REPUBLIC OF BOTSWANA

BOTSWANA GENERAL CERTIFICATE OF SECONDARY EDUCATION

TEACHING SYLLABUS

ACCOUNTING

Ministry of Education
Department of Curriculum Development and Evaluation

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A. INTRODUCTION

Accounting in the Senior Secondary Curriculum aims at preparing learners for further education, personal use and the world of work. The Botswana General Certificate of Secondary Education (BGCSE) Accounting Syllabus has been designed to build on the foundations laid by the Junior Secondary Business Studies syllabus. It also caters for learners who are very motivated but have had no previous encounter with Accounting.

The syllabus has been developed on the basis that Accounting has been allocated 4 periods per week of 40 minutes each in the school timetable. The subject is one of the optional subjects within the framework of the entire Senior Secondary programme.

B. RATIONALE

The study of Accounting will help learners acquire the skill of recording, classifying and summarising financial transactions. It will also develop in them the skills of interpreting and reporting financial information both manually and electronically. It will help learners acquire skills for planning, budgeting and decision-making.

Accounting aims at developing in learners moral and ethical values necessary for accountability in financial matters. Through the study of Accounting, learners will develop an appreciation for neatness, orderliness, thoroughness and accuracy in their daily lives. It will form the basis of financial management skills required in farming, government, industrial and commercial activities as well as in the home, all very necessary in a developing country such as Botswana.

Accounting relates to other subjects such as Business Studies, Economics, Computer Studies and Commerce. Accounting knowledge is useful to other practical subjects like Home Economics, Agriculture, Design and Technology and Art. Accounting information is essential to owners of business enterprises, individuals and external interested parties for making effective economic decisions.

C. AIMS OF THE SENIOR SECONDARY PROGRAMME

On completion of the two year Senior Secondary Programme learners should have:

1. acquired knowledge, developed confidence and ability to assess their personal strengths and weaknesses and be realistic in choosing appropriate career/employment opportunities and or further education and training.
2. developed skills to assist them in solving technical and technological problems as they relate to day-to-day life situations.
3. developed desirable attitudes and behavioural patterns in interacting with the environment in a manner that is protective, preserving and nurturing.
4. acquired attitudes and values, developed basic skills and understanding to allow for execution of rights and responsibilities as good citizens of Botswana and the world.
5. developed information technology skills as well as an understanding and appreciation of their influence in the day-to-day activities.

6. acquired knowledge, attitudes and practices that will ensure good family and health practices including awareness and management of epidemics (such as HIV/AIDS) that prepare them for productive life.
7. developed pre-vocational knowledge and manipulative skills that will enable them to apply content learnt and attitudes and values developed to practical life situations in the world of work.
8. developed an understanding of and acquired skills in business, everyday commercial transactions and entrepreneurship.
9 developed foundation skills such as problem solving, critical thinking, communication, inquiring, team work/interpersonal to help them to be productive and adaptive and to survive in a changing environment.
10. developed study skills required for further study and training.

D AIMS OF THE SENIOR SECONDARY SCHOOL ACCOUNTING SYLLABUS

On completion of the two year Accounting course students should have developed:

- knowledge and skills of numeracy, literacy, communication, enquiry, presentation and interpretation.
- knowledge and understanding of accounting terminologies, concepts, conventions and procedures.
- knowledge and understand of the aims, activities and accounting procedures in farming, manufacturing, trading and non-trading organisations.
- knowledge and understanding of the principles and purposes of accounting in providing information for monitoring and making effective decisions appropriate to the needs of profit making and non-profit making organisations.
- knowledge of basic business process and entrepreneurial skills.
- positive work habits, values and attitudes such as accuracy, neatness and orderliness necessary for the world of work.
- an appreciation of the use of computers in the business world, and of using accounting software for recording business transactions and the production of financial reports.
- critical and logical thinking, self-reliance and initiative, which will serve as the basis for further training in business.
- an appreciation of the environment and how changes in the environment affect business activities.

E RECOMMENDED TEACHING METHODS

The syllabus encourages a learner-centred approach to learning and teaching as emphasised in the Curriculum Blueprint. In such an approach, the learner is at the centre of most activities and the teacher plays a facilitating role for learning to take place. This means the teacher should use a variety of action oriented methods, such as case studies, visits to business organisations, simulations, group discussions, exercises and class presentations to get the learners participate actively in the learning and teaching processes. The teacher is required to keep up to date with changes in accounting practices and bring the relevant development in the accounting profession into the classroom.

