

# Accounting (7707)

## Syllabus Break Up (2019-20)

### Class 9<sup>th</sup>First Term

**Purpose of accounting:** [Suggested teaching duration 2 WEEKS]

#### **Recommended prior knowledge**

No prior accounting knowledge is required other than the learners' personal experiences as consumers (and possibly workers) and observers of business organisations.

#### **Context**

Learners should be able to describe a business, how it operates and how it makes a profit.

#### **Outline**

Learners will be introduced to the role of the book keeper and the role of the accountant. They will look at how these roles differ, the functions of each role, and how the information they produce can be used.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>1. Fundamentals of accounting</b>	<b>Candidates should be able to:</b>		
<b>1.1 Purpose of accounting</b>	explain the difference between book- keeping and accounting	<p>Complete a brainstorming session with the teacher and the learners on the role of the book-keeper and the accountant.</p> <p>Ask learners to list the businesses in the local high street, shopping centre, local manufacturing businesses, other local businesses such as estate agents, etc.</p> <p>This can lead on to an explanation by the teacher of the different types of businesses. In small groups the learners can share their lists and then categorise each business listed.</p> <p>Complete a brainstorming session about the duties of a book-keeper and an accountant by one of the businesses listed can follow.</p> <p>The teacher and the learners brainstorm the purposes of measuring business profit and loss.</p>	

	explain the role of accounting in	<p><b>Extension activity:</b> It is useful to refer to articles in the local press (or local knowledge) about businesses which have recently closed. For a comparison local businesses which are expanding can be referred to. Learners can be asked to offer suggestions on why some businesses have closed and why others are expanding.</p> <p>The lists prepared for the different types of businesses can also be used as the basis of a class discussion of the need for accounting and the role it plays in decision-making.</p> <p>Ask learners to list why people may be interested in the information in the accounting records and the sorts of decisions they may need to make.</p> <p>Build up a central list on the board of the types of decisions which may need to be made.</p>	
Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
	<p>providing information for monitoring progress and decision- making</p> <p>state the purposes of measuring business profit and loss</p>		<p><b>Online:</b></p> <p><a href="http://www.dineshbakshi.com/">www.dinesh bakshi.com/</a></p> <p><a href="http://www.tutor2u.net/">www.tutor 2u.net/</a></p>
<p><b>1.2</b> <b>The Accounting equation</b></p>	Explain the meanings of assets, liabilities, owner's equity	<p>Explain the meaning of the terms assets and liabilities.</p> <p>Prepare a series of cards with examples of assets and liabilities. Workings individually, ask learners to classify each example.</p> <p>Introduce the term capital.</p> <p>Introduce the accounting equation.</p> <p>Ask learners to re-arrange the accounting equation mathematically.</p> <p>Provide a few exercises where the learners have to calculate the missing element of the equation.</p>	<p><b>7110 Jun 2017 Paper 22</b> <b>Question 1e – f</b></p>

	Explain and apply the accounting equation.	<p>Present a simple statement of financial position on the board or PowerPoint (this can be two-sided and does not have to make distinctions between the types of assets and liabilities).</p> <p>Demonstrate the effect of transactions on the contents of the statement.</p> <p>Individual learners can be invited to make the changes on the board or PowerPoint.</p> <p>Ask learners to prepare a few statements of financial position after a few transactions have taken place, either working alone or in groups.</p>	
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## The double entry system of book keeping & Ledger: [Suggested teaching duration 5 WEEKS]

### Recommended prior knowledge

An awareness that businesses survive through buying and selling goods and services and that such activity must be recorded.

### Context

All businesses need to maintain records of every business transaction. Without such records the business cannot be run effectively. In addition to being able to prepare and balance ledger accounts, it is necessary to be able to interpret the entries in a ledger account.

### Outline

Learners will be introduced to the processes of recording data using the double entry system of book-keeping and will be shown how to balance ledger accounts. Learners will be shown how to prepare and interpret ledger accounts prepared in the 'T' format, how to balance ledger accounts and to make transfers to financial statements as required.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>2. Sources and recording of data</b>	<b>Candidates should be able to:</b>		
2.1  The Double Entry system of book-keeping  (2 Weeks)	explain the meaning of assets, liabilities and owner's equity (capital)  explain and calculate the effect of business transactions on the accounting equation  explain the double entry system of book-keeping	Explain why it is impractical to prepare a new statement of financial position after each transaction (reference can be made to the statements prepared under 1.2).  Prepare a pro-forma ledger account on the board or on a PowerPoint and explain the use of the columns.  Prepare a number of blank ledger accounts on the board or a PowerPoint and demonstrate the double entry system of book-keeping.  Use one of the exercises completed when preparing statements of financial position after a few transactions, to demonstrate the double entry exercises. Invite individual learners to make the double entries on the board.  Ask learners to work through double entry exercises.	<b>Online:</b>  <a href="http://www.dineshbakshi.com/">www.dineshbakshi.com/</a>

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
	process accounting data using the double entry system	It is essential that learners have a thorough knowledge of double entry so plenty of practice is required. The exercises can get progressively more difficult with different types of transactions being introduced.	<b>Specimen Paper 2 Question 1, Question 3e</b> <b>7110 Jun 2017 Paper 22 Question 1a – b</b> <b>7110 Nov 2017 Paper 21 Question 1b</b> <b>0452 Nov 2016 Paper 21 Question 2</b> <b>0452 Mar 2017 Paper 22 Question 1a</b> <b>0452 Jun 2017 Paper 22 Question 1a</b> <b>0452 Nov 2017 Paper 22 Question 1a17</b>
<b>2.1.1</b> <b>Ledgers</b>  <b>(3 weeks)</b>	prepare ledger accounts  post transactions to the ledger accounts  balance ledger accounts as required and make transfer to financial statements  interpret ledger accounts and their balances	<p>Before actually teaching balancing of ledger accounts ask learners to calculate how much cash is left at the end of the month, the total sales for the month etc. This can then be used as the basis for teaching the correct way to balance ledger accounts.</p> <p>After year-end financial statements have been taught, the ledger can be re-visited and year-end transfers introduced. Again, plenty of practice is essential.</p> <p>Display a completed ledger account on the board or a PowerPoint. Complete a brainstorming session with the teacher and the learners on the meaning of the entries within the account. The importance of precise and complete descriptions of the entries must be emphasised. Ask learners to work through similar exercises individually.</p> <p>Working in pairs, ask learners to prepare a completed ledger account. This is then passed to another pair of learners who should interpret the account and produce a list of transactions which are recorded in the account. The two groups then get together and discuss the results.</p> <p><b>Extension activity:</b> The teacher and the learners brainstorm about the viability of recording every transaction in the same ledger. Encourage learners to identify a better system of recording transactions.</p>	<p>✓ Candidates do not need to explain or use of folio column</p> <p>✓ Candidates do not need to explain or use three column running-balance accounts</p>

	recognise the division of the ledger into the sales ledger, the purchases ledger and the nominal (general) ledger	Prepare a series of cards with the names of accounts. Divide learners into pairs. One learner holds up each card and the other names the ledger in which that account would be found. (I)	
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## Business Documents [Suggested teaching duration 1 WEEK]

