be assessed using group projects and strategic decision-making tasks, where learners justify their approaches to complex ethical problems, assess and document their strategic reasoning and problem-solving skills. For Level 4, encourage advanced learners to undertake extended projects or research assignments that require in-depth analysis and innovative solutions, evaluating their critical thinking and reasoning skills. This comprehensive approach will effectively capture the breadth and depth of learners’ competencies in financial accounting.

Teachers are entreated to administer these assessments and record them for onward submission into the Student Assessment Portal (SAP). The following assessment would be conducted and recorded for each learner:

Table 1.1: Assessment Summary

Week	Indicators	DOK Level	Assessment Strategy and/or Mode
1	Discuss Ethical principles, their threats and implications of ethical principles on the preparation of financial statements.	Level 2 Level 3	Group Work & Discussions Based

WEEK 1

Learning Indicators

- 1. Discuss ethical principles of accounting and the threats to achieving them
- 2. Discuss the implications of ethical principles on the preparation of financial statements

FOCAL AREA 1: INTRODUCTION TO ETHICAL PRINCIPLES AND THE THREATS TO THESE PRINCIPLES

Explanation of Ethical Principles

Ethics can be defined as the study of moral principles and values that govern the actions and decisions of an individual or group. Ethics is a set of moral principles to guide behaviour.

In Accounting, ethics encompasses the fundamental principles and values that guide the actions of professionals in the accounting domain.

Therefore, an accountant’s responsibility is not exclusively to satisfy the needs of an individual client or employer, but to act in the public interest. The fundamental ethical principles establish the standard of behaviour expected of a professional accountant.

The Fundamental Ethical Principles

The fundamental ethical principles include:

- i. Integrity
- ii. Objectivity
- iii. Professional competence and due care
- iv. Confidentiality
- v. Professional behaviour

Explanation of Fundamental Ethical Principles

- i. **Integrity** – to be straightforward and honest in all professional and business relationships.
- ii. **Objectivity** – not to compromise professional or business judgments because of bias, conflict of interest or undue influence of others.
- iii. **Professional Competence and Due Care** – to attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organisation receives competent professional service, based on current technical and professional standards and relevant legislation. This means the accountant should act diligently and in accordance with applicable technical and professional standards.
- iv. **Confidentiality** – Professionals are expected to safeguard information obtained through their work and interactions. This means they must not share sensitive or private details about clients, patients, or organizations with others unless they have proper permission or there is a legal or professional obligation to do so.

This principle emphasizes trust and discretion in professional relationships. For instance, a doctor must not reveal a patient’s medical condition to others without consent, and an accountant should not disclose a client’s financial records to unauthorized persons. Maintaining confidentiality helps to build trust, protect individuals’ privacy, and uphold the integrity of the profession. However, disclosure may be necessary in certain situations, such as when required by law or when it is in the public interest to prevent harm.

- v. **Professional Behaviour** – to comply with relevant laws and regulations and avoid any conduct that the professional accountant knows or should know that might discredit the profession.

Threats to ethical behaviour

Ethical threats are factors that may compromise a person’s integrity. They hinder or prevent a person from upholding their ethical principles. Threats may arise as a result of any of the following:

- i. Self-interest
- ii. Self-review
- iii. Familiarity
- iv. Intimidation
- v. Advocacy threat

Threats to Ethical Principles

- i. Self-Interest threat: - This occurs when an accountant or finance professional has a financial interest that could improperly influence their judgment. For example, if an accountant’s bonus is tied to the company’s profitability, they might be tempted to manipulate financial figures to increase their bonus.
- ii. Self-review threat: - This occurs when an accountant has to review their own work or the work of their firm, rather than it being subjected to independent review, potentially overlooking errors or misstatements.
- iii. Familiarity threat: This arises when a close relationship makes a request that makes it difficult for the accountant to maintain objectivity. For instance, an accountant might be overly lenient with a long-term client’s questionable accounting practices.
- iv. Intimidation threat: This happens when an accountant feels pressured or threatened, potentially leading them to compromise their ethical standards. This could involve threats of job loss, legal action, or other forms of coercion.
- v. Advocacy threat: This happens when an accountant takes on a role that requires them to promote a particular position, potentially compromising their objectivity.

Learning Tasks

- 1. Explain three fundamental ethical principles of accountancy.
- 2. Explain three threats to ethical conduct.
- 3. Analyse a scenario outlining ethical principles and threats.

For example, Kofi Mensah works as the accountant of a major hospital in Kaidabi. The hospital is inviting tenders for the supply of hospital consumables. Four companies have submitted their bids. You have just realized that one of the companies belongs to your brother, and the other to Mr. Mensah. You are on the Tender Committee that will open the bids. Meanwhile, Mr. Mensah has been your friend for more than five years.

Required: Discuss the ethical principles and threats in this case.

Pedagogical Exemplar

Collaborative Learning

- 1. The teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
- 2. Guide learners to review their knowledge and understanding of accounting concepts and the preparation of Statement of Profit or Loss s.
- 3. In mixed-ability and mixed-gender groups, guide learners to discuss the fundamental ethical principles in accounting.
- 4. In mixed-ability and mixed-gender groups, guide learners to discuss the threats to ethical principles in accounting.
- 5. Give samples of scenarios (learning task) to learners for group discussions on the ethical principles.
- 6. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 7. Ensure all learners have opportunities to contribute in their group discussions while embedding in them elements of ethical principles.

Resource person

- 1. Invite an outside professional to lead a presentation on professional and ethical principles. This might be someone working within the accounting or related profession, or a teacher or academic in a field related to this LI, such as RME or ethics.
- 2. Ask them to lead a presentation on the importance of ethical standards, how these might be compromised and how to make the right choices.
- 3. Task learners to prepare questions to ask the presenter during the lesson.
- 4. Lead a plenary session recapping key points from the presentation and invite learners to reflect on what they have learned.

Key Assessment Level 2: Case Study

Scenario

You are the accountant of a pharmaceutical company that is planning to procure some items from Brokutu Chemicals Ltd. Your boss has asked you to contact the Marketing Director at Brokutu Chemicals Ltd to increase the purchase price. Your boss has promised you a percentage of the price increment.

Arrange learners in mixed ability and gender groups to review the presented scenario and answer the following questions:

- a. Identify and explain the fundamental ethical principles inherent in the scenario above.
- b. Explain any ethical threats that you would face in such a scenario. (12 marks)

FOCAL AREA 2: DISCUSS THE IMPLICATIONS/IMPORTANCE OF ETHICAL PRINCIPLES IN THE PREPARATION OF FINANCIAL STATEMENTS

Implications/ Importance of Ethical Principles

- i. Ensuring legal compliance
- ii. Preserving financial reporting integrity and building trust.
- iii. Preventing fraud and unethical practices
- iv. Enhancing corporate reputation and image
- v. Supporting long-term sustainability

Explanation of why ethical principles are important to the preparation of financial statements

- i. **Ensuring legal compliance:**
Upholding ethical standards helps accountants adhere to regulatory frameworks and industry guidelines. Ethical accounting practices serve as a shield against legal risks and non-compliance.
- ii. **Preserving Financial reporting integrity and building of trust.**
Accountants play a crucial role in presenting accurate and reliable financial statements. Adhering to ethical principles like honesty, objectivity and transparency strengthens the credibility of financial information. Investors and stakeholders depend on these reports for informed decisions. Upholding ethical standards builds trust and confidence in financial data, and strengthens relationships in the profession.
- iii. **Preventing fraud and unethical practices:**
Ethical accounting practices act as a deterrent to fraudulent activities and unethical practices. Accountants committed to ethical conduct are less likely to engage in fraudulent activities such as embezzlement or manipulation of financial data. A dedication to honesty and integrity discourages unethical behaviours, safeguarding the interests of the company, shareholders, and stakeholders from financial malpractice.
- iv. **Enhancing corporate reputation and image:**
Ethics in accounting significantly contributes to enhancing an organisation’s corporate reputation and image. Commitment to ethical accounting practices fosters a positive perception among stakeholders, clients and investors. Companies that consistently adhere to ethical standards are perceived as trustworthy and responsible, enhancing brand value and nurturing long-term relationships.
- v. **Supporting long-term sustainability:**

Ethical accounting practices are integral to sustaining long-term viability. Adherence to ethical standards ensures sound resource management, promotes financial stability, and reinforces the sustainability of business operations. By avoiding unethical financial behaviours, accountants contribute to a stable financial environment conducive to sustained growth and prosperity. Ethical accounting practices lay the groundwork for an organisation’s enduring success and longevity.

Learning Tasks

- 1. Discuss three reasons why ethical values are important both as an individual and as a business.
- 2. Discuss the implications of ethical principles in the preparation of financial statements.

Pedagogical Exemplars

Collaborative Learning

- 1. The teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
- 2. Guide learners to review their knowledge and understanding of ethical principles and the threats to ethical principles.
- 3. In mixed-ability and mixed-gender groups, guide learners to discuss the importance of ethical principles in accounting and in the preparation of financial statements.
- 4. Give samples of scenarios to learners to support group discussions.
- 5. Provide simplified explanations for learners with lower understanding. Use visuals such as templates or worked examples to aid comprehension.
- 6. Ensure all learners have opportunities to contribute in their group discussions while embedding in them elements of ethical principles.

Key Assessment Level 3: Case Study

A business owner needs a significant loan of GH¢50,000 from a local bank to fund their expansion plans.

They have hired you to prepare their financial statements for the loan application. Through this process you identify that their profit for the year is GH¢15,000 which is not enough to secure the loan.

The owner suggests you amend the records to reflect higher sales and reduce some supply costs to inflate the year’s recorded profit.

- a. Identify the dilemma in the scenario and discuss two ethical principles that are at risk of being compromised in this scenario. If you were to change the financial statements, what would be the potential short- and long-term consequences for;
 - i. The business
 - ii. The bank providing the loan to you, as an accountant. (12 marks)

Arrange learners in small groups to discuss the following questions and present their answers to the class:

PLC Session 1

45 minutes Planning & Reviewing the Learning Plan

- 1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
- 2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
- 3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

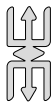
- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

- 4. Plan the week’s key assessment with your app
 - a. The key assessment for the week is *case study*. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the case scenario (NTS 3k-3q).

10 minutes Content Exploration

- 5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step

- d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes Enactment

- 6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
 - a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

5 minutes Reflection

- 7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
- 8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
- 9. Remember to
 - a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

Section Review

This section provided comprehensive coverage of ethical principles in Financial Accounting. Learners have discussed ethical principles, threats to ethical behaviour and the implications of behaving unethically. Learners were engaged in various pedagogical approaches like think-pair-share, experiential, collaborative and problem-based learning, facilitating active

learning and practical application of theoretical knowledge. Emphasis has been placed on the practical application of ethics, ensuring learners can effectively use them not only to produce reliable and transparent financial statements, but also apply them in their daily lives. Learners should develop a thorough understanding of how to avoid fraudulent activities, laying the groundwork for trust and transparency in financial statements.

Additional Reading

- 1. “Frank Wood’s Business Accounting 1” by Frank Wood and Alan Sangster
- 2. “Accounting Principles” by Jerry J. Weygandt, Paul D. Kimmel and Donald E. Kieso
- 3. Any approved financial accounting book by NaCCa can be used as a further reading material.

MARKING SCHEME FOR THE KEY ASSESSMENTS

WEEK 1

Focal Area 1

	Marking guidance	Mark allocation
A	Learners must be able to identify and explain the ethical principles evident in the scenario: a) Integrity, objectivity, professionalism	1 mark per principle 1 mark per expansion Total = 6 marks
B	Learners must show an understanding of the threats to their ethical principles faced in this situation b) Self-interest, conflict of interest, intimidation/societal pressure	1 mark per threat 1 mark per expansion Total 6 marks

Focal Area 2

	Marking guidance	Mark allocation
A	The learner identifies the central dilemma in the scenario. Learners can identify relevant ethical principles (e.g., integrity, objectivity) and expand them with a relevant explanation	1 mark 1 mark for each principle (up to 2) Total marks = 3
B	Learners should describe the short- and long-term consequences for each of the identified parties e.g., business owner – default on loan payments, reputational damage	2 marks per stakeholder Total = 6 marks
	Communication techniques Learners demonstrate effective communication and presentation skills – they make well-reasoned points that are clearly justified. They actively list and contribute to the group’s presentation	Total = 3 marks

SECTION 2: FINANCIAL ACCOUNTING RATIO ANALYSIS

STRAND: FINANCIAL ACCOUNTING

Sub-Strand: Financial Data Analysis

Weeks 2, 3 and 4

Learning Outcome: Compute and interpret accounting ratios.

Content Standard: Demonstrate knowledge and understanding in the computation and interpretation of financial ratios.

INTRODUCTION AND SECTION SUMMARY

This section looks at the calculation and interpretation of accounting ratios which are crucial for analysing financial statements. Learners will develop a thorough understanding of how to analyse financial statements and evaluate the performance of companies. Emphasis will be placed on the practical application and interpretation of financial statements and relate the analysis to real life scenarios.

By the end of this section, learners will be expected to understand and explain financial ratios, discuss how these financial ratios are applied and demonstrate the ability to evaluate the performance of companies using this information.

The following weeks with their respective focal areas are considered in this section:

Week 2: Explain Financial Accounting Ratios, their importance and limitations

Week 3: Compute profitability and liquidity ratios and interpret the results.

Week 4: Compute management activity ratios and interpret the results.

Recap Week

Year 1	Week 12: Prepare Statement of Profit or Loss and statement of financial position of sole proprietorship.
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SUMMARY OF PEDAGOGICAL EXEMPLARS

In this section, teachers are encouraged to employ diverse instructional strategies to cater to the varying learning needs and abilities of all learners. For example, initiate talk-for-learning by engaging learners in discussions about the real-world applications of accounting ratios. Use collaborative learning techniques, such as group projects and peer review sessions, to enhance understanding through teamwork. Incorporate case studies and practical exercises to help learners apply accounting principles in real-life scenarios.

Differentiation is crucial; provide additional support through guided practice and targeted interventions for those needing extra help. Particular attention should be paid to learners with special educational needs, making relevant accommodations to ensure their full participation in all activities. To support teachers in their approach to differentiation, this manual sometimes refers to learners as approaching proficiency (AP), proficient (P) or working as a high level of proficiency (HP). For gifted and talented learners, offer advanced content such as complex financial analysis tasks or leadership roles in group projects to challenge and deepen their understanding.

ASSESSMENT SUMMARY

Various forms of assessments should be carried out to ascertain learners’ performance on the principles that will be taught under this section. For Level 1, use quizzes and short tests to assess basic knowledge of accounting ratios. Level 2 can be assessed through practical exercises where learners apply these ratios to real-world scenarios.

Level 3 should be assessed using group projects and strategic decision-making tasks, where learners justify their approaches to complex accounting ratios questions and document their strategic reasoning and problem-solving skills. For Level 4, encourage advanced learners to undertake extended projects or research assignments that require in-depth analysis and innovative solutions, evaluating their critical thinking and reasoning skills. This comprehensive approach will effectively capture the breadth and depth of learners’ competencies in financial accounting.

Teachers are entreated to administer these assessments and record them for onward submission into the Student Assessment Portal (SAP). The following assessment would be conducted and recorded for each learner:

Table 2.1: Assessment Summary

Week	Indicators	DOK Level	Assessment Strategy and/or Mode
2	Explain the concept, importance and limitations of accounting ratios.	Level 4	Problem-based
3	Compute profitability and liquidity ratios and interpret the results.	Level 2	Group Work & Class Discussions
4	Compute Activity/Management /Activity ratios and interpret the results.	Level 2	Practice exercise

WEEK 2

Learning Indicator: Explain the concept, importance and limitations of Accounting Ratios

FOCAL AREA 1: INTRODUCTION TO ACCOUNTING RATIOS

Ratio Analysis

Accounting ratios are a set of metrics or formulas used to measure a company’s performance based on its financial reports. They are effective tools used by shareholders, trade payables, and other stakeholders to understand a company’s efficiency, profitability, strength and financial position. Accounting ratios help to summarise and present financial information in a more understandable form.

Broadly speaking, basic ratios can be grouped into five categories:

- 1. Profitability Ratios
- 2. Liquidity Ratios
- 3. Efficiency/ Management / Activity Ratios
- 4. Long-Term Solvency Ratios
- 5. Investment Ratios

Explanation of categories of ratios

1. Profitability Ratios

These are ratios used to measure a business’s profitability over the year. They assess a business’s profit-earning capacity. Profitability ratios measure a business’s ability to generate wealth and ensure its survival. Examples of Profitability Ratios include:

- i. Gross Profit as a percentage of Sales
- ii. Net Profit as a percentage of Sales
- iii. Return on capital employed
- iv. Asset Turnover ratio

2. Liquidity Ratios

These are ratios that measure a business’s ability to pay its short-term liabilities as they fall due. Liquidity refers to the ease with which an asset can be turned into cash or another form of asset without any significant change in value. Examples of Liquidity Ratios are:

- i. Current Ratio
- ii. Acid Test / Quick Ratio

3. Efficiency/ Management Activity Ratios

These are also known as Activity/Management Ratios. They look at how efficiently management has used business resources to generate revenue and profits. Efficiency ratios examine the number of days it takes management to generate revenue and profits. It looks at the time it takes

the business to sell inventory, collect trade receivables, and pay trade payables. Examples of Efficiency ratios are:

- i. Receivable Days
- ii. Trade payables Days
- iii. Inventory Turnover days

Learning Tasks

- 1. Explain accounting ratios
- 2. State two types of liquidity ratios.

Pedagogical Exemplar: Collaborative Learning

- 1. The teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
- 2. Guide learners to review their knowledge and understanding of ethical principles and the implications and threats of ethical principles in a brief recap of the previous week’s learning.
- 3. Introduce the concept of accounting ratios and how they are used by businesses and stakeholders.
- 4. Learners to think-pair-share the meaning of the concept.
- 5. In mixed-ability and mixed-gender groups, guide learners to discuss the types of accounting ratios and examples in each category.
- 6. Provide simplified explanations for learners with lower understanding (AP).
- 7. Ensure all learners have opportunities to contribute to their group discussions while embedding in them the types of accounting ratios.

FOCAL AREA 2: IMPORTANCE AND LIMITATIONS OF ACCOUNTING RATIOS

Importance of Ratio Analysis

1. For Trend Analysis

Ratios are used to evaluate a company’s performance over time. They summarise the financial statements into comparative figures and help management compare and evaluate their performance over time. Therefore, management can assess the results of their decisions.

2. For inter–firm comparison

Ratios are used to compare a company’s financial standing with industry averages. Ratios allow a company to compare its performance with other firms in the same industry. This helps analysts to make decisions on an industry and the fiscal position of an industry in the economy

3. For investment decisions

Ratios are used by investors in their analysis to decide whether to invest in a company. Investors use ratios to evaluate how strategic changes have impacted on sales, growth and performance. Thus, investors decide whether to buy or sell their shares.

4. Helps to determine the financial health of a business

Ratio analysis can provide information on liquidity, solvency, profitability, and capital gearing, making it valuable for assessing financial health.

Limitations of Ratio Analysis

1. Historical Information

The analysis is based on past results released by the company. Therefore, the figures from ratio analysis do not necessarily reflect future company performance.

2. Differences in accounting policies

Companies may follow different accounting policies and methods, which may affect their financial reporting. Therefore, comparing the ratios of different firms may not give a true and fair view of performance.

3. Manipulation of financial statements

Ratio analysis is based on information that is reported by a company in its financial statements. This information may be manipulated by the company’s management to report a better result than its actual performance. Hence, ratio analysis may not accurately reflect the true nature of a business, as the misrepresentation of information is not detected by simple analysis. It is important that an analyst be aware of these potential manipulations and always conduct thorough due diligence before reaching any conclusions.

4. Inflationary effects

Financial statements are released periodically. If inflation has occurred between periods, then real prices are not reflected in the financial statements. Thus, the numbers across different periods are not comparable until they are adjusted for inflation.

Learning Tasks

- 1. Explain three reasons why Accounting Ratios are important in financial analysis.
- 2. Explain three limitations of accounting ratios.

Pedagogical Exemplar

Collaborative Learning

- 1. The teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
- 2. Guide learners to review their knowledge and understanding of accounting ratios and the various types of ratios in a brief recap of the previous lesson.
- 3. In mixed-ability and mixed-gender groups, guide learners to discuss the importance and limitations accounting ratios.
- 4. Give samples of scenarios to learners for group discussions on the importance and limitations of accounting ratio.
- 5. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.

- 6. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the importance of accounting ratios.

Key Assessment Level 4: Group Project

You are the accountant of a medium – sized manufacturing company. At a recent management meeting, the Production and Estate Managers said they do not understand the financial statements you have been presenting.

You are required to prepare a report to the Chief Executive Officer (CEO) explaining how financial ratios can be useful to a manufacturing company. (10 marks)



Hint

Assign a group project to learners and give them a reasonable time to complete it. Use the SS App to generate the project and the rubric. Learners’ projects should be marked immediately and scores entered into the SAP.

PLC Session 2

45 minutes

Planning & Reviewing the Learning Plan

- 1. Begin the session by recapping lessons from the previous session, focusing on how learning was applied.
- 2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand.
 - b. identify three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners (NTS 3a, 3g and 3m).
- 3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q).
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

- 4. Use your app to plan and administer the mode of assessment for the Student Assessment Portal (SAP).
 - a. The key assessment for the week is **group project**. Chat with your app to plan this assessment by reviewing or developing the project task(s) and marking schemes/ rubrics for the project work (NTS 3k-3q).

10 minutes

Content Exploration

- 5. As a subject group, select one problem or topic/idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through the problem individually for 3–4 minutes
 - c. the group then works through it together the problem, step by step
 - d. highlight the most common errors made at each step (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes

Enactment

- 6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
 - a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

5 minutes

Reflection

- 7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
- 8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
- 9. Remember to

- a. transfer your chats into your learning planner template.
- b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
- c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 3

Learning Indicator: Compute profitability, liquidity and management/efficiency ratios and interpret the results

FOCAL AREA 1: COMPUTE PROFITABILITY RATIOS AND INTERPRET THE RESULTS

Profitability Ratios

These are ratios used to measure how profitable a business has been during the year. They look at the profit-earning capacity of a business. Profitability ratios measure the ability of a business to generate wealth to ensure its continuation.

Examples of Profitability Ratios

Gross Profit Ratio (Gross Profit as a percentage of Sales)

This ratio as a measure of profitability, shows how much gross profit is earned for every sale made. A business with a high level of cost will have a low gross profit margin. When the gross profit margin is increasing, it is favourable for the company. It is calculated as:

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Sales Revenue}} \times 100\%$$

The higher the gross profit ratio, the more favourable the picture of a business's performance.

Net Profit as a percentage of Sales

This ratio measures the profit made after all expenses have been paid. A business with a high level of expenses will have a low net profit margin. It is calculated as

$$\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Sales Revenue}} \times 100\%$$

The higher the net profit ratio, the more favourable the picture of a business's performance.

Return on capital employed (ROCE)

This ratio looks at how much interest has been earned on any capital invested during the year. It is often considered the most important measure of profitability. This ratio calculates the profitability of the business as a percentage of capital employed. Capital employed is the capital used to finance the business, that is, funds provided by shareholders (share capital plus reserves) and funds advanced by financial institutions (non – current liabilities).

$$\text{ROCE} = \frac{\text{Profit before Interest and Tax}}{\text{Capital employed}} \times 100\%$$

Where capital employed = Shareholders' fund + long term liabilities

Importance of ROCE

- i. The ROCE shows the return for every GH¢1 invested in the business. This is the return earned on the funds invested in the business. It is not however a measure of how much is paid out in the form of interest and/or dividends.
- ii. Therefore, return on capital employed percentage can be used to compare with previous years and a trend in the profitability over a period of time can be identified.

- iii. A business can use the return on capital employed ratio to compare the return on alternative investments. Investments with a high forecast return on capital can be identified as high risk but high yielding.
- iv. A business can compare the return on capital employed percentage with interest rates and the cost of borrowing.

Asset Turnover Ratio

It tells us how many cedis in sales a business generates for every 1 cedi invested in assets. It shows whether the assets have been well utilised in generating wealth. It is calculated as:

Assets Turnover Ratio =
$$\frac{\text{Net Sales/Revenue}}{\text{Net assets/Capital employed}}$$

An asset turnover ratio of 1.5, for example, would tell you that for every GH¢1 of assets, a business has generated GH¢1.5 of sales.

Learning Tasks

- 1. Discuss three reasons why the Return on Capital Employed (ROCE) ratio is important.
- 2. Explain two uses of profitability ratios.
- 3. Explain why the asset turnover ratio is an important accounting ratio.
- 4. Calculate profitability ratios based on sample data.

Pedagogical Exemplar: Collaborative Learning

- 1. The teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
- 2. Guide learners to review their knowledge and understanding of importance and limitations of accounting ratios in a brief recap of the previous lesson.
- 3. In mixed-ability and mixed-gender groups, guide learners to discuss importance and formulas of profitability ratios. Prompt groups to discuss and answer questions such as:
 - a. Why is the return on capital investment ratio important?
 - b. How are profitability ratios used?
 - c. Why is the asset turnover an important accounting tool?
- 4. Present groups with samples of financial data from which they must calculate an assigned profitability ratio (ROCE, asset turnover, gross or net profit etc.) and explain its meaning.
- 5. Groups to present their solutions on flip chart paper for feedback.
- 6. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 7. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the importance of accounting ratios.

Key Assessment Level 2: Group Discussion

The data below was extracted from the books of Olumba Brothers Ltd.

	GH¢'000
Revenue for the year	6,245
Gross Profit	1,443
Operating profit	546
Non – current assets	2,767
Current assets	5,561
Current Liabilities	3,821
Opening Inventory	50
Closing Inventory	60

You are required to calculate the following:

- i. Gross Profit Ratio (2 marks)
- ii. Net Profit Margin (2 marks)
- iii. Return on Capital Employed (2 marks)
- iv. Asset Turnover Ratio (2 marks)

FOCAL AREA 2: COMPUTE LIQUIDITY RATIOS AND INTERPRET THE RESULTS

Liquidity Ratios

These are ratios that measure a business’s ability to pay its short-term liabilities as they fall due. Liquidity refers to the ease with which an asset can be turned into cash or another form of asset without any significant change in value.

Examples of Liquidity Ratios

Current Ratio

This ratio is also known as the working capital ratio. It measures the ability of a business to pay its debts as they fall due.

Current Ratio =
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

A ratio above 1:1 is considered healthy but it should probably exceed 2:1 to safely indicate that short -term liabilities can be met Note that this will differ between industries. It is not necessarily true that “the higher the better” approach applies to this ratio as it could indicate that a business is too liquid.

Acid Test / Quick Ratio

This ratio measures a business’s ability to pay its short-term debts without selling goods.

Acid Test Ratio =
$$\frac{\text{Current Assets – Inventory}}{\text{Current Liabilities}} :1$$

A higher acid test ratio means a business is liquid and can meet its obligations. A ratio below 1 can indicate liquidity problems.

Learning Tasks

- 1. Discuss the use of current ratio.
- 2. Explain two uses of the acid test ratio.
- 3. Calculate liquidity ratios based on given financial data.

Pedagogical Exemplar: Collaborative Learning

1. Teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
2. Guide learners to review their knowledge and understanding of formulas of profitability ratios with a brief recap from the previous lesson.
3. In mixed-ability and mixed-gender groups, guide learners to discuss the importance and formulas of liquidity ratios. Prompt discussions with guiding questions such as:
 - a. How would the current ration be used?
 - b. What is the importance of the acid test ratio?
4. Present groups with samples of financial data from which they must calculate the liquidity ratios and explain what they mean for that business.
5. Groups to share their solutions with another group for comparison and peer review.
6. Give samples of scenarios to learners for group discussions on the formulas and the importance of the liquidity ratio.
7. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
8. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the importance of accounting ratios.

Key Assessment Level 2: Group Discussion

The data below was extracted from the books of Olumba Brothers Ltd.

	GH¢'000
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Gross Profit	1,443
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Non – current assets	2,767
Current assets	5,561
Current Liabilities	3,821
Opening Inventory	50
Closing Inventory	67

Calculate the following:

- i. Current Ratio (2 marks)
- ii. Acid Test Ratio (2 marks)

PLC Session 3

45 minutes

Planning & Reviewing the Learning Plan

1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

4. Plan the week’s key assessment with your app
 - a. The key assessment for the week is **group discussion**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the discussions (NTS 3k-3q).

10 minutes

Content Exploration

5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes

- c. the group then works through the problem together step by step
- d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes

Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

5 minutes

Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 4

Learning Indicator: Compute Management Activity and Gearing ratios and interpret the results

FOCAL AREA 1: COMPUTE EFFICIENCY / MANAGEMENT / ACTIVITY RATIOS AND INTERPRET THE RESULTS

Efficiency/ Management/ Activity Ratios

These ratios look at how efficient management has been with the use of business resources to generate revenue and profits. Efficiency (or management activity) ratios examine the number of days it takes management to generate revenue and profits. It looks at the length of time the business uses to sell inventories, collect trade receivables and pay trade payables.

Types of Efficiency Ratios

Trade receivables Collection Days /Period

This ratio shows the number of days required to collect goods sold on credit. It is the average period within which money is collected from trade receivables. The shorter the **Trade Receivables** Collection Period, the better it is for the business.

Trade Receivables Collection Period = $\frac{\text{Trade receivables}}{\text{Credit Sales}} \times 365 \text{ days}$

Trade payables Payment Days

The ratio shows the number of days within which trade payables are paid for goods bought on credit. The longer the number of trade payables payment days, the better it is for the business.