In order to facilitate the learner-centred approach, there should be planning by both teacher and learners. The teaching method should lead to the application of accounting principles and concepts to real business situations. Wherever possible, a resource person from the accounting profession should be invited to give demonstrations in order to facilitate practical learning.

F ASSESSMENT OBJECTIVES

Accounting in the curriculum should aim at providing learners with experiences, which cover the following domains: knowledge, understanding, application, analysis, evaluation, judgement and decision-making. The domains expected to be covered should provide guidance in the assessment of learners.

Learners should be able to:

1 Knowledge and understanding

1.1 demonstrate appropriate knowledge and understanding of facts, terms, concepts, conventions, principles and techniques in accounting.

1.2 demonstrate understanding of the appropriate accounting knowledge through numeracy, literacy, presentation and interpretation.

2 Application and Evaluation

2.1 analyse and present information in an appropriate accounting format;

2.2 interpret and evaluate accounting information and draw reasoned conclusions;

2.3 display an understanding of the role and the limitations of accounting information as a basis for decision-making;

3 Judgement and Decision making

3.1 present reasoned explanations, understand implications and communicate them in an accurate and logical manner;

3.2 make reasoned judgements and present accurate recommendations and conclusions.

G ASSESSMENT

To ensure that learners achieve the set aims, the scheme of assessment of the BGCSE Accounting syllabus will consist of school based assessment and terminal examination. School based assessment in the form of tests (e.g. diagnostic, aptitude, achievement, oral, practice, performance) exercises, assignments, discussions, investigation and project work will be used for improving instruction and for guiding progression.

Examination syllabus will be developed by the examining body to provide teachers with guidelines on the objectives to be tested.

H ORGANISATION OF THE SYLLABUS

The syllabus is organised around broad content areas called modules and each module has one unit or more. **The units are listed under their respective modules. This, however, does not represent a sequence for teaching. The teachers should decide in which sequence the modules and even the units are to be taught.** The units are subdivided into topics. Each topic consists of general objectives, which give rise to specific objectives. The specific objectives describe what learners are expected to do. These objectives are differentiated into **core** and **extended**. The extended specific objectives are highlighted in ***bold italics***. All learners are expected to follow the core specific objectives. The **extended** objectives provide more challenging work for those learners able to benefit from it.

MODULE 1: BASIC ACCOUNTING SYSTEMS

UNIT 1.1: BASIC PRINCIPLES AND CONCEPTS OF ACCOUNTING

Topic	**General Objectives**	**Specific Objectives**
	Students should be able to:	Students should be able to:
Introduction to Accounting	understand the nature and functions of accounting.	– explain the meaning of accounting – explain the objectives of accounting – explain the importance of accounting information to various users. – identify the branches of accounting (Cost & Management Accounting, Financial Accounting). – explain the business entity and money measurement concepts.
The Accounting Equation	Demonstrate understanding of the accounting equation.	– state the accounting equation – explain the elements of the accounting equation. – explain the relationships between the elements of the accounting equation. – explain the balance sheet and its components. – relate the accounting equation to the balance sheet – illustrate the effects of transactions (assets, liabilities, drawings, revenue, capital, expenses) on the accounting equation and the balance sheet.
Double Entry System	Demonstrate understanding of the principle of double-entry system.	– explain the meaning of the double entry system in relation to the dual concept – relate the accounting equation to the double entry system – state the rules of double entry – illustrate the rules of double entry

The Ledger	Demonstrate understanding and acquire skills of recording transactions in the ledger.	– explain the ledger and its importance – identify the uses of the columns of a ledger account – record transactions using the double entry system (for capital, assets, liabilities, expenses, income, drawings) – divide the ledger into specialist areas(sales, purchases, general) – record transactions in the sales, purchases and general ledgers in the traditional and running balance methods. – balance off accounts in the ledger – explain the balances on the ledger accounts.
The Trial Balance	Understand and prepare the trial balance.	– explain the meaning of the trial balance – state the reasons for preparing a trial balance – prepare a trial balance – explain why trial balance totals should equal one another