### Recommended prior knowledge

An appreciation that all the transactions of a business must be recorded.

### Context

Transactions are recorded from business documents.

### Outline

Learners will be introduced to main business documents issued during the sale and purchase of goods.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources and comments
<b>2. Sources and recording of data</b>	<b>Candidates should be able to:</b>		
2.2 Business Documents	recognise and understand the following business documents: invoice, debit note, credit note, statement of account, cheque, receipt  complete pro-forma business documents	Teacher and the learners brainstorm on the documents which may be issued during the purchase and sale of goods. Encourage learners to bring in any documents they or their family may have obtained.  Explain any business documents which are not familiar to learners.  Provide a few partially complete documents and ask learners, working individually to complete them by inserting any missing words and figures.  Ask learners, working in individually or in pairs to prepare a series of business documents for a complete transaction (sales or purchase/ returns/payment) and then exchange them with another learner or group for peer assessment.	Specimen Paper 2 Question 1, Question 3e 7110 Jun 2017 Paper 22 Question 1a – b 7110 Nov 2017 Paper 21 Question 1b 0452 Nov 2016 Paper 21 Question 2 0452 Mar 2017 Paper 22 Question 1a 0452 Jun 2017 Paper 22 Question 1a 0452 Nov 2017 Paper 22 Question 1a17 4

	<p>understand the use of business documents as sources of information: invoice, credit note, cheque counterfoil, paying-in slip, receipt, bank statement</p>	<p><b>Extension activity:</b> Ask learners to write on each document how many copies would be required, by whom and for what purpose.</p> <p>Teacher and the learners brainstorm on the use of business documents as sources of information. Build up a diagram on the board or PowerPoint to show how documents are used to record transactions.</p>	<p><b>Online:</b></p> <p><a href="http://www.dineshbakshi.com/">www.dineshbakshi.com/</a></p> <p><a href="http://osbornebooks.co.uk/home">http://osbornebooks.co.uk/home</a></p>
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## Books of prime entries [Suggested teaching duration 2 WEEKS]

### Recommended prior knowledge

An understanding of basic double entry book-keeping and business documents as sources of information.

### Context

Transactions are recorded from business documents into books of prime entry before being entered in the ledgers.

### Outline

Learners will be shown how to record transactions in the books of prime entry and to post these to the ledgers.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>2. Sources and recording of data</b>	<b>Candidates should be able to:</b>		
2.3  Books of prime entry	Explain the advantage of using various books of prime entry  explain the use of and process accounting data in the books of	<p>Prepare a set of business documents (sales and purchase invoices, credit notes, debit notes, cheques, paying-in slips, etc.) Divide the learners into groups as give each group a set of documents. Ask each group to enter the documents in the appropriate books of prime entry and ledger accounts.</p> <p>Once the entries have been made, exchange the accounting records with another group for peer assessment.</p> <p>As with the basic double entry exercises, it is essential that learners have a thorough understanding so plenty of practice is required. The exercises can get progressively more difficult with different types of transactions being introduced.</p> <p>Discuss the two types of discount with the learners and draw from them the reasons for these discounts.</p> <p>Prepare a few short exercises involving the calculation of trade discount and cash discount.</p>	<b>Textbooks:</b>  <i>O Level Principles of Accounts</i> Chp 6 Q1–7 and Chp 5 Q2–5  <i>O Level Principles of Accounts Workbook</i> Q25–32



Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
	Post the ledger entries from the books of prime entry  distinguish between and account for trade discounts and cash discounts		

## The General Journal [Suggested teaching duration 1WEEK]

### Recommended prior knowledge

An understanding of basic double entry book-keeping. An understanding of the use of books of prime entry.

### Context

Transactions that cannot be entered in one of the other books of prime entry are recorded in the journal.

### Outline

Learners will be shown how to record transactions in the general journal and to post these to the ledgers.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources and Comments
<b>2. Sources and recording of data</b>	<b>Candidates should be able to:</b>		
2.3.1  The General Journal	explain that the journal is one of the books of prime entry   explain the use of the journal	A brainstorming session with the teacher and the learners on the types of transactions which would be recorded in the general journal.  <b>(Basic) (W)</b>	<b>Textbooks:</b>  <i>O Level Principles of Accounts</i> Chp 14 Q1–2  <i>O Level Principles of Accounts Workbook</i> Q75

	<p>enter those transactions, including correction of errors, that cannot be recorded in any special journal</p> <p>write relevant explanatory narrations for each entry</p>	<p>Demonstration of entries in the general journal, including the narratives.</p> <p><b>(Basic) (W)</b></p> <p>Ask learners to work through exercises involving entries in the general journal.</p>	<p><b>Online:</b></p> <p><a href="http://www.dineshbakshi.com/">www.dineshbakshi.com/</a></p> <p><a href="http://osbornebooks.co.uk/home">http://osbornebooks.co.uk/home</a></p> <p><b>7110 past examination questions:</b></p> <p>Jun 2013 Paper 21 Q3(a)</p>
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## The Cash Book [Suggested teaching duration 2 WEEKS]

### Recommended prior knowledge

An understanding of basic double entry book-keeping. Knowledge about the banking system from the learners' own experience.

### Context

Cash and bank transactions are recorded in the cash book and then posted to the ledger. It is necessary to reconcile the businesses' records with those of the bank.