Trade payables Payment Period = $\frac{\text{Trade payables}}{\text{Credit Purchases}} \times 365 \text{ days}$

Inventory Days/Period

This examines the number of days’ inventory is kept in stores. The fewer the days, the better it is for the business.

Inventory Days/Period = $\frac{\text{Average Inventory}}{\text{Cost of Sales}} \times 365 \text{ days}$

Average inventory = $\frac{\text{Opening Inventory} + \text{Closing Inventory}}{2}$

Learning Tasks

1. Explain the importance of a shorter trade receivables collection period.
2. Explain the use of trade payables payment days.
3. Discuss the use of inventory turnover days.
4. Calculate efficiency ratios based on a given set of financial data and explain their significance.

Pedagogical Exemplar: Collaborative Learning

- 1. Teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
- 2. Guide learners to review their knowledge and understanding of formulas of profitability and liquidity ratios in a brief recap of the previous lesson.
- 3. In mixed-ability and mixed-gender groups, guide learners to discuss the importance and formulas of efficiency ratios. Guide group discussions with questions such as:
 - a. What is the relevance of a shorter trade receivables collection period?
 - b. Explain the use of trade payables payment days.
 - c. What is the significance of inventory turnover days?
- 4. Present groups with samples of financial data from which they must calculate efficiency ratios and explain the results.
- 5. Groups to present their solutions on flip chart paper for feedback.
- 6. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 7. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the importance of accounting ratios.

Key Assessment Level 2: Practice Exercise

The statement of profit or loss for the year ended 31st December, 2024 of DB Ltd is given below:

	GH¢	GH¢
Sales Revenue		400,000
Opening inventory	67,000	
Purchases	285,000	
Closing inventory	(52,000)	(300,000)
Gross Profit		100,000
Expenses		(70,000)
Net Profit		30,000

Also stated below is the statement of financial position of DB Ltd as at 31st December, 2024 is

	GH¢	GH¢
Non – Current Assets		140,000
Current Assets		
Inventory	52,000	
Trade receivables	15,000	
Cash	100	67,000

Total Assets		207,100
Equity and Liabilities		
Equity		
Capital	168,600	
Net Profit	30,000	198,600
Current Liabilities		
Trade payables	6,000	
Bank	2,500	8,500
		207,100

DB Ltd has also obtained industrial averages for the year ended 31st December 2024

Trade payables Payment Days	10 days
Inventory Holding Days	75 days
Current Ratio	4.2:1
Acid Test	0.3:1
Trade receivables Collections Days	20 Days

You are required to:

- a. Calculate the following
 - i. Trade receivables Collections Days (to the nearest day) – 2 marks
 - ii. Trade payables Payment Days (to the nearest day) – 2 marks
 - iii. Inventory Holding days (to the nearest day) – 2 marks
 - iv. Current ratio (present to 2 decimal places) – 2 marks
 - v. Acid test ratio (present to 2 decimal places) – 2 marks
- (10 marks)
- b. Summarise the performance of DB Ltd against industry averages for the year ended 31st December, 2024. (4 marks)

FOCAL AREA 2: SOLVING A FULL QUESTION ON RATIOS

Learning Tasks

- 1. Lead learners to solve more questions on ratios.
- 2. Explain the meaning of the calculated ratios

Pedagogical Exemplar: Collaborative Learning

- 1. The teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities. Present the full question on ratio analysis to students for discussions. Guide learners to compute the various ratios and discuss the importance of the computed ratios. Use guiding questions such as: - What is the meaning of a current ratio of 2:1 to Mildart Plc?
- 2. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the importance of accounting ratios.
- 3. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.

Key Assessment Level 2: Practice Exercise

Mildart Plc is a detergent distributor. The financial statements of the business for the years 2023 and 2024 are given below:

Statement of Profit or Loss for the Year Ended 31st December

	2024 (GH¢'000)	2023 (GH¢'000)
Sales revenue	2,160	1,806
Cost of sales	(1,755)	(1,444)
Gross profit	405	362
Expenses	(390)	(306)
Net profit before tax	15	56
Income tax	(6)	(3)
Profit for the year	9	53

Statement of Financial Position as at 31st December

	2024 (GH¢'000)	2023 (GH¢'000)
Non-current assets	98	97
Current assets		
Inventory	106	61
Trade receivables	316	198
Cash	0	6

Total assets	520	362
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Equity and Liabilities

	2024 (GH¢'000)	2023 (GH¢'000)
Equity		
Ordinary share capital	168	116
Retained earnings	78	74
Non-current liabilities		
Long-term loans	20	25
Current liabilities		
Trade payables	198	142
Bank overdraft	49	0
Tax payable	7	5
Total equity and liabilities	520	362

Required

A. Ratio Calculations (14 marks)

Using the financial statements provided, calculate the following ratios for both 2023 and 2024:

- i. Gross profit margin
- ii. Net profit margin
- iii. Return on capital employed (ROCE)
- iv. Asset turnover ratio
- v. Current ratio
- vi. Quick (acid-test) ratio
- vii. Trade receivables collection period

B. Interpretation (6 marks)

Compare the results for 2023 and 2024 and comment on the company's:

- Profitability
- Liquidity
- Efficiency

PLC Session 4

45 minutes Planning & Reviewing the Learning Plan

- 1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
- 2. Use your subject specific app to explore the content before planning. Ask the app to

- a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
3. Use your subject specific app to plan your lesson. Ask the app to
- a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

4. Plan the week’s key assessment with your app
- a. The key assessment for the week is *practice exercise*. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the exercise (NTS 3k-3q).

10 minutes Content Exploration

5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
- a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step
 - d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

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- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

5 minutes Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

Section Review

This section provided coverage of interpretation of financial statements. Learners were engaged in various pedagogical approaches, such as think-pair-share, experiential, collaborative, and problem-based learning, which facilitated active learning and the practical application of theoretical knowledge. Weeks 2 – 4 have focused on Financial Ratio Analysis. Within this period, learners have been taught how to interpret or explain the figures in a financial statement to make judgements on a business’s financial health. Emphasis has been placed on the critical practical analysis of data and its application in real-life scenarios.

Additional Reading

1. Frank Wood’s Business Accounting 1” by Frank Wood and Alan Sangster
2. Accounting Principles” by Jerry J. Weygandt, Paul D. Kimmel and Donald E. Kieso
3. Any approved financial accounting book by NaCCa can be used as a further reading material.

MARKING SCHEMES FOR THE KEY ASSESSMENTS

WEEK 2

	Marking guidance	Mark allocation
a	Mentioning / Stating of the types of ratios	1/2 mark for 4 types of ratios; up to a total of 2 marks.
b	Explanation of a maximum of 4 importance of ratios	1 mark for 4 importance; up a total of 4 marks
c	Students' ability to situate/ link the importance to a firm	1 mark for 4 importance; up a total of 4 marks. Total marks = 10

WEEK 3

Focal Areas 1 and 2

Focal Area 1 (8 marks)

- i. **Gross Profit Ratio (2 marks)**

$$= \frac{\text{Gross Profit}}{\text{Revenue}} \times 100 = \frac{1443}{6245} \times 100 = 23.11\%$$
- ii. **Net Profit Margin (2 marks)**

Use **Operating Profit** (since no tax/interest given)

$$= \frac{\text{Operating Profit}}{\text{Revenue}} \times 100 = \frac{546}{6245} \times 100 = 8.74\%$$
- iii. **Return on Capital Employed (ROCE) (2 marks)**

$$\text{ROCE} = \frac{\text{Operating Profit}}{\text{Capital Employed}} \times 100$$

Step 1: Capital Employed

$$= \text{Non-current assets} + \text{Current assets} - \text{Current liabilities}$$
$$= (2,767+5,561) - 3,821 = 4,507$$

Step 2: ROCE

$$= \frac{546}{4,507} \times 100 = 12.11\%$$

iv. **Asset Turnover Ratio (2 marks)**

$$= \frac{\text{Revenue}}{\text{Capital Employed}} = \frac{6,245}{4,507} = 1.39 \text{ times}$$

Focal Area 2

- i. **Current Ratio (2 marks)**

$$= \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{5,561}{3,821} = 1.46 : 1$$
- ii. **Acid Test Ratio (2 marks)**

$$= \frac{\text{Current Assets} - \text{Closing Inventory}}{\text{Current Liabilities}} = \frac{5,561 - 67}{3,821} = \frac{5,494}{3,821} = 1.44 : 1$$

	Marking guidance	Mark allocation
a	Correct computation of each ratio Reaching the correct answer	1 mark; up to a total of 6 marks. 1 mark; up to a total of 6 marks. Total marks = 12

WEEK 4

Focal Area 1- DB Ltd

Based on the industrial averages, comment on the performance of DB Ltd as compared to the industry's performance for the year ended 31st December, 2024

Performance Comparison of DB Ltd with Industry Averages

Indicator	Industry Performance	DB Ltd Performance
Trade payables payment period	10 days	8 days
Inventory holding period	75 days	72 days
Current ratio	4.2 : 1	7.88 : 1
Acid test ratio	0.3 : 1	1.76 : 1
Trade receivables collection period	20 days	14 days

Comments

- a. For the Trade payables Payments, DB Ltd uses fewer days to pay trade payables. While the industry pays within 10 days, DB Ltd pays within 8 days. This is not a good sign, as the business can place trade payables' money in call accounts for 2 days to earn a small interest rate.
- b. On the trade receivables' collection days, DB Ltd is performing better. This is because the business collects money from trade receivables 6 days earlier than its competitors. This means DB Ltd will have minimal bad debts. Also, money collected can be invested for extra interest.
- c. For Inventory Holding days, DB Ltd holds inventory for 72 days as compared to the industry performance of 74 days. This means DB Ltd can sell its goods 2 days earlier than other firms. Therefore, DB Ltd can achieve higher sales and greater profits than its competitors.
- d. On its liquidity, it seems DB Ltd is too liquid as compared to the industry averages. The current ratio for the industry is 4.2 as compared to 7.88 for DB Ltd. This means DB Ltd is having excess current ratio of 3.68. The acid test also shows that DB Ltd has

excess liquidity. DB Ltd’s inventory level is too high. The business should increase its sales to reduce inventory and thereby bring liquidity levels to industry averages.

	Marking guidance	Mark allocation
b	Explanation of each ratio	1 mark up to a total of 4 marks

Focal Area 2 – MILDART PLC

A. Ratio Calculations (14 marks)

i. Gross Profit Margin

2024:
 $= \frac{405}{2160} \times 100 = 18.75\%$

2023:
 $= \frac{3626}{1806} \times 100 = 20.04\%$

ii. Net Profit Margin (Profit after tax)

2024:
 $= \frac{9}{2160} \times 100 = 0.42\%$

2023:
 $= \frac{53}{1806} \times 100 = 2.93\%$

iii. Return on Capital Employed (ROCE)

$ROCE = \frac{\text{Profit before interest and tax}}{\text{Capital employed}} \times 100$

Capital Employed:
= Equity + Non-current liabilities

2024:
 $= (168 + 78) + 20 + 266$
 $ROCE = \frac{15}{266} \times 100 = 5.64\%$

2023:
 $= (116 + 74) + 25 = 215$
 $ROCE = \frac{56}{215} \times 100 = 26.05\%$

iv. Asset Turnover Ratio

$\frac{\text{Sales revenue}}{\text{Capital employed}}$

2024:
 $= \frac{2160}{266} = 8.12 \text{ times}$

2023:
 $= \frac{1806}{215} = 8.40 \text{ times}$

v. Current Ratio

2024:
 $= \frac{422}{254} = 1.66 : 1$

2023:
 $= \frac{265}{147} = 1.80 : 1$

vi. Quick Ratio

2024:
 $= \frac{422 - 106}{254} = \frac{316}{254} = 1.24 : 1$

2023:
 $= \frac{265 - 61}{147} = \frac{204}{147} = 1.39 : 1$

vii. Trade Receivables Collection Period

2024:
 $= \frac{316}{2160} \times 365 = 53 \text{ days}$

2023:
 $= \frac{198}{1806} \times 365 = 40 \text{ days}$

	Marking guidance	Mark allocation
a	Correct computation of each ratio Reaching the correct answer	1 mark; up to a total of 7 marks. 1 mark; up to a total of 7 marks. Total marks = 14

SECTION 3: INTRODUCTION TO THE PREPARATION OF PARTNERSHIP AND COMPANY ACCOUNTS

STRAND: FINANCIAL ACCOUNTING

Sub-Strand: Financial Reporting

Weeks 5, 6, 7 and 8

Learning Outcome: Prepare financial statements of partnerships.

Content Standard: Demonstrate knowledge and understanding in the preparation of financial statements of Partnerships.

Weeks 9, 10 and 11

Learning Outcome: Prepare financial statements of companies.

Content Standard: Demonstrate knowledge and understanding in the preparation of financial statements of companies.

INTRODUCTION AND SECTION SUMMARY

This section examines the preparation of financial statements for partnerships and companies. Learners will develop a thorough understanding of how to prepare financial statements for both partnerships and companies. Learners will understand each of the business entities as a concept, relevant terminologies and the steps in preparing financial statements that are specific to each form of business.

The following weeks with their respective focal areas are considered in this section:

Week 5: Discuss the concept of partnership, its features, the partnership deed, and the advantages and disadvantages of partnership business.

Week 6 - 7: Prepare appropriation, capital, current accounts and statement of financial position for partnerships.

Week 8: Discuss the treatment of goodwill in the admission and retirement of partners

Week 9: Explain the company as a form of business, the types, its advantages and disadvantages.

Week 10: Discuss terminologies in company accounts.

Week 11: Prepare Statement of Profit or Loss and Statement of Financial Position for companies.

Recap Week

Year 1	Week 12: Prepare Statement of Profit or Loss and Statement of Financial Position of a sole proprietorship.
Year 2	Prepare financial statements for not-for-profit making organisations

SUMMARY OF PEDAGOGICAL EXEMPLARS

In this section, teachers are encouraged to employ diverse instructional strategies to cater for the varying learning needs and abilities of all learners. For example, initiate talk-for-learning by engaging learners in discussions about the concept of business entities. Use collaborative learning techniques, such as group projects and peer review sessions, to enhance understanding through teamwork. Incorporate case studies and practical exercises to help learners prepare financial statements.

Differentiation is crucial; provide additional support through guided practice and targeted interventions for those needing extra help. Particular attention should be paid to learners with special educational needs, making relevant accommodations to ensure their full participation in all activities. To support teachers in their approach to differentiation, this manual sometimes refers to learners as approaching proficiency (AP), proficient (P), or working at a high level of proficiency (HP). For gifted and talented learners, offer advanced content such as complex financial analysis tasks or leadership roles in group projects to challenge and deepen their understanding.

ASSESSMENT SUMMARY

Various forms of assessments should be carried out to ascertain learners’ performance on the principles that will be taught under this section. Assessment should align with learning objectives and pedagogy. For Level 1, use quizzes and short tests to assess basic knowledge of partnership and company accounts. Level 2 can be assessed through practical exercises where learners apply these ratios to real-world scenarios.

Level 3 should be assessed using group projects and strategic decision-making tasks, where learners justify their approaches to complex computational exercises. This comprehensive approach will effectively capture the breadth and depth of learners’ competencies in financial accounting.

Teachers are entreated to administer these assessments and record them for onward submission into the Student Assessment Portal (SAP). The following assessment would be conducted and recorded for each learner:

Table 3.1: Assessment Summary

Week	Indicators	DOK Level	Assessment Strategy
5	Discuss the concept of Partnership, its features, partnership deed, advantages and disadvantages.	Level 2	Discussions and presentation.
6 – 7	Prepare appropriation, capital, current accounts and statement of financial position of partnerships.	Level 4	Computational Exercises.

8	Discuss the treatment of goodwill in the admission and retirement of partners.	Level 3	Computational Exercises.
9	Explain company as a form of business, the types, its advantages and disadvantages.	Level 2	Discussions and presentations.
10	Discuss terminologies in company accounts.	Level 3	Discussions and presentations.
11	Prepare Statement of Profit or Loss and statement of financial position for companies.	Level 4	Computational Exercises.

WEEK 5

Learning Indicator: Discuss the concept of partnership, its features, partnership deed, advantages and disadvantages

FOCAL AREA 1: PARTNERSHIP BUSINESS – MEANING AND PARTNERSHIP DEED

Meaning of Partnership

A partnership refers to an association of two (2) but not more than twenty (20) individuals carrying on business jointly for the purpose of making a profit. To be considered a partnership, a business must be registered in accordance with the Incorporated Private Partnership Act 1962, Act 152.

Business relationships that are not considered to be partnerships

The Incorporated Private Partnership Act 1962, Act 152, does not recognise the following businesses as partnership business:

- i. A company registered under the Companies Act (Act 992) where the members are two or not more than twenty.
- ii. A company, body corporate or unincorporated association formed under any other law.
- iii. A body corporate formed in accordance with the laws of a foreign country whether or not the company is carrying on business in Ghana.
- iv. A joint venture without a firm name for one or more specific operations.
- v. A family ownership or co-ownership of a property shall not of itself create a partnership whether or not the family or co-owners share any profits made by the use of that property.

Partnership Deed/Agreement

A Partnership Deed or Agreement sets out the basic rules and conditions that the partners agree to use to guide the operations of the business. The content of the agreement may include:

- i. the name and objective of the business;
- ii. the capital contributions of each partner;
- iii. profit / loss sharing ratio of the partnership,
- iv. how new partner(s) would be admitted;
- v. how old partner(s) can retire;
- vi. how the partnership would be dissolved;
- vii. whether interest shall be charged on partners' loans, drawings and capital

Rules that apply in the absence of Partnership Agreement

The Incorporated Private Partnership Act 1962, Act 152 provides that where partners fail to draw an agreement, the following rules shall apply:

- i. partners shall contribute equal capital to the business;
- ii. profits or losses shall be shared equally;
- iii. there shall be no interest on partners’ drawings and capital;
- iv. a partner is entitled to 5% interest on any loan advanced to the partnership;
- v. a partner shall be reimbursed for any expenses made on behalf of the business.
- vi. no new partner shall be admitted without the consent of all the existing partners.
- vii. any business disputes shall be settled by a majority decision among the partners.
- viii. every partner may take part in the management of the business of the firm.
- ix. the partnership books of accounts shall be kept at the place of business of the firm or the principal place of business if there is more than one.

Cessation of Membership of the firm

A partner shall cease to be a partner in the firm in the event of

- a. his or her death
- b. his or her becoming an alien enemy during time of war
- c. an insolvency order being made against him or her.

Winding up of Partnership Firm

Winding up refers to the official closure of a business. A winding up of a partnership may be either:

- (a) As a result of insolvency proceedings against all the partners jointly; or
- (b) Under an order of the Court; or
- (c) By voluntary liquidation by the partners.

Learning Tasks

- 1. What is a Partnership Deed?
- 2. State three types of business activities that cannot be considered as partnership business.
- 3. List four items that may be included in a partnership deed.
- 4. State four rules that apply in the absence of a partnership deed.

Pedagogical Exemplar: Collaborative Learning

- 1. Teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.

- 2. Guide learners to review their knowledge and understanding of different types of business entities from years 1 and 2 (sole proprietorships and not-for-profit).
- 3. Invite learners to suggest other forms of business entity and guide discussion towards the concept of a partnership.
- 4. Learners to think – pair- share on the meaning of partnerships and how this differs from other forms of business relationships.
- 5. In mixed-ability and mixed-gender groups, guide learners to discuss the content of a partnership deed and the rules that apply in the absence of a partnership deed.
- 6. Guide learners to discuss possible causes for closure of a business and how a person ceases to be a partner of the partnership.
- 7. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as pictures or videos to aid comprehension.
- 8. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the concept of partnerships.

FOCAL AREA 2: PARTNERSHIP BUSINESS – ADVANTAGES AND DISADVANTAGES

Advantages of Partnership

1. Shared Resources and Expertise

Partnerships allow for the pooling of capital, skills and social connections, which can be crucial for starting and growing a business. This can lead to a more robust and diverse business foundation, with each partner bringing unique strengths into the business. For example, one partner might have strong financial skills, while another excels in marketing or operations.

2. Shared Responsibility and Reduced Individual Burden

Partnerships distribute the workload and management duties among the partners. This lessens the burden on any single individual and can improve work – life balance and reduce stress as partners can share the responsibilities of running the business.

3. Potential Tax Advantages

Partnerships typically benefit from reduced taxation as the profits are taxed at the individual partner level and not at the corporate level. This can be a significant advantage, as it can avoid the double taxation that some corporations face. Partners may also be able to access certain tax benefits, such as the capital gains tax discount on assets held in the partnership.

4. Flexibility and Ease of Setup

Partnerships generally have fewer formal requirements and less paperwork compared to corporations, making them relatively easy to set up. Partnerships also offer a more flexible management structure, allowing partners to adapt their business operations as needed. For example, partners can decide how to divide responsibilities, share profits, and manage the business without being bound by strict corporate rules.

5. Increased Access to Capital and Funding

Having multiple partners can make it easier to secure funding, as the collective resources and creditworthiness of the partners can be more attractive to lenders. Partnerships can also be a good option for accessing various financial resources through collaboration.

6. Enhanced Business Opportunities

Partnerships can create opportunities to enter new markets and leverage the expertise of multiple partners. This can lead to increased business opportunities and faster growth.

Disadvantages of partnership

1. Unlimited Liability

In a general partnership, each partner is jointly and individually liable for all business debts, even those incurred by other partners. This means personal assets can be at risk if the business incurs significant debt or faces legal action. For example, if one partner makes a bad business decision that leads to a lawsuit, all partners could be held liable, even if they were not involved in that decision.

2. Loss of Autonomy

Partnerships involve shared decision – making, which can limit the autonomy of individual partners. Each partner needs to consider the opinions and preferences of the others when making business decisions, which may not always align with their own preferences.

3. Potential for Conflicts

Partnerships rely on the ability of individuals to work together effectively and disagreements can arise over various aspects of the business. Disagreements can occur regarding decision-making, management styles, work-life balance and even profit-sharing. These conflicts can lead to friction, strained relationships and even dissolution of the partnership.

4. Instability

Partnerships can be less stable than other business structures, as the departure or death of a partner can significantly impact the business. A partnership may need to be dissolved or restructured if a partner leaves, which can be disruptive and costly. Additionally, disagreements between partners can lead to instability and uncertainty.

Learning Tasks

- 1. State four advantages of a partnership business.
- 2. List three disadvantages of a partnership business.

Pedagogical Exemplar: Collaborative Learning

- 1. Teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
- 2. Guide learners to review their knowledge and understanding of the content of a partnership deed and the importance of a partnership deed in a brief recap of the previous lesson.
- 3. In mixed-ability and mixed-gender groups, guide learners to discuss the advantages and disadvantages of a partnership as a form of business.

- 4. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as pictures or videos to aid comprehension.
- 5. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the concepts of the lesson.

Key Assessment Level 2: Discussions and Presentations

Your father passed on recently, leaving behind a substantial amount of money to you and your only brother. Your brother believes the money should be shared so he can start his personal business. However, you are of the view that the two of you can team up to start a partnership.

Write a note to your brother explaining why a partnership business would be more beneficial than having two separate businesses.

PLC Session 5

45 minutes

Planning & Reviewing the Learning Plan

- 1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
- 2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
- 3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

- 4. Plan the week’s key assessment with your app
 - a. The key assessment for the week is **discussions and presentations**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the presentations (NTS 3k-3q).

10 minutes

Content Exploration

5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
- a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step
 - d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes

Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

5 minutes

Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 6

Learning Indicator: Prepare Appropriation, Current and Capital accounts of Partnership

FOCAL AREA 1: DISCUSS THE CONTENTS OF APPROPRIATION, CURRENT AND CAPITAL ACCOUNTS OF PARTNERSHIP

Accounting for Partnership

Due to the fact that a partnership is owned by a number of people, different accounts are kept for the business and the partners.

The following accounts are kept for Partnership:

Appropriation Account

Because more than one person owns the Partnership, any profit or loss arising from the business operation needs to be shared between the owners.

It must be noted that a Statement of Profit / Loss Account is prepared for the Partnership before an Appropriation account is prepared. A sample of the Appropriation Account is given below:

Profit or Loss Appropriation Accounts

		GH¢	GH¢
Net Profit for the year			xxx
Add back interest on drawings			
Partner A	10% x amount of draw-ings	xxx	
Partner B	10% x amount of draw-ings	xxx	xxx
Add back interest on loans			
Partner A	15% x amount of loan	xxx	
Partner B	15% x amount of loan	xxx	xxx
			xxx
Less Partners' Salaries			
Partner A		xxx	
Partner B		xxx	
Interest on capital			
Partner A	15% x capital amount	xxx	
Partner B	15% x capital amount	xxx	(xxx)
Profit/(loss) to be shared			xxx

Share of profit (loss)			
Partner A	Profit ratio x profit left	xxx	
Partner B	Profit ratio x profit left	xxx	(xxx)
			0

Current Accounts

This account is used where fixed capital accounts are kept by the partners. The current account is used to record the entries made in the appropriation accounts. The monies received and drawings made by the partners are recorded in the current accounts.

A current account can also be used where the partners do not use a fixed capital account.

A debit entry on the current account shows that an amount has been withdrawn, while a credit means an amount has been received by the partner.

Partners' Current Account					
	A	B		A	B
Balance b/f	x	-	Balance b/f	-	x
Drawings	x	x	Profit and loss appropriation:		
Share of Loss			Interest on capital	x	x
Interest on drawings	x	x	Partners' salary	x	x
Balance c/d	x	x	Partners' Commission	x	x
			Interest on current account	x	x
			Share of Profits	x	x
	xx	xx		xx	xx
			Balance b/d	x	x

Capital Accounts

This account is credited with the amount of capital of the partners. In some cases, fixed capital accounts are kept and where this is done, no other item is recorded in the capital account unless there is an addition or withdrawal of capital.

With a floating or fluctuating capital account, items like drawings, interest on drawings are debited to the capital account. It is credited with interest on advances, interest on capital, partner's salary, partner's commission and share of profits.

Partners' Capital Account (Fixed Capital Account)					
	A	B		A	B
Balance b/f	x	-	Balance b/f	-	x
Withdrawal of capital	x	x	New capital introduced	x	
	xx	xx		xx	xx
			Balance b/d	x	x

Learning Tasks

1. Explain the uses of the partnership appropriation accounts.
2. State three items contained in the partners' current accounts.

Pedagogical Exemplar: Collaborative Learning

1. Teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
2. Guide learners to review their knowledge and understanding of the advantages and disadvantages of a partnership as a form of business, as a brief recap of the previous lesson.
3. In mixed-ability and mixed-gender groups, guide learners to discuss the contents of appropriation, current and capital accounts.
4. Guide learners through the formats of appropriation, current and capital accounts through use of examples.
5. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as pictures or videos to aid comprehension. Prepare templates that learners can use to support their understanding of each format.
6. Ensure all learners have opportunities to contribute in their group discussions

FOCAL AREA 2: PREPARE APPROPRIATION, CURRENT AND CAPITAL ACCOUNTS OF PARTNERSHIP

In this lesson, learners will be able to apply their understanding of the relevant accounts to prepare appropriations, current and capital accounts based on given financial data.

Learning Tasks

Question 1

The following information relates to the activities of a partnership of three people; David, Evelyn and Francis:

1. Account balances of Partners

	Capital Account	Current Account	Drawings Account
Partners	01/01/23	01/01/23	31/12/23
	GH¢	GH¢	GH¢
David	9,000	3,000	6,000
Evelyn	15,000	1,500	7,200
Francis	24,000	1,500	7,200
2. Interest is chargeable at 10% per annum on both capital and drawings.
3. David and Evelyn are to be credited with salaries of GHGH¢3,600 and GH¢2,400 respectively.

- 4. The net profit before adjusting for the year ended 31 December, 2023 was GH¢29,400.
- 5. Profits and losses are split in the ratio 5:4:3 respectively.

You are required to prepare:

- (a) the profit and loss appropriation accounts of David, Evelyn and Francis for the end of 31/12/23.
- (b) the current accounts of each partner in columnar form for the same period.

Question 2

Andrew, Alex and Anto are in partnership selling general goods. The profit for the year ended 31 December 2024 is GH¢212,240 and profit or loss sharing ratio is 4;3;3.

Their annual salaries are as follows:

Andrew	GH¢36,000
Alex	GH¢32,000
Anto	GH¢26,000

Cash drawings in the year were:

Andrew	GH¢76,000
Alex	GH¢60,000
Anto	GH¢58,000

Balances on their capital and current at the beginning of the year were:

	Capital Accounts	Current Accounts
Andrew	GH¢56,000 (Cr)	GH¢5,000(Cr)
Alex	GH¢52,000(Cr)	GH¢4,320(Cr)
Anto	GH¢44,000(Cr)	GH¢3,740(Cr)

Note that interest on capital is charged at 12% while interest on drawings is at 10%; all per annum.

You are required to prepare the partners' appropriation and current accounts for the year ended 31 December, 2024.

Pedagogical Exemplar: Collaborative Learning

1. Teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
2. Guide learners to review their knowledge and understanding of the content and uses of appropriation, current and capital accounts as a brief recap of the previous lesson.
3. Arrange learners in mixed-ability and mixed-gender groups, and present them with financial data sets for partnership businesses (examples provided as learning tasks).

4. Learners to prepare the specified accounts for each example and present their work to the class for feedback and discussion.
5. Provide worked examples, templates and simplified examples to support learners with lower understanding (AP). Use visuals, such as step-by-step flowcharts or videos, to aid comprehension.
6. Ensure all learners have opportunities to contribute in their group discussions.

