Appendix F – Framework augmented from Fitzgerald Schumer (1962)

Liabilities

Creditors

Current

Deferred

Long-term

Trade payables

Discount received

Accrued wages

Secured

Unsecured

Short-term loan

HP contracts

Bank overdraft

Secured

Unsecured

Long-term loans

Unsecured loan
APPENDIX G – PROPOSED BALANCE SHEET (AICPA 1994)
Appendix G – Proposed Balance Sheet (AICPA 1994)

Liabilities

Current
- Accounts payable and accrued liabilities
- Income tax payable
- Current portion of debt
- Non-core current liabilities

Non-current
- Long-term debt
- Deferred tax liabilities
- Other liabilities
- Non-core liabilities
<table>
<thead>
<tr>
<th>Core activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
</tr>
<tr>
<td>- Cost of revenue</td>
</tr>
<tr>
<td>= Gross margin</td>
</tr>
<tr>
<td>- Selling and marketing</td>
</tr>
<tr>
<td>- Research and development</td>
</tr>
<tr>
<td>- General and administrative expenses</td>
</tr>
<tr>
<td>- Other operating costs and expenses</td>
</tr>
<tr>
<td>- Recurring non-operating gains and losses</td>
</tr>
<tr>
<td>= Pre-tax core earnings</td>
</tr>
<tr>
<td>- Income taxes related to core earnings</td>
</tr>
<tr>
<td>= Core earnings</td>
</tr>
<tr>
<td>Non-core items and financing costs:</td>
</tr>
<tr>
<td>Financing costs</td>
</tr>
<tr>
<td>+ Income/(loss) from unusual or non-recurring transactions</td>
</tr>
<tr>
<td>+ Income/(loss) from discontinued operations</td>
</tr>
<tr>
<td>= Pre-tax non-core income and financing costs</td>
</tr>
<tr>
<td>- Income taxes related to non-core items and financing costs</td>
</tr>
<tr>
<td>= Net Income</td>
</tr>
<tr>
<td>Share data:</td>
</tr>
<tr>
<td>Core earnings</td>
</tr>
<tr>
<td>+ Non-core income and financing costs</td>
</tr>
<tr>
<td>= Net income</td>
</tr>
</tbody>
</table>
APPENDIX I – BALANCE SHEET FROM PRESENT ACCOUNTING PRACTICE AUGMENTED FROM CILLIERS ET AL. (2004)

Assets

Non-current assets

Current assets

- Inventories
- Trade and other receivables
- Other current assets
- Cash and cash equivalents

- Property, plant, vehicles and equipment
- Investment property
- Goodwill
- Other intangible assets
- Investment in subsidiaries
- Holding company and fellow subsidiaries
- Investment in associated companies
- Investment in joint ventures
- Other financial assets
- Loans and security to directors and employees
- Deferred tax debit balances
Appendix I – Balance sheet from present practice augmented from Cilliers et al. 2004

Liabilities

Non-current

Debentures and redeemable instruments
Interest-bearing liabilities
Deferred taxation
Long-term provisions
Indebtedness to subsidiaries
Holding company and fellow subsidiaries

Current

Trade and other payables
Current borrowings
Current taxable provisions
Current tax payable
Current portion of interest-bearing borrowings
Dividends recommended
Bank overdraft
## APPENDIX J — INCOME STATEMENT FROM PRESENT ACCOUNTING PRACTICE AUGMENTED FROM CILLIERS ET AL. (2004)