UNIT 1. 2: SUBSIDIARY BOOKS

Topic	General Objectives	Specific Objectives
	Students should be able to:	Students should be able to:
Introduction to Subsidiary Books	Understand why the various books of prime entry are used.	– define subsidiary books – list the types of subsidiary books – identify the documents used to record in the subsidiary books – explain the benefits to the business of using subsidiary books – explain the accounting cycle/process.
Purchases Journal	Recognise and use original business documents in credit purchases.	– differentiate between cash and credit purchases. – explain the importance of checking invoices against delivery notes and purchase orders. – state the contents of the purchases invoice
	Demonstrate understanding and acquire the skill of recording credit purchases in the journal.	– explain why the purchases journal is used. – prepare the purchases journal from details extracted from the purchases invoice – post from the purchases journal to the purchases and general ledgers.
Sales Journal	Recognise, understand and use original business documents in credit sales.	– differentiate between cash and credit sales. – state the need for credit control. – State the contents of the sales invoice – explain the terms relating to sales on the invoice (trade discount, E&OE, cash discount, carriage forward, carriage paid)
	Demonstrate understanding and acquire the skill of recording credit sales in the journal.	– explain why the sales journal is used. – prepare the sales journal from details extracted from the sales invoice. – post from the sales journal to the sales and the general ledgers

Returns Journal	Demonstrate an understanding of recording returns inwards and outwards from source documents.	– explain returns inwards and outwards – explain the reasons for returns – describe the credit and debit notes – record returns in the journals – post from the returns inwards and outwards journals to the appropriate ledgers.
General Journal	Demonstrate an understanding and acquire the skill of recording in the general journal.	– explain the importance of the general journal – explain the uses of columns of the general journal – state the uses of the general journal – record in the general journal using narratives – post from the general journal into the ledgers.
The Cash Books	Demonstrate understanding and acquire the skill of recording in the cash books.	– state the types of bank accounts – explain the payments through the banking system (standing order, direct debit, credit transfer, etc.) – complete a cheque and paying in slip – list the types of cash books (two column, three column, analysis, petty cash) – explain why the cash book is used – record transactions in the two and three columns cash books and balance them – explain bank overdraft – differentiate between cash and trade discounts – post from three columns cash book into the ledgers – record transaction in the petty cashbook using the imprest system and balance it – record transactions in the analysis cash books (cash receipt journal and cash payment journal) – post the analysis cash book to the ledgers

UNIT 1. 3: VERIFICATION OF ACCOUNTS

Topic	General Objectives	Specific Objectives
	Students should be able to:	Students should be able to:
Bank Reconciliation	Acquire the skill of preparing bank reconciliation statement.	– explain the meaning of bank reconciliation. – explain the need to confirm bank account records with bank statement records. – explain the causes and effects of differences between bank account records and bank statement records. – describe the procedure for reconciling bank account records with bank statement records – complete the entries in the cash book – prepare a bank reconciliation statement including an overdraft.
Correction of Errors	Acquire knowledge and understanding of the treatment of errors in the ledger accounts.	– state the errors which do not affect the trial balance – explain errors which do not affect the trial balance – correct errors which do not affect the trial balance using the journal – ***explain the errors which affect the trial balance*** – ***explain the suspense account*** – ***correct the errors which affect the trial balance using a suspense account***
Control Accounts	Demonstrate the use of control accounts in locating errors.	– explain control accounts – explain the purpose of control accounts – state the sources of information for control accounts – prepare debtors' and creditors' control accounts – ***reconcile the purchases ledger and sales ledger with their respective control accounts***

UNIT 1.4: ACCOUNTING CONCEPTS AND CONVENTIONS

Topic	General Objectives	Specific Objectives
	Students should be able to:	Students should be able to:
Accounting Concepts	Show understanding of the use of accounting concepts for external reporting purposes.	– identify the accounting concepts (costs, money measurement, entity, dual aspect, realisation, time interval, going-concern, consistency, prudence, accrual, substance over form, materiality, matching) – explain each of the accounting concepts – illustrate each of the accounting concepts. – ***explain the limitations of accounting concepts*** – ***discuss the implications of the accounting concepts in financial recording and reporting***

UNIT 1.5: COMPUTERISED ACCOUNTING

Topic	General Objectives	Specific Objectives
	Students should be able to:	Students should be able to:
Computers in Accounting	Acquire knowledge and understanding of computers in accounting.	– explain how computerised accounting depends on manual accounting – explain the advantages and disadvantages of computerised accounting – differentiate between computer hardware and software – identify accounting software packages (e.g. QUICKBOOKS, ACCPAC, PASTEL, BRILIANT) – state the uses of accounting software packages
Using accounting software	Demonstrate the use of accounting software in preparing financial statements.	– explain the structure of the spreadsheet – record transactions using the spreadsheet – prepare financial statements using the spreadsheet – ***explain how to load an accounting software program such as the QUICKBOOKS*** – ***explain a 'menu' in accounting software*** – ***explore an accounting software program (e.g. QUICKBOOKS)*** – ***use an accounting software program (e.g.***

		QUICKBOOKS) to record purchases and sales.