Key Assessment – Mid-Semester Examination

Formative Assessment

Tim Hay and Simon Bee are partners of Hay & Bee Ltd. The business made a profit of GH¢70,330 in the year ended 31 December 2024. Tim Hay and Simon Bee share profits in the ratio 3:2. Their partnership agreement states that:

- a) Partners are allowed annual salaries of GH¢26,000 and GH¢18,000, respectively
- b) Interest on capital and drawings is at a rate of 5% per annum. Where drawings are taken out or capital is introduced during the year, then the interest rate must be apportioned on a simple monthly basis.
- c) The capital accounts for Tim Hay and Simon Bee stood at GH¢36,000 and GH¢27,000 respectively at 1 January 2024.
- d) Drawings during the year were GH¢15,000 for Tim Hay and GH¢12,000 for Simon Bee.
- e) On 1 July 2024 Tim Hay introduced a new capital of GH¢24,000 and Simon Bee also brought in GH¢18,000.
- f) Their current account balances were GH¢5,000 for Tim Hay and GH¢2,000 for Simon Bee.

You are required to prepare the:

- a. appropriation account of the partners for the year ended 31 December, 2024.
- b. current accounts as at 31 December, 2024.
- c. capital accounts as at 31December, 2024.

Hint



Conduct *Mid-semester Examination*. It should cover contents taught from Week 1 to 5. Refer to the *Table of Specification and Structure of the Paper*. Learners' papers should be marked immediately and scores entered into the SAP.

SUGGESTED STRUCTURE OF THE MID-SEMESTER EXAMINATION

Section A – Multiple-choice = 20 Questions

Section B – Essay = 2 questions

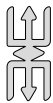
Table of specification for item construction

Week	Learning Indicator	Type of question	DoK Level				Total
			1	2	3	4	
1	Discuss the ethical principles and the threats they pose. Discuss the implications of ethical principles on the preparation of financial statements.	MCQs	2	1	-		3
		ESSAY	-	-	-		-
2	Explain the concept, importance and limitations of Accounting Ratios	MCQs	1	2	2		5
		ESSAY	-	-	-		
3	Compute profitability, liquidity and management/efficiency ratios and interpret the results	MCQs	-	2	1		3
		ESSAY	-	-	-		
4	Compute Management /Activity and Gearing ratios and interpret the results	MCQs	3	1	1		5
		ESSAY			1		1
5	Discuss the concept of partnership, its features, partnership deed, advantages and disadvantages	MCQs		2	2		4
		ESSAY			1		1
		Total	6	8	8		22

PLC Session 6

45 minutes Planning & Reviewing the Learning Plan

1. Begin the session by recapping lessons from the previous session, focusing on how learning was applied.
2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand.
 - b. identify three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners (NTS 3a, 3g and 3m).
3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q).
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



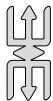
Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

4. Use your app to plan and administer the mode of assessment for the Student Assessment Portal (SAP).
 - a. The key assessment for the week is **mid-semester examination**. Chat with your app to plan this assessment by reviewing or developing the assessment items/tasks and marking schemes/rubrics for the mid-semester examination (NTS 3k-3q).

10 minutes Content Exploration

5. As a subject group, select one problem or topic/idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through the problem individually for 3–4 minutes
 - c. the group then works through it together the problem, step by step
 - d. highlight the most common errors made at each step (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
 - a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

- 5 minutes

Reflection
7.

Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8.

Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9.

Remember to

a.

transfer your chats into your learning planner template.

b.

read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).

c.

integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 7

Learning Indicators

1.

Prepare the Statement of Profit /Loss, Appropriation Account and Statement of Financial Position of partnerships

2.

Discuss the treatment of goodwill in admission and retirement of a partner

FOCAL AREA 1:

PREPARE THE STATEMENT OF PROFIT/LOSS, APPROPRIATION AND STATEMENT OF FINANCIAL POSITION OF PARTNERSHIP

In this lesson, learners will have more opportunities to work through example sets of financial data to prepare accounts and financial statements for partnerships.

Learning Tasks

Kofi and Dudimah are in partnership, sharing profits and losses in the ratio of 2:1. Their trial balance as at the year-end is given below.

The trial balance of the firm as at 31st December 2023 is set out below:

	DR - GH¢000	CR - GH¢000
Inventory at 1 January, 2023	480	
Discount Allowed and Received	50	80
Purchases / Sales Revenue	4,800	7,660
Wages and Salaries	720	
Rent	250	
Cash	40	
20% Long term Bank loan		200
Capital Accounts - Kofi		300
Capital Accounts - Dudimah		200
Current Accounts – Kofi		130
Current Accounts – Dudimah		70
Drawings – Kofi	400	
Drawings – Dudimah	260	
Bank loan interest	40	
Administrative Expenses	440	
Trade receivables / Trade payables	440	400
Fixtures at cost	1,200	

Electricity	60	
Depreciation on Fixtures		300
	9,340	9,340

Additional information

i) The inventory at 31st December 2023 has been valued at GH¢600,000

ii) The prepayment for rent at 31st December 2023 is GH¢40,000.

iii) Administrative expenses accrued is GH¢5,000.

iv) Depreciation on fixtures is to be provided at the rate of 20% per annum using reducing balance method.

v) Interest on capital and drawings were agreed at 10% and 5% respectively.

You are required to prepare for the partners:

a) Profit or Loss and Appropriation Accounts for the year ended 31st December 2023 and a Statement of Financial Position as at that date.

b) The Partners' Current Account in columnar form up to 31 December 2023.

Pedagogical Exemplar: Collaborative Learning

1. Teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
2. Guide learners to review their knowledge and understanding of the content and uses of appropriation, current and capital accounts and financial statements as a brief recap of previous lessons.
3. In mixed-ability and mixed-gender groups, guide learners to prepare the profit / loss accounts and statement of financial position for a partnership business. The learning task can be used as example to support this activity.
4. Groups to present their work to the class for peer review and discussion.
5. Provide worked examples, templates and simplified examples to support learners with lower understanding (AP). Use visuals such as step by step flow charts or videos to aid comprehension. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the importance of accurate statement preparation.

Key Assessment Level: Computational Exercise

Jacob and Tetteh are business partners, sharing profits in the ratio 2:1. The following balances were extracted from their records on 31 December 2024.

	DR GH¢	CR GH¢
Partners' Capital – Jacob – Tetteh		30,000 20,000

Partners' Current Account– Jacob –Tetteh		800 400
Purchases and Sales	32,000	64,000
Returns	1,000	1,500
Carriage Outwards	500	
Inventory – 1 January 2024	3,000	
Wages and Salaries	5,000	
Insurance	600	
Advertising	800	
Rent and Rates	900	
Land at cost	16,000	
Plant and Machinery at cost	20,000	
Motor Vehicle at cost	17,000	
Investment	22,000	
Bad Debt	400	
Provision for Depreciation – Plants and Machinery		3,500
Provision for Depreciation – Motor Vehicle		1,800
Trade Receivable and Trade payables	18,000	22,000
Drawings: –Jacob –Tetteh	450 400	
Discount Allowed & Received	500	600
Loan from Jacob		5,000
Bank Balance	10,000	
Cash in Hand	1,050	
	149,600	149,600

Additional Information

- i. Inventory at 31 December 2024 was valued at GH¢4,000
- ii. Depreciation at 10% on cost is to be provided for Plant and Machinery while 15% on net book value to be provided for Motor Vehicle.
- iii. Interest on all loans is to be at 10% per annum.
- iv. Interest on capital and drawings are 10% and 15% respectively
- v. Rent & Rates accrued is: GH¢300
- vi. Advertising prepaid is: GH¢400

You are required to prepare a profit or loss account for the year ended 31 December 2024 and a Statement of Financial Position as at that date.

FOCAL AREA 2: **ADMISSION OF A NEW PARTNER AND TREATMENT OF GOODWILL**

Goodwill

Goodwill is an intangible asset recognised when a firm is purchased as a going concern. It reflects the premium that the buyer pays in addition to the net value of its other assets.

Goodwill is often understood to represent the firm’s intrinsic ability to acquire and retain customers or business

Goodwill refers to the value a company gets from its brand, customer base and reputation associated with its intellectual property. Goodwill is a long-term asset that generates value for a company over time.

Factors affecting the value of Goodwill

The major factors affecting the value of goodwill are:

1. Location of the Firm

If the business unit is located in the prime market area, then the firm enjoys the attention of more customers, which may result in more profit. When the profit of the firm is rising, the value of goodwill also rises. Similarly, if the firm is located in a less popular area, or is a part of an undeveloped market area, fewer customers will visit the place due to which the firm’s profits will be less, thereby decreasing the value of goodwill of the firm.

2. Life Span of the Firm

A firm that has been serving society for a number of years has more satisfied customers, a strong brand name, experienced customer services, etc. Therefore, an older business unit is likely to have a strong customer base and a high reputation in the market compared to newly established units. So, the older the business, the greater the value of the goodwill.

3. Efficient Management

The development of any business unit depends upon the efficiency of the management. A business operated under the supervision of efficient managers will earn more profit, and is likely, to enjoy a high value of goodwill in the market. If a manager fails to properly execute the management plans, the financial position of the business is hampered, which ultimately decreases the value of goodwill of the firm.

4. Trend in profits

A firm’s goodwill is determined by its earning capacity. If the trend in profit is constantly rising, the firm will have goodwill. However, instability in profits will affect the value of goodwill adversely.

5. Nature of business

Nature of business refers to the type of products manufactured by the firm, the demand for those products, accessibility of raw materials, the competition faced by the firm, and government regulations that affect firm activities; all these factors are considered to determine the value of goodwill. If these conditions work in favour of the firm and it has some kind of monopoly in the market, it would earn more and have more goodwill.

6. Owner’s reputation

A firm’s goodwill is influenced by the goodwill of its owner. If the owner is truthful and trustworthy, they would have a good reputation in the market; this, in turn, would attract more customers to the business.

Admission of a new partner – Ledger Entries

1. Creation of goodwill

Where goodwill is maintained

Dr: Goodwill a/c

Cr: Partners’ Capital a/c

With the value of goodwill

2. Where goodwill is written off:

Dr: Partners’ Capital a/c

Cr: Goodwill a/c

With the value of goodwill

3. Revaluation of assets

When there is an increase in the value of non – current asset

Dr: Non – current Asset a/c

Cr: Revaluation a/c

When there is a decrease in the value of non – current asset

Dr: Revaluation a/c

Cr: Non – current Asset a/c

4. Introduction of capital

Dr: Cash/Bank a/c

Cr: Partners’ Capital a/c

Learning Tasks

Araba and Barnswaa are partners sharing profits in the ratio of 3:2. Their statement of financial position as at June 30 2024 is given below:

	GH¢	GH¢
Non – current assets		2,625,000
Investments		437,500
Long Term Trade receivables		875,000
Current Assets		1,750,000
		5,687,000

	GH¢	GH¢
Capital & Liabilities		
Araba	1,050,000	
Barnswaa	<u>700,000</u>	1,750,000
Long Term Loan		1,750,000
Current Liabilities		<u>2,187,500</u>
		<u>5,687,500</u>

They agreed to admit Arthur as a new partner with effect from July 1 2024, on the following terms:

1. Goodwill was valued at GH¢650,000, and this will be maintained in the books.
2. Arthur will bring in cash of GH¢1,500,000 as capital.
3. The assets of the firm were revalued as follows:
Non – current assets – GH¢3,100,000
Long Term Trade receivables – GH¢875,000
Current assets – GH¢1,575,000
Investments – GH¢400,000
4. The new profit ratio is to be 7:5:8.
You are required to prepare the following ledger accounts:
 - i. Revaluation Account
 - ii. Goodwill Account
 - iii. Partners’ Capital Account
 - iv. Statement of Financial Position of the new firm as at July 1, 2024.

Pedagogical Exemplar: Collaborative Learning

1. The teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
2. Guide learners to review their knowledge and understanding of the content of appropriation, current and capital accounts as a brief recap of previous lessons.
3. Guide learners to identify goodwill and the factors that affect the value of goodwill.
4. In mixed-ability and mixed-gender groups, guide learners to prepare revaluation, goodwill and capital accounts after the admission of a new partner. An example is provided in the learning task.
5. Guide learners to prepare goodwill accounts and the statement of financial position for a partnership business after the admission of a new partner.
6. Groups to present their work to the class for discussion and feedback
7. Provide simplified explanations for learners with lower understanding (AP). Use templates, worked examples or simplified examples to support comprehension.

8. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the concepts of the lesson.

Key Assessment Level 3: Computational Exercise

Alpha and Beta are partners sharing profits in the ratio of 3:2. Their statement of financial position as at June 30 2025 is given below:

	GH¢	GH¢
Furniture		600,000
Office Equipment		300,000
Motor Cars		376,000
Inventory		250,000
Trade receivables		190,000
Bank		<u>118,000</u>
		<u>1,834,000</u>
Capital & Liabilities		
Alpha	1,042,000	
Beta	<u>495,000</u>	1,537,000
Current Liabilities		<u>297,000</u>
		<u>1,834,000</u>

1. They agreed to admit Zeta as a partner. Zeta brought in furniture worth GH¢120,000, inventory worth GH¢80,000 and cash of GH¢150,000 as their capital.
2. Goodwill was valued at GH¢450,000, and this will not be maintained in the books.
3. Trade receivables is to be reduced by GH¢24,000.
4. With the admission of Zeta, profits will be shared in the ratio of 5:3:2, respectively.

You are required to prepare the following:

- a. Revaluation Account
- b. Goodwill Account
- c. Partners’ Capital Account
- d. Statement of Financial Position of the new firm as at 1 January, 2025.

PLC Session 7

45 minutes	Planning & Reviewing the Learning Plan
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1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
2. Use your subject specific app to explore the content before planning. Ask the app to

- a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
3. Use your subject specific app to plan your lesson. Ask the app to
- a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

4. Plan the week’s key assessment with your app
- a. The key assessment for the week is **computational exercise**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the exercise (NTS 3k-3q).

10 minutes Content Exploration

5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
- a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step
 - d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

5 minutes Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 8

Learning Indicator: Admission of a new partner and retirement of an old partner

FOCAL AREA 1: RETIREMENT OF A PARTNER

Retirement of a partner – Ledger Entries

1. Creation of goodwill

Where goodwill is maintained

Dr: Goodwill a/c

Cr: Partners’ Capital a/c

With the value of goodwill

2. Where goodwill is written off

Dr: Partners’ Capital a/c

Cr: Goodwill a/c

With the value of goodwill

3. Revaluation of assets

When there is an increase in the value of non – current asset

Dr: Non – current Asset a/c

Cr: Revaluation a/c

When there is a decrease in the value of non – current asset

Dr: Revaluation a/c

Cr: Non – current Asset a/c

4. Withdrawal of capital

Dr: Cash/Bank a/c

Cr: Partners’ Capital a/c

5. Asset taken over by partners

Dr: Partners’ Capital a/c

Cr: Asset a/c

Learning Tasks

Patrick, Mensah, and Reginald have been partners in a detergent business, sharing profits or losses in proportion to their capital contributions. Their statement of financial position as at 31 December 2025 was as follows:

	GH¢	GH¢
Non- current assets		
Land & Building		450,000
Motor Vehicles		350,000
Equipment		95,000
		895,000
Current assets		
Inventories	500,000	
Trade receivables	340,000	
Investments	300,000	
Bank	515,000	1,655,000
Total assets		2,550,000
Capital & Liabilities		
Capital		
Patrick	640,000	
Mensah	320,000	
Reginald	480,000	1,440,000
Non- current liabilities		
Loan from Mensah		625,000
Current Liabilities		485,000
		2,550,000

On 1 January 2026, Reginald retired after taking into account the following adjustments:

- 1. Inventories were to be written down by 5%.
- 2. Investments are to be written down to GH¢435,000
- 3. Reginald will take his official motor vehicle home at an agreed value of GH¢160,000.
- 4. Goodwill was valued at GH¢648,000, and this will not be maintained in the books.
- 5. Patrick and Mensah will continue the business and share profits in their capital contributions.

You are required to prepare:

- a. Revaluation Account.
- b. Goodwill Account
- c. Partners’ Capital Account
- d. Statement of Financial Position of the new firm as at 1 January, 2026.

Pedagogical Exemplar: Collaborative Learning

- 1. The teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
- 2. Guide learners to review their knowledge and understanding of goodwill and the factors that affect the value of goodwill as a recap from the previous lesson
- 3. In mixed-ability and mixed-gender groups, guide learners to prepare revaluation, goodwill and capital accounts after the retirement of a partner. An example is provided in the learning task.
- 4. Groups to prepare their accounts and present them to the class for peer review.
- 5. Provide simplified data sets, worked examples and templates for learners with lower understanding (AP). Use visuals such as flow charts or videos to aid comprehension.
- 6. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the importance of the concepts of the lesson.

Key Assessment Level 3: Computational Exercises

Ama, Baah and Charles are in partnership, providing management services, sharing profits in the ratio 5:3:2 after charging annual salaries of GH¢6,000 each. Current accounts are not maintained.

On 30 June 2025, Charles retired, and the remaining partners decided to continue with the business. The new partners agreed to share profits in the ratio of 5:3. The old partnership trial balance for six months ending 30 June 2025 was as follows:

	GH¢		GH¢
Capital accounts – Ama			4,173
– Baah	21,948		
– Charles	11,206		
Trade receivables	46,205		
Inventories at 30 June 2025	2,000		
Operating expenses	139,722		
Investment	100		
Bank overdraft			11,170
Trade payables			17,406
Revenue			188,432
	221,181		221,181

The following information is relevant

- a. For the purposes of the accounts, inventory is to remain at GH¢2,000.
- b. Full provision is required at 30 June 2025 against a bad debt of GH¢1,150.
- c. It was agreed between the partners that the following adjustments are to be made:

- i. The investment is to be included in the books of the new partnership at the current market value of GH¢1,500.
- ii. Goodwill, which is to be kept in the books of the new partnership, is to be valued at GH¢24,000.
- iii. Baah is to bring in additional capital of GH¢25,000 to pay off the overdraft and the remaining capital of Charles.
You are required to prepare:
 - a. Statement of Profit or Loss and Appropriation of the OLD partnership for the year ended 30 June 2025.
 - b. Statement of Financial Position of the new firm after the retirement of Charles.

FOCAL AREA 2: ADMISSION OF A NEW PARTNER AND RETIREMENT OF AN OLD PARTNER

This lesson should be dedicated to recapping the treatment of goodwill in the admission and retirement of partners, allowing learners further opportunities to apply the principles to preparing financial statements.

Learning Tasks

- 1. List four steps in the admission of a new partner.
- 2. List four steps in the retirement of an old partner.
- 3. Discuss the treatment of goodwill on the admission of a new partner.
- 4. State how revaluation of assets is treated on the retirement of a partner.
- 5. Complete assessment by preparing financial statements to reflect changes in partnership businesses

Pedagogical Exemplar: Collaborative Learning

- 1. Teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
- 2. Arrange learners in small groups of mixed ability and gender to review their knowledge and understanding of goodwill and the factors that affect the value of goodwill and the process of making changes to the structure of a partnership. Provide prompt questions to guide the discussion, such as:
 - a. What steps should a business take to admit a new partner?
 - b. What process would be followed if a partner in a business retires?

How is the revaluation of assets treated on the retirement of a partner?

- 3. Arrange learners in mixed ability and gender groups, guide learners to prepare revaluation, goodwill and capital accounts after the admission of a new partner (key assessment).
- 4. Guide learners to prepare the statement of financial position for a partnership business after the admission of a new partner.

- 5. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as pictures or videos to aid comprehension.
- 6. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the importance of partnership businesses.

Key Assessment Level 3: Computational Exercises

Agbeko and Musah had been in partnership for several years sharing profits and losses in the ratio 5:3. On 1 January 2025, Musah decided to retire as a result of old age. They agreed to admit Osei who will replace Musah. The Statement of Financial Position of the partnership before the admission of Osei was as follows:

Non-current assets	GH¢	GH¢
Plant and machinery		110,000
Furniture and Fittings		70,450
Motor Vehicles		55,000
		235,450
Current assets		
Inventory	46,200	
Trade receivables	76,450	
Bank	15,000	137,650
Total assets		373,100
Capital and liabilities		
Capital accounts		
Agbeko	111,250	
Musah	83,750	195,000
Current accounts		
Agbeko	26,650	
Musah	20,450	47,100
Non-current liabilities		
Loan		75,000
Current liabilities		
Trade payables		56,000
Total capital and liabilities		373,100

Additional Information

- 1) The assets were revalued as follows:
Plant and machinery - GH¢98,200.

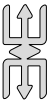
- Inventory - GH¢40,500.
Trade receivables - GH¢62,000.
Furniture and fittings - GH¢50,400.
- 2) Motor vehicles were taken over by Musah at an agreed value of GH¢40,800.
 - 3) A discount of GH¢4,320 was received when trade payables were paid off.
 - 4) The loan was repaid in full on 1 January 2025.
 - 5) Osei is to bring in a capital of GH¢100,000, while Agbeko is to bring extra cash of GH¢20,775 to top up his capital. The new partners decided to maintain a fixed capital accounts.
 - 6) The balance on Musah’s capital account should left as a loan to the business.
- You are required to prepare:
- a. Revaluation Account
 - b. Partners’ Capital Accounts in columnar
 - c. Bank Account.
 - d. Statement of Financial Position of the new firm

PLC Session 8

45 minutes

Planning & Reviewing the Learning Plan

- 1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
- 2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
- 3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

4. Plan the week’s key assessment with your app
- a. The key assessment for the week is *computational exercises*. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the exercise (NTS 3k-3q).

10 minutes Content Exploration

5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
- a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step
 - d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

5 minutes Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 9

Learning Indicator: Explain company as a form of business, the types, advantages and disadvantages

FOCAL AREA 1: EXPLAIN COMPANY AS A FORM OF BUSINESS, ITS FEATURES AND TYPES

A company is a body corporate registered under the Companies Act (2019) Act 992. One or more persons may form an incorporated company under this Act.

Types of companies

An incorporated company may be

- 1) a company limited by shares;
 - 2) a company limited by guarantee;
 - 3) an unlimited company; or
 - 4) an external company.
1. A company limited by shares is a company which has the liability of its members limited to the amount unpaid on the shares respectively held by them.
 2. A company limited by guarantee is a company which has the liability of its members limited to the amount that the members may respectively undertake to contribute to the assets of the company in the event of its being wound up;
 3. An unlimited company is a company which does not have a limit on the liability of its members; and
 4. An external company is a company, a body corporate formed outside the Republic, which has an established place of business in the country

Limited Liability means that the maximum amount that a shareholder stands to lose, in the event that the business is insolvent and cannot pay its debts, is the share of capital in the business.

Unlimited liability means that if the business runs up into debts and is unable to pay, the owners become personally liable for the unpaid debts and will be required, if necessary, to sell their private possessions to repay the debts.

Forms of companies

A company of a type limited by shares may be a private company or a public company.

What is a private company?

A private company, other than a company limited by guarantee, is a company which by virtue of its constitution:

- a. restricts the right to transfer the shares of the company,

- b. limits the total number of the members and debenture holders to fifty,
- c. prohibits the company from making an invitation to the public to acquire shares or debentures of the company; and
- d. prohibits the company from making an invitation to the public to deposit money for fixed periods or payable at call, whether bearing or not bearing interest.

What is a public company?

A company which is not a private company, is a public company with the exception of a company limited by guarantee which has a membership of fifty or less.

Company limited by guarantee

A company limited by guarantee:

- a. shall not for the purposes of incorporation be registered with shares and shall not create or issue shares.
- b. shall not be incorporated with the object of carrying on business for the purpose of making profits other than making profits for the furtherance of its objects.

Features of a Company

A company typically has the following characteristics:

1. **Legal Entity:** A company is considered a separate legal entity from its owners. It can own assets, enter into contracts, sue or be sued, and be held liable for its actions or debts.
2. **Limited Liability:** In certain types of companies, such as corporations or limited liability companies (Plc), the liability of the shareholders or members is limited to their investment in the company. Their personal assets are generally protected in case the company faces financial difficulties or legal issues.
3. **Shareholders or Members:** A company is owned by its shareholders or members, who contribute capital or other resources to the company in exchange for ownership interests or shares. The shareholders or members typically have the right to participate in decision-making processes and share in the profits and losses of the company.
4. **Management Structure:** Companies have a management structure that oversees the day-to-day operations and strategic direction of the business. This may include directors, officers, or managers who are responsible for making decisions and managing the company's affairs.
5. **Perpetual Existence:** Unlike partnerships or sole proprietorships, companies have perpetual existence. This means that the company can continue to exist and operate even if there are changes in ownership or there is a departure of shareholders or members

Learning Tasks

1. Discuss three types of companies.
2. Explain three features of a company.

Pedagogy Exemplars: Collaborative Learning

- 1. Teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
- 2. Guide learners to review their knowledge and understanding of partnership accounting, with a brief recap of the previous lesson. Teachers should refer back to other types of business entity studied in years 1 and 2 (sole proprietorships and not-for-profit organisations).
- 3. In mixed-ability and mixed-gender groups, guide learners to discuss the features of a company and the different types of companies.
- 4. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as pictures or videos to aid comprehension.
- 5. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the forms of company businesses.

FOCAL AREA 2: DISCUSS THE ADVANTAGES AND DISADVANTAGES OF FORMING A COMPANY

Advantages of forming a company

1. Limited Liability

One of the most significant benefits is that owners (shareholders) are generally not personally liable for the company’s debts and obligations. This means their personal assets are typically protected from business debts and legal issues.

2. Separate Legal Entity

A company is recognised as a separate legal entity, distinct from its owners. This allows it to own property, enter into contracts, sue and be sued, and generally operate independently.

3. Easier Access to Funding

Companies can raise capital more readily through the sale of shares, attracting investors who may be hesitant to invest in unincorporated businesses.

4. Enhanced Credibility

A formal company structure, particularly a limited company, can be perceived as more credible and trustworthy by clients, partners, and financial institutions.

5. Ownership Flexibility

Shares can be easily transferred, allowing for changes in ownership and attracting investors. This ensures continuity as a company can continue to exist even if owners change or if some members leave or pass away.

Disadvantages of forming a company

1. Higher Costs

Incorporating a company often involves higher initial expenses than other business structures, such as sole proprietorships or partnerships. These costs can include legal fees, accounting fees,

and registration fees. Companies also face higher ongoing costs for accounting, legal compliance, and other administrative tasks.

2. Record Keeping and Reporting

Companies need to maintain detailed records and file regular reports with government agencies. There are ongoing obligations to adhere to corporate governance rules and regulations.

3. Loss of Control

In a company structure, the business owner may share control with other shareholders, potentially leading to conflicts or disagreements about management and decision-making. Decision-making may require the approval of the board of directors, which can slow down the process and limit the owner’s autonomy.

4. Complex Legal Requirements

The process of incorporating a company can be complex and time-consuming, requiring legal and administrative expertise. The winding up or dissolving a company is also a complex process that can take considerable time and resources.

Learning Tasks

- 1. Discuss three disadvantages of a company business.
- 2. Explain three advantages of a company business.

Pedagogical Exemplar: Collaborative Learning

- 1. Teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
- 2. Guide learners to review their knowledge and understanding on types and features of a company business as a brief recap of the previous lesson.
- 3. Guide learners to discuss the advantages and disadvantages of company business.
- 4. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as pictures or videos to aid comprehension.
- 5. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the advantages and disadvantages of company businesses.

Key Assessment Level 2: Discussions and Presentations

Joe Carl Enterprise has been operating for many years in the retail sector. The business is booming and very profitable. A friend of Joe Carl has advised him to go public and register on the Ghana Stock Exchange.

You are required to advise Joe Carl whether he should register on the Stock Exchange.

(10 marks)

PLC Session 9

45 minutes Planning & Reviewing the Learning Plan

- 1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
- 2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
- 3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



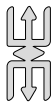
Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

- 4. Plan the week’s key assessment with your app
 - a. The key assessment for the week is **discussions and presentations**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the presentations (NTS 3k-3q).

10 minutes Content Exploration

- 5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step
 - d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
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30 minutes Enactment

- 6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
 - a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

5 minutes Reflection

- 7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
- 8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
- 9. Remember to
 - a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 10

Learning Indicators

1. Discuss the terminologies used in company accounting
2. Prepare Statement of Profit or Loss and Statement of Financial Position for companies

FOCAL AREA 1: DISCUSS THE TERMINOLOGIES USED IN COMPANY ACCOUNTING

Terms used in company accounting

Authorised Shares and Issued Shares

- i. A company's authorised shares is the maximum number of shares that a company is empowered to issue. That is, it is the maximum number of shares that a company registers to sell to the public.
- ii. Issued shares refers to the actual number of shares that have been issued to shareholders. The numbers of issued shares cannot exceed the authorised shares.

Stated Capital

Stated Capital is the sum of actual amounts at which the shares were:

- i. Issued for cash, or
- ii. Issued for consideration other than cash or
- iii. Issued on transfer from surplus

Capital Structure

The Capital Structure of a company can be made up of:

- ii. Stated Capital – Ordinary shares and Preference shares;
- iii. Loan Notes;
- iv. Surpluses

Preference Shares

Preference Shares are shares which confer certain preferential privileges on its holders. Preference shares carry the right to a final dividend which is expressed as a percentage to its issue price. For example, 5% Preference shares of GH¢2 means a right to an annual dividend of 5G H¢ per share.