### Outline

Learners will be shown how to record transactions in two- and three-column cash books and to post these to the ledgers. Learners will be shown how to reconcile the cash book with the bank statement.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>2. Sources and recording of data</b>	<b>Candidates should be able to:</b>		
2.3.2 The Cash Book	explain the dual function of the cash book as a book of prime entry and as a ledger account for bank and cash by use of analysis columns	<p>Introduce learners to a two column and a three column cash book by displaying a template on the board or PowerPoint.</p> <p>Demonstrate how transactions are entered in the cash book and posted to the ledger. Individual learners can be invited to make the double entries on the board.</p>	<p><b>Textbooks:</b></p> <p><i>O Level Principles of Accounts</i> Chp 4 Q1–7</p> <p><i>O Level Principles of Accounts Workbook</i> Q18–21</p>

	<p>explain and process transactions involving bank current and deposit accounts, bank overdrafts, bank loans and other loans</p> <p>Explain and apply the imprest system of petty cash.</p>	<p>Ask learners to work through double entry exercises involving books of prime entry and the posting to the ledger.</p> <p>These can get progressively more difficult.</p> <p><b>Extension activity:</b> Ensure that at least one of the exercises results in a bank overdraft. Discuss with the learners how this arose and how it could have been avoided.</p> <p><b>Extension activity:</b> Provide learners with a list of cash transactions and ask them to determine, giving a reason, which could be regarded as petty.</p> <p>Demonstrate the use of a petty cash book and the posting to the ledger.</p> <p>Provide some learners with petty cash voucher and nominate one learner to act as petty cashier who will then provide the others with “pretend” cash in exchange for the vouchers. The other learners can record these transactions in a petty cashbook on the board. This can then be used to demonstrate the restoration of the imprest.</p> <p>Ask learners to work through exercises involving petty cash and the posting to the ledger. These can get progressively more difficult so that they involve the preparation of a cash book as well as a petty cash book.</p>	<p><b>Online:</b></p> <p><a href="http://www.dineshbakshi.com/">www.dineshbakshi.com/</a></p>
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## The Trial Balance [Suggested teaching duration 2 WEEKS]

### Recommended prior knowledge

An understanding of double entry book-keeping.

### Context

A trial balance is a list of ledger balances at a certain date that is prepared in order to check the accuracy of the double entry.

### Outline

Learners will be shown how to prepare a trial balance from ledger accounts and from a list of balances.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>3. Verification of accounting records</b>	<b>Candidates should be able to:</b>		
3.1 The Trial Balance	<p>understand that a trial balance is a statement of ledger balances on a particular date</p> <p>outline the uses and limitations of a trial balance .</p> <p>prepare a trial balance from a given list of balances and amend a trial balance which contains errors</p> <p>identify and explain those errors which do not affect the trial balance: commission compensating complete reversal, omission original entry principle</p>	<p>Make use of an exercise previously worked through by the learners to demonstrate the preparation of a trial balance.</p> <p>Use this to explain what a trial balance is and why it is used.</p> <p>Ask learners to work through exercises involving the preparation of trial balances. These can get progressively more difficult so that they involve the calculation of missing items such as capital.</p> <p><b>Extension activity:</b>Working pairs, ask learners to establish a list of what sort of items goes on each side of the trial balance.</p> <p>Use the lists provided by learners to draw up a table on the board covering the rules for the entries in a trial balance.</p> <p>Display a list of errors which could have occurred (reversal, omission, etc.). Workings in groups, or individually, ask learners to consider how each of these errors affects the trial balance.</p> <p>Present learners with a handout containing a short double-entry exercise and answer. The answer should contain examples of each of the errors which will not be revealed by a trial balance. Working individually or in pairs ask learners to identify the errors which have been made.(I)</p>	<p><b>Textbooks:</b></p> <p><i>O Level Principles of Accounts</i>Chp 3 Q1–5</p> <p>Jun 2013 Paper 22 Q2(a)</p> <p>Nov 2012 Paper 22 Q1(a)</p> <p>and 2(b) Jun 2012</p> <p>Paper21 Q1(d)–(e)</p> <p>Jun 2012 Paper 22 Q1(a)</p> <p>Nov 2011 Paper 21 Q1(c)–(d)</p>

		<p>Working in groups, learners should be asked to identify one error from each category. Exchange these with the list produced by a different group. Each group must identify the type of error and state how that error can be corrected.</p>	
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## Class 9<sup>th</sup> Second Term

### Accounting for Irrecoverable debts & Provision for doubtful debts

[Suggested teaching duration 3weeks]

#### Recommended prior knowledge

An understanding of how to make entries in the ledger and in the general journal. An understanding of how to make transfers to financial statements.

#### Context

It is necessary to write off any debts which will not be paid by credit customers and to prepare for the likelihood of bad debts in the future.

#### Outline

Learners will be shown how to make entries in the ledger and journal to record irrecoverable debts, recovery of irrecoverable debts and to adjust a provision for doubtful debts.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>4. Accounting Procedures</b>	<b>Candidates should be able to:</b>		
4.4 Irrecoverable debts and Provision for doubtful debts	understand the meaning of irrecoverable debts and recovery of debts written off  prepare ledger accounts and journal entries to record irrecoverable debts  prepare ledger accounts and journal entries to record recovery of debts written off	Brief explanation of the meaning of the term irrecoverable debts.  <b>Extension activity:</b> Before teaching this topic, ask learners, working in pairs, to write down what book-keeping entries they think will be required and to list a few reasons why an irrecoverable debt occurs and steps which could be taken to try to avoid irrecoverable debts.  A brainstorming session with the teacher and the learners on why irrecoverable debts occur and how they can be reduced. Compile lists on the board.  Demonstrate the ledger and journal entries required to write off irrecoverable debts.  Explain what is meant by recovery of debts written off. Demonstrate ledger and journal entries to record these.  Ask learners to complete exercises involving irrecoverable debts and recovery of debts written off.	<b>Specimen Paper 2      Question 3a – d</b> <b>0452 Nov 2017 Paper 22 Question 3a – e, Question 5c – d</b> <b>7110 Nov 2017 Paper 21 Question 2a – d</b> <b>0452 Nov 2016 Paper 21 Question 4</b> <b>0452 Jun 2016 Paper 22 Question 5d – e</b>