MODULE 2: FINANCIAL STATEMENTS

UNIT 2.1 ACCOUNTS OF SOLE TRADER

Topic	General Objectives	Specific Objective
	Students should be able to:	Students should be able to:
Final Accounts	Demonstrate understanding of how to prepare the trading and profit and loss accounts of a merchandised business.	– explain a sole trader in relation to profit – state the purpose of preparing the trading, profit and loss accounts – differentiate between gross profit and net profit – close the nominal accounts affecting the trading and profit and loss accounts – explain how the closing stock is valued (cost and net realisable value) – determine the cost of goods sold and the gross profit in the trading account – draw up a trading and profit and loss accounts in a vertical format from trial balance
	Demonstrate understanding of how to prepare the income statements of a service business.	– explain the differences between a merchandised business and a service business – explain the format of the income statement of a service business – draw up the income statement in a vertical format of a service business
	Demonstrate understanding of how to prepare the balance sheet of a sole trader	– explain the meaning of the balance sheet – identify the components of the balance sheet – explain how balance sheet items are presented – prepare a balance sheet of a sole trader in a vertical format (items in order of performance and liquidity) – ***evaluate the usefulness of the final accounts in presenting information of users***

UNIT 2.2 ADJUSTMENTS IN THE ACCOUNTS

Topic	General Objectives	Specific Objective
	Students should be able to:	Students should be able to:
Adjustments for Final Account	Acquire knowledge of how to adjust the nominal ledger accounts before the preparation of the final accounts	– explain the need for final accounts adjustments,(using matching/accrual prudence concepts) – explain accrued expenses and income prepaid expenses and revenue received in advance (using matching/accrual concepts) – adjust expenses accounts for accruals and prepayments – make adjustments for goods taken by owner for own use. – adjust revenue accounts for amount owing and received in advance (matching concept) – prepare final accounts with adjustments – ***discuss the importance of the going concern consistency, accrual and prudence concepts in preparing accounting statements*** – ***show the effects of errors on profit and the balance sheet*** – ***show the effects of the corrected errors on the trial balance, profit and the balance sheet.***
Bad Debts and Provision for Doubtful Debts	Acquire knowledge and skills in recording bad debts and provision for doubtful debts in the final accounts	– explain the meaning of bad and doubtful debts – explain the need to declare some debts as bad and to provide for doubtful debts(matching, conservatism or prudence concepts) – show the accounting entries for writing off bad debts – ***show the accounting entries for the recovery of bad debts*** – ***explain how the provision for doubtful debts is estimated (e.g. Ageing of debts)*** – ***show the accounting entries for creating provision for doubtful debts*** – ***show the effects of provision for doubtful debts on the net profit and the balance sheet*** – ***show the accounting entries for increasing and decreasing the provision for doubtful***

		debts

Provision for Discount	Make the necessary entries for provision for discount against debtors	– explain the need for provision for discount allowed (prudence concept) – ***show the accounting entries of provision for discount*** – ***show the effect of provision for discount on the net profit and the balance sheet***
Depreciation of Fixed Assets	Demonstrate an understanding of the nature and calculation of depreciation	– explain the meaning of depreciation and its effects on fixed assets (prudence and matching concepts) explain the causes of depreciation – explain the methods of depreciation(straight line, reducing balance, revaluation) – calculate depreciation using the above methods – ***state the advantages and disadvantage of each of the above methods of depreciation***
	Acquire knowledge of recording depreciation in the general ledger	– record depreciation of fixed assets in the ledger using the provision for depreciation account – show the effect of depreciation on net profit and the balance sheet – ***record disposal of fixed assets and the adjustment needed in the assets, provisions for depreciation and disposal of assets accounts.***