- i. Preference dividends have priority over ordinary dividends. In other words, management must pay preference dividend first before paying ordinary dividend.
- ii. Preference shareholders do not carry voting rights.
- iii. Some preference shares are cumulative. This means if the business is not able to pay a current year dividend, the preference share dividend in arrears must be paid in the future when money is available.

Classification of Preference shares

Preference shares may be classified as Redeemable or Irredeemable

- i. Redeemable Preference Shares mean that the company can repay (redeem) the nominal value of those shares in the future. For example, a 5% Redeemable GH¢2 Preference shares 20X5 means that the company will pay for the value of those shares in 20X5. When shares are redeemed, they are cancelled, and the company will not pay dividends on them.

Irredeemable Preference shares are treated like loans and are included in non – current liabilities in the Statement of Financial Position. When it is left with one for the company to repay Redeemable Preference Shares, they are reclassified as current liabilities.
- ii. Irredeemable Preference Shares are treated like other shares and form part of Equity

Ordinary Shares

Ordinary Shares are referred to as Equity Shares. Ordinary share capital is the main capital of a company. Ordinary shareholders normally have the voting rights are therefore regarded as the effective owners of the company. Ordinary shareholders are the last to receive dividend.

Market Value of shares

The market value of a share is the price at which it is sold for. The market value is referred to as “par value”. In some countries, the market value of a share is fixed but in Ghana, shares are not issued at a fixed price. In Ghana, shares are issued at “no par value”, that is at no fixed price.

Surplus Accounts

Surpluses are funds set aside for future use. Surpluses are profits earned by the company and have not been appropriated or shared as dividends to the shareholders. Surpluses are sometimes referred to as Reserves or Accumulated Profits. In Ghana, surplus is described as Retained Earnings or Income Surplus. Income Surplus is a distributable surplus which means it is borne out of profits and is available for distribution as dividends.

Dividends

Dividends are the returns that a shareholder gets for investing in a company. Dividends are part of the profit after tax that is appropriated to shareholders.

Capital Surplus

Capital Surplus accounts represent the upward revaluation of a non – current asset. It is sometimes referred to as Revaluation Surplus or Revaluation Reserve. Capital Surplus is a non – distributable reserve. The Capital Surplus may fall if asset is which previously revalued upwards suffers a fall in value in the future.

Difference between surplus and provisions

A surplus is a fund set aside for a specific purpose (for example, asset replacement) while a provision is an amount charged against revenue as an expense. A provision relates to a fall in the value of an asset (depreciation) or a fall in known liability (provision for an expense).

Bonus (capitalisation) issue

A bonus issue of shares involves a company issuing additional shares to existing shareholders at no cost and it is typically funded by Retained Earnings or Reserves. This method can serve as an alternative to cash dividends.

A bonus issue, also known as a scrip issue or a capitalisation issue, is an offer of free, additional shares to existing shareholders. For example, a company may give one bonus share for every five shares held.

Rights Issues

A Right Issue is an issue of shares for cash. The “rights” are offered to existing shareholders who wish to buy them. Right Issues are normally issued at a discount to the market price. It helps the company to raise cash and keep surpluses available for future dividends.

Learning Tasks

1. Discuss difference between preference shares and ordinary shares.
 2. Discuss the difference between surpluses and provisions.
 3. Discuss the differences between bonus issue and rights issue of shares.

Pedagogical Exemplar: Collaborative Learning

1. Teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
2. Guide learners to review their knowledge and understanding on types and features of a company business as a brief recap of the previous lesson.
3. Arrange learners in mixed ability and gender groups to discuss the terms used in company accounting. Groups may use digital devices to support their research in to relevant terms.
4. Provide prompt questions to guide the discussions such as:

- a. What are the differences between preference shares and ordinary shares?
 - b. What is the difference between surpluses and provisions?
 - c. How would you define a bonus issue and a rights issue share?
5. Call on groups to present one or two of their terminologies as part of a class wide discussion.
6. Clarify any misunderstanding and ensure discussions cover all relevant terminologies.
7. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as pictures or videos to aid comprehension.
8. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the terminologies in company businesses.

FOCAL AREA 2: PREPARATION OF FINANCIAL STATEMENTS OF COMPANIES

Format for Financial Statements

The final accounts of a company can be prepared for publication (for external purposes) or for internal use. At this level, we shall concentrate on the preparation of **financial statements** for internal use only.

Statement of Profit or Loss Account

A Statement of Profit or Loss is a measure of a business’s financial performance. It shows the items of income and expenses recognised in a period. International Accounting Standard 1 (IAS 1) gives the format for the Statement of Profit or Loss of a company as follows:

Format

Name of Company	
Statement of Profit or Loss and Other Comprehensive Income for the year ended	
31 st December 2025	
	GH¢
Revenue	XX
Cost of Sales	(XX)
Gross Profit	XX
Selling General & Administrative expense	(XX)
Operating Profit	XX
Other Income	XX
Profit before Interest and Tax	XX
Finance Cost	(XX)
Profit before Tax	XX
Income Tax Expense	(XX)
Gains on property revaluation	XX
Profit/Loss for the year from discontinued operations	XX
Profit for the year	XX
Other Comprehensive Income	XX
Total Comprehensive Income for the year	XX

Statement of Changes in Equity

The Statement of Changes in Equity looks at the equity section of financial statements. It shows any changes that has occurred within the financial year.

Format for Statement of Changes in Equity

	Stated Capital	Capital Surplus	Income Surplus	Total
Balance on January 01	xxx	xxx	xxx	xxx
Net Profit after tax			xxx	xxx
Dividend paid			(xxx)	(xxx)
Shares issued	xxx			xxx
Revaluation of asset		xxx		xxx
Balance on 31 December	xxx	xxx	xxx	xxx

Learning Tasks

1. Discuss components that are included in statement of profit or loss accounts.
2. Discuss the components that are included in statement of changes in equity.

Pedagogical Exemplar: Collaborative Learning

1. Teacher introduces the lesson of the day by providing a general overview of learning outcomes and major activities.
2. Guide learners to review their knowledge and understanding on the purpose of financial statements and the types of statements produced for other business entities.
3. Guide learners to review their knowledge and understanding on the terms used in company accounting.
4. Arrange learners in mixed ability and gender groups and present them with template formats for the statement of profit/loss accounts and statement of changes in equity.
5. Task learners to review each format and discuss the components listed in each one. Ask them to think about where each figure will be drawn from.
6. Lead a whole class discussion on the components of both financial statements, answering questions to address any misunderstanding.
7. Provide simplified explanations for learners with lower understanding (AP). Use annotated templates or examples to aid comprehension.
8. Ensure all learners have opportunities to contribute in their group discussions while embedding in them the components of financial statements.

Key Assessment Level 3: Discussions and presentations



Note:

This Week’s assessment tasks have been merged with that of Week 11. You can equally use the SS App to create sample computational tasks based on the content at PLC session.

PLC Session 10

45 minutes Planning & Reviewing the Learning Plan

1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

4. Plan the week’s key assessment with your app
 - a. The key assessment for the week is **discussions and presentations**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the presentations (NTS 3k-3q).

10 minutes Content Exploration

5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step
 - d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes

Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
- b. After the enactment, ask for structured feedback from the group
- i. was the concept explained in a way that a learner with no prior knowledge could follow?
- ii. were the examples grounded in contexts familiar to Ghanaian learners?
- iii. did any misconceptions surface and if so, how were they addressed?

5 minutes

Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
- b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
- c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 11

Learning Indicator: Prepare Statement of Profit or Loss and Statement of Financial Position for companies

FOCAL AREA 1: PREPARE STATEMENT OF PROFIT OR LOSS, STATEMENT OF CHANGES IN EQUITY AND STATEMENT OF FINANCIAL POSITION FOR COMPANIES

In this lesson, learners should be organised in groups to practice applying their understanding of the composition of financial statements to prepare Statement of Profit or Loss s and Statement of Financial Position for a company.

Learning Tasks

The following balances were extracted from the books of Mokola PLC on 31 December 20X8.

	Dr.	Cr
	GH¢	GH¢
Purchases	283,000	
Sales		495,000
Inventories at 1 January 20X8	18,000	
Distribution costs	33,100	
Irrecoverable debt expense	1,200	
Allowance for trade receivables at 1 January 20X8		840
Administration expenses	157,380	
Dividends paid	5,200	
Equity Share capital (GH¢1 shares)		50,000
5% Loan Notes		25,000
Retained Earnings at 1 January 20X8		23,700
Fixtures and Fittings at cost	98,200	
Accumulated Depreciation – Fixtures and Fittings		43,700
Motor vehicles at cost	64,000	
Accumulated Depreciation – Motor Vehicles		18,500
Trade receivables	55,400	
Trade payables		57,300
Bank		1,600
Cash	160	
	715,640	715,640

Additional information

- i. Inventories at 31 December 20X8 was valued at GH¢18,00.
- ii. Administrative expenses for the year ended 31 December 20X8, GH¢1,100 have not been accounted for.
- iii. Distribution costs include a payment of GH¢3,700 for 20X9
- iv. The company’s depreciation policy is as follows:
- v Fixtures and Fittings – Straight line over 5 years.
- v Motor vehicles – Reducing balance method at 20% per annum.
- v. Irrecoverable debts of GH¢450 in addition to those already written off.
- vi. General allowance of 3% against the remaining trade receivables.
- vii. The interest on the Loan Notes is outstanding at the year – end.

You are required to prepare

- a) Statement of Profit or Loss for Mokola PLC for the year ended 31 December 20X8.
- b) Statement of Changes in Equity for the year ended 31 December 20X8.
- c) Prepare a Statement of Financial Position for Mokola PLC as at 31 December 20X8.

Pedagogical Exemplars

Problem Based and Reflective learning

1. Through class discussions, revise with learners, the terms used in company accounting.
2. In mixed ability and mixed gender groups, provide learners with data for them to prepare the financial statement of companies (learning task)
3. Ensure all learners have opportunities to contribute to the issues in their group discussions when making the above computations.
4. Provide opportunities for groups to present their computations for discussions and review.
5. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
6. Teacher to move around groups, checking understanding throughout the lesson.
7. Assign proficient learners (P) to work as elbow partners with AP learners during the preparation of the Statement of Profit or Loss and Statement of Financial Position from incomplete records.
8. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 4: Computational Exercises

Mildart Company Ltd has the following Trial Balance as at 31 December, 20X9

	Debit	Credit
	GH¢'000	GH¢'000
Cash at Bank	100	
Inventory at 1 January, 20X9	2,400	
Administrative Expenses	2,206	
Buildings	10,000	
Plant & Equipment	1,400	
Motor Vehicles	320	
Accumulated Depreciation – Buildings		4,000
Accumulated Depreciation – Plant & Equipment		480
Accumulated Depreciation – Motor Vehicles		120
Income Surplus		560
Trade receivables / Trade payables	876	1,050
Purchases / Sales Revenue	4,200	13,142
Distribution cost	650	
Dividend paid	200	
Stated Capital		3,000
	22,352	22,352

The following additional information is relevant:

- i. Inventory at 31 December was valued at GH¢1,600,000.
- ii. Depreciation is to be charged as follows:
 - Buildings at 5% straight line, charged to administrative expenses
 - Plant and Equipment at 20% on reducing balance method basis, charged to cost of sales.
 - Motor vehicles at 20% on reducing balance method basis, charged to distribution cost.
- iii. No final dividend is being proposed.
- iv. A customer has gone bankrupt owing GH¢76,000. The debt is not expected to be paid. A further allowance of 5% is to be made on the remaining trade receivables.
- v. 1 million new ordinary shares were issued at GH¢1.50 each on 1 December 20X9. This transaction has been completely omitted from the books.

You are required to prepare the following:

- a. Statement of Profit or Loss for the year ended 31 December, 20X9.

- b. Statement of Changes in Equity for the year ended 31 December, 20X9.
- c. Statement of Financial Position as at 31 December 20X9.

FOCAL AREA 2: PREPARE STATEMENT OF PROFIT/LOSS, STATEMENT OF CHANGES IN EQUITY AND STATEMENT OF FINANCIAL POSITION OF COMPANIES

In this lesson, learners should be organised in groups to practice applying their understanding of the composition of financial statements to prepare Statements of Profit or Loss s and Statements of Financial Position for companies.

Learning Tasks

The following Trial Balance relates to Kakro Ltd at 31 July 20X2.

	DR	CR
	GH¢	GH¢
Sales revenue		211,820
Cost of sales	84,600	
Inventory at 31 July 20X2	38,400	
Administrative expenses	12,500	
Rent received		39,000
Land	40,000	
Building cost	100,000	
Accumulated depreciation at 1 June 20X1		28,000
Plant and equipment: Cost	128,000	
Accumulated depreciation on 1 June 20X1		32,000
Allowance for trade receivables		12,000
Trade receivables	68,200	
Trade payables		56,000
12% Loan		60,000
Loan interest	4,600	
Cash at bank	15,100	
Retained earnings		12,580
Ordinary shares		40,000
	491,400	491,400

Additional Information

1. The cost of inventory was GH¢ 38,400 for the year ended 31 July 20X2.
 2. Trade receivables totalling GH¢4,000 are to be written off, and allowance for trade receivables is to be adjusted to GH¢8,000. The irrecoverable debt expense is to be included in administrative expenses.
 3. Depreciation is to be provided for as follows:
 - Buildings 2.5% per year on cost.
 - Plant and equipment 25% per year on cost
 - 70% of the depreciation is to be charged in cost of sales, and 15% each in distribution costs and administrative expenses.
 4. Current year income tax charged was GH¢18,100.
- You are required to prepare for Kakro Ltd:
- a) The Statement of Profit and Loss for the year ended 31 July 20X2.
 - b) The Statement of Financial Position as at 31 July 20X2.

Pedagogical Exemplars

Problem Based and Reflective learning

1. Through class discussions, revise with learners, the terms used in company accounting.
2. In mixed ability and mixed gender groups, provide learners with data for them to prepare the financial statement of companies (learning task).
3. Ensure all learners have opportunities to contribute in their group discussions when making the above computations.
4. Provide opportunities for groups to present their computations for discussions and review.
5. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
6. Teacher to move around groups checking understanding throughout the lesson.
7. Assign proficient learners (P) to work as elbow partners with AP learners with during preparation of Statement of Profit or Loss and statement of financial position from single entry and incomplete records.
8. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 4: Computational Exercises

MAN Ltd prepares its financial statements as of 30 June annually. At 30 June 2025, the company’s trial balance was as follows:

	GH¢’000	GH¢000
Sales revenue		14,800
Purchases	8,280	

Inventory at 1 July 2024	1,390	
Distribution costs	1,080	
Administration expenses	1,460	
Land at valuation	10,500	
Building: Cost	8,000	
Accumulated depreciation – Building		2,130
Plant and Equipment: Cost	12,800	
Accumulated depreciation – Plants & Equipment		2,480
Trade receivables and trade payables	4,120	2,240
Cash at bank	160	
Stated capital: Ordinary shares as at 1 July 2024		12,000
issued during year		6,000
Capital Surplus as at 1 July 2024		3,000
Income surplus		3,140
10% Loan Notes		2,000
	-----	-----
	47,790	47,790
	-----	-----

The following matters remain to be adjusted for in preparing the financial statements for the year ended 30 June 2025:

- a) Closing inventory amounted to GH¢1,560,000 at cost.
- b) Depreciation is to be provided as follows:
Buildings 5% per year on cost
Plant and equipment 20% per year on cost
Eighty per cent of the depreciation is to be charged in cost of sales, and 10% each to distribution costs and administrative expenses.
- c) The land is to be revalued to GHS12,000,000. No change was required to the value of the buildings.
- d) Current year income tax charged was GH¢30,000
- e) Accruals and prepayments were:

	Accruals	Prepayments
	GH¢'000	GH¢000
Distribution costs	190	120
Administrative expenses	70	60

You are required to prepare the following:

- i. Statement of Profit or Loss for the year ended 30 June 2025.

- ii. Statement of Changes in Equity for the year ended 30 June 2025.
- iii. Statement of Financial Position as at 30 June 2025.

PLC Session 11

45 minutes

Planning & Reviewing the Learning Plan

1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

4. Plan the week’s key assessment with your app
 - a. The key assessment for the week is **computational exercise**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the exercise (NTS 3k-3q).

10 minutes

Content Exploration

5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step
 - d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes

Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
- b. After the enactment, ask for structured feedback from the group
- i. was the concept explained in a way that a learner with no prior knowledge could follow?
- ii. were the examples grounded in contexts familiar to Ghanaian learners?
- iii. did any misconceptions surface and if so, how were they addressed?

5 minutes

Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
- b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
- c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

Section Review

This section provided comprehensive coverage of preparing financial statements of Partnerships and Companies. In Partnership, Learners have discussed the advantages and disadvantages of forming partnerships, looked at features of partnership and the contents of a Partnership Deed. Furthermore, Learners were taken through the creation of goodwill, preparation of appropriation, current and capital accounts. In company accounting, Learners were taken types of companies, advantages and disadvantages and some terms used in company accounting.

Learners were engaged in pedagogical approaches like experiential, collaborative and problem-based learning, facilitating active learning and practical application of theoretical knowledge. Emphasis have been placed on the practical application of theories which learners can effectively use them to produce reliable and transparent financial statements.

Additional Reading

1. “Frank Wood’s Business Accounting 1” by Frank Wood and Alan Sangster
2. “Accounting Principles” by Jerry J. Weygandt, Paul D. Kimmel and Donald E. Kieso
3. Any approved financial accounting book by NaCCa can be used as a further reading material.

MARKING SCHEMES FOR THE KEY ASSESSMENTS

WEEK 5

Importance of Partnership Business

	Marking guidance	Mark allocation
a	Explanation of the importance of partnership business	2 marks for a maximum of 3 points; up to a total of 6 marks.
b	Explanation of the limitations of sole proprietorship	1 mark; up to a total of 7 marks.
		Total marks = 10

WEEK 6

Hay & Bee Ltd

Profit or Loss Appropriation Accounts

		GH¢	GH¢
Net Profit for the year			70,300
Add back interest on drawings			
Tim Hay	5% x 15,000	750	
Simon Bee	5% x 12,000	600	1,350
			71,650
Less Partners Salaries			
Tim Hay		26,000	
Simon Bee		18,000	
Less Interest on capital (at 30 June)			
Tim Hay	5% x 36,000x6/12	900	
Simon Bee	5% x 27,000x6/12	675	

Less Interest on capital (at 31 December)			
Tim Hay	$5\% \times 60,000 \times 6/12$	1,500	
Simon Bee	$5\% \times 45,000 \times 6/12$	1,125	(48,200)
Profit/(loss) to be shared			23,450
Share of profit (loss)			
Tim Hay	$3/5 \times 23,450$	14,070	
Simon Bee	$2/5 \times 23,450$	9,380	(23,450)
			0

Partners' Current Account					
	Tim	Bee		Tim	Bee
Drawings	15,000	12,000	Balance b/f	5,000	2,000
Interest on drawings	750	600	Salaries	26,000	18,000
			Interest on capital (June)	900	675
			Interest on capital (Dec)	1,500	1,125
Balance c/d	31,720	18,580	Share of Profits	14,070	9,380
	47,070	31,180		47,470	31,180

Partners' Capital Account					
	Tim	Bee		Tim	Bee
			Balance b/f	36,000	27,000
Balance c/d	60,000	45,000	Bank (new capital)	24,000	18,000
	60,000	45,000		60,000	45,000

WEEK 7

Focal Area 1

Jacob and Tetteh

Statement of Profit or Loss and Appropriation Accounts for the year ended 31 December, 2025

		GH¢	GH¢
Sales Revenue			64,000
Sales returns			(1,000)
			63,000
Opening Inventory		3,000	
Purchases		32,000	
		35,000	

Purchases Returns		(1,500)	
		33,500	
Closing inventory		(4,000)	(29,500)
Gross Profit			33,500
Discount received			600
			34,100
Expenses			
Carriage outward		500	
Wages & salaries		5,000	
Insurance		600	
Advertising	(800 – 400)	400	
Rent & rates	(900 + 300)	1,200	
Bad debts		400	
Discount Allowed		500	
Depreciation – Plant & Machinery	$10\% \times 20,000$	2,000	
Depreciation – Motor Vehicle	$[17,000 - 1,800] \times 15\%$	2,280	
Interest on loan – Jacob	$10\% \times 5,000$	500	(13,380)
Net profit			20,720
Add back interest on drawings			
Jacob	$450 \times 15\%$	67.50	
Tetteh	$400 \times 15\%$	60.00	127.5
			20,847.50
Less interest on capital			
Jacob	$30,000 \times 10\%$	3,000	
Tetteh	$20,000 \times 10\%$	2,000	(5,000)
			15,847.50
Share of profits			
Jacob	$2/3 \times 15,847.50$	10,565.00	
Tetteh	$1/3 \times 15,847.50$	5,282.50	(15,847.50)
			000

Partners' Current Account

	Jacob	Tetteh		Jacob	Tetteh
Drawings	450.00	400.00	Balance b/f	800.00	400.00
Interest on drawings	67.50	60.00	Interest on capital	3,000.00	2,000.00
			Share of Profits	10,565.00	5,282.50
Balance c/d	14,347.5	7,222.50	Interest on loan	500.00	00000
	14,865.00	7,682.50		14,865.00	7,682.50

Jacob and Tetteh

Statement of Financial Position as at 31 December, 2025

Non-current assets	GH¢	GH¢	GH¢
	Cost	Depreciation	Net Book Value
Land	16,000	00	16,000
Plant & Machinery	20,000	5,500	14,500
Motor Vehicle	17,000	4,080	12,920
Investment	22,000	000	22,000
	75,000	9,580	65,420
Current Assets			
Closing inventory	4,000		
Trade receivables	18,000		
Bank	10,000		
Cash	1,050		
Prepaid advertising	400		33,450
Total Assets			98,870
Capital and Liabilities			
Current Liabilities			
Trade payables		22,000	
Accrued rent & rates		300	
		22,300	
Long Term Loan – Jacob		5,000	27,300
Partner	Capital Account	Current Account	
Jacob	30,000	14,347.50	
Tetteh	20,000	7,222.50	
	50,000	21,570.00	71,570
			98,870

Focal Area 2

Goodwill Account					
Capital a/c		GH¢	Capital a/c		GH¢
Alpha	3/5 x 450,000	270,000	Alpha	5/10 x 450,000	225,000
Beta	2/5 x 450,000	180,000	Beta	3/10 x 450,000	135,000
			Zeta	5/10 x 450,000	90,000
		450,000			450,000

Revaluation a/c			
Trade receivables	24,000	Capital a/c	
		Alpha	14,400
		Beta	9,600
	24,000		24,000

Partners' Capital a/c							
	Alpha	Beta	Zeta		Alpha	Beta	Zeta
	GH¢000	GH¢000	GH¢000		GH¢000	GH¢000	GH¢000
				Balance b/f	1,042	495	0
Goodwill	225	135	90	Bank	0	0	150
				Furniture	0	0	120
				Inventory	0	0	80
Balance c/d	1,072.6	530.4	260	Goodwill	270	180	0
	1,297.6	665.4	350		1,297.6	665.4	350

Alpha, Beta and Zeta

Statement of financial position as at July 01, 2025

	GH¢	GH¢
Furniture	600,000 + 120,000	720,000
Office Equipment		300,000
Motor Cars		376,000
Inventory	250,000 + 80,000	330,000
Trade receivables	190,000 – 24,000	166,000
Bank	118,000 + 150,000	268,000
		2,160,000
Current Liabilities		(297,000)
Net Assets		1,863,000

Capital & Liabilities		
Alpha	1,072,600	
Beta	530,400	
Zeta	260,000	1,863,000

WEEK 8

Focal Area 1

Marking Scheme - Ama, Baah and Charles

Goodwill Account					
Capital a/c		GH¢			GH¢
Ama	5/10 x 24,000	12,000			
Baah	3/10 x 24,000	7,200			
Charles	2/10 x 24,000	4,800	Balance c/d		24,000
		24,000			24,000

Revaluation a/c			
Capital a/c			
Ama	700	Investment a/c	1,400
Baah	420		
Charles	280		1,400
	1,400		

Partners' Capital a/c							
	Ama	Baah	Charles		Ama	Baah	Charles
	GH¢	GH¢	GH¢		GH¢	GH¢	GH¢
Balance b/f		21,948	11,206	Balance b/f	4,173		
Goodwill				Goodwill	12,000	7,200	4,800
				Salary	3,000	3,000	3,000
				Revaluation	700	420	280
Bank a/c			9,559	Bank a/c		25,000	
Balance c/d	34,980	25,240	000	Share of prof-its	19,280	11,568	7,712
	34,980	47,188	20,765		34,980	47,188	20,765

Ama, Baah and Charles

Statement of profit / Loss and appropriation account for the year ended June 30, 2025

		GH¢	GH¢
Revenue			188,432
Expenses			
Operational expenses		139,722	
Bad debt		1,150	(140,872)
			47,560
Salaries			
Ama	6/12 x 6,000	3,000	
Baah	6/12 x 6,000	3,000	
Charles	6/12 x 6,000	3,000	(9,000)
			38,560
Share of profits			
Ama	5/10 x 38,560	19,280	
Baah	3/10 x 38,560	11,568	
Charles	2/10 x 38,560	7,712	38,560
			000

Ama and Baah

Statement of financial position as at July 01, 2025

		GH¢	GH¢
Goodwill			24,000
Investment			1,500
Trade receivables		(46,205 – 1,150)	45,055
Inventory			2,000
Bank			4,271
			77,276
Current Liabilities			(17,406)
			60,220
Capital Accounts			
Ama		34,980	
Baah		25,240	60,220

Bank a/c			
Capital a/c			

Capital a/c – Baah	25,000	Balance b/f	11,170
		Capital a/c – Charles	9,559
		Balance c/d	4,271
	25,000		25,000

Focal Area 2

Marking Scheme - Agbeko, Musah and Osei

Revaluation a/c			
	GH¢		GH¢
Plant and machinery	11,800	Trade payables	4,320
Furniture and Fittings	20,050	Capital a/c – Agbeko	38,675
Motor Vehicles	14,200	Capital a/c – Musah	23,205
Inventory	5,700		
Trade receivables	14,450		
	66,200		66,200

Partners' Capital a/c							
	Agbeko	Musah	Osei		Agbeko	Musah	Osei
	GH¢	GH¢	GH¢		GH¢	GH¢	GH¢
Revaluation a/c	38,675	23,205	0	Balance b/f	111,250	83,750	0
Motor vehicle	0	40,800	0	Current a/c	26,650	20,450	0
Loan – Musah		40,195	0	Bank a/c	20,775	0	100,000
Balance c/d	120,000	0	100,000				
	158,675	104,200	100,000		158,675	104,200	100,000

Bank a/c			
	GH¢		GH¢
Balance b/f	15,000	Trade payables	51,680
Capital a/c – Osei	100,000	Loan	75,000
Capital a/c – Agbeko	20,775	Balance c/d	9,095
	135,775		135,775

Agbeko and Osei

Statement of financial position as at January 01, 2025

Non-current assets	GH¢	GH¢
Plant and machinery		98,200
Furniture and Fittings		50,400
		148,600
Current assets		
Inventory	40,500	
Trade receivables	62,000	
Bank	9,095	111,595
Total assets		260,195
Capital and liabilities		
Capital accounts		
Agbeko	120,000	
Osei	100,000	220,000
Loan – Musah		40,195
Total capital and liabilities		260,195

WEEK 9 – Importance and limitations of company

	Marking guidance	Mark allocation
a	Importance of registering on the Inventory Ex-change Limitations of going public	2 marks for a maximum of 3 points; up to a total of 6 marks. 2 marks for a maximum of 2 points; up to a total of 4 marks. Total marks = 10

WEEK 11

Focal Area 1

MILDART COMPANY LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 20X9

		GH¢000
Revenue		13,142
Cost of sales	WK 1	(5,184)
Gross Profit		7,958
Distribution cost	WK 2	(806)
Administrative cost	WK 3	(2,706)
Profit for the year		4,446

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 20X9

	Stated Capital	Income Surplus	Total
	GH¢000	GH¢000	GH¢000
Balance at 1 January 20X9	3,000	560	3,560
Profit for the year		4,446	4,446
Dividend paid		(200)	(200)
Issue of shares	1,500		1,500
Balance at 31 December 20X9	4,500	4,806	9,706

MILDART COMPANY LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 20X9

Non – current assets	Cost	Depreciation	NBV
	GH¢000	GH¢000	GH¢000
Buildings	10,000	4,500	5,500
Plant & Equipment	1,400	664	736
Motor Vehicles	320	160	160
	11,720	5,324	6,396
Current Assets			
Closing inventory	1,600		
Trade receivables	760		
Bank	1,600		3,960
Total Assets			10,356
Capital & Liabilities			
Current Liability – Trade payables		1,050	
Stated Capital		4,500	
Income Surplus		4,806	10,356
Total Capital & Liabilities		10,362	

Workings

Workings 1	Cost of sales	Workings 4	Depreciation
	GH¢000		GH¢000
Opening Inventory	2,400	Building	.05 x 10,000 = 500
Purchases	4,200	Plants & Equip.	{1,400 – 480} x 20% = 184
Closing inventory	(1,600)	Motor Vans	{320 – 120} x 20% = 40

Depn, – Plants	184		
Cost of Sales	5,184	Workings 5	Trade receivables
		balance b/f	876
Workings 2	Distribution cost	Less bad debts	(76)
	GH¢000		800
Balance b/f	2,206	Less allowance	
Depn. Buildings	500	5% x 800	(40)
	2,706	balance c/d	760
Workings 3	Admin. cost	Workings 6	Issue of shares
	GH¢000	share value	GH¢1.5 x 1m = GH¢1.5m
Balance b/f	650		
Depn. Motor Vans	40	Entries	
Bad Debts	76	Debt – Bank	GH¢1,500,000
Allowance	40	Credit – Capital	GH¢1,500,000
	806		

Focal Area 2

MAN COMPANY LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

		GH¢000
Revenue		14,800
Cost of sales	WK 1	(10,478)
Gross Profit		4,322
Distribution cost	WK 2	(1,446)
Administrative cost	WK 3	(1,766)
NPBIT		1,110
Finance cost		(200)
NPBT		910
Taxation		(30)
NPAT		880

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	Stated Cap-ital	Income Surplus	Capital Sur-plus	Total
	GH¢000	GH¢000	GH¢000	GH¢000

Balance at 1 July 2024	12,000	3,140	3,000	18,140
NPAT for the year		880		880
Revaluation of Land			1,500	1,500
Issue of shares	6,000			6,000
Balance at 30 June 2025	18,000	4,020	4,500	26,520

MILDART COMPANY LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 20X9

Non – current assets	Cost	Depreciation	NBV
	GH¢000	GH¢000	GH¢000
Land	12,000	0	12,000
Buildings	8,000	2,530	5,470
Plant & Equipment	12,800	5,040	7,760
	33,800	7,570	25,230
Current Assets			
Closing inventory	1,560		
Trade receivables	4,120		
Bank	160		
Prepayments	180		6,020
Total Assets			31,250
Capital & Liabilities			
Current Liability – Trade payables		2,240	
Accruals		260	
Taxation		30	
Interest on Loan		200	2,730
Long Term Loan			2,000
Stated Capital		18,000	
Income Surplus		4,020	
Capital Surplus		4,500	26,520
Total Capital & Liabilities			31,520

Workings

Workings 1	Cost of sales	Workings 3	Distribution Cost
	GH¢000		GH¢000
Opening Inventory	1,390	Balance b/f	1,080

Purchases	8,280	Depn.	296
Closing inventory	(1,560)	Accrual	190
Depn, – Plants	2,368	Prepaid	(120)
Cost of Sales	10,478	Total	1,446
Workings 2	Admin cost	Depreciation	
	GH¢000	Building	5% x 8,000 = 400
Balance b/f	1,460	Equipment	20% x 12,800 = 2,560
Depn.	296	Total	2,960
Accrual	70		
Prepaid	(60)	Cost of sales	80% x 2,960 = 2,368
Total	1,766	Admin cost	10% x 2,960 = 296
		Distribution	10% x 2,960 = 296

SECTION 4: PREPARE STORE LEDGER CARDS, COMPUTE LABOUR REMUNERATIONS, PREPARE PAYROLL AND ASSIGN COST DRIVER RATES TO PRODUCTS AND SERVICES

STRAND: COST ACCOUNTING

Sub-Strand: Controlling Cost to Improve Organisational Performance

Weeks 12 and 13

Learning Outcome: Determine the cost of materials and assign the cost to production.