	<p>explain the reasons for maintaining a provision for doubtful debts</p> <p>prepare ledger accounts and journal entries to record the creation or, and adjustments to, a provision for doubtful debts</p>	<p>Explanation of a provision for doubtful debts.</p> <p>If not already covered, learners can be introduced to the accounting principles of matching and prudence and how they apply to a provision for doubtful debts. If accounting principles have already been taught, these principles can be revisited.</p> <p>Demonstrate the ledger entries required for creating and adjusting a provision for doubtful debts. Individual learners can be invited to make the entries on the board.</p> <p>Demonstrate the journal entries required to creating and increase a provision for doubtful debts. Follow a similar pattern for a provision which requires reducing. Invite individual learners to make entries on the board.</p> <p>Ask learners to complete exercises involving irrecoverable debts, recovery of debts written off and creating and adjusting a provision of doubtful debts.</p>	
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## Valuation of Inventory [Suggested teaching duration 1 Week]

**Recommended prior knowledge:** An understanding of the valuation of inventory at the lower of cost and net realizable value.

### Context

It is necessary to prepare simple inventory valuation statements.

### Outline

Learners will be shown how the valuation of incorrect inventory will affect the gross profit, profit for the year, equity and asset valuation..

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>4. Accounting Procedures</b>	<b>Candidates should be able to:</b>		
4.5 Valuation of inventory	<p>understand the basis of the valuation of inventory at the lower of cost and net realisable value</p> <p>prepare simple inventory valuation statements recognise the importance of valuation of inventory and the effect of an incorrect valuation of inventory on gross profit, profit for the year, equity and asset valuation</p>	<p>Explanation of the principles of inventory valuation.</p> <p>If not already covered, learners can be introduced to the accounting principle of prudence and how it applies to inventory valuation. If accounting principles have already been taught, this principle can be re-visited.</p> <p>Provide details of cost, selling price and amendments such as carriage, damaged goods, etc. for a few items of inventory. Working in groups, ask learners to prepare a simple inventory valuation statement. Exchange books with another group for peer assessment.</p> <p>Ask learners to complete a few inventory valuation statements.</p> <p>Re-visit profit correction and the effects of errors on asset valuation.</p> <p>Demonstrate the effects on the profit and the assets of incorrect valuation of inventory.</p> <p>Ask learners, working individually, to complete a few short exercises on the effect on financial statements of incorrect inventory valuation.</p>	<p><b>Specimen Paper 2 Question 3a – d</b></p> <p><b>0452 Nov 2017 Paper 22 Question 3a – e, Question 5c – d</b></p> <p><b>7110 Nov 2017 Paper 21 Question 2a – d</b></p> <p><b>0452 Nov 2016 Paper 21 Question 4</b></p> <p><b>0452 Jun 2016 Paper 22 Question 5d – e</b></p>



## Preparation of Financial Statements (Without Adjustments)

**Note: only adjustment for irrecoverable and provision for doubtful debts to be made**

**Income statements**      [Suggested teaching duration    2 WEEKS]

### Recommended prior knowledge

An understanding of double entry book-keeping and the closing of ledger accounts. The ability to prepare a trial balance.

### Context

The main objective of a business is to make a profit. The function of the income statement is to calculate that profit.

### Outline

Learners will be shown how to calculate gross profit and the profit for the year. Learners will be shown how profit (loss) is the increase (decrease) in the net assets during a financial year. Learners will be shown how to prepare the trading section of an income statement in columnar format where a business has two departments.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>5. preparation of Financial statements</b>	<b>Candidates should be able to:</b>		
5.1 Sole trader	Explain the advantages and disadvantages of operating as a sole trader.  Explain the importance of preparing income statements and statement of financial position.	<b>Extension activity:</b> Before explaining the advantages and disadvantages of operating as a sole trader ask learners, working in pairs, to list as many as they can. The teacher and the learners brainstorm on advantages and disadvantages of operating as a sole trader, compiling lists on the board.  Re-visit the introduction to accounting and the reasons for preparing financial statements.  Ask learners, working individually, to make a list of sole-trader businesses and to divide them into trading businesses and service businesses Using a prepared list of suitable items, demonstrate the preparation of an income statement for a trading business. Use a simple example initially.  Explain how the cost of sales is calculated. Provide learners with a template for a typical income statement for a trading business. Ask them to work through a few short exercises.	

	<p>explain the difference between a trading business and a service business</p> <p>prepare income statements for trading businesses and for service businesses</p> <p>make adjustments for irrecoverable debts and provisions for doubtful debts</p>	<p>Demonstrate the effect of items such as returns, carriage, etc. and ask learners to work through additional exercises, which get progressively more difficult.</p> <p>Brainstorm with learners on how an income statement of a service business may differ from that of a trading business. Demonstrate the preparation of an income statement of a service business. Ask learners to work through exercises on the preparation of income statements of service businesses.</p> <p>.</p> <p>Re-visit previous work on irrecoverable debts, and provisions for doubtful debts (calculation, ledger entries, and journal entries) and demonstrate how irrecoverable debts and provisions for doubtful debts are entered in the financial statements.</p>	<p><b>Online:</b></p> <p><a href="http://www.dineshbakshi.com/">www.dineshbakshi.com/</a></p> <p><a href="http://www.bized.co.uk/">www.bized.co.uk/</a></p> <p><a href="http://osbornebooks.co.uk/home">http://osbornebooks.co.uk/home</a></p> <p><a href="http://www.tutor2u.net/">www.tutor2u.net/</a></p>
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## Statements of Financial Position

[Suggested teaching duration 3 WEEKS]

### Recommended prior knowledge

An understanding of double entry book-keeping and the closing of ledger accounts. The ability to prepare a trial balance and an income statement. An understanding of the accounting equation.

### Context

The statement of financial position shows the assets, liabilities and capital of a business on a certain date. It shows how the resources are being used and where they come from.