UNIT 2.3 PARTNERSHIP ACCOUNTS

Topic	General Objective	Specific Objective
	Students should be able to:	Students should be able to:
Nature of Partnership	Understand the nature of partnership	– explain the meaning of partnership – explain the features of partnership agreement – explain the position of the partnership when there is no partnership deed
Accounting for Partnership	Demonstrate understanding and the skill of preparing the final accounts of partnerships	– explain the composition of the final accounts of a partnership – explain the importance of the appropriate account – Prepare profit and loss appropriation account – differentiate between fixed and fluctuating capital accounts – explain the importance of the current account of partners – prepare the capital and current account of partners in the ledger – prepare the partnership final accounts – explain the meaning of goodwill – ***prepare the accounting entries for goodwill on admission of a new partner*** – state the accounting differences between a sole trader and a partnership
Purchase of Business	Demonstrate an understanding of the accounting entries required for the purchase of a business either by the sole trader of partnership	– ***explain the factors that may affect the purchase price of business*** – ***calculate the goodwill and adjust for the revaluation of assets for a business purchased*** – ***explain the need to re-value some of the assets of a business purchased*** – ***differentiate between the purchase of a business by a sole trader and the amalgamation of two sole traders' business*** – ***record the purchase of a business in the buyer's books of account*** – ***prepare the balance sheet of a business which has bought another business or two businesses which have amalgamated***

UNIT 2.4 INTRODUCTION TO COMPANY ACCOUNTS

Topic	General Objectives	Specific Objective
	Students should be able to:	Students should be able to:
Limited Liability Company	Acquire knowledge on capital structure of a limited liability company	– explain the meaning of limited company – explain shares and debentures – differentiate between types of share (ordinary and preference) – classify the share capital of a limited company (authorised, issued, called-up, uncalled, calls in arrears, paid –up)
Final Accounts	Demonstrate understanding and skills by preparing simple final accounts of limited liability company.	– identify the items of differences between the trading, profit and loss accounts of a sole trader/partnership and a limited liability company – explain interim and final dividends – ***Calculate the interim and final dividends*** – explain capital reserves, general reserves, special reserves and shareholders fund – ***prepare a simple trading, profit and loss and appropriation account of a limited company*** – ***Identify the items of difference between the balance sheets of sole trader/partnership and a limited company*** – ***prepare a simple balance sheet of a limited liability company*** – ***Calculate the share holder's fund***

UNIT 2.5: CASH FLOW STATEMENT OF A SOLE TRADER

Topic	General Objective	Specific Objective
	Students should be able to	Students should be able to:
Sources and application of cash	Acquire knowledge and understanding of the sources and application of cash for a business organisation.	– ***explain the meaning of cash flow statement*** – ***explain the need for cash flow statement*** – ***differentiate between profit and liquidity*** – ***identify the source of cash for a business*** – ***identify the application of cash for a business***
Draw cash flow statement	Demonstrate an understanding of the preparation of cash flow	– ***adjust the net profit to take account of items which do not involve the movement of cash***

	statement.	***during the period*** – ***prepare a cash flow statement*** – ***state the uses of cash flow statement***

MODULE 3: OTHER FORMS OF ACCOUNTS

UNIT 3.1: MANUFACTURING ACCOUNTS

Topic	**General Objectives**	**Specific Objectives**
	Students should be able to:	Students should be able to:
Production Costs	Demonstrate understanding of calculating production costs.	– explain the purpose of preparing the manufacturing account – calculate cost of raw materials used – explain direct and indirect costs with examples – explain the term 'prime cost' – calculate prime cost of production – explain the term factory overheads with examples – explain work in progress – calculate production cost – calculate the unit cost of production
Manufacturing, trading and profit and loss accounts	Demonstrate understanding and skill of preparing manufacturing, trading and profit and loss account.	– explain the relationship between manufacturing account and trading account – prepare the manufacturing, trading, profit and loss accounts – ***explain market price of manufactured goods*** – ***ascertain the manufacturing profit or loss*** – prepare the balance sheet of a manufacturing business