Content Standard: Demonstrate knowledge and understanding of the methods of computing for the cost of materials.

Weeks 14 and 15

Learning Outcome: Determine the cost of labour and assign the cost to production.

Content Standard: Demonstrate knowledge and understanding of the methods of computing for the cost of labour.

Week 16

Learning Outcome: Determine the cost of overheads and apportion the cost to production

Content Standard: Demonstrate knowledge and understanding of the methods of computing the cost of overheads in production.

INTRODUCTION AND SECTION SUMMARY

This section takes a look at how to price issues of materials from stores, calculate labour remuneration and assign overheads to products and services. In Year 2, learners were introduced to types of inventories and the purchase and receipts of materials into Stores. Also in Year 2, learners were taught types of labour and the methods of labour remuneration. Furthermore, learners were taken through the preparation of Overhead Analysis Sheets. Therefore, this Section seeks to build on learners’ knowledge from the previous year.

Emphasis will be placed on computations to translate theories into practice. Teachers are encouraged to use a range of strategies, including differentiated teaching and learning, to connect the figures to learners’ existing knowledge and real-world experiences.

By the end of this section, learners should have a solid understanding of how to cost materials issued from stores, prepare payroll and assign overhead cost to products and services using Activity Based Costing.

The weeks and the learning Indicators covered by this Section are:

Weeks 12 – 13: Prepare store ledger card using FIFO, LIFO, Weighted Average and Simple Average methods of pricing issues.

Weeks 14 – 15: Compute labour remuneration, including cost of idle time and prepare a payroll sheet to show gross wages, allowances, deductions and net wages

Week 16: Compute cost driver rates for cost pools as applied in activity-based costing and assign overheads to jobs/services/products using cost driver rates

Recap Weeks

Year 1	Week 15: Explain the composition of cost of products, services and operations. Week 16: Explain Overhead Analysis, its terminologies and types of overheads. Week 19: Explain Activity Based Costing, its importance, limitations and terms.
Year 2	Week 13: Explain the process of purchasing, storage and issue of materials. Week 16: Explain labour, types of labour and identify the methods of labour remuneration. Week 17: Prepare Overhead Analysis Sheet and compute Overhead Absorption Rates.

SUMMARY OF PEDAGOGICAL EXEMPLARS

The pedagogical exemplars used aim at promoting active engagement and understanding among learners.

Problem-Based Learning/Collaborative Learning will be used in the pricing of materials issued from stores. In groups, learners will collaborate with each other as they constructively criticize each other on the computations made. Through reflections, learners will be exposed to the terms, advantages and limitations of Activity Based Costing. In groups, learners will be given real life scenarios to solve problems relating to payroll computations, assigning overheads to products and services.

Teachers are to encourage all learners to actively participate in these class discussions to promote peer learning and diverse perspectives, enriching the learning experience for all students. Through collaborative discussions, learners engage in thoughtful exchanges of ideas while respecting and tolerating differing viewpoints.

Differentiated tasks can include more complex account scenarios for advanced learners. Particular attention should be paid to learners with special educational needs, making relevant accommodations to ensure their full participation in all activities. To support teachers in their approach to differentiation, this manual sometimes refers to learners as approaching proficiency (AP), proficient (P) or working as a high level of proficiency (HP).

ASSESSMENT SUMMARY

The assessment strategy for this section should ensure alignment with learning objectives and pedagogies. The assessment should provide a balanced evaluation of recall/reproduction, skills building, strategic reasoning and extended critical thinking abilities. Regular feedback and documentation in the assessment portal facilitate ongoing improvement and holistic learner development.

Teachers are expected to conduct assessments to reinforce learning using various assessment modes. Teachers are entreated to administer the mandatory assessments below and record them for each learner for onward submission into the Student Assessment Portal (SAP).

Week 12 - 13: Group Work and Class Exercise

Week 14 - 15: Group Work and Class Exercise

Week 16: Group Work and Presentations

Table 4.1: Assessment Summary

Week	Indicators	DOK Level	Assessment Strategy and/or Mode
12- 13	Prepare store ledgers using FIFO, LIFO, Weighted Average and Simple Average Methods of pricing issues.	Level 3	Group Work & Class Exercise
14 - 15	Compute labour remuneration, including the cost of idle time Prepare a payroll sheet to show gross wages, allowances, deductions and net wages	Level 3 Level 4	Group Work & Class Exercises
16	Compute cost driver rates for cost pools as applied in activity-based costing Assign overheads to jobs/service/product cost driver rates	Level 3 Level 3	Group Work & Class Exercises

WEEK 12

Learning Indicator: Prepare store ledgers using FIFO and LIFO, weighted average and simple average methods of pricing issues

FOCAL AREA 1: PREPARE STORE LEDGER CARD USING FIRST – IN – FIRST OUT (FIFO) METHOD OF PRICING ISSUES FROM STORES

Introduction

Organisations normally buy materials into stores at different prices and on different dates. These materials are then issued to the production floor as and when they are required.

To be able to put a value on materials issued to production, a method of pricing issues has to be used.

Some of the common methods of pricing issues are First - In – First –Out (FIFO); Last – In – First – Out (LIFO); Weighed Average Cost Method (AVCO) and Simple Average Cost Method.

FIRST – IN – FIRST – OUT (FIFO)

This method assumes that materials are issued in a strict chronological order. This means the first items received into inventory are the first to be issued. To establish the cost of materials issued using FIFO, it is necessary to keep a record of:

- a. the date that units of inventory are received, the number of units received and their purchase price.
- b. the date that units are issued from inventory and the number of units issued.

Advantages

- It is simple to understand and operate
- Issues are made at actual cost
- It is a logical pricing method which represents what is physically happening in practice; since the oldest inventory is likely to be used first.

Disadvantages

- Cost of issue may lag behind current market prices during periods of inflation.
- It can be cumbersome to identify each batch of material separately.

Recording FIFO

A template for recording FIFO is shown below.

1. The following transactions were recorded by Bodaw Ltd in the first week of September 2025.

Date	Receipts / Issues	Quantity
------	-------------------	----------

01/09/25	Balance	100 units @GH¢2 each
02/09/25	Purchases	50 units @ GH¢3 each
04/09/25	Issues	80 units
06/09/25	Issues	60 units

STORE LEDGER CARD – FIFO METHOD

Date	Receipts			Issues			Balance		
	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount
01/09							100	2	200
02/09	50	3	150				150		350
04/09				80	2	160	70		190
06/09				20	2	40	10		30
				40	3	120			
				60		160			

Learning Tasks

- Discuss the process of purchasing, storage and issue of materials.
 - List two advantages of using FIFO Method of issuing materials from stores.
 - State two disadvantages of using FIFO methods of issuing materials from stores.
 - Prepare a ledger card using the FIFO method of pricing issues.

Pedagogical Exemplars

Problem-Based Learning/Collaborative Learning

- Revise with Learners, the process of purchasing, storage and issuing of materials.
- Introduce the lesson by giving an overview of the learning objective.
- Lead a class discussion to introduce the FIFO method of inventory control and pricing issues.
- Arrange learners in mixed ability and gender groups to discuss the advantages and disadvantages of FIFO. Groups to join together to compare their ideas.
- In mixed-gender and ability groups, lead learners to prepare inventory ledger card using the FIFO method of pricing issues.
- In mixed ability groups, let learners determine the cost of goods issued and closing value of inventory from ledgers.
- Groups exchange their work with another group for constructive feedback
- Teachers should move round the class to provide support to learners who struggle to understand the calculations. Worked examples could be provided to scaffold the activity. (AP).

- Learners can work in pairs, sharing examples and scenarios to deepen understanding through peer-to-peer learning.
- Facilitate a whole-group discussion where pairs share insights and conclusions, reinforcing concepts and addressing misconceptions.

Key Assessment Level 3: Class Exercise

- The following transactions were recorded by Ogun Ltd in the first week of December 2025.

Date	Receipts /Issues	Quantity
01/12/25	Opening Balance	200 units @GH¢4 each
03/12/25	Purchases	300 units @ GH¢6 each
05/12/25	Issues	300 units
06/01/24	Purchases	400 units @ GH¢8 each
07/01/24	Issues	350 units

You are required to prepare a Store Ledger Card using the First-In-First-Out method for issuing inventory. (5 marks)

- Discuss the effects of using the FIFO Method of pricing issues on the profits of the business. (2 marks).

FOCAL AREA 2: LAST – IN – FIRST – OUT (LIFO)

Introduction

This method assumes that the latest receipt price would be the first to be issued out. With LIFO, it is assumed that the most recent units received into stores are the first units to be issued. At any time, the units in store would be made of materials purchased some time ago. Issues are therefore made in the reverse order of the FIFO method.

Advantages

- It is simple to understand and operate
- Issues are made at actual cost

Disadvantages

- Inventory values are normally made up of very old prices.
- Cost of production turns to be higher material cost is made of new or current lower prices.
- Inventory values reflect the current cost of materials.

Recording LIFO

A template for recording LIFO is shown below.

- The following transactions were recorded by Bodaw Ltd in the first week of September 2025.

Date	Receipts /Issues	Quantity
01/09/25	Balance	100 units @GH¢5 each
02/09/25	Purchases	50 units @ GH¢7 each
04/09/25	Issues	70 units
06/09/25	Issues	60 units

STORE LEDGER CARD – LIFO METHOD

Date	Receipts			Issues			Balance		
	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount
01/09							100	5	500
02/09	50	7	350				150		850
04/09				50	7	350	80		400
				20	5	100			
				70		450			
06/09				60	5	300	20		100

Learning Tasks

1. List two advantages of using LIFO Method of issuing materials from Stores.
 2. State one disadvantage of using the LIFO method of issuing materials from Stores.
 3. Prepare a ledger card using the LIFO method of pricing issues.

Pedagogical Exemplars

Problem-Based Learning/Collaborative Learning

1. Revise with Learners, the FIFO method of pricing issues of materials.
2. Lead a class discussion to introduce the LIFO method of inventory control and pricing issues.
3. Arrange learners in mixed ability and gender groups to discuss the advantages and disadvantages of LIFO. Groups to join together to compare their ideas
4. In mixed-gender and ability groups, lead learners to prepare inventory ledger card using the LIFO method of pricing issues.
5. In mixed ability groups, let learners determine the cost of goods issued and closing value of inventory from ledgers.
6. Groups exchange their work with another group for constructive feedback.
7. Teachers should move round the class to provide support to learners who struggle to understand the calculations (AP).
8. Learners can work in pairs, sharing examples and scenarios to deepen understanding through peer-to-peer learning.

9. Facilitate a whole-group discussion where pairs share insights and conclusions, reinforcing concepts and addressing misconceptions.

Key Assessment – Practice Paper 1

The following transactions were recorded by Ogun Ltd in the first week of December 2025.

Date	Receipts/Issues	Quantity
01/12/25	Balance	200 units @GH¢8 each
03/12/25	Purchases	300 units @ GH¢5 each
05/12/25	Issues	250 units
06/01/25	Purchases	400 units @ GH¢6 each
07/01/25	Issues	350 units

You are required to prepare a Store Ledger Card using the Last-In-First-Out method for issuing inventory. (5 marks)

2. Explain three reasons why users of accounting information are not confident in the use of Last-in-First Out method of issuing inventory. (3 marks)
3. Samina Enterprise is a wholesaler of soaps which are sold in boxes. The inventory on hand at 1st February 2025 was 1,380 boxes valued at GH¢63,480. The purchases and sales of soap during the month of February 2025 were as follows:

Purchases February 02 460 boxes @ GH¢48
 February 06 180 boxes @ GH¢49
Sales February 04 920 boxes @ GH¢60
 February 10 900 boxes @ GH¢60

- a. You are required to compute the profit for the month of February, using the Last – In – First Out (LIFO) method of issuing inventory. (5 marks)
- b. You are required to compute the profit for the month of February, using the First – In – First Out (FIFO) method of issuing inventory. (5 marks)
- c. Compare the profit using FIFO method to the profit using LIFO method and explain the difference between the two methods. (2 marks)



Hint

Conduct **Practice Paper 1**. It should cover the contents taught from Year 1 to 3. Refer to the **Table of Specification and Structure of the Paper** at the end of this section. Learners’ papers should be marked immediately and scores entered into the SAP.

TABLE OF TEST SPECIFICATION FOR MULTIPLE CHOICE QUESTIONS – PRACTICE PAPER 1

	TOPICS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
1	Introduction to Financial Accounting - Nature and Functions of Accounting - Users of Accounting Information	1	1		2
2	Accounting Equation and Double Entry Principles - Accounting Equation - Purpose and functions of source documents - Subsidiary books - Classification of Ledgers - Cash Book: (Double and Triple Columns only) - Preparation of Trial balance	1	1	1	3
3	Accounting Concepts - Meaning & Types - Significance		1	1	2
4	Final Accounts of a Sole Proprietorship - Profit / Loss Accounts / Income statement - Statement of financial position. - Adjustments to final accounts		1	1	2
5	Bank Reconciliation	1			1
6	Correction of errors and suspense	1			1
7	Control Accounts / Self Balancing Ledgers - Meaning and uses of control accounts - Types – Sales and Purchases Ledgers Control - Preparation of control accounts - Reconciliation of control accounts		1		1
8	Single Entry and Incomplete Records - Meaning and limitations - Preparation of opening capital - Conversion of single entry to double entry - Preparation of final accounts from single entry - Calculation of profit mark – up and margins	1		1	2
9	Accounting for Not – for – profit organisations - Meaning and terminologies - Receipts and payments accounts - Subscription accounts - Preparation of other income generating accounts - Income and Expenditure accounts - Statement of financial position	1		1	2

ACCOUNTING**TABLE OF TEST SPECIFICATION FOR MULTIPLE CHOICE QUESTIONS**

	TOPICS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
10	Partnership Accounts - Nature and formation of partnerships - Content of a Partnership Deed/ Agreement - Profit/Loss and appropriation Accounts - Partners' Capital and Current accounts - Statement of financial position - Admission of a new partner or retirement of a partner	1	1	1	3
11	Company Accounts - Types of companies - Terms used in company accounts - Final accounts of a company for internal use			1	1
12	Interpretation of Financial Statements - Explain accounting ratios - Types of accounting ratios – Profitability, Liquidity, Efficiency and Solvency/ Gearing ratios - Importance and limitations of Accounting Ratios. - Computations and interpretation of results			1	1
13	Ethical Principles - Threats and implications of ethical principles on preparation of final accounts			1	1
14	Introduction to Cost Accounting - Nature, functions, and basic terms - Qualities of good cost accounting information	1	1	1	3
15	Cost Classification - Basis of cost classification and importance of cost classification - Composition of cost products and services	1		1	2
16	Materials - Types of materials/ inventories - Purchases, Receipts and Storage of Materials - Inventory control levels - Prepare Store Ledger Card – FIFO, LIFO, Simple Average and Weighted Average Methods	1	11		3

ACCOUNTING

TABLE OF TEST SPECIFICATION FOR MULTIPLE CHOICE QUESTIONS

	TOPICS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
17	Labour - Types of labour and methods of labour re-muneration - Cost of labour remuneration including cost of labour turnover - Preparation of Payroll	1	11		3
18	Overhead Analysis - Types of overheads and computation of Overhead Absorption Rates (OAR) - Preparation of Overhead Analysis Sheets - Calculation of Cost Drivers under ABC - Application of OAR/Cost Drivers to products/ services/processes.	1	11	1	4
19	Costing Methods - Job/Batch Costing - Contract Costing - Service Costing - Process Costing		11	11	4
20	Costing Techniques - Marginal and Absorption Costing - Prepare income statements using Marginal and Absorption Costing including reconciliation of profits. - Break – Even Analysis - Make computations and apply break even analysis in planning for production and profits targets	11	1	1	4
21	Budgeting and Budgetary Control - Importance of Budgets and Budgetary control, - Terms used in Budgeting - Preparation of functional budgets – Cash, Sales, Production, Material Purchases & Usage			1	1
22	Standard Costing - Meaning and importance of Standards - Calculation of Labour and Material variances		1	1	2
23	Relevant Cost Decision Computations on special order decisions, closure/ deletion of a product line and make or buy decisions.		1	1	2
	Total	14	18	18	50

PLC Session 12

45 minutes Planning & Reviewing the Learning Plan

- Begin the session by recapping lessons from the previous session, focusing on how learning was applied.
- Use your subject specific app to explore the content before planning. Ask the app to
 - explain the week’s concepts in a practical way that will make it easier for learners to understand.
 - identify three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners (NTS 3a, 3g and 3m).
- Use your subject specific app to plan your lesson. Ask the app to
 - suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q).
 - review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).

Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

- Use your app to plan and administer the mode of assessment for the Student Assessment Portal (SAP)
 - The key assessment for the week is *practice paper 1*. Chat with your app to plan this assessment by reviewing or developing the assessment items/tasks and marking schemes/rubrics for the practice paper (NTS 3k-3q).

10 minutes Content Exploration

- As a subject group, select one problem or topic/idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - all teachers in the group work through the problem individually for 3–4 minutes
 - the group then works through it together the problem, step by step
 - highlight the most common errors made at each step (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes

Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

5 minutes

Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 13

Learning Indicator: Prepare Store Ledger Card using FIFO, LIFO, Weighted Average and Simple Average methods of pricing issues

FOCAL AREA 1: **WEIGHTED AVERAGE METHOD**

Introduction

Weighted Average Cost Method

With the Weighted Average Method, it is assumed that all units are issued at the current weighted average cost per unit. Under this method, issue prices are determined by dividing the value of materials on hand by the quantity of materials. This means the issue price must be calculated whenever there is a fresh receipt of materials.

Formula for Weighted Average price:

Total cost of inventory in store at the date of issue

Number of units in store at the date of issue

Example

An inventory store has 100 units with a total value of Gh¢5,000.

The price per unit of a unit issued from store can be calculated as $Gh¢5000/100 = Gh¢50$ per unit.

Advantages

1. It averages/ smooths out price fluctuations.
2. Provides a more accurate presentation of issue prices.
3. It offers more flexibility in operation.
4. It is based on actual costs and does not result in unrealized profits on inventory.
5. Creates a more realistic view of returns on investments.

Recording - Weighted Average Method

A template for recording Weighted Average Method is shown below.

- The following transactions were recorded by Bodaw Ltd in the first week of September 2025.

Date	Receipts / Issues	Quantity
01/09/24	Balance	100 units @GH¢5 each
02/09/24	Purchases	50 units @ GH¢8 each
04/09/24	Issues	70 units
05/09	Purchases	100 units @ GH¢9 each
06/09/24	Issues	60 units

STORE LEDGER CARD – WEIGHTED AVERAGE METHOD

Date	Receipts			Issues			Balance		
	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount
01/09							100	5	500
02/09	50	8	400				150		900
04/09				70	6	420	80		480
05/09	100	9	900				180		1,380
06/09				60	7.67	460.20	120		919.80

Note: Calculation of issue prices

Date of Issue: 04/09 Issue Price: $\frac{\text{GH¢}900}{150 \text{ units}}$ = GH¢ 6

Date of Issue: 06/09 Issue Price: $\frac{\text{GH¢}1,380}{180 \text{ units}}$ = GH¢7.67

- 7. Teachers should move round the class to provide support to learners who struggle to understand the calculations (AP).
- 8. Learners can work in pairs, sharing examples and scenarios to deepen understanding through peer-to-peer learning. Facilitate a whole-group discussion where pairs share insights and conclusions, reinforcing concepts and addressing misconceptions.

Key Assessment Level 3: Group Work

- 1. The following transactions were recorded by Mildart Ltd in the first week of January 2025.

Date	Receipts /Issues	Quantity
01/01/25	Balance	100 units @GH¢30 each
02/01/25	Purchases	300 units @ GH¢50 each
04/01/25	Issues	200 units
06/01/25	Purchases	400 units @ GH¢60 each
07/01/25	Issues	350 units

You are required to prepare a Store Ledger Card using the Weighted Average Method of issuing inventory. (5 marks)

FOCAL AREA 2: SIMPLE AVERAGE METHOD

Introduction

With this method, each issue price is based on the simple average of all previous purchase prices for items that are still available. The simple average price takes into account all previous prices that are still in inventory. It does not take into account the number of items left. The actual physical items and their prices are removed on a FIFO basis.

Formula for Simple Average: $\frac{\text{List of prices available in stores}}{\text{Number of prices available}}$

Advantages

- 1. It gives reasonable and more accurate issuing prices.
- 2. Very suitable when materials are received in uniformed lot quantities.
- 3. Very easy to operate and calculate.
- 4. Reduces clerical work.

Disadvantages

- 1. If the quantity in each lot varies widely, the average price will lead to erroneous costs.
- 2. Closing inventory is not valued at the current price.

Recording – Simple Average Method

A template for recording Simple Average Method is shown below.

- The following transactions were recorded by Bodaw Ltd in the first week of September 2025.

Learning Tasks

- 1. Summarise the principle of the LIFO method of pricing stores.
- 2. Explain the Weighted Average Method of issuing inventory from Stores.
- 3. Explain the formula for calculating the weighted average cost price.
- 4. List two advantages of using the Weighted Average Method of issuing materials from Stores.
- 5. Prepare a store ledger using the weighted average method of pricing.

Pedagogical Exemplars

Problem-Based Learning/Collaborative Learning

- 1. Revise with Learners, the LIFO method of pricing issues of materials in a brief recap of the previous lesson.
- 2. Lead a class discussion to introduce the Weighted Average Method of inventory control and pricing issues.
- 3. Arrange learners in mixed ability and gender groups to discuss the advantages and disadvantages of this method. Groups to present their lists to the class as part of a larger group discussion.
- 4. In mixed-gender and ability groups, lead learners to prepare an inventory ledger card using the Weighted Average Method of pricing issues.
- 5. Learners in mixed ability groups, let learners determine the cost of goods issued and the closing value of inventory from ledgers.
- 6. Groups exchange their work with another group for constructive feedback.

Date	Receipts	Quantity
01/09/24	Balance	100 units @GH¢5 each
02/09/24	Purchases	50 units @ GH¢8 each
04/09/24	Issues	70 units
05/09	Purchases	100 units @ GH¢9 each
06/09/24	Issues	60 units

STORE LEDGER CARD – SIMPLE AVERAGE METHOD

Date	Receipts			Issues			Balance		
	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount
01/09							100	5	500
02/09	50	8	400				150		900
04/09				70	6.5	455	80		445
05/09	100	9	900				180		1,380
06/09				60	7.33	439.80	120		940.20

Note: Calculation of issue prices
Date of Issue: 04/09 Issue Price: $\frac{5 + 8}{2} = \text{GH¢}6.5$
Date of Issue: 06/09 Issue Price: $\frac{5 + 8}{2} = \text{GH¢}7.33$

Learning Tasks

1. List two advantages of using the simple average method of pricing issued materials from stores.
 2. State one disadvantage of using simple average methods of pricing issued materials from stores.
 3. Prepare ledgers using the simple average method of pricing issues from stores.

Pedagogical Exemplars

Problem-Based Learning/Collaborative Learning

1. Revise with Learners, the Weighted Average method of pricing issues of materials in a brief recap of the previous lesson.
2. Learners to think-pair-share the advantages and disadvantages of using the simple average method for pricing goods issued from stores.
3. In mixed-gender and ability groups, lead learners to prepare inventory ledger card using the Simple Average method of pricing issues.

4. Learners in mixed ability groups, let learners determine the cost of goods issued and closing value of inventory from ledgers.
5. Groups exchange their work with another group for constructive feedback.
6. Teachers should move round the class to provide support to learners who struggle to understand the calculations (AP).
7. Learners can work in pairs, sharing examples and scenarios to deepen understanding through peer-to-peer learning.
8. Facilitate a whole-group discussion where pairs share insights and conclusions, reinforcing concepts and addressing misconceptions.

Key Assessment Level 3: Group Work

1. The following transactions were recorded by Mildart Ltd in the first week of January 2025.

Date	Receipts /Issues	Quantity
01/01/25	Balance	100 units @GH¢30 each
02/01/25	Purchases	300 units @ GH¢50 each
04/01/25	Issues	200 units
06/01/25	Purchases	400 units @ GH¢60 each
07/01/25	Issues	350 units

You are required to prepare a Store Ledger Card using the Simple Average method of issuing inventory. (5 marks)

PLC Session 13

45 minutes

Planning & Reviewing the Learning Plan

1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)

- c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

4. Plan the week’s key assessment with your app
- a. The key assessment for the week is **group work**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the group work (NTS 3k-3q).

10 minutes **Content Exploration**

5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
- a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step
 - d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes **Enactment**

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-lg, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?

- ii. were the examples grounded in contexts familiar to Ghanaian learners?
- iii. did any misconceptions surface and if so, how were they addressed?

5 minutes **Reflection**

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 14

Learning Indicator: *Computation of labour remuneration*

FOCAL AREA 1: REVISION OF METHODS OF LABOUR REMUNERATION

Labour Cost/ Remuneration

Labour Cost or Remuneration refers to all benefits paid to the worker, directly or indirectly, on his behalf. It consists of

- ✓ basic wages and salaries of employees,
- ✓ payments for incentives (overtime, allowances, bonus) and other benefits,
- ✓ other payments into a pension fund for the employees (Provident Funds, SSNIT).

Methods of Labour Remuneration

1. Time Rate
2. Piece Rate

Time Rate

This method is used when output cannot be measured accurately. Emphasis is on the quality of work done and is appropriate when the worker cannot control the speed of work. The amount earned is based on the number of hours spent on the job. The gross wage is calculated as:

Hours worked × Rate per hour.

Piece Rate

This method is used for workers who produce countable goods. It is normally used when output can be measured reliably. It is appropriate when the worker can control the speed of work. The main types of Piece Rate methods are:

- a. Straight Piece Rate
- b. Differential Piece Rate
- c. Piece Rate with a guaranteed minimum wage

Straight Piece Rate: - Under this method, the amount earned is based on the number of units produced multiplied by the rate per unit.

Differential Piece Rate: - Under this method, the rate per unit of output changes at different levels of efficiency or production.

Piece Rate with a guaranteed minimum wage: -

This system is adopted to compensate employees with low production during a period. To prevent workers from earning low wages, businesses may put in place a guaranteed minimum wage. This is paid to any worker who is not able to produce the required output.

Learning Tasks

1. Name two methods of labour remuneration.
2. Dauda Industries employs two workers each who works for 40 hours a week to produce 200 units of products. Workers are either paid GH¢20 per hour or GH¢4 per unit.
Required: Calculate the basic pay for each worker using:
 - a. Time rate
 - b. Piece rate.