### Outline

Learners will be shown how to prepare a statement of financial position. Learners will be introduced to the different types of assets and liabilities and related terminology and the inter-relationship of the items in a statement of financial position.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>5.preparation of Financial statements</b>	<b>Candidates should be able to:</b>		
5.1 sole trader	understand that statements of financial position record assets and liabilities on a specified date  recognise and define the content of a statement of financial position: non-current assets, intangible assets, current assets          current liabilities, non-current liabilities and capital	Re-visit previous work on the preparation of elementary statements of financial position.  Introduce the division of the assets and liabilities into different categories.  Prepare a series of cards with the names of assets and liabilities. Divide learners into pairs. One learner holds up each card and the other names the section of the statement of financial position in which the item would be found.  Re-visit previous work on the effect of transactions on the items within a statement of financial position.  Demonstrate how transactions will affect items within a balanced statement of financial position.  Introduce the term “working capital”. Demonstrate how transactions can affect this.  Ask learners, working in pairs, to work through exercises on how various transactions will affect statement of financial position items.	<b>Textbooks:</b>  <i>O Level Principles of Accounts</i> Chp 8 Q1–6  <i>O Level Principles of Accounts Workbook</i> Q38–42

	<p>understand the inter-relationship of items in a statement of financial position</p> <p>prepare statement of financial position for trading businesses and service businesses</p>	<p>Using a prepared list of items, demonstrate the preparation of a statement of financial position for a sole trader business.</p> <p>Provide learners with a template for a typical statement of financial position. Ask them to work through a few short exercises, which can get progressively more difficult.</p> <p>Demonstrate the preparation of an income statement and a statement of financial position using a balanced trial balance and show how items are “ticked off” as they are entered in the statements.</p> <p>Ask learners to complete exercises preparing financial statements from trial balances. Learners to exchange books for peer assessment.</p>	
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## BANK RECONCILIATION STATEMENT

[Suggested teaching duration 3 WEEKS]

### Recommended prior knowledge

An understanding of basic double entry book-keeping. Knowledge about the banking system from the learners' own experience.

### Context

Cash and bank transactions are recorded in the cash book and then posted to the ledger. It is necessary to reconcile the businesses' records with those of the bank.

### Outline

Learners will be shown how to reconcile the cash book with the bank statement.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
3. Verification of accounting records	Candidates should be able to:		
3.3 Bank reconciliation	<p>understand the use and purpose of a bank statement</p> <p>update the cash book for bank charges, bank interest paid and received correction of errors, credit transfers, direct debits, dividends and standing orders.</p>	<p>The teacher and the learners brainstorm known banking terms (may be able to link up with their business studies lessons).</p> <p>Lead a discussion about bank statements. Do the learners have their own bank accounts? Do their parents have a bank account? Do they keep their own records of money in and money out? Does this always agree with the balance shown on the bank statement? Compile a list of reasons for the differences on the board.</p> <p>Ask learners to write down how each of the items on the list would affect the cash balance.</p> <p>Prepare a list of transactions involving money in and out of the bank. Invite one learner to act as a trader and another to act as a bank employee. Each requires a board or flip chart and enters the transactions from their point of view as "directed" by the other learners.</p> <p>The differences in the entries made and the balances shown on the two documents can be discussed.</p> <p>Demonstrate the up-dating of the bank columns of a cash book. Individual learners can be invited to make the entries on the board.</p> <p><b>Extension activity:</b> Before actually teaching preparation of a bank reconciliation statement ask learners, working individually or in pairs, to try to prepare a statement to show why bank statement balance does not agree with</p>	<p><b>Textbooks:</b></p> <p><i>O Level Principles of Accounts</i> Chp 13 and Q1–5</p> <p><i>O Level Principles of Accounts Workbook</i> Q71–74</p> <p><b>7110 past examination questions:</b></p> <p>Jun 2011 Paper 22 Q1(a)–(c)</p> <p><b>Online:</b></p> <p><a href="http://www.dineshbakshi.com/">www.dineshbakshi.com/</a></p>

	understand the purpose or and prepare a bank reconciliation statement to include bank errors, uncredited deposits and unpresented cheques	the updated cash book balance. This can then be used as the basis for teaching the correct way to prepare a bank reconciliation statement. Ask learners to work through exercises involving updating the cash book and preparing a bank reconciliation statement. These can get progressively more difficult such as including overdrawn balances.	Specimen Paper 2 Question 4 0452 Nov 2015 Paper 23 Question 3a – b 7110 Jun 2017 Paper 21 Question 1d – f, Question 2 0452 Mar 2018 Paper 22 Question 1a – c, Question 4a – b
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**Multiple Choice Questions**

**[Suggested duration 2 WEEKS]**

**Revision**

**[Suggested duration 2 WEEKS]**

## Class 10<sup>th</sup> First Term

### Capital and revenue expenditures and receipts

[Suggested teaching duration 1 WEEK ]

#### Recommended prior knowledge

An understanding of the double entry system of book-keeping. The ability to distinguish between assets and expenses and liabilities and income.

#### Context

To get the most accurate picture of the financial state of a business it is necessary to ensure that transactions are correctly classified.

#### Outline

Learners will be shown how to distinguish between capital and revenue expenditure and receipts. Learners will be shown the effect of an incorrect classification.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
4. Accounting procedures	Candidates should be able to:		
4.1 Capital and revenue expenditure and receipts	<p>Distinguish between and account for capital expenditure and revenue expenditure.</p> <p>Distinguish and account for capital receipts and revenue receipts.</p> <p>Calculate and comment on the effect on profit of incorrect treatment calculate and</p>	<p><b>Extension activity:</b> Before teaching this topic ask learners, working in pairs, to write down the name of a local business and then to make a list of say 8 payments and 8 receipts which that business may have. Ask them to try to divide these receipts and payments into different classes (giving clues to the learners about considering the length of time the payment/receipt will last, whether something tangible was sold/purchased, etc.)</p> <p>Follow this up with a formal introduction to capital and revenue.</p> <p>Provide learners with a table containing say 20 transactions and four columns labelled capital expenditure, revenue expenditure, capital receipt, revenue receipt. Learners tick the appropriate column for each item and exchange sheets with another learner for peer assessment.</p> <p><b>Extension activity:</b> Learners can then be provided with the same list of transactions which has been incorrectly completed. Before formally teaching profit correction, ask learners, working in groups, to calculate the effect of the errors on both the profit and the assets. This can then be used as the basis for teaching the correct way to prepare a statement of corrected profit and appropriate extracts from a statement of financial position.</p>	

	comment on the effect on asset valuations of incorrect treatment	Ask learners to complete exercises classifying capital and revenue items and preparing statements of corrected profit. These can get progressively harder and vary in format.	
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## Accounting for depreciation

[Suggested teaching duration 3 WEEKS]

### Recommended prior knowledge

An understanding of how to make entries in the ledger and in the general journal. An understanding of how to make transfers to financial statements. The learners' personal experience of non-current assets which lose value over a period of time.