UNIT 3.2: SINGLE ENTRY AND INCOMPLETE RECORDS

Topic	General Objectives	Specific Objectives
	Students should be able to:	Students should be able to:
Final Accounts from incomplete records	Demonstrate understanding of calculating profit or loss by capital comparison.	– explain the meaning of single entry and incomplete records – state the disadvantages of single entry and incomplete records as a method of bookkeeping – use the accounting equation to show that profit increases capital – prepare statement of affairs to ascertain the capital – calculate profit or loss by comparing the capital at the beginning and capital at the end
	Demonstrate understanding of preparing final accounts from single entry and incomplete records.	– calculate credit purchases using total creditors account – calculate credit sales using total debtors account – ***calculate missing figures using various ledger accounts and cash book*** – ***prepare trading, profit and loss accounts from all the information available*** – ***prepare the balance sheet from all the information available***

UNIT 3.3: NON-PROFIT MAKING ORGANISATIONS

Topic	General Objectives	Specific Objectives
	Students should be able to:	Students should be able to:
Receipts and payments account	Demonstrate understanding of preparing receipts and payments account of non-trading organisations.	– differentiate between a trading organisation and non-trading organisation – state the sources of revenue of the non-trading organisations – state the items of expenditure of non-trading organisations – prepare the receipts and payments account of non-trading organisation
Income and expenditure account and the balance sheet	Make adjustments and prepare the income and expenditure account and the balance sheet of non-trading organisations.	– explain the difference between capital and revenue receipt; capital and revenue expenditure – ***prepare the subscriptions account*** – ***differentiate between receipts and payments account; and income and expenditure account*** – ***make adjustments in the accounts of non-trading organisations*** – prepare the trading account of fund raising activities of non-trading organisation – prepare the income and expenditure account – ***calculate the accumulated fund*** – ***prepare the balance sheet***

UNIT 3.4: PAYROLL ACCOUNTING

Topic	General Objectives	Specific Objectives
	Students should be able to:	Students should be able to:
Payroll records	Acquire knowledge of the methods of remuneration and payroll records in business.	– explain the two major ways of calculating remuneration (time rate and piece rate) – identify the main documents used in processing payroll (clock card, time sheet, pay slip, register/wages sheet) – complete the clock card and time sheet
Bookkeeping entry for payroll	Acquire the skill of preparing pay roll accounts.	– explain voluntary and statutory deductions – explain gross and net pay – calculate gross and net pay – complete the payroll register, pay slip, wages sheet – ***journalise the entries in the payroll sheet*** – ***post the journal entries for payroll into the accounts in the general ledger***

UNIT 3.5: FARM ACCOUNTS

Topic	General Objectives	Specific Objectives
	Students should be able to:	Students should be able to:
Farm income and expenses	Demonstrate understanding of the nature of farm income and expenses.	– explain the importance of farm records and accounts – identify the records to be kept on the farm – complete crop record and livestock books – identify the sources of farm income and expenses – calculate the cost of farm produce – estimate the selling price of farm produce – value the produce used by the farmer and the workers
Farm profit and loss and the balance sheet	Demonstrate understanding of preparing farm profit and loss account and the balance sheet.	– calculate the value of closing stock of farm produce and livestock using standard rates – prepare farm profit and loss account – value farm equipment and buildings – prepare the farm balance sheet

MODULE 4: INTERPRETATION OF ACCOUNTS

UNIT 4.1: INTERPRETTION OF ACCOUNTS

Topic	**General Objectives**	**Specific Objectives**
	Students should be able to:	Students should be able to:
Ratios	Acquire knowledge and develop understanding of the calculation and significance of accounting ratios.	– explain the meaning of accounting ratios – classify accounting ratios into profitability, liquidity, efficiency and capital structure – define liquidity ratios – calculate liquidity ratios (current, quick) – ***explain the uses of liquidity ratios*** – define efficiency ratios – calculate efficiency ratios (rate of stock turn, collection period of debtors, payment period of creditors) – ***explain the uses of efficiency ratios*** – define profitability ratios – calculate profitability ratios (percentage of gross profit and net profit to sales, net profit as a percentage of capital employed) – ***show the effects of transactions on the working capital*** – ***make suggestions and recommendations for improving profitability and working capital*** – ***explain the uses of profitability ratios.***
Interpretation and evaluation of final accounts	Demonstrate the uses of accounting ratios for the interpretation and evaluation of business performance.	– ***discuss the importance of accounting ratios to owner-manager, trade creditors, lenders and employees*** – ***compare accounting ratios over time and within industry*** – ***discuss the limitations of accounting ratios*** – ***show the interrelationship of gross and net profits to valuation of stock, rate of stock turn, turnover, expenses, capital***