Pedagogical Exemplars

Problem-Based Learning/Collaborative Learning

1. Revise with Learners, the methods of labour remuneration.
2. Guide learners to revise the advantages and limitations of the methods of labour remuneration, including incentives like overtime and bonuses.
3. With given data in a whole class discussion, lead learners to compute the wages of workers using the various types of labour remuneration.
4. Arrange learners in mixed ability groups, and assign exercises to calculate the wages of workers using the various types of labour remuneration (learning task).
5. Invite groups to present their solution to the whole class for discussion.
6. Teachers should move round the class to provide support to learners who struggle to understand the calculations (AP).
7. Learners can work in pairs, sharing examples and scenarios to deepen understanding through peer-to-peer learning.
8. Facilitate a whole-group discussion where pairs share insights and conclusions, reinforcing concepts and addressing misconceptions.

Key Assessment Level 3: Group Work

1. Adwoa Ltd employs three workers who are paid GH¢4 per unit produced. Each worker is expected to produce 20 units a day for 25 days in a month. Any extra units produced is paid for at GH¢5 per unit.

All workers receive rent allowance of 20% of basic wages and transport allowance of GH¢8 per day. Production for 3 workers for the month are as follows:

Name of worker	Units produced
Ato	520
Bandoh	400
Dontoh	560

You are required to prepare a schedule to determine the wages of the workers.
(10 marks).

2. Buah Industries employs 4 workers who are paid GH¢6,400 each for 20 days of 8 hours a day. Details of activities of the business are as follows:
- a. Overtime is paid at time and a quarter.
 - b. During the month, the workers worked for the following hours.

Name	Hours worked
Senyo	200
Adoma	180
Tieku	160
Osman	220

You are required to prepare a schedule to show details of gross earnings of each worker.
(15 marks)

FOCAL AREA 2: **PAYROLL COMPUTATION - EXPLANATION OF TERMS**

Payroll

A payroll is a list of employees who are entitled to remuneration with their payment details including salaries, wages, other benefits and the deductions.

The purpose of a payroll is to:

- a. ensure that employees are paid correctly and on time,
- b. manage their tax liabilities
- c. maintain accurate records.

Basic Wage /Salary

It is an amount of money an employee receives for work done excluding bonuses and allowances.

Allowances

These are cash benefits that an employee receives. Examples are rent, transport, clothing, etc.

Gross Wage / Income – this is the full amount that an employee earns before any deductions are made. It includes the basic salary, allowances like overtime, rent, accommodation, transport, etc.

Deductions

Deductions are the monies earned but taken out of the employee’s salary. It is a specific amount deducted from an employee’s gross pay before the net pay is calculated.

Statutory Deductions are deductions mandated by law and are compulsory. They include – Social Security and income tax.

Non-Statutory Deductions are deductions that are not legally required. Examples are Union Dues, Loan Deductions, Insurance, Provident Fund, etc.

Net Pay / Income is the total earnings minus deductions.

Pay Slip is a record given to employees to show how much they have earned and any deductions that have been taken out. A pay slip details employees’ earnings and entitlements and helps employers to keep accurate records.

Learning Tasks

- 1. List two purposes of preparing a payroll.
- 2. What is a Payroll?
- 3. Discuss the difference between statutory deductions and non – statutory deductions.

Pedagogical Exemplars

Problem-Based Learning/Collaborative Learning:

- 1. Revise with Learners, the causes of idle time.
- 2. Guide learners to discuss the terms used in payroll calculations.
- 3. In a whole class discussion, guide learners to discuss the terms, giving appropriate examples where necessary.
- 4. Teachers should move round the class to provide support to learners who struggle to understand the terminology (AP).
- 5. Learners can work in pairs, sharing examples and scenarios to deepen understanding through peer-to-peer learning.
- 6. Facilitate a whole-group discussion where pairs share insights and conclusions, reinforcing concepts and addressing misconceptions.

Key Assessment Level 3: Group Work

- 1. How does basic pay reflect the employees’ effort? (3 marks)
- 2. Discuss the form of labour remuneration that is more likely to motivate employees. (5 marks)

PLC Session 14

45 minutes **Planning & Reviewing the Learning Plan**

- 1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
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 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
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Note

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WEEK 15

Learning Indicators

- 1. Prepare a payroll sheet to show gross wages, allowances, deductions and net wages
- 2. Computation of the cost of Turnover and Idle Time

FOCAL AREA 1: COMPUTATION OF PAYROLL

Learners have been introduced to payroll and the terms involved in the preparation of payroll. Also, learners have been taught how to compute employees’ wages in previous lessons. In this lesson, learners will be guided to prepare payroll, making the necessary deductions to reinforce the theories that have been learnt.

Learning tasks

- 1. Discuss the importance of deductions in payroll computations.
 - 2. Prepare a payroll based on a given set of information.
- Abotsie is an employee who earns a salary of GH¢5,200 a month. He is entitled to a rent allowance of 10% of the base pay. He contributes 5.5% of his salary to the Social Security Fund.
- You are required to prepare a payroll showing their net salary.

Pedagogical Exemplars

Problem Based learning

- 1. In mixed ability and mixed gender groups, provide learners with data for them to prepare a payroll. The scenario provided in the learning task could serve as the basis for this activity.
- 2. Ensure all learners have opportunities to contribute in their group discussions when computing the wages of workers.
- 3. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension. Teachers to move round groups, checking understanding throughout.
- 4. Assign proficient learners (P) to work as elbow partners with AP learners during the preparation of the payroll. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 4: Group Class Exercise

- 1. Broni Plc employs three workers who are paid a monthly salary according to their rank and experience. Salaries payable in January 2025 are as follows:

Name	Salary - GH¢
Wilson	12,000
Yellman	15,000
Zulee	9,000

- i. Each worker receives a rent subsidy of 10% of the basic salary and a transport allowance of GH¢500 per month.
- ii. All workers contribute 5.5% of their basic salary to the Social Security Fund and another 5% to the Provident Fund.
- iii. The rates of tax are given below:

Base	Rate
First GH¢ 2,000	0%
Above GH¢ 2,000	10%

You are required to prepare a payroll for January 2025, showing the net income received by each worker. (15 marks)

FOCAL AREA 2: COMPUTATION OF LABOUR TURNOVER AND IDLE TIME

Labour Turnover

Labour turnover is the rate of change in the composition of the labour force of an organization. It refers to the rate at which workers in an organisation leave and are replaced.

Labour Turnover rate = $\frac{\text{Average number of workers replaced}}{\text{Average number employed}} \times 100$

Causes of labour turnover

Avoidable Causes

- i. Low wages and salaries
- ii. Inadequate job security and retirement benefits
- iii. Unsatisfactory working conditions
- iv. Harassments, intimidations and unhappy working relations

Unavoidable Causes

- i. Retirements and death
- ii. Illness and accidents
- iii. Resignations or change of jobs

Idle time

Idle Time indicates the time lost by workers who are paid on time basis. Idle time is the time spent at the workplace when production does not take place. In this case, the worker reports to work but is not working.

Causes of Idle Time

Idle time may be caused by causes such as:

- 1. Power failure,
- 2. Machine breakdown,
- 3. Waiting for instructions,
- 4. Changeover of equipment or tools and
- 5. Shortage of raw materials.

Learning Tasks

- 1. What is labour turnover?
- 2. Discuss the causes of labour turnover.
- 3. State two causes of idle time.
- 4. Prepare costs of idle time based on a given set of information.

Pedagogical Exemplars

Problem-Based Learning/Collaborative Learning

- 1. Revise with Learners, the causes of labour turnover.
- 2. Guide learners to discuss the causes of idle time and its effects on labour efficiency.
- 3. In a whole class discussion, lead learners to compute the idle time of workers.
- 4. Arrange learners in mixed ability groups, and provide them with examples to calculate idle time and remuneration of workers.
- 5. Let some Groups present their solution to the whole class for discussion.
- 6. Teachers should move round the class to provide support to learners who struggle to understand the calculations (AP).
- 7. Learners can work in pairs, sharing examples and scenarios to deepen understanding through peer-to-peer learning.
- 8. Facilitate a whole-group discussion where pairs share insights and conclusions, reinforcing concepts and addressing misconceptions.

Key Assessment Level 3: Group Class Exercise

- 1. Omane Plc started the year 2025 with 2,640 workers and ended with 3,260 workers on 31st December. During the year;
 - i. 20 workers went for greener pastures abroad.
 - ii. 10 workers retired.
 - iii. 25 resigned while 6 others left to join their partners.
 - iv. 14 workers were dismissed.

You are required to calculate:

- a. Number of new workers employed.
- b. Average number of workers for the year 2025
- c. Number of workers who left the organisation.
- d. The rate of labour turnover. (10 marks)
- 2. Tanko Plc has 10 workers who are paid a monthly salary of GH¢3,200 each for an 8 – hour day for 20 days a month. The following took place:
 - a. During the month of May 2025, there was a machine break down for 5 hours during which 6 workers did not work.
 - b. There was a shortage of materials during which 4 workers did not work for 3 hours.
 - c. There was a power failure for 2 hours. This caused all the workers to be idle.
 - d. During the month, waiting for instructions from their boss caused 4 workers to be idle for 6 hours.

Required

- a. Calculate the wage per hour of each worker.
- b. The number of idle time hours.
- c. The cost of idle time for the month of May 2025.

PLC Session 15

45 minutes

Planning & Reviewing the Learning Plan

- 1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
- 2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
- 3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

4. Plan the week’s key assessment with your app
- a. The key assessment for the week is **group class exercise**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the exercises (NTS 3k-3q).

10 minutes Content Exploration

5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
- a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
- b. all teachers in the group work through a similar problem individually for 3–4 minutes
- c. the group then works through the problem together step by step
- d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-lg, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
- b. After the enactment, ask for structured feedback from the group
- i. was the concept explained in a way that a learner with no prior knowledge could follow?
- ii. were the examples grounded in contexts familiar to Ghanaian learners?
- iii. did any misconceptions surface and if so, how were they addressed?

5 minutes Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
- b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
- c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 16

Learning Indicator: Compute Cost Driver for cost pools as applied in Activity Based Costing

FOCAL AREA 1: COMPUTATION OF COST DRIVER RATES

Learners were introduced to Activity Based Costing in Year 1. In this lesson, learners will be guided to prepare the computed cost driver rates by applying these principles.

Examples of Cost Pools and their Cost Drivers (recap year 1)

Cost Pool	Cost Driver
Material Procurement	Number of Orders
Material Handling	Number of material movements
Production Control	Number of set ups
Maintenance	Number of maintenance hours,
Quality Control	Number of Inspections
Customer Order Processing	Number of Orders, Number of Customers, Order sizes
Production Control	Number of Machine layouts, Number of work orders
Material / Inventory Control	Number of deliveries, Number of receipts, Material volume
Engineering Support	Number of set ups, production hours, Number of machine break downs
Inspections	Number of Inspections, Batch sizes, Number of supplies
General Accounting	Number of suppliers/customers, frequency of dispatches

Learning tasks

1. Explain the relationship between the Cost Pool and Cost Driver.
2. Discuss why Activity Based Costing is a preferred method of absorbing overheads.
3. Mensa uses Activity Based Costing. The information available is given below:

Cost Pool	Cost Driver	Overhead cost – GH¢
Procurement	10 orders	6,000
Production control	20 Set – ups	800

Required: Compute the cost driver rates for the two cost pools.

Pedagogical Exemplars

1. Revise with learners, terms used in Activity Based Costing (ABC), like cost pool, cost driver rates and cost object.

2. Learners to think-pair-share the advantages and disadvantages of activity-based costing to connect back to previous learning. You could prompt the discussions with questions such as “Why is activity-based costing the preferred method of absorbing overheads?”

Problem based learning

1. Through class discussions, guide learners to identify examples of Cost Pools and their corresponding cost driver rates for different functions.
2. In mixed ability and mixed gender groups, provide learners with data for them to compute cost driver rates. The scenario provided in the learning task could serve as the basis for this activity.
3. Ensure all learners have opportunities to contribute in their group discussions when calculating the cost driver rates.
4. Invite groups to share their calculations with the class for feedback and discussion.
5. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
6. Teachers to move round groups, checking understanding throughout. Assign proficient learners (P) to work as elbow partners with AP learners during the preparation of the Statement of Profit or Loss and the Statement of Financial Position from single-entry and incomplete records.
7. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 3: Class Exercise

Budu Manufacturing uses Activity Based Costing to charge overheads to products. The following details are given below:

Cost Pool	Cost Driver	Overhead cost – GH¢
Procurement	180 orders	45,000
Quality Control	600 inspections	36,000
Production Control	15 set – ups	3,000
Material Handling	25 movements	5,500

You are required to compute the cost driver rates for the Cost Pools. (6 marks)

FOCAL AREA 2: ASSIGN OVERHEADS TO PRODUCTS OR SERVICES USING COST DRIVER RATES.

Learners have been taught how to compute cost driver rates in the previous lesson. In this lesson, learners will be guided on how to absorb overhead costs into the prices of products and services.

Teachers should recap the content taught in Year 2 on the preparation of overhead analysis. This lesson should be practically based and teachers should facilitate group work to give learners an

opportunity to practice working through scenarios to assign overheads to products or services using cost driver rates.

Learning tasks

- 1. Explain the difference between overhead absorption and overhead apportionment.
- 2. Explain why Activity Based Costing is regarded as a more accurate method of absorbing overheads.
- 3. Assign overheads to jobs/products/services using cost driver rates.

Question

Accra Fashion uses activity-based costing to determine the cost of their jobs. Calculate the cost of the order based on the information in the scenario below.

Their total overheads for the period are:

Cost Pool	Cost Driver	Overhead Cost (GH¢)	Activity Level
Fabric Sourcing & Purchasing	Number of purchase orders	60,000	200 orders
Quality Control	Number of inspections	40,000	800 inspections
Machine Setup	Number of setups	15,000	30 setups
Pattern & Fabric Handling	Number of material movements	9,000	50 movements

Accra Fashion House recently completed a special order to produce 50 uniforms. The specific costs for this job were:

- Direct Materials (Fabric, threads, buttons): GH¢20,000
- Direct Labour (Wages for tailors): GH¢12,000

The production of the uniforms consumed the following activities:

- Purchase Orders: 4
- Quality Inspections: 10
- Machine Setups: 2
- Material Movements: 5

Pedagogical Exemplars

Problem based learning

- 1. Revise with learners, overhead absorption and overhead apportionment.
- 2. Lead discussion on why activity based costing is considered a more accurate method of absorbing overheads and work through example of apportionment based on cost drivers.
- 3. In mixed ability and mixed gender groups, provide learners with data for them to calculate cost driver rates and absorb the overheads to products.

- 4. Task highly proficient learners lead in the absorption of overheads to products or services.
- 5. Ensure all learners have opportunities to contribute in their group discussions when absorbing overheads to cost of products/services.
- 6. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 7. Teachers to move round groups, checking understanding throughout. Assign proficient learners (P) to work as elbow partners with AP learners during the preparation of overhead calculations and costings
- 8. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 3: Class Exercise

Budu Manufacturing uses Activity Based Costing to charge overheads to products. The following details are given below:

Cost Pool	Cost Driver	Overhead cost - GH¢
Procurement	180 orders	45,000
Quality Control	600 inspections	36,000
Production Control	15 set – ups	3,000
Material Handling	25 movements	5,500

The following costs were incurred on an order from Mr. Mensah.

Raw Materials GH¢14,900

Direct Labour GH¢8,600

The order incurred overheads as follows:

- 5 orders
- 2 inspections
- 4 set ups
- 3 material movements.

Use activity-based costing to calculate the total cost of Mr. Mensah’s order. (15 marks)

PLC Session 17

45 minutes Planning & Reviewing the Learning Plan

- 1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
- 2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand

- b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
3. Use your subject specific app to plan your lesson. Ask the app to
- a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

4. Plan the week’s key assessment with your app
- a. The key assessment for the week is **class exercise**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the exercise (NTS 3k-3q).

10 minutes Content Exploration

5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
- a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step
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Note

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30 minutes Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
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 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
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8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

Section Review

This section provided comprehensive coverage of computations in issuing materials shares and labour remunerations. Over the last five weeks, learners were engaged in various pedagogical approaches, such as group discussions, collaborative and problem-based learning, and the facilitation of active learning and the practical application of theoretical knowledge. In weeks 12 – 13, learners learnt about the issuing of materials using methods such as FIFO, LIFO, Weighted Average and Simple Average. Week 14 and Week 15 focused on labour remuneration. Learners were required to calculate gross wages and prepare payroll. Also, learners calculated the cost of labour turnover and idle time. Finally, Week 16 focused on the computation of Cost Driver Rates. These cost drivers were used to assign overheads to various products, services and jobs.

Additional reading

Any approved Cost and Management Accounting Book by NaCCa can be used as a further reading material.

MARKING SCHEME FOR KEY ASSESSMENTS

WEEK 12

Focal Area 1

1. OGUN LTD

STORE LEDGER CARD – FIFO METHOD

Date	Receipts			Issues			Balance		
	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount
01/12							200	4	800
03/12	300	6	1,800				500		2,600
05/12				200	4	800	200	6	1,200
				100	6	600			
				300		1,400			
06/12	400	8	3,200				600		4,400
07/12				200	6	1,200	250	8	2,000
				150	8	1,200			
				350		2,400			

(20 ticks @ 0.25 mark = 5 marks)

2. Effects of using FIFO on the profits of the business.

The FIFO method tends to increase profits because the cost of issues is based on earlier receipts whose prices are relatively lower than those of later receipts. (1 mark)

This makes reported profits higher. (1 mark)

Focal Area 2

1. OGUN LTD

STORE LEDGER CARD – LIFO METHOD

Date	Receipts			Issues			Balance		
	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount
01/12							200	8	1,600
03/12	300	5	1,500				500		3,100
05/12				250	5	1,250	250		1,850
06/12	400	6	2,400				650		4,250
07/12				350	6	2,100	300		2,150

(20 ticks @ 0.25 mark = 5 marks)

2. Users of accounting information are not confident of using LIFO because of its limitations. Any three of the following:

- a. It has the potential to distort financial statements
- b. It is incompatible with accounting standards
- c. It has the potential to report lower profits in times of rising prices.
- d. It has the potential to misrepresent a company’s financial strength.
- e. It can lead to outmoded inventory values.
- f. It has the potential to increase tax liability in periods of declining prices.

1 mark per reason

3. Samina Enterprise is a wholesaler of soaps which are sold in boxes. The inventory on hand on 1st February 2025 was 1,380 boxes valued at GH¢63,480. The purchases and sales of soap during the month of February 2025 were as follows:

Purchases February 02 460 boxes @ GH¢48
 February 06 180 boxes @ GH¢49
Sales February 04 920 boxes @ GH¢60
 February 10 900 boxes @ GH¢60

- a. You are required to compute the profit for the month of February, using the Last – In – First Out (LIFO) method of issuing inventory. (5 marks)
- b. You are required to compute the profit for the month of February, using the First – In – First Out (FIFO) method of issuing inventory. (5 marks)
- c. Compare the profit calculated under the FIFO method with the profit calculated under the LIFO method, and explain the difference between the two methods. (2 marks)

Store Ledger Card - LIFO Method

Date	Receipts			Issues			Balance		
	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount
1.2							1,380	46	63,480
2.2	460	48	20,700				1,840		84,180
4.2				460	48	22,080	920		40,940
				460	46	21,160			
				920		43,240			
6.2	180	49	8820				1100		49,760
10.2				180	49	8,820	200		7,820
				720	46	33,120			
				900		41,940			

Store Ledger Card - FIFO Method

Date	Receipts			Issues			Balance		
	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount

1.2							1,380	46	63,480
2.2	460	48	22,540				1,840		86,020
4.2				920	46	42,320	920		43,700
6.2	180	49	8,820				1100		52,520
10.2				460 440 900	46 48	21,160 21,120 42,280	200		10,240

Calculation of profits using LIFO and FIFO

a.			b. FIFO Method	
Sales Revenue	109,200		Sales Revenue	109,200
Cost of sales	(85,180)		Cost of sales	(84,600)
Gross Profit	24,020		Gross Profit	24,600

WEEK 13

Focal Area 1

1. Mildart Ltd

Store Ledger Card – Weighted Average Method

Date	Receipts			Issues			Balance		
	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount
01/01							100	30	3,000
03/12	300	50	15,000				400		18,000
04/01				200	45	9,000	200		9,000
06/01	400	60	24,000				600		33,000
07/01				350	55	19,250	250		13,750

(20 ticks @ 0.25 mark = 5 marks)

Focal Area 2 – Mildart Ltd

Store Ledger Card – Simple Average Method

Date	Receipts			Issues			Balance		
	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount	Quantity	Unit Price	Amount
01/01							100	30	3,000
02/01	300	50	15,000				400		18,000
04/01				200	40	8,000	200		10,000
06/01	400	60	24,000				600		34,000
07/01				350	55	19,250	250		14,750

(20 ticks @ 0.25 mark = 5 marks)

WEEK 14

Focal Area 1

1. Adowa Ltd – Schedule to show wages of workers

Name	Workings	Basic Wage	Extra Units	Rent (20%)	Transport (GH¢8 x 25)	Total Wages
Ato	500 x 4 = 2,000 20 x 5 = 100	2,000	100	400	200	2,700
Bandoh	400 x 4	1,600	0	320	200	2,120
Dontoh	500 x 4 = 2,000 60 x 5 = 300	2,000	300	400	200	2,900

(20 ticks for ½ mark each = 10 marks)

2. Buah Industries – schedule of gross wages for workers

Name	Base Wage	Overtime	Total	Clothing	Data	Total Wages
Senyo	6,400	2,000	8,400	640	320	9,360
Adoma	6,400	1,000	7,400	640	320	8,360
Tieku	6,400	0	6,400	640	320	7,360
Osman	6,400	3,000	9,400	640	320	10,360
Total	25,600	6,000	31,600	2,560	1,280	35,440

(30 ticks @ ½ mark each = 15 marks)

WEEK 15

Focal Area 1

Broni Plc – Payroll for the month of January 2025.

Name	Base Salary	Rent Subsidy	Trans- port Allow- ance	Gross Earn- ings	Social Secu- rity	Prov- ident Fund	Taxable income	Tax	Total Deduc- tion	Net Pay
Wilson	12,000	1,200	500	13,700	660	600	12,440	1,044.00	2,304	11,396.00
Yell- man	15,000	1,500	500	17,000	825	750	15,425	1,342.50	2,917	14,082.50
Zulee	10,000	1,000	500	11,500	495	450	9455	745.50	1,795.50	8709.50

(30 ticks @ ½ mark each)

Focal Area 2

1. Omane Plc

- a. Number of workers who left = 20 + 10 +25 + 6 +14 = 75 workers (3 marks)
- b. New workers employed = 3,260 – (2,640-75) = 695 workers (2 marks)
- c. Average number of workers = 2,640 + 3,260 /2 = 2,950 workers (2 marks)
- d. Rate of labour turnover = 75/2,950 x100% = 2.5%. (4 marks)

2. Tanko Plc

- a. Wage per worker = 3,200 / 160 = GH¢20 (1.5 marks)
- b. Number of Idle time hours = (5x6) + (4x3) + (10 x2) + (6x4) = 86 hours. (2.5 marks)
- c. Cost of idle time. (6 marks)

	Transactions	Details	GH¢
1	Machine Break Down	5hrs x 6 workers x GH¢20	600
2	Shortage of materials	3hrs x 4 workers x GH¢20	240
3	Power failure	2hrs x 10 workers x GH¢20	400
4	Waiting for instructions	6hrs x 4 workers x GH¢20	480
	Total		1,720

WEEK 16

Focal Area 1

Cost Driver Rate = $\frac{\text{Overhead Cost}}{\text{Number of Cost Drivers}}$

Procurement	<u>GH¢45,000</u> 180 orders	GH¢250 per order
Quality Control	<u>GH¢36,000</u> 60 inspections	GH¢60 per inspection
Production Control	<u>GH¢3,000</u> 15 set ups	GH¢200 per set up
Material Handling	<u>GH¢5,500</u> 25 movements	GH¢220 per movement

(12 ticks @ 0.5 mark per tick = 6 marks)

Focal Area 2

Cost Driver Rate = $\frac{\text{Overhead Cost}}{\text{Number of Cost Drivers}}$

Procurement	<u>GH¢45,000</u> 180 orders	GH¢250 per order
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Quality Control	<u>GH¢36,000</u> 600 inspections	GH¢60 per inspection
Production Control	<u>GH¢3,000</u> 15 set ups	GH¢200 per set up
Material Handling	<u>GH¢5,500</u> 25 movements	GH¢220 per movement

(12 ticks @ 0.5 mark per tick = 6 marks)

Cost of Mr. Mensah’s Order

		GH¢	GH¢
Raw Materials			14,900
Direct Labour			8,600
Overheads			
Procurement	(5 orders x GH¢250)	1,250	
Quality Control	(2 inspections x GH¢60)	120	
Production Control	(4 set ups x GH¢200)	800	
Materials Handling	(3 movements x GH¢220)	660	2,830
Total cost			26,330

(12 ticks @ 0.75 mark per tick = 9 marks)

SECTION 5: BUDGETS AND BUDGETARY CONTROL,
STANDARD COSTING AND VARIANCE ANALYSIS

STRAND: COST ACCOUNTING

Sub-Strand: Determining cost of operations for pricing and
controlling.

Weeks 17 - 18

Learning Outcome: *Preparing functional budgets, including cash budget*

Content Standard: Demonstrate knowledge and understanding of budgetary control and the preparation of budget.

Weeks 19

Learning Outcome: *Computing for material and labour variances and the interpretation of the results.*

Content Standard: Demonstrate knowledge and understanding of the computation and interpretation of variances.

INTRODUCTION AND SECTION SUMMARY

This section covers the preparation of budgets, how to control expenses and determine any differences between the budget and actual results. Furthermore, learners would be equipped with the skills to analyse variances and ensure that expenses are controlled within budgetary limits.

In Year 1, learners were introduced to importance of budgets and budgetary control. They looked at budgetary terms and the types of budgets. Also in Year 2, learners were taught standard costing. Also, the concept of variances and its importance were discussed in Year 1. Therefore, this section seeks to build on what learners have learnt in the previous years.

Emphasis will be placed on computations to translate theories into practice. Teachers are encouraged to use a range of strategies, including differentiated teaching and learning, to connect the figures to learners’ existing knowledge and real-world experiences.

The weeks and the learning Indicators covered by this Section are:

Weeks 17 - 18: Preparing functional budgets, including cash budget

Week 19: Compute for material and labour variances and interpret the results.

Recap Weeks

Year 1	Week 22: Explain Standard Costing and its importance. Discuss the concept of vari- ances and its importance. Week 23: Introduction to Budgets, importance of budgets and terms used in budget- ing. Explain Budgetary Control and its importance. Week 24: Explain the process of budgeting and types of budgets.
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SUMMARY OF PEDAGOGICAL EXEMPLARS

The pedagogical exemplars used aim at promoting active engagement and understanding among learners.

Problem-Based Learning and Reflective Learning will be used in the preparation of budgets and budgetary control.

Using mixed ability and mixed gender groupings, learners will reflect on the meaning, types and uses of budgets for planning and control purpose learnt in year one. Learners would be presented with various scenarios to compute and review budgets. In groups, learners will collaborate with each other as they constructively criticize each other on the computations made.

Reflective Learning will be used in computing variances and in discussions on the causes of variances. Through reflections, learners will be exposed to the types and causes of variances. In groups, learners will be given real life scenarios to discuss how to solve problems relating to variance analysis.

Teachers are to encourage all learners to actively participate in these class discussions to promote peer learning and diverse perspectives, enriching the learning experience for all students. Through collaborative discussions, learners engage in thoughtful exchanges of ideas while respecting and tolerating differing viewpoints.

Differentiated tasks can include more complex account scenarios for advanced learners. Particular attention should be paid to learners with special educational needs, making relevant accommodations to ensure their full participation in all activities. To support teachers in their approach to differentiation, this manual sometimes refers to learners as approaching proficiency (AP), proficient (P) or working as a high level of proficiency (HP).

ASSESSMENT SUMMARY

The assessment strategy for this section should align with the learning objectives and pedagogy. The assessment should provide a balanced evaluation of recall/reproduction, skills building, strategic reasoning and extended critical thinking abilities. Regular feedback and documentation in the assessment portal facilitate ongoing improvement and holistic learner development.

Teachers are expected to conduct assessments to reinforce learning using various assessment modes. Teachers are entreated to administer the mandatory assessments below and record them for each learner for onward submission into the Student Assessment Portal (SAP).

Week 17 - 18: Group Work and Class Exercise

Week 19: Group Work and Presentations

Table 5.1: Assessment Summary

Week	Indicators	DOK Level	Assessment Strategy and/or Mode
17 - 18	Prepare functional budgets including Cash Budget,	Level 4	Group Work & Class Exercise
19	Compute for material and labour variances and interpret the results.	Level 4	Group Work & Presentations

WEEK 17

Learning Indicators: Prepare functional budgets including cash budget

FOCAL AREA 1: PREPARATION OF SALES AND PRODUCTION BUDGETS

Revision

Learners have already been introduced to budgets, their importance, types of budgets, budgetary control and its importance. Teachers should recap learning from Year 1 before moving on to preparing specific types of budgets.

This lesson will focus on the preparation of Sales and Production budgets

TYPES OF BUDGETS

- a. Sales Budget: The Sales Budget shows the types of products to be sold, quantities of each product, the unit selling price and the expected revenue.
- b. Production Budget: The Production Budget looks at the quantities of each product to be produced. It takes into account the expected sales of each product and the changes in inventory levels. Any expected loss in production is taken into account.