### Context

To get the most accurate picture of the financial state of a business it is necessary to consider the loss of value of non-current assets over a period of time.

### Outline

Learners will be shown how to apply the different methods of depreciation and to record depreciation in the ledger and journal. Learners will be shown how to make entries in the ledger and journal to record the disposal of non-current assets.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>4. Accounting procedures</b>	<b>Candidates should be able to:</b>		
4.2  Accounting for depreciation and disposal of non-current assets	define depreciation  explain the reasons for accounting for depreciation  name and describe the straight-line, reducing balance and revaluation methods of depreciation	Brainstorm with learners on why non-current assets lose value and compile a list on the board.   The topic of capital and revenue can be briefly re-visited. If not already covered, learners can be introduced to the accounting principles of matching, prudence and historic cost	<b>Textbooks:</b>  <i>O Level Principles of Accounts</i> Chp 11 Q1–4,   Chp 5 Q2–5, Chp 14 Q3



	<p>prepare ledger accounts and journal entries for the provision of depreciation prepare ledger accounts and journal entries to record the sale of non-current assets, including the use of disposal accounts</p>	<p>Provide exercises for the learners to complete involving calculations of depreciation using the three methods. Learners to exchange books for peer assessment.</p> <p>Demonstrate the ledger entries to record depreciation. Individual learners can be invited to make entries on the board.</p> <p>Follow a similar pattern for recording depreciation in the journal and ask learners to complete exercises to record depreciation in the books of account.</p> <p>Introduce the disposal of a non-current asset by demonstrating the calculation of profit/loss on disposal on the board.</p> <p>Provide exercises for the learners involving calculation of profit/loss on disposal of a non-current asset. Learners to exchange books for peer assessment.</p> <p>Demonstrate the ledger entries to record the disposal of a non-current asset.</p> <p>Follow a similar pattern for recording depreciation in the journal.</p> <p>Ask learners to complete exercises to record depreciation in the books of account.</p>	<p><i>O Level Principles of Accounts</i> Workbook Q58, 60, 76, 77(c)</p> <p><b>Online:</b></p> <p><a href="http://www.bized.co.uk/www.dineshbakshi.com/">www.bized.co.uk/www.dineshbakshi.com/</a></p>
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## Adjustments to ledger accounts

[Suggested teaching duration 3 weeks]

### Recommended prior knowledge

An understanding of how to make entries in the ledger and in the general journal. An understanding of how to make transfers to financial statements.

### Context

To get the most accurate picture of the financial state of a business it is necessary to make adjustments for accrued and prepaid expenses and incomes.

### Outline

Learners will be shown how to make entries in the ledger and journal to record accrued and prepaid expenses and incomes.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
4.Accounting procedures	Candidates should be able to:		
4.3  Other payables and other receivables	recognise the important of matching costs and revenues  prepare ledger accounts and journal entries to record accrued and prepaid expenses  prepare ledger accounts and journal entries to record accrued and prepaid incomes	If not already covered, learners can be introduced to the accounting principle of matching and how it applies to expenses and items of income. If accounting principles have already been taught, this principle can be re-visited.  Illustrate the matching of expenses and incomes to the financial year by means of a "time line".  Ask learners (working individually or in pairs) to complete a series of calculations of increasing level of difficulty involving the calculation of the expense or income for the year. Encourage the use of "time-lines".  Demonstrate the ledger entries to record a prepaid expense and an accrued expense. Repeat using a similar exercise but inviting individual learners to make entries on the board.  Follow a similar pattern for a prepaid and an accrued item of income and ask learners to complete exercises to record accrued and prepaid income and expenses in the ledger	

## Accounting Principles and Policies

[Suggested teaching duration 1 WEEK ]

### Recommended prior knowledge

An understanding of double entry book-keeping. Knowledge of financial statements, including year-end adjustments for accruals and prepayments, depreciation and provision for doubtful debts. An understanding of capital and revenue expenditure.

### Context

This unit summarises the various accounting rules which have been applied throughout the previous units. Many of these accounting principles should be familiar to learners although they may not know their formal titles. It is important that all businesses apply international accounting standards. Everyone in the accounting profession is expected to conform to a code of professional ethics.

### Outline

Learners will be introduced to the accounting principles and to recognise the importance of international accounting standards.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
7 Accounting principles and policies	Candidates should be able to:		
7.1	<p>explain and recognise the application of the following accounting principles:</p> <p>matching</p> <ul style="list-style-type: none"><li>• business entity</li><li>• consistency</li><li>• duality</li><li>• going concern</li><li>• historic cost</li><li>• materiality</li><li>• money</li><li>• measurement prudence</li><li>• realisation</li></ul>	<p>Re-visit previous work on accruals and prepayments, accounting equation and double entry.</p> <p>Explain the accounting principles of matching, business entity, consistency and duality.</p> <p>Divide learners into groups. Ask each group to provide an example from their previous studies of each of the above topics.</p> <p>Describe the principles of going concern, historic cost, materiality, money measurement, prudence and realisation.</p> <p>Demonstrate the practical application of the concepts referring to previous topics such as double entry, capital and revenue etc.</p> <p>Prepare a series of cards with the names of accounting principles. Divide learners into pairs. One learner holds up each card and the other briefly describes that accounting principle (alternatively the cards could give the description and the learner be asked to name the principle).</p> <p>Ask learners, working individually to complete theoretical exercises on accounting principles.</p>	

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
7.2 Accounting policies	<p>Recognize the influence of international accounting standards and understand the following objectives in selecting accounting policies: comparability</p> <ul style="list-style-type: none"> <li>• relevance</li> <li>• reliability</li> <li>• understandability</li> </ul>	<p>Brainstorm with learners on general differences between one country and another.</p> <p>Re-visit the previous work on inter-firm comparison and link to the additional problems of comparing businesses based in different countries.</p> <p>Explain the importance of international accounting standards.</p> <p>Explain the four accounting objectives listed on the syllabus.</p>	

## Final Accounts For Sole trader With Adjustments [Suggested teaching duration 3 WEEKS]

### Recommended prior knowledge

The ability to prepare a trial balance, a basic income statement and a basic statement of financial position.