<table>
<thead>
<tr>
<th>Act Schedule 4/GAAP</th>
<th>Description</th>
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<tbody>
<tr>
<td>AC 117</td>
<td>Continuing operations</td>
</tr>
<tr>
<td>AC 111/P34/IAS2</td>
<td>Revenue</td>
</tr>
<tr>
<td>AC108</td>
<td>Cost of sales</td>
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<td></td>
<td><strong>Gross profit</strong></td>
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<tr>
<td>IAS 1/AC 101</td>
<td>Distribution costs</td>
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<tr>
<td>IAS 1/AC 101</td>
<td>Administrative expenses</td>
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<td>Other expenses</td>
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<tr>
<td>AC 114/P42(a)</td>
<td>Finance costs</td>
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<tr>
<td>P42 (b)</td>
<td>Income from subsidiaries</td>
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<tr>
<td>IAS 28/AC 110/AC 133</td>
<td>Share of profit of associates</td>
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<tr>
<td>P42</td>
<td>Income from other financial assets</td>
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<tr>
<td>AC 102</td>
<td><strong>Profit before tax</strong></td>
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<td>P42 (d)</td>
<td>Income tax expense</td>
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<td></td>
<td><strong>Profit for the period from continuing operations</strong></td>
</tr>
<tr>
<td>IFRS 5</td>
<td><strong>Discontinuing operations</strong></td>
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<td>Loss for the period from discontinuing operations</td>
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<tr>
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<td><strong>Profit for the period</strong></td>
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<tr>
<td>IAS 1/AC 101</td>
<td><strong>Attributable to:</strong></td>
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<td></td>
<td>Equity holders of the parent</td>
</tr>
<tr>
<td></td>
<td>Minority interest</td>
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</tbody>
</table>
APPENDIX K – PROPOSED DECISION FRAMEWORK

Begin

Core Assets

Non-Core Assets

Goto Core current assets

Goto Non-Core Assets

Error

Non-current

Current assets

Error

Fixed assets

Available for operations

Classify as Property, plant and equipment available for operations

Classify as available-for-sale

Available-for-sale

Deferred assets

R&D

Classify as R&D

Classify as Goodwill

Goodwill

Classify as other intangibles

Other intangibles

Classify as advertising costs

Advertising costs

Error

Other financial assets
Appendix K – Proposed Decision framework

1. Begin
2. Current borrowings
   - Y: Classify as Current borrowings
   - N: Trade and other payables
     - Y: Classify as Trade and other payables
     - N: Short-term provisions
       - Y: Classify as Short-term provisions
       - N: Current income tax liabilities
         - Y: Classify as Current income tax liabilities
         - N: Current portion of int. bearing borrowings
           - Y: Classify as Current portion of interest bearing borrowings
           - N: Dividends recommended
             - Y: Classify as Dividends recommended
             - N: Short-term bank overdraft
               - Y: Classify as Short-term bank overdraft
               - N: Error
3. Return
APPENDIX L – PROPOSED STATIC SUBFRAMEWORK FOR THE BALANCE SHEET

Assets

Core assets

Non-core assets

Non-current

Investments

Deferred assets

Non-recurring receivables

Current

Investment property

Investment in subsidiaries

Investment in associates

Investment in joint ventures

Available-for-sale

Taxes Paid

Interest paid

Insurance premiums paid

Non-current

Fixed assets

Deferred assets

Other financial assets

Loans and security to directors and employees

Slow moving inventory and minimum inventory level

Past due trade and other receivables

Deferred taxation debit balances

Inventory

Due trade and other receivables

Other current assets

Cash and cash equivalents

Restricted

Unrestricted

Available for purchase or replacement of fixed asset

Available for operations

R&D

Goodwill

Other intangible assets

Advertising costs
Appendix L – Proposed framework for the balance sheet

Liabilities

Core liabilities

Non-current
- Deferred liabilities
- Debentures and redeemable instruments
- Long-term borrowings
- Deferred taxation credit balances
- Long-term provisions
- Indebtedness to subsidiaries
- Long-term bank overdraft
- Trade and other payables - overdue

Current
- Current borrowings
- Trade and other payables
- Short-term provisions
- Current income tax liabilities
- Current portion of interest-bearing borrowings
- Dividends recommended
- Short-term bank overdraft

Non-core liabilities

Non-current
- Mortgage non-core property investment

Current
- Contingent liability
- Non-recurring payable
- Discontinued business
- Natural disaster