Learning tasks

1. Explain key terminology used in budgeting.
2. Explain the importance of budgeting and budgetary control.
3. Identify two factors in the preparation of a sales budget and explain how each of them affects the sales budget.
4. Identify three factors to consider in the preparation of a production budget.
5. Kumah Ltd sells a product that has the following sales volume:
January ----- 26,000 units February ----- 34,000 units
March -----28,000 units April -----22,000 units
 - The closing inventory for December was 2,850 units.
 - The closing inventory for each month should be at 10% of the sales volume for the next month.
 - Each product sells for GH¢500 each.

You are required to prepare the Sales and Production Budgets for the first quarter of the year.

Pedagogical Exemplars

Problem Based learning

- 1. Revise with learners, terms used in Budgets, the importance of budgets and budgetary control.
- 2. Arrange learners in mixed ability and gender groups to reflect on the key types of budgets and their uses for planning and control within businesses. Invite groups to share their reflections as part of a class wide recap discussion.
- 3. Through class discussions, guide learners to identify the uses of the Sales and Production budgets.
- 4. In mixed ability and mixed gender groups, provide learners with data for them to compute sales and production budgets. The scenario given in the learning task could be used as a basis for this activity.
- 5. Ensure all learners have opportunities to contribute in their group discussions when preparing the sales and production budgets.
- 6. Provide opportunities for groups to present their computations for discussions and review.
- 7. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 8. Teachers to move around groups checking understanding throughout.
- 9. Assign proficient learners (P) to work as elbow partners with AP learners with during preparation of budgets.
- 10. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 4: Group Exercise

Bossey Plc sells a product for GH¢18 each. Sales forecast for four months are given below:

January ----- 10,000 units February ----- 11,000 units

March -----10,000 units April -----12,000 units

Standard cost of materials is as follows:

Material X – 3 kg @ GH¢10 per unit

Material Y – 2 kg @ GH¢20 per unit

Standard Direct labour cost of one unit is as follows:

Department A - 2 hours @ GH¢6 per hour

Department B - 3 hours @ GH¢5 per hour

Note: Closing inventory of 10% of the next month’s sales is required for each month.

You are required to:

- a. Calculate the prime cost of one unit of the product.
- b. Prepare the Sales Budget for the first quarter.
- c. Prepare the Production Budget for the first quarter.

FOCAL AREA 2: PREPARATION OF MATERIAL USAGE AND MATERIAL PURCHASES BUDGETS

Revision

Learners have been introduced to the preparation of Sales and Production budgets.

TYPES OF BUDGETS

- a. Material Usage Budget: The Material Usage Budget looks at the quantities of each type of material that would be used in production. It takes into account the quantities of products to be produced.
- b. Direct Material Purchases Budget: This budget looks at the quantity of materials to be purchased to meet production needs. It is derived from changes in inventory levels and expected material usage.

Learning tasks

- 1. Outline three components of a material purchases budget.
- 2. What is a material usage budget?
- 3. Explain three reasons why the material usage budget is important.
- 4. Outline three consequences of failing to prepare a material usage budget by a manufacturer.
- 5. A company plans to produce 8,000 units of Product A and 2,000 units of Product B. The following information relates to the materials required to manufacture the products.

	Raw material X (Kg)	Raw material Y (Kg)
Opening inventory	5,000	5,000
Closing inventory	6,000	1,000
Materials Required for production per unit		
Product A	12	6
Product B	12	8
Unit prices	GH¢0.72	GH¢1.56

Prepare materials usage and materials purchase budgets

Pedagogical Exemplars

Problem Based learning

- 1. Revise with learners, the preparation of Sales and Production budgets.
- 1. Through class discussions, guide learners to identify the uses of the Material Usage and Material Purchases budgets.

- 2. In mixed ability and mixed gender groups, provide learners with data for them to compute Material Usage and Material Purchases budgets. The scenario provided in the learning task could serve as the basis for this activity.
- 3. Ensure all learners have opportunities to contribute in their group discussions when preparing the Material Usage and Material Purchases budgets.
- 4. Groups to compare their calculations and provide constructive feedback.
- 5. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 6. Teachers to move round groups, checking understanding throughout.
- 7. Assign proficient learners (P) to work as elbow partners with AP learners during the preparation of budgets.
- 8. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 4: Group Exercise

Kompi Manufacturing Enterprise is preparing to place material orders for the first quarter of 2026. Projections available for the period are as follows:

Month	Dec 2025	Jan 2026	Feb 2026	March 2026	April 2026
Production Units	3,500	4,200	4,000	5,000	4,500

The desired closing inventory is 40% of next month’s materials usage. Material usage is 6kg per unit. The material price is GH¢5 per unit.

You are required to prepare for the first quarter:

- a. Material usage budget.
- b. Material purchases budget.

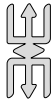
PLC Session 17

45 minutes

Planning & Reviewing the Learning Plan

- 1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
- 2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
- 3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.

- b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
- c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

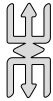
- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

- 4. Plan the week’s key assessment with your app
 - a. The key assessment for the week is **group exercise**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the exercise (NTS 3k-3q).

10 minutes

Content Exploration

- 5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step
 - d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes

Enactment

- 6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
 - a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group

- i. was the concept explained in a way that a learner with no prior knowledge could follow?
- ii. were the examples grounded in contexts familiar to Ghanaian learners?
- iii. did any misconceptions surface and if so, how were they addressed?

5 minutes

Reflection

- 7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
- 8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
- 9. Remember to
 - a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 18

Learning Indicators: Prepare functional budgets – Cash Budget

FOCAL AREA 1: PREPARATION OF CASH BUDGETS

Revision

Learners have been introduced to the preparation of functional budgets, such as Sales, Production, Material Usage, and Material Purchases. In this lesson, learners will be taken through the preparation of a Cash Budget.

Cash Budget

A Cash Budget is prepared to show the expected cash receipts and payments for a budgeted period. It focuses attention on the short run cash management of the business.

Importance of Cash Budget

- A Cash Budget assists the financial manager to be aware of when there will be excess cash. This means any excess cash can be invested.
- A Cash Budget assists the financial manager to be aware of when there will be shortages of cash. This means management can arrange for additional funds during periods of shortage. It helps to determine when to borrow.
- It indicates the effects of budgeted activities on the flow of liquid resources of the business. For example, it will indicate whether capital expenditure can be financed from internal sources.

Inflows of Cash Budget

Inflows / receipts in the preparation of cash budget include:

- i. Cash sales
- ii. Proceeds from the sale of fixed assets
- iii. Proceeds from the issue of shares
- iv. Payments or receipts from trade receivables / customers
- v. Proceeds from the acquisition of loans
- vi. Interest and dividends received during the year.
- vii. Any form of cash received by the business during the year.

Outflow of Cash Budget

Outflows / Payments in the preparation of cash budget include:

- i. Purchases of raw materials or inventory.
- ii. Payment of wages and salaries.

- iii. Payments to trade payables.
- iv. Payments of expenses like water, electricity, telephone, rates, rent.
- v. Payments of interest on loans, dividends, taxes.
- vi. Purchase of capital items like machines, motor vehicles, etc.
- vii. Repayments of loans or debentures

Non-Cash items

Non-cash items that are not included in cash budget include:

- i. Depreciation
- ii. Cash discounts
- iii. Bad debts written off
- iv. Provision for doubtful debts
- v. Bonus issue of shares

Learning tasks

- 1. State three inflows that are included in a cash budget.
- 3. What are the purposes of preparing a cash budget?
- 4. Explain why depreciation and cash discounts are not included in a cash budget.
- 5. Prepare a cash budget.

The cash budget of PTP is as follows:

Month	January	February	March
Receipts	120,400	140,600	134,800
Payments	113,000	172,300	124,900

The opening cash balance is GH¢92,600. You are required to determine:

- a. Net cash flow for the period.
- b. Closing cash balances for the period.

Pedagogical Exemplars

Problem Based learning

- 1. Revise with learners, the uses of Material Usage and Purchases Budgets.
- 2. Through class discussions, guide learners to identify the uses of Cash budget and the items that are not included in cash budget.
- 3. In mixed ability and mixed gender groups, provide learners with data for them to compute cash budgets. The scenario given in the learning task could be used as a basis for this activity.
- 4. Ensure all learners have opportunities to contribute in their group discussions when preparing the cash budgets.

- 5. Groups to present their solutions to the learning task on flip chart paper to the class for discussion and feedback.
- 6. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 7. Teachers to move round groups, checking understanding throughout.
- 8. Assign proficient learners (P) to work as elbow partners with AP learners.
- 9. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 4: Group Work

Barnsy Ltd manufactures a product that sells for GH¢70 per unit. The sales units for July to December are given below:

Month	July	August	September	October	November	December
Sales Units	800	700	700	900	1,000	900

Additional Information:

- i. 40% of sales are for cash and trade receivables are allowed one – month credit.
- ii. Production takes place in the month of sales and materials cost GH¢19 to produce one unit.
- iii. Materials are purchased in the month of sales and are paid for two months after purchases.
- iv. Wages cost GH¢20 per unit while variable overheads cost GH¢16 per unit. These are paid for monthly.
- v. Fixed overhead of GH¢3,000, including depreciation of GH¢500 is also paid monthly.
- vi. The opening cash balance is expected to be GH¢20,000.

You are required to prepare the cash budget for September to December.

FOCAL AREA 2: PREPARATION OF CASH BUDGETS.

Revision

Learners have been introduced to the preparation of Cash Budgets. This lesson is a continuation of what was taught the previous week.

Learners should be organised into groups and work through additional examples to practise preparing cash budgets.

Learning tasks

Banda Company Ltd (BCL) wishes to arrange for an overdraft from its bankers. The bank has requested for cash budget and the Manager of Banda Company Ltd has provided you with the following information.

Month	Sales	Purchases	Salaries
GH¢	GH¢	GH¢	
February	180,000	124,000	12,000
March	192,000	144,000	14,000
April	180,000	168,000	11,000
May	174,000	200,000	10,000

Additional Information:

- i. 50% of the sales are collected a month after sales and the rest in the second month after sales.
- ii. All purchases are on credit. Trade payables are paid a month after purchases.
- iii. Cash at bank on the 1 April is expected to be GH¢25,000.
- iv. Salaries in June were GH¢12,000.

You are required to prepare a Cash Budget for BCL from April to June and indicate how much overdraft should be taken at the end of each month.

Pedagogical Exemplars

Problem Based learning

1. Revise with learners the components of cash flow.
2. In mixed ability and mixed gender groups, provide learners with data for them to prepare cash budgets.
3. Ensure all learners have opportunities to contribute in their group discussions in the preparation of cash budgets.
4. Provide opportunities for groups to present their computations for discussions and review.
5. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
6. Teachers to move round groups, checking understanding throughout.
7. Assign proficient learners (P) to work as elbow partners with AP learners.
8. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Practice Paper 2

Group Exercise

Bongo Trading Enterprise is preparing a cash budget for 2026. Projections of sales and purchases are as follows:

Month	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	April 2026	May 2026
Sales	52,000	60,000	54,000	62,000	72,000	66,000	54,000

Purchases	42,000	40,000	44,000	52,000	48,000	46,000	50,000
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Additional information

- v. 60% of the sales is for cash.
 - vi. 40% of the credit sales is collected in the month of sale and the remainder in the next month.
 - vii. All the purchases are on credit. 60% are paid a month after purchase and the remainder in the next month.
 - viii. General expenses will be GH¢15,000 in December. This will increase by GH¢3,000 per month.
 - ix. Rent income of GH¢10,000 will be received in January. This will increase by GH¢5,000 monthly.
 - x. Opening cash balance is expected to be GH¢22,600.
- You are required to prepare:
- b. A schedule of cash collections
 - c. A schedule of cash payments
 - d. A cash budget for the period January to April 2026.



Hint

Conduct **Practice Paper 2**. It should cover the contents taught from Year 1 to 3. Refer to the **Table of Specification and Structure of the Paper** at the end of this section. Learners' papers should be marked immediately and scores entered into the SAP.

TABLE OF TEST SPECIFICATION FOR MULTIPLE CHOICE QUESTIONS – PRACTICE PAPER 2

	TOPICS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
1	Introduction to Financial Accounting - Nature and Functions of Accounting - Users of Accounting Information	1	1		2
2	Accounting Equation and Double Entry Principles - Accounting Equation - Purpose and functions of source documents - Subsidiary books - Classification of Ledgers - Cash Book: (Double and Triple Columns only) - Preparation of Trial balance	1	1	1	3

3	Accounting Concepts - Meaning & Types - Significance		11		2
4	Final Accounts of a Sole Proprietorship - Profit / Loss Accounts / Income statement - Statement of financial position. - Adjustments to final accounts		1	1	2
5	Bank Reconciliation	1			1
6	Correction of errors and suspense	1			1
7	Control Accounts / Self Balancing Ledgers - Meaning and uses of control accounts - Types – Sales and Purchases Ledgers Control - Preparation of control accounts - Reconciliation of control accounts		1		1
8	Single Entry and Incomplete Records - Meaning and limitations - Preparation of opening capital - Conversion of single entry to double entry - Preparation of final accounts from single entry - Calculation of profit mark – up and margins	1		1	2
9	Accounting for Not – for – profit organisations - Meaning and terminologies - Receipts and payments accounts - Subscription accounts - Preparation of other income generating accounts - Income and Expenditure accounts - Statement of financial position	1		1	2

ACCOUNTING**TABLE OF TEST SPECIFICATION FOR MULTIPLE CHOICE QUESTIONS**

	TOPICS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
10	Partnership Accounts - Nature and formation of partnerships - Content of a Partnership Deed/ Agreement - Profit/Loss and appropriation Accounts - Partners' Capital and Current accounts - Statement of financial position - Admission of a new partner or retirement of a partner	1	1	1	2

11	Company Accounts - Types of companies - Terms used in company accounts - Final accounts of a company for internal use			1	1
12	Interpretation of Financial Statements - Explain accounting ratios - Types of accounting ratios – Profitability, Liquidity, Efficiency and Solvency/ Gearing ratios - Importance and limitations of Accounting Ratios. - Computations and interpretation of results			1	1
13	Ethical Principles - Threats and implications of ethical principles on preparation of final accounts		1	1	2
14	Introduction to Cost Accounting - Nature, functions, and basic terms - Qualities of good cost accounting information	1	11		3
15	Cost Classification - Basis of cost classification and importance of cost classification - Composition of cost products and services	1	11		3
16	Materials - Types of materials/ inventories - Purchases, Receipts and Storage of Materials - Inventory control levels - Prepare Store Ledger Card – FIFO, LIFO, Simple Average and Weighted Average Methods	1	1	1	3

ACCOUNTING**TABLE OF TEST SPECIFICATION FOR MULTIPLE CHOICE QUESTIONS**

	TOPICS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
17	Labour - Types of labour and methods of labour remuneration - Cost of labour remuneration including cost of labour turnover - Preparation of Payroll	1	1	1	3

18	Overhead Analysis – Types of overheads and computation of Overhead Absorption Rates (OAR) – Preparation of Overhead Analysis Sheets – Calculation of Cost Drivers under ABC – Application of OAR/Cost Drivers to products/ services/processes.	1	1		2
19	Costing Methods – Job/Batch Costing – Contract Costing – Service Costing – Process Costing	1	11	1	4
20	Costing Techniques – Marginal and Absorption Costing Prepare income statements using Marginal and Absorption Costing including reconciliation of profits. – Break – Even Analysis Make computations and apply break even analysis in planning for production and profits targets	11		1	3
21	Budgeting and Budgetary Control – Importance of Budgets and Budgetary control, – Terms used in Budgeting – Preparation of functional budgets – Cash, Sales, Production, Material Purchases & Usage		1	1	2
22	Standard Costing – Meaning and importance of Standards – Calculation of Labour and Material variances		1	1	2
23	Relevant Cost Decision – Computations on special order decisions, closure/ deletion of a product line and make or buy decisions.		1	1	2
	Total	15	20	15	50

PLC Session 18

45 minutes Planning & Reviewing the Learning Plan

1. Begin the session by recapping lessons from the previous session, focusing on how learning was applied.
2. Use your subject specific app to explore the content before planning. Ask the app to

- a. explain the week's concepts in a practical way that will make it easier for learners to understand.
- b. identify three common misconceptions learners may have on the week's content and how to address them using contexts familiar to Ghanaian learners (NTS 3a, 3g and 3m).

3. Use your subject specific app to plan your lesson. Ask the app to

- a. suggest the most effective method for teaching the week's concepts to learners with diverse backgrounds.
- b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q).
- c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

4. Use your app to plan and administer the mode of assessment for the Student Assessment Portal (SAP)

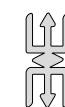
- a. The key assessment for the week is **practice paper 2**. Chat with your app to plan this assessment by reviewing or developing the assessment items/tasks and marking schemes/rubrics for the practice paper 2 (NTS 3k-3q).

10 minutes

Content Exploration

5. As a subject group, select one problem or topic/idea/term in the week's content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then

- a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
- b. all teachers in the group work through the problem individually for 3–4 minutes
- c. the group then works through it together the problem, step by step
- d. highlight the most common errors made at each step (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not 'How do I teach this?' but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes

Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

5 minutes

Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 19

Learning Indicators: *Compute for material and labour variances and interpret the results*

FOCAL AREA 1: CAUSES OF VARIANCES AND COMPUTATION OF MATERIAL VARIANCES

Revision

Learners have been introduced to variances and its importance. In this lesson, learners would be taken through the causes of variances and how to calculate material variance.

Variance Analysis

A variance is the difference between a planned/budgeted cost and the actual cost. A variance can be described as favourable or adverse.

Favourable Variance

This occurs when the actual cost is less than the standard/budgeted cost. A favourable variance occurs when the actual cost of producing a quantity of goods is less than the standard cost.

Adverse Variance

This occurs when the actual cost is more than the standard/budgeted cost. An adverse variance occurs when the actual cost of producing a quantity of goods is more than the standard cost.

General causes of variances

- Inefficiencies in operations
- Improper or inaccurate recording of cost data for variance analysis
- Inappropriate standards set
- Changes in economic variables
- External factors affecting production, such as government policies, economic conditions, or shortages of materials

Types of Variances

The three major types of variances are:

1. Direct Material Cost Variance
2. Direct Labour Cost Variance
3. Overhead Cost Variance

Direct Material Variances

Direct Material Cost Variances occur when there is a difference between the standard cost of materials and the actual cost of materials. Material cost variance can be classified into:

- i. Material usage/quantity variance
- ii. Material price variance

Causes of Material variances

- i. Use of different suppliers leading to different prices
- ii. Use of wrong grade or higher quality of materials
- iii. Improvements in production methods
- iv. Higher rates of wastages than expected

Formula

- i. $\text{Material Cost Variance} = [\text{Standard Price} \times \text{Standard Quantity}] - [\text{Actual Price} \times \text{Actual Quantity}]$
- ii. $\text{Material Price Variance} = \text{Actual Quantity} [\text{Standard Price} - \text{Actual Price}]$
- iii. $\text{Material Usage Variance} = \text{Standard Price} [\text{Standard Quantity} - \text{Actual Quantity}]$

Learning tasks

1. Identify four causes of favourable material usage variances.
2. Explain the objective of variance analysis.
3. From the data below, calculate the material usage variance.

Material cost variance – 69,400 Favourable

Materials price variance – 24,200 Adverse

Pedagogical Exemplars

Problem Based learning

1. Revise with learners, the concept of variance and its importance.
2. Through class discussions, guide learners to identify the types and causes of variances.
3. Through class discussions, guide learners to identify the causes of material variances.
4. In mixed ability and mixed gender groups, provide learners with data for them to compute direct material variances. The scenario given in the learning task could be used as a basis for this activity.
5. Ensure all learners have opportunities to contribute in their group discussions when computing material variances.
6. Provide opportunities for groups to present their computations for discussions and review.
7. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
8. Teachers to move around groups checking understanding throughout the lesson.
9. Assign proficient learners (P) to work as elbow partners with AP learners.
10. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 4: Group Work & Presentations

Tessy Company Ltd set the following standards for its activities.

Production units – 5,000 units

Materials – 15,000 kg costing GH¢75,000

Actual production was 4,000 units

Material used – 16,000kg costing GH¢64,000

You are required to calculate:

- a. Standard material price and quantity
- b. Actual material price
- c. Material price and usage variances

FOCAL AREA 2: PREPARATION OF MATERIAL USAGE AND MATERIAL PURCHASES BUDGETS.

Revision

Learners have been introduced to the computation of direct material cost variances. In this lesson, learners would be taken through the computation of direct labour cost variances and material variances.

Direct Labour Cost Variances

Direct Labour Cost Variances occurs when there is a difference between the standard direct wages and the actual direct wages. Direct Labour variance can be divided into:

- Direct Labour Rate Variance
- Direct Labour Efficiency Variance

Causes of Labour Variances

1. The use of inexperienced or lower skilled direct labour
2. The use of more experienced or skilled labour force
3. A high rate of idle time.
4. Paying lower rate for actual labour
5. More efficient methods of production introduced.

Formula

- i. $\text{Labour Cost Variance} = \text{Actual Labour Cost} - \text{Standard Labour Cost}$
- ii. $\text{Labour Rate Variance} = \text{Actual Hours} [\text{Standard Rate} - \text{Actual Rate}]$
- iii. $\text{Labour Efficiency Variance} = \text{Standard Rate} [\text{Standard Hours Allowed} - \text{Actual Hours}]$

Learning tasks

- 1. State four causes of adverse labour efficiency variances.
- 2. Explain the implications of a favourable labour efficiency variance.
- 3. The standard time for the production of a product is 5 hours per unit. The standard wage is GH¢20 per hour. 4,000 units of the product were produced in at a total wage bill of GH¢550,000 and 25,000 hours were used. Calculate labour cost variances.

Pedagogical Exemplars

Problem Based learning

- 1. Revise with learners, the causes of variances and computation of material variances.
- 2. In mixed ability and mixed gender groups, provide learners with data for them to compute direct labour variances.
- 3. Ensure all learners have opportunities to contribute in their group discussions when computing variances.
- 4. Provide opportunities for groups to present their computations for discussions and review.
- 5. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 6. Teachers to move around groups checking understanding throughout the lesson.
- 7. Assign proficient learners (P) to work as elbow partners with AP learners.
- 8. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 4: Group Work & Presentations

Tessy Company Ltd has set the following standards for its activities.

Production units – 5,000 units

Labour – 20,000 hours costing GH¢60,000

Actual production was 4,000 units

Labour used – 12,000 hours costing GH¢48,000

You are required to calculate:

- a. Standard labour rate and hours
- b. Labour rate and efficiency variances
- c. Actual labour rate

PLC Session 19

45 minutes Planning & Reviewing the Learning Plan

- 1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
- 2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
- 3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



- Note
- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
 - Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

- 4. Plan the week’s key assessment with your app
 - a. The key assessment for the week is **group work & presentations**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the presentations (NTS 3k-3q).

10 minutes Content Exploration

- 5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step
 - d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
- b. After the enactment, ask for structured feedback from the group
- i. was the concept explained in a way that a learner with no prior knowledge could follow?
- ii. were the examples grounded in contexts familiar to Ghanaian learners?
- iii. did any misconceptions surface and if so, how were they addressed?

5 minutes Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
- b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
- c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

Section Review

This section provided comprehensive coverage of computations in the preparation of budgets and variance analysis. Over the last three weeks, learners were engaged in various pedagogical approaches like group discussions, group presentations and problem – based learning, facilitating active learning and practical application of theoretical knowledge. In weeks 18 – 19, learners learnt about the preparation of sales, production, material purchases, material usage and cash budgets. Week 20 focused on variance analysis. Learners were required to calculate material and labour variances and interpret the results of the differences obtained.

Additional reading

Any approved Cost and Management Accounting Book by NaCCa can be used as a further reading material.

MARKING SCHEMES FOR THE KEY ASSESSMENTS

WEEK 17

FOCAL AREA 1

a. Prime Cost

Material		GH¢	GH¢
Material X	3kg @ GH¢10	30	
Material Y	2kg @ GH¢20	40	70.00
Labour			
Dept. A	2 hrs. @ GH¢6	12	
Dept. B	3 hrs. @ GH¢5	15	27.00
Prime Cost			97.00

b. Sales Budget

Month	January	February	March
Sales units	10,000	11,000	10,000
Unit cost	GH¢18	GH¢18	GH¢18
Sales Revenue	180,000	198,000	180,000

c. Production Budget

Month	January	February	March
Sales units	10,000	11,000	10,000
Add: Closing inventory	1,100	1,000	1,200
Total required units	11,100	12,000	11,200
Less: Opening inventory	(1,000)	(1,100)	(1,000)
Production units	10,100	10,900	10,200

(30 ticks @ 0.5 mark per tick = 15 marks)

FOCAL AREA 2

d. Material Usage Budget

	January	February	March	April
Production Units	4,200	4,000	5,000	4,500
Quantity used	6kg	6kg	6kg	6kg
Material usage	25,200	24,000	30,000	27,000

e. Material Purchases Budget

	January	February	March
Material usage	25,200	24,000	30,000
Add Closing inventory	9,600	12,000	10,800
	34,800	36,000	40,800
Less opening inventory	(10,080)	(9,600)	(12,000)
Purchase quantity	24,720	26,400	28,800
Unit price - GH¢5			
Material purchase - GH¢	123,600	132,000	144,000

(20 ticks @ 0.75 mark each = 15 marks)

WEEK 18

FOCAL AREA 1

Cash receipts

Month	July	August	Sept.	October	November	December
Sales Rev.	56,000	49,000	49,000	63,000	70,000	63,000
Receipts						
July	22,400	33,600				
August		19,600	29,400			
September			19,600	29,400		
October				25,200	37,800	
November					28,000	42,000
December						25,200
Total			49,000	54,600	65,800	67,200

Cash Payments

Month	July	August	Sept.	October	November	December
Materials			15,200	13,300	13,300	17,100
Wages	16,000	14,000	14,000	18,000	20,000	18,000
V. Overheads	12,800	11,200	11,200	14,400	16,000	14,400
F. Overheads	2,500	2,500	2,500	2,500	2,500	2,500
Total Payments	46,500	41,000	42,900	48,200	51,800	52,000

Cash Budget

Month	September	October	November	December
Total Receipts	49,000	54,600	65,800	67,200

Total Payments	(42,900)	(48,200	51,800	52,000
Cash flow	6,100	6,400	14,000	15,200
Opening Balance	20,000	26,100	32,500	46,500
Closing Balance	26,100	32,500	46,500	61,700

FOCAL AREA 2

Schedule of cash receipts/ collections

	November	December	January	February	March	April	June
Cash Sales	31,200	36,000	32,400	37,200	43,200	39,600	32,400
Credit Sales	20,800	24,000	21,600	24,800	28,800	26,400	21,600
Trade receivables - Collection							
40% of credit sales	8,320	9,600	8,640	9,920	11,520	10,560	8,640
60% of previous month credit sales		12,480	10,400	12,960	14,880	17,280	15,840
Total Collections		22,080	19,040	24,800	26,400	27,840	24,480

Schedule of payments

	Nov.	December	January	February	March	April	May
Credit Purchases	42,000	40,000	44,000	52,000	48,000	46,000	50,000
60% of previous month		25,200	24,000	26,400	31,200	19,200	27,600
40% of two previous months			16,800	16,000	17,600	20,800	28,800
Total Payments			40,800	42,400	48,800	40,000	56,400

Cash Budget

Receipts	Jan 2026	Feb. 2026	March 2026	April 2026
Cash Sales	32,400	37,200	43,200	39,600
Collections from trade receivables	19,040	24,800	26,400	27,840
Rent Income	10,000	15,000	20,000	25,000
Total Receipts	61,440	77,000	89,600	92,440
Payments				
Trade payables	40,800	42,400	48,800	40,000
General expenses	18,000	31,000	24,000	27,000
Total Payments	58,000	73,400	68,800	67,000

Cash flow	3,440	3,600	20,800	25,440
Opening Balance	22,600	26,040	29,640	50,440
Closing Balance	26,040	29,640	50,440	75,880

WEEK 19**Focal Area 1****b. Standard Material**

Material Usage = 15,000 kg / 5,000 units = 3 kg

Material price = GH¢75,000 / 15,000 kg = GH¢5

c. Actual Material

Actual material usage = 16,000kg/ 4,000 = 4kg

Actual material price = GH¢64,000 / 16,000kg = GH¢4

d. Material variances

Material Price variance = AQ (SP – AP)

= 16,000 x (5 - 4) = GH¢16,000 F

Material Usage variance = SP (SQ – AQ)

= 5(12,000 - 16,000) = GH¢20,000 A

Focal Area 2**a. Standard Labour**

Labour Hours = 20,000 hrs. / 5,000 units = 4 hours.

Labour Rate = GH¢60,000 / 20,000 hours = GH¢3 per hr.

b. Actual Labour

Actual Labour Hours = 12,000 hrs/ 4,000 = 3 hrs

Actual labour rate = GH¢48,000 / 12,000hrs = GH¢4 per hour

c. Labour Variances

Labour Rate Variance = AH (SR – AR)

= 12,000 (3 - 4) = GH¢12,000 A

d. Labour Efficiency = SR (SH – AH)

= 3(16,000 - 12,000) = GH¢12,000 F

SECTION 6: APPLY BREAK-EVEN ANALYSIS IN PLANNING FOR PRODUCTION AND PROFITS AND COMPUTE COSTS FOR RELEVANT DECISION MAKING

STRAND: COST ACCOUNTING**Sub-Strand: Analysing information for control and decision making**

Learning Outcome: Apply break-even analysis to analyse and make decisions

Content Standard: Demonstrate knowledge and understanding of the methods used to determine the cost of operations and its implications in decision making

INTRODUCTION AND SECTION SUMMARY

This section aims at developing the decision-making skills of learners. Learners will be taken through break-even analysis and relevant decision-making. In Year 1, learners were introduced to break-even. Learners examined the importance, assumptions, and limitations of the theory of break-even analysis. Furthermore, learners were taken through relevant costing and decision making. Therefore, this Section seeks to build on what learners have learnt in the previous years.