### Context

Year-end adjustments need to be made to the financial statements in order that these statements reflect the true profit and financial position of the business.

### Outline

Learners will be shown how to prepare financial statements, including year-end adjustments, for trading and service businesses a statement of financial position.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>5. Preparation of financial statements</b>	<b>Candidates should be able to:</b>		
5.1 Sole trader	<p>prepare income statements and statements of financial position for trading and service businesses</p> <p>make adjustments for provision for depreciation using the straight-line, reducing balance and revaluation methods</p> <p>make adjustments for accrued and prepaid expenses and accrued and prepaid income</p> <p>make adjustments for irrecoverable debts and provisions for doubtful debts</p> <p>make adjustments for goods taken by the owner for own use</p>	<p>Demonstrate the preparation of an income statement and a statement of financial position using a balanced trial balance</p> <p>and show how items are “ticked off” as they are entered in the statements.</p> <p>Ask learners to complete exercises preparing financial statements from trial balances. Learners to exchange books for peer assessment.</p> <p>Re-visit previous work on depreciation of non-current assets (types, calculation, ledger entries, and journal entries) and demonstrate how depreciation is entered in the financial statements.</p> <p>Ask learners to complete exercises involving the preparation of financial statements which include depreciation.</p> <p>Re-visit previous work on accrued and prepaid incomes and expenses (calculation, ledger entries and journal entries) and demonstrate how accruals and prepayments are entered in the financial statements.</p> <p>Ask learners to complete exercises involving the preparation of financial statements which include accrued and prepaid items of income and expenses.</p>	<p><b>Specimen Paper 2 Question 2a – c, Question 5a</b></p> <p><b>0452 Nov 2017 Paper 22 Question 4a</b></p> <p><b>0452 Jun 2017 Paper 21 Question 3a – b</b></p> <p><b>7110 Nov 2016 Paper 22 Question 3</b></p> <p><b>0452 Mar 2018 Paper 22 Question 3</b></p> <p><b>0452 Mar 2017 Paper 22 Question 3</b></p> <p><b>0452 Jun 2017 Paper 22 Question 4a – c</b></p> <p><b>7110 Jun 2016 Paper 21 Question 3</b></p>

**Multiple Choice Questions** [Suggested duration 1 WEEK]

**Revision** [Suggested duration 1 WEEK]

## Class 10<sup>th</sup> Second Term

### Partnership

[Suggested teaching duration 3 WEEKS]

#### Recommended prior knowledge

An understanding of double entry book-keeping and the closing of ledger accounts. The ability to prepare entries in the general journal. The ability to prepare financial statements of a sole trader.

#### Context

Financial statements and the day-to-day accounting records of a sole trader need to be modified when the business is a partnership.

#### Outline

Learners will be introduced to partnerships and will be shown how the accounting records differ from those of a sole trader. Learners will be shown how to make entries to record the formation of a partnership.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>5.</b> <b>Preparation of</b> <b>financial</b> <b>statements</b>	<b>Candidates should be able to:</b>		
5.2  Partnership	explain the advantages and disadvantages of forming a partnership.  outline the importance and contents of a partnership agreement.  explain the purpose of an appropriation account	<b>Extension activity:</b> It may be able to link up with this topic in the business studies lessons. Before explaining the advantages and disadvantages of forming a partnership ask learners, working in pairs, to list these advantages and disadvantages. Complete a brainstorming session with the teacher and the learners on advantages and disadvantages of forming a partnership. Compile lists on the board. <b>Extension activity:</b> Before explaining the importance and contents of a partnership agreement ask learners, working in groups, to discuss why a partnership agreement is advisable and suggest suitable items for inclusion.  Brainstorm with learners on the reasons for and the composition of a partnership agreement. Compile lists on the board. Introduce learners to the terms interest on capital, interest on drawings, partners' salaries, and residual profit. Demonstrate the preparation of an appropriation account.	Specimen Paper 2 Question 2a – c, Question 5a 0452 Nov 2017 Paper 22 Question 4a 0452 Jun 2017 Paper 21 Question 3a – b 7110 Nov 2016 Paper 22 Question 3 0452 Mar 2018 Paper 22 Question 3 0452 Mar 2017 Paper 22 Question 3 0452 Jun 2017 Paper 22 Question 4a – c 7110 Jun 2016 Paper 21 Question 3

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
	<p>prepare income statements, appropriation accounts and statements of financial position</p> <p>record interest on partners' loans, interest on capital, interest on drawings, partners' salaries and the division of the balance of profit or loss.</p> <p>make adjustments to financial statements as detailed in 5.1 (sole traders)</p> <p>explain the uses of and difference between capital and current accounts</p> <p>draw up partners' capital and current accounts in ledger account form and as part of a statement of financial position</p>	<p>Provide learners with a template for a partnership appropriation account. Ask them to work through a few short exercises. These should include both residual profits and residual losses.</p> <p>Explain how the preparation of an income statement, with adjustments, is exactly the same as that for a sole trader, and that the appropriation statement shows how the profit calculated in the income statement is shared between the partners.</p> <p>Ask learners, working in pairs, to complete a few exercises involving the preparation of an income statement and appropriation account of a partnership business.</p> <p>Explain the use of capital and current accounts and demonstrate how to prepare them, making use of one of the completed exercises preparing an income statement and an appropriation account. Individual learners can be invited to make the changes on the board or PowerPoint.</p> <p>Brainstorm with learners on why these separate accounts are maintained.</p> <p>Ask learners to complete exercises involving the preparation of capital and current accounts (at least one of these should include debit balances on a current account).</p> <p><b>Extension activity:</b> Working in groups, ask learners to discuss how a debit balance on a current account may have arisen and how it can be "removed".</p> <p>Explain how the preparation of a statement of financial position is exactly the same as that for a sole trader apart from the capital section.</p> <p>Demonstrate the presentation of the capital section of a statement of financial position of a partnership, making use of the exercise for which the capital and current accounts have just been prepared.</p> <p>Ask learners to work through a few exercises on the preparation of financial statements of partnerships, and the capital and current accounts of the partners.</p>	<p><a href="http://www.dineshbakshi.com/">www.dineshbakshi.com/</a></p> <p>Specimen Paper 2 Question 2a – c, Question 5a</p> <p>0452 Nov 2017 Paper 22 Question 4a</p> <p>0452 Jun 2017 Paper 21 Question 3a – b</p> <p>7110 Nov 2016 Paper 22 Question 3</p> <p>0452 Mar 2018 Paper 22 Question 3</p> <p>0452 Mar 2017 Paper 22 Question 3</p> <p>0452 Jun 2017 Paper 22 Question 4a – c</p> <p>7110 Jun 2016 Paper 21 Question 3</p>



## Limited Liability companies

[Suggested teaching duration 3 WEEKS]

### Recommended prior knowledge

The ability to prepare financial statements of a sole trader and a partnership.