Emphasis will be placed on the analytical issues and computations that aim to develop learners' thinking capacities through various scenarios. Teachers are encouraged to use a range of strategies, including differentiated teaching and learning, to connect the figures to learners' existing knowledge and real-world experiences.

By the end of this section, learners should be able to make multiple decisions based on an analysis of complex scenarios and provide advice on the best approach.

The weeks and the learning Indicators covered by this Section are:

Week 20: Make computations in break – even analysis, plot break-even chart, and apply break – even analysis in planning for production and profits targets.

Weeks 21 – 22: Compute relevant costs to make decisions relating to make/buy and special order acceptance and their implication for decision making.

Recap Weeks

Year 1	Week 21: Explain Break-Even Analysis, its importance, assumptions and limitations. Week 24: Relevant Costing and Decision Making: Types of decisions and terms used in decision making.
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SUMMARY OF PEDAGOGICAL EXEMPLARS

The pedagogical exemplars used aim at promoting active engagement and understanding among learners.

Using mixed-ability and mixed-gender groupings, special attention is given to the catch-up and regular learners. High respect and tolerance must be given to individual/group responses. Teachers must be sensitive to the differences in or inter-relatedness of opinions and be aware of personal biases.

Problem-Based Learning/Collaborative Learning will be used in the computations involving break-even analysis. In groups, learners will collaborate with each other as they constructively criticise each other on the computations made.

Through reflections, learners will be exposed to analytical thinking. In groups, learners will be given real-life scenarios to solve decision-making problems.

Teachers are to encourage all learners to actively participate in these class discussions to promote peer learning and diverse perspectives, enriching the learning experience for all students. Through collaborative discussions, learners engage in thoughtful exchanges of ideas while respecting and tolerating differing viewpoints.

Differentiated tasks can include more complex account scenarios for advanced learners. Particular attention should be paid to learners with special educational needs, making relevant accommodations to ensure their full participation in all activities. To support teachers in their approach to differentiation, this manual sometimes refers to learners as approaching proficiency (AP), proficient (P) or working as a high level of proficiency (HP).

ASSESSMENT SUMMARY

The assessment strategy for this section should align with the learning objectives and pedagogy. The assessment should provide a balanced evaluation of recall/reproduction, skills building, strategic reasoning and extended critical thinking abilities. Regular feedback and documentation in the assessment portal facilitate ongoing improvement and holistic learner development.

Teachers are expected to conduct assessments to reinforce learning using various assessment modes. Teachers are entreated to administer the mandatory assessments below and record them for each learner for onward submission into the Student Assessment Portal (SAP).

Week 20: Group Work and Presentations

Week 21 - 22: Group Work and Presentations

Table 6.1: Assessment Summary

Week	Indicators	DOK Level	Assessment Strategy and/or Mode
20	Make computations in break – even analysis, plot break-even chart and apply break–even in planning for production and profits targets	Level 3	Group Work & pres-entations
21 – 22	Compute relevant cost to make decisions relat-ing to make/buy and special order acceptance and their implication for decision making.	Level 3	Group Work & pres-entations

WEEK 20

Learning Indicator: Make computations in break–even analysis, plot break–even chart and apply break–even in planning for production and profits targets

Recap Weeks

Year 1 – Week 21: Explain break – even analysis, its importance, assumptions and limitations.

FOCAL AREA 1: COMPUTATIONS IN BREAK–EVEN ANALYSIS

Revision

Learners have been introduced to break–even analysis, its importance, assumptions, and limitations. In this lesson, learners would be taken through the computations for break–even analysis.

Terms Used in Break–Even Analysis

1. Contribution

This is the difference between sales revenue and variable cost. It is also known as Gross Profit Margin or Contribution Margin. Contribution = sales- variable cost

2. Contribution to Sales Ratio

This is also known as the profit/volume ratio. It expresses the relationship between Contribution and sales.

C/s Ratio = $\frac{\text{Contribution}}{\text{Sales}} \times 100\%$

3. Break-Even Point

This is the point of sales where total revenue is equal to total cost. At this point, there will be no profit or loss. Break–even point can be calculated in units or in terms of sales revenue (value).

4. Margin of Safety (MOS)

This is used to assess the economic viability of productivity level. It is the amount by which actual output or sales can fall short of the budget without incurring a loss. The higher the value of margin of safety, the more profitable a project will be. Margin of safety can be calculated in units, percentage and revenue.

Learning tasks

- 1. Explain the objectives of break–even analysis.
- 2. Explain the term margin of safety.
- 3. Malibu company recorded the following costs for its production.
Productions – 2,000 units
Variable cost – GH¢15,000

Fixed Cost – GH¢64,000
Selling price – GH¢10
You are required to calculate:

- a. Variable cost per unit.
- b. Break-even point in units
- c. Break-even point in value
- d. The number of units to produce to obtain a profit of GH¢50,000

Pedagogical Exemplars

Problem Based learning

- 1. Revise with learners, the theory of break-even analysis, its assumptions, limitations and its importance.
- 2. Through class discussions, revise with learners the terms used in break-even analysis.
- 3. In mixed ability and mixed gender groups, provide learners with data for them to compute contribution, variable cost, break-even units and margin of safety (learning task).
- 4. Ensure all learners have opportunities to contribute in their group discussions when making the above computations.
- 5. Provide opportunities for groups to present their computations for discussions and review.
- 6. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 7. Teachers to move round groups, checking understanding throughout the lesson.
- 8. Assign proficient learners (P) to work as elbow partners with AP learners.
- 9. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 3: Group Work & Presentations

Atoba Limited produces a product that sells for GH¢20 each. The company made the following projections for January 2026.

	Production units	Total cost
		GH¢
First Week	2,000	40,000
Second Week	5,000	82,000

You are required to calculate:

- a. Variable cost per unit
- b. Fixed for the month
- c. Break even in units
- d. Break even in value

FOCAL AREA 2: COMPUTATIONS IN BREAK–EVEN ANALYSIS.

Revision

Learners have been introduced to break – even analysis, its importance, assumptions and limitations. In this lesson, learners would be taken through the computations of break – even analysis.

Learning tasks

- 1. Kenneth Ltd sells a product for GH¢105 per unit. Each of these products has a variable cost of GH¢84. The fixed cost of Kenneth Ltd is GH¢36,000.
You are required to calculate:
 - a) the units to be sold to earn a profit of GH¢22,00
 - b) the profits earned if 20,600 units were sold.
 - c) the profits earned if the selling price is reduced by GH¢15 and demand rises to 28,400 units.
- 2. Ambrose Ltd sells a product for GH¢65 per unit with a variable cost of GH¢41 and a fixed cost of GH¢30,000.
You are required to calculate the:
 - a. number of units to earn a profit of GH¢12,000
 - b. profit earned if the firm sells 2,200 units
 - c. the selling price to earn a profit of GH¢35,000 if 2,500 units of the products are sold.

Pedagogical Exemplars

Problem Based and Reflective learning

- 1. Through class discussions, revise with learners, the computations of contribution, variable cost and break-even units.
- 2. In mixed ability and mixed gender groups, provide learners with data for them to compute profits and selling price under different scenarios.
- 3. Ensure all learners have opportunities to contribute in their group discussions when making the above computations.
- 4. Provide opportunities for groups to present their computations for discussions and review. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 5. Teachers to move around groups, checking understanding throughout the lesson.
- 6. Assign proficient learners (P) to work as elbow partners with AP learners during the preparation of the Statement of Profit or Loss and the Statement of Financial Position from single-entry and incomplete records.
- 7. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 3: Group Work & Presentations

Boys–Girls Plc sells shoes for GH¢200 each. The fixed cost is GH¢250,000 per month with current demand at 7,000 shoes per month. Each shoe has a variable cost of GH¢148.

The organisation is considering two alternative proposals.

- a. reducing selling price by 15% which is expected to increase current demand by 10%.
- b. increase selling price by 5% which is expected to reduce current demand by 10%.

You are required to:

- i. calculate the current profit of the business.
- ii. calculate the profit based on proposal (a).
- iii. calculate the profit based on proposal (b),
- iv. advise Boys–Girls Plc on which of the proposals to undertake.

PLC Session 20

45 minutes Planning & Reviewing the Learning Plan

1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

4. Plan the week’s key assessment with your app

- a. The key assessment for the week is **group work & presentations**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the presentations (NTS 3k-3q).

10 minutes Content Exploration

5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
 - b. all teachers in the group work through a similar problem individually for 3–4 minutes
 - c. the group then works through the problem together step by step
 - d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
 - a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

5 minutes Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to

- a. transfer your chats into your learning planner template.
- b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
- c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 21

Learning Indicator: *Compute relevant costs to make decisions on special pricing order, make/buy and their implications for decision making*

Recap Weeks

Year 1 – Week 24: Relevant Costing and decision making – types of decisions and terms used in decision making.

FOCAL AREA 1: COMPUTE RELEVANT COST TO MAKE PRICING DECISIONS

Revision

Learners have been introduced to relevant costing and decision-making, types of decisions, and terms used in decision-making. In this lesson, learners will be taken through the computations involved in relevant cost analysis and the implications of decisions made.

Relevant Costing

Relevant costing focuses on future costs and revenues that differ between alternative decisions. It helps management make informed decisions by considering only the costs and revenues that will be impacted by the choice they make.

Principles of Relevant Costing

- i. Relevant costing involves identifying costs and revenues that are relevant to a specific decision.
- ii. Only future costs and revenues are considered.
- iii. Only incremental costs and revenues are considered.
- iv. Only cash flows are considered.

Learning Tasks

1. Explain the term: relevant cost.
2. Discuss the importance of relevant cost in decision making.
3. Distinguish between relevant cost and incremental cost.
4. The management of a printing house has received enquiry from a customer to print 30,000 leaflets for a political rally. The customer is prepared to pay GH¢25,000. Details on the cost of producing the leaflets are as follows:
 - a. Labour cost of producing these leaflets are GH¢80 per 1,000 leaflets.
 - b. The paper to be used would cost GH¢500 per 1,000 leaflets. There is sufficient paper to print only 20,000 leaflets. The excess must be purchased at GH¢600 per 1,000 leaflets.
 - c. Administrative overheads would be charged at 20% of factory cost.

You are required to:

- a. Calculate the relevant and irrelevant costs of making printing the leaflets.
- b. Calculate the profit that would be obtained as a result of accepting this job.

Pedagogical Exemplars

- 1. Revise with learners, the qualitative factors to consider in decisions making process.
- 2. Through class discussions, revise with learners, types of cost like relevant cost, irrelevant cost, opportunity cost, etc.
- 3. Learners think pair share the concept of relevant and irrelevant costs
- 4. In a whole class discussion, lead learners to identify relevant and irrelevant costs from a given data.
- 5. Extend class discussion by asking for contributions on how relevant cost might change between alternative decisions.

Problem Based learning

- 1. In mixed ability and mixed gender groups, provide learners with data for them to compute relevant and irrelevant cost and calculate production cost at different levels of output (learning task).
- 2. Ensure all learners have opportunities to contribute in their group discussions when making the above computations.
- 3. Provide opportunities for groups to present their computations for discussions and review.
- 4. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 5. Teachers to move around groups checking understanding throughout the lesson.
- 6. Assign proficient learners (P) to work as elbow partners with AP learners.
- 7. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 4: Group Work & Presentations

The data below relates to the activities of Bossy Productions

Production level	200 units	400 units
	GH¢	GH¢
Material	600	1,200
Direct Labour	300	600
Indirect Labour	250	250
Direct Expenses	500	1000
Rent	450	450
Advertisement	500	500

You are required to:

- a. Identify the relevant costs and irrelevant costs of Bossey Productions.
- b. Calculate the cost of producing 500 units of production.

FOCAL AREA 2: SHUT DOWN OF A DEPARTMENT / REMOVAL OF A PRODUCT DECISIONS

Revision

Learners have been introduced to relevant costing and decision-making, types of decisions, and terms used in decision-making.

The remaining lessons will introduce learners to different scenarios where they will be required to apply their understanding of cost and how this underpins business decisions. In this lesson, learners will be taken through the decisions involved in the deletion of a product or the discontinuation of a department or section.

Shut Down of a Department or deletion of a product Decisions

This is where a department or product is making losses and management is considering whether to stop producing the product or close down the department. Before a department or product is dropped or deleted, one must consider:

- a. The effects of total profits if the product is dropped.
- b. The proportion of fixed cost allocated to the product or department
- c. The reaction of customers, especially if two goods are demanded jointly.
- d. The redundancy cost to workers
- e. The future use of machines/equipment.

Learning tasks

- 1. The departmental accounts of Barnsi Shopping Mall are given as follows:

	Groceries	Detergents	Clothing	Pharmacy
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Sales	680	190	150	80
Cost of sales	490	100	110	30
Gross profits	190	90	40	50
Expenses				
Direct expenses	70	50	25	10
Allocated Fixed cost	65	20	25	15
Profits/ Loss	55	20	(10)	25

You are required to:

- a. Advise whether the Clothing Section should be closed down because of the losses?
- b. Explain other factors that management should consider before closing down the loss making department?

Pedagogical Exemplars

Problem-Based and Reflective learning

- 1. Revise with learners, the principles of relevant costing in the decision-making process.
- 2. Through class discussions, revise with learners, types of cost like relevant cost, irrelevant cost, opportunity cost, etc.
- 3. In mixed ability and mixed gender groups, provide learners with data for them to compute profits and contributions to determine whether a product should be discontinued or a department is closed down (learning task).
- 4. Ensure all learners have opportunities to contribute in their group discussions when making the above computations.
- 5. Provide opportunities for groups to present their computations for discussions and review.
- 6. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 7. Teachers to move round groups, checking understanding throughout the lesson.
- 8. Assign proficient learners (P) to work as elbow partners with AP learners.
- 9. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 4: Group Work & Presentations

Men’s Corner is a popular restaurant in Siwdu. The sale of okro soup is making losses and Management has provided you with the following Statement of Profit or Loss for the year ending 31st December, 2025.

	Tilapia	Banku	Okro Soup	Total
	GH¢	GH¢	GH¢	GH¢
Sales	340,000	260,000	200,000	800,000
Less Variable cost	(136,000)	(78,000)	(140,000)	(354,000)
Contribution	204,000	182,000	60,000	446,000
Less				
Product Fixed cost	60,000	80,000	20,000	160,000
Administrative cost	30,000	30,000	60,000	120,000
Total cost	90,000	110,000	80,000	280,000

Profits/ Loss	114,000	72,000	(20,000)	166,000

Required: Advise whether management should stop the sale of okro soup because of the losses.

PLC Session 21

45 minutes

Planning & Reviewing the Learning Plan

- 1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
- 2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
- 3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

- 4. Plan the week’s key assessment with your app
 - a. The key assessment for the week is **group work & presentations**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the presentations (NTS 3k-3q).

10 minutes

Content Exploration

- 5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)

- b. all teachers in the group work through a similar problem individually for 3–4 minutes
- c. the group then works through the problem together step by step
- d. highlight the most common errors made at each step and discuss (NTS 1c, 1e, 2c, 2e, 3e-3j).



Note

- This part is not just about ‘How do I teach this?’ but how do I teach it for learners to understand?
- If the group still shares the same content gap, use the app: ask it to solve the problem step by step and explain the reasoning behind each step.
- Problems/ideas discussed should be sourced from the Teacher Manual content, not invented separately. This keeps the content exploration directly connected to what teachers will deliver.

30 minutes

Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
 - b. After the enactment, ask for structured feedback from the group
 - i. was the concept explained in a way that a learner with no prior knowledge could follow?
 - ii. were the examples grounded in contexts familiar to Ghanaian learners?
 - iii. did any misconceptions surface and if so, how were they addressed?

5 minutes

Reflection

7. Reflect and share your views on the session. One thing that worked well, what did not work well and what you will do differently. (NTS 1a, 1b).
8. Identify a critical friend to observe and provide feedback on your lesson in relation to the PLC Session conducted (NTS 1f, 1g).
9. Remember to
- a. transfer your chats into your learning planner template.
 - b. read your Teacher Manual and related Learner Material in preparation for the next session. Take note of the recap weeks, which are linked to Years 1 and 2 (NTS 3a).
 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

WEEK 22

Learning Indicator: Compute relevant costs to make decisions on special pricing order, make/buy and their implications for decision making

Recap Weeks

Year 1 – Week 24: Relevant Costing and decision making – types of decisions and terms used in decision making.

Year 3 – Week 22: Decisions involving shut down of a department/deletion of a product line.

FOCAL AREA 1: ACCEPTANCE OR REJECTION OF A SPECIAL ORDER PRICING

Revision

Learners have been introduced to the principle of relevant costing and decision making involving the deletion of a product or the discontinuation of a department or section. In this lesson, learners would be taken through how to make special pricing decisions.

Special Selling Pricing Decisions

This relates to making pricing decisions which are outside the normal market price. They normally involve selling below the market price or making special orders of goods to customers at lower prices.

Things to consider:

- i. Look out for all relevant costs.
- ii. Sunk costs are historical costs and normally not relevant.
- iii. Replacement costs are necessary and should be considered.
- iv. Where there is spare capacity, relevant cost becomes irrelevant.
- v. Consider cost of overtime and cost of diverting labour.

Learning tasks

Zuma Ltd produces tiger nut drinks and is currently producing 35,000 bottles. The full capacity of the company is 45,000 bottles per month. The unit cost structure is as follows:

	GH¢
Direct labour	12
Direct Material	8
Variable manufacturing Overhead	2
Administrative overheads	8
Marketing overheads	3

Total cost **33**
Selling Price **40**

Additional Information

- i. Another company – Caleb Ltd has requested Zuma Ltd to produce 3,000 bottles of tiger nuts drinks for a special programme next month at GH¢20 per unit.
- ii. Caleb Ltd wants its own logo to be placed on the 3,000 units. It would cost Zuma Ltd GH¢1 to insert the logo.
- iii. Direct labour is a fixed cost in the short term.

Required

- a. List three qualitative factors that Zuma Ltd should consider before accepting the offer.
- b. Advise whether Zuma Ltd should accept the offer.
- c. Calculate the total profit of Zuma Ltd if the offer is accepted.

Pedagogical Exemplars

Problem Based and Reflective learning

- 1. Revise with learners the principles of relevant costing in the decision-making process.
- 2. Through class discussions, revise with learners the conditions to be considered before a product is discontinued or a department is closed down.
- 3. Through class discussions, let learners identify the conditions to be considered in deciding to accept or reject a special order price.
- 4. In mixed ability and mixed gender groups, provide learners with data for them to compute relevant costs to determine whether a special price should be accepted or not (learning task).
- 5. Ensure all learners have opportunities to contribute in their group discussions when making the above computations.
- 6. Provide opportunities for groups to present their computations for discussions and review.
- 7. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 8. Teachers to move round groups, checking understanding throughout the lesson.
- 9. Assign proficient learners (P) to work as elbow partners with AP learners.
- 10. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 4: Group Work & Presentations

Tanko Industries produces mobile phones which is marketed within West Africa. Customers are given a power bank when they purchase the mobile phones. The cost of producing the power bank by Tanko Ltd is as follows:

Item	GH¢
Direct Materials	250
Labour	200
Variable overheads	150

Additional Information:

- 1. Fixed overheads are absorbed at 20% of prime cost.
 - 2. The material for the production of power bank is obtained as a by – product of another process. It can be sold for GH¢100 if it is not used for the power bank.
 - 3. The existing labour force can be paid GH¢120 as overtime to work on the production of power bank.
 - 4. Variable and fixed overheads are expected to remain unchanged throughout the year.
- Abuga Ltd has offered to sell a similar quality power bank to Tanko Ltd for GH¢550.
- You are required to calculate:
- a. the current cost of producing the power bank.
 - b. the relevant cost of producing the power bank.
 - c. advice the management of Tanko whether to accept or reject the offer of Abuga Ltd.

FOCAL AREA 2: ACCEPTANCE OR REJECTION OF A SPECIAL ORDER PRICING

Revision

Learners have been introduced to principle of relevant costing and decision making involving the deletion of a product or discontinuation of a department or section. This lesson is a continuation of accepting or rejecting a special order pricing.

Learning tasks

Paddex employs 10 security personnel who are paid GH¢1,200 each per month. In addition, they are paid transport and dressing allowance of GH¢100 and GH¢120 each per month, respectively. The company also pays social security of 10% of the basic salary on behalf of each worker to SSNIT. The chief supervisor of the ten security personnel is paid GH¢2,000.

Tongu Securities has offered to provide security services to Paddex at a cost of GH¢2,000 per person per month for 8 workers.

You are required to:

- a. Compute the total cost of providing security services internally.
- b. The cost of outsourcing the security services
- c. Advice whether Paddex should outsource its security services.

Pedagogical Exemplars

Problem Based and Reflective learning

- 1. Through class discussions, revise with learners, the conditions to be considered before a product is discontinued or a department is closed down.
- 2. Through class discussions, let learners identify the conditions to be considered in deciding to accept or reject a special order price.
- 3. In mixed ability and mixed gender groups, provide learners with data for them to compute for relevant costs to determine whether a special price should be accepted or not.
- 4. Ensure all learners have opportunities to contribute in their group discussions when making the above computations.
- 5. Provide opportunities for groups to present their computations for discussions and review.
- 6. Provide simplified explanations for learners with lower understanding (AP). Use visuals such as templates or worked examples to aid comprehension.
- 7. Teachers to move around groups checking understanding throughout the lesson.
- 8. Assign proficient learners (P) to work as elbow partners with AP learners.
- 9. HP learners could be provided with additional or more complex scenarios to further develop their understanding.

Key Assessment Level 4: Group Work & Presentations

Mendy Manufacturing produces a balm for the physio market. Current monthly production is 25,000 units. Details of the current cost of production is given below:

	GH¢
Direct Materials	125,000
Direct labour	100,000
Variable overheads	50,000
Fixed overheads	25,000
Advertisement	40,000
Distribution	35,000

The balm is sold at GH¢20 per unit. Owusu Healing Centre has requested for a supply of 5,000 units and is prepared to pay GH¢14 per unit. Owusu’s request will not affect Mendy’s operations as Mendy has excess capacity to produce more.

You are required to:

- a. Calculate the current cost of production per unit.
- b. The relevant cost of producing the request of Owusu.
- c. Advise Mendy whether to accept or reject the offer.

PLC Session 22

45 minutes Planning & Reviewing the Learning Plan

- 1. Begin the session by recapping lessons from the previous year/session/week, focusing on how learning was applied.
- 2. Use your subject specific app to explore the content before planning. Ask the app to
 - a. explain the week’s concepts in a practical way that will make it easier for learners to understand
 - b. identify two or three common misconceptions learners may have on the week’s content and how to address them using contexts familiar to Ghanaian learners. (NTS 3a, 3g and 3m).
- 3. Use your subject specific app to plan your lesson. Ask the app to
 - a. suggest the most effective method for teaching the week’s concepts to learners with diverse backgrounds.
 - b. suggest learning activities, differentiation and essential questions based on the method of teaching (NTS 3a-3q)
 - c. review your prepared learning plan and address any challenging issues you may have identified in your subject area (NTS 3a-3c).



Note

- Take note of the recap topics linked to Years 1 and 2 while preparing for your lesson.
- Refer to the Values Learning Community Handbook and link the values for the week in your lesson to ensure that learners are applying what they learn.

- 4. Plan the week’s key assessment with your app
 - a. The key assessment for the week is **group work & presentations**. Chat with your app to plan this assessment, indicating what you and your learners will do before, during and after the presentations (NTS 3k-3q).

10 minutes Content Exploration

- 5. As a subject group, select one problem or idea/term in the week’s content that is challenging (not a routine procedural question, but one that requires conceptual understanding) and then
 - a. use the app, ask it to solve the problem step by step and explain the reasoning behind each step (you may be assisted by a teacher who is strong in the content area)
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 - c. the group then works through the problem together step by step
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30 minutes

Enactment

6. Enact a teaching activity based on your learning plan (NTS 1a-1b, 1e-1g, 2c, 2e, 2f, 3c-3j and 3o).
- a. Colleagues observe with specific attention to clarity of concept explanation, use of familiar Ghanaian examples and how misconceptions are handled if they arise.
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5 minutes

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 - c. integrate National Values, GESI, SEL, and 21st century skills into your learning activities, assessment tasks, and rubrics/mark schemes.

Section Review

This section provided comprehensive coverage of computations for budget preparation and variance analysis. Over the last three weeks, learners were engaged in various pedagogical approaches, such as group discussions, group presentations, and problem-based learning, which facilitated active learning and the practical application of theoretical knowledge. In week 20, learners were taken through break-even analysis. Weeks 21 - 22 focused on relevant decision making. Learners were equipped with the skills to make decisions in various

scenarios, such as deleting a product line, accepting or rejecting a special pricing order, and determining the relevant cost of a production process.

MARKING SCHEMES FOR THE KEY ASSESSMENTS

WEEK 20

Focal Area 1

Variable cost per unit

	Production units	Total cost
High	5,000	82,000
Low	2,000	40,000
Difference	3,000	42,000

Variable Cost = Difference in cost / difference in production units

$42,000 / 3,000 = \text{GH}\text{c}14$

Fixed Cost

$\text{FC} = 82,000 - (14 \times 5,000) = 82,000 - 70,000 = \text{GH}\text{c}12,000$

Break even point in units

$\text{BEP (Units)} = \text{Fixed Cost} / \text{Contribution per unit}$
 $= 12,000 / (20 - 14)$
 $= 12,000 / 6 = 2,000 \text{ units.}$

Break even in value

$\text{Break even in units} \times \text{selling price} = \text{Material Price variance} = \text{AQ (SP - AP)}$
 $= 2,000 \text{ units} \times \text{GH}\text{c}20 = \text{GH}\text{c}40,000$

Focal Area 2

Current profit

		GHc
Sales Revenue	7,000 units x GHc200	1,400,000
Variable Cost	7,000 units x GHc148	1,036,000
Contribution		364,000
Less fixed cost		(250,000)
Profit		114,000

Profit based on Proposal (a)

		GHc
--	--	-----

Sales Revenue	7,700 units x GH¢170	1,309,000
Variable Cost	7,700 units x GH¢148	1,139,600
Contribution		169,400
Less fixed cost		(250,000)
Profit		(-80,600)

Profit based on Proposal (b)

		GH¢
Sales Revenue	6,300 units x GH¢210	1,323,000
Variable Cost	6,300 units x GH¢148	932,400
Contribution		390,600
Less fixed cost		(250,000)
Profit		140,600

Advice

Boys – Girls Plc should implement proposal (b) since current profit will increase by GH¢ 26,600; that is from GH¢114,000 to GH¢140, 600. Proposal (a) would result in a loss.

WEEK 21

Focal Area 1

Cost of producing 500 units

	Workings	Unit cost	500 units
		GH¢	GH¢
Material	1,200 /400	3	1,500
Labour	600 /400	1.5	750
Direct Expense	1,000 / 400	2.5	1,250
Add Fixed cost			
Indirect labour			250
Rent			450
Adverts			500
Cost of 500 units			4,700

Focal Area 2

Calculation of total profit without the sale of okro soup.

	Tilapia	Banku	Total
	GH¢	GH¢	GH¢
Sales	340,000	260,000	600,000
Less Variable cost	(136,000)	(78,000)	(214,000)
	204,000	182,000	386,000
Less			
Product Fixed cost	(60,000)	(80,000)	(140,000)
Contribution	144,000	102,000	246,000
Less Administrative cost			(120,000)
Profit without okro soup			126,000

Advice

Men’s Corner Restaurant should continue to sell the Okro Soup since profit will fall by GH¢40,000. That is from GH¢166,000 - GH¢126,000; if they stop selling Okro Soup. Also, there can be a fall in the sales of Banku since the customers who buy Banku with Okro soup may stop buying from them.

WEEK 22

Focal Area 1

Current Cost of producing the Power Bank

		GH¢
Materials		250
Labour		200
Prime cost		450
Variable overheads		150
Fixed overheads	20% x 450	90
		690

Relevant cost of producing the Power Bank

		GH¢
Materials		100
Labour		120
Prime cost		220
Variable overheads		150

Fixed overheads	20% x 220	<u>44</u>
		414

Advice to management of Tanko Ltd

Tanko Ltd should not buy the power bank form Abuga Ltd. They should continue to produce it internally.

Focal Area 2

Calculate the current cost of production per unit.

	GH¢
Direct Materials	125,000
Direct labour	100,000
Variable overheads	50,000
Fixed overheads	25,000
Advertisement	40,000
Distribution	<u>20,000</u>
Total cost of production	<u>375,000</u>

Cost per unit = 375,000/ 25,000 units = GH¢15

The relevant cost of producing the request of Owusu.

		GH¢
Direct Material	GH¢5 x 5,000	25,000
Direct labour	GH¢4 x 5,000	20,000
Variable overheads	GH¢2 x 5,000	<u>10,000</u>
		<u>55,000</u>

Cost per unit = GH¢55,000 / 5,000 = GH¢11.

Advice Mendy whether to accept or reject the offer.

Mendy Manufacturing should accept the offer in order to make a profit of GH¢4 per unit. (GH¢15 - GH¢11). Total profit would be GH¢4 x 5,000 units = GH¢20,000

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