### Context

Financial statements and the day-to-day accounting records of a sole trader need to be modified when the business is a limited company.

### Outline

Learners will be introduced to limited liability companies and will be shown how the accounting records differ from those of a sole trader.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources and comments
<b>5</b> <b>Preparation of</b> <b>financial</b> <b>statements</b>	<b>Candidates should be able to:</b>		
5.3  Limited liability companies	explain the advantages and disadvantages of operating as a limited company  understand the meaning of the term limited liability  make adjustments to financial statements as detailed in 5.1 (sole traders)	<p>Explain the meaning of the term limited liability. It may be possible to link up with the business studies lessons.</p> <p>Ask learners to list the names of any local, national, and international limited companies they have heard of. Take the opportunity to briefly mention the difference between private and public limited companies.</p> <p><b>Extension activity:</b> Before explaining the advantages and disadvantages of operating as a limited company ask learners, working in groups, to draw up lists of these advantages and disadvantages. The groups can also compare a limited company with a partnership. Discuss the entries with the learners and demonstrate the preparation of a statement of changes in equity. Provide learners with a template for a statement of changes in equity. Ask them to work through a few short exercises. Learners can exchange books for peer assessment. Demonstrate the presentation of the capital and reserves section of a statement of financial position. Ask learners, working individually, to work through a few exercises on the financial statements of limited companies.</p> <p><b>Extension activity:</b> Ask learners, working in pairs, to discuss how the items in a statement of financial position may change as a result of various transactions e.g. issue of ordinary share, transfer to general reserve, payment of a dividend, etc.</p>	<ul style="list-style-type: none"><li>✓ Candidates will not be expected to understand cumulative and non-cumulative preference shares, rights issues, share premium or capital redemption reserve.</li><li>✓ However, candidates should understand the difference between redeemable and non-redeemable preference shares.</li></ul>

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
	<p>understand the meaning of the term equity</p> <p>understand the capital structure of a limited company comprising</p> <p>preference share capital, ordinary share capital, general reserve and retained earnings</p> <p>understand and distinguish between issued, called-up and paid-up share capital</p> <p>understand and distinguish between share capital (preference shares and ordinary shares) and loan capital (debentures)</p> <p>prepare income statements, statements of changes in equity and statements of financial position</p>	<p>Brainstorm with learners the advantages and disadvantages of operating as a limited company. Compile lists on the board. A list of similarities and differences between a limited company and as partnership can also be made.</p> <p>Explain the meaning of the term equity when applied to a limited company. This explanation can be expanded after teaching the capital structure.</p> <p>Explain the capital structure of a limited company – the different types of shares (ordinary and preference) how and why reserves arise and how the retained earnings arises.</p> <p>Explain the difference between ordinary shares and preference shares and how these differ from debentures. It will be necessary to mention the difference between redeemable and non-redeemable preference shares in order to teach learners the different treatment of these types of preference shares.</p> <p>Explain how shareholders receive dividends but debenture holders receive interest.</p> <p>Ask learners, working in groups to complete short-answer questions, true/false questions and multiple choice questions on the differences between ordinary shares, preference shares and debentures.</p> <p>Ask learners to complete a series of short calculation exercises on the calculation of debenture interest, preference share dividend and ordinary share dividend, including interim dividends. Learners to exchange books for peer assessment.</p> <p>Prepare a series of cards with various terms connected to limited companies. Divide learners into pairs. One learner holds up each card and the other briefly states what is meant by that term.</p> <p>Explain how the preparation of an income statement, with adjustments, is exactly the same as that for a sole trader.</p> <p>Explain how the preparation of a statement of financial position is exactly the same as that for a sole trader apart from the capital and reserves section.</p> <p>Explain the reason for the preparation of a statement of changes in equity.</p>	<p><b>7110 past examination questions:</b></p> <p>Jun 2012 Paper 22 Q3(a)–(d)</p> <p>Nov 2011 Paper 22 Q3(a)–(d)</p>

**Revision**

**[ 2 WEEKS]**

## Class 11<sup>th</sup> First Term

### Revision of Double Entry System Of BookKeeping

[Suggested teaching duration 2 WEEKS]

### Control accounts

[Suggested teaching duration 2 WEEKS]

#### Recommended prior knowledge

An understanding of double entry book-keeping and the division of the ledger. An understanding of books of prime entry.

#### Context

Errors and fraud can occur when transactions are recorded in the sales and purchases ledgers. Control accounts provide a check on these ledgers.

#### Outline

Learners will be shown how to prepare sales and purchases ledger control accounts from the books of prime entry.

Learners will be encouraged to appreciate the need for control accounts.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources and comments
<b>3. Verification of accounting records</b>	<b>Candidates should be able to:</b>		
3.4 Control accounts	understand the purposes of purchases ledger and sales ledger control accounts  identify the books of prime entry as sources of information for the control account entries	Re-visit the preparation of ledger accounts of credit customers and credit suppliers and the division of the ledger.  Complete a brainstorming session with learners about the purposes of control accounts. Build up a list on the board.  Prepare cards containing items which may be found in a control account. In pairs or small groups learners name the control account in which the item would appear and whether it is a debit or a credit entry.  The information on the cards and the learners' lists can then be used to demonstrate the preparation of a purchases ledger and a sales ledger control account. Individual learners can be invited to make entries on the board.	<ul style="list-style-type: none"><li>✓ Candidates do not need to prepare control accounts which are part of the double entry system.</li><li>✓ Candidates do not need to reconcile control account balances with the sales and purchases ledger balances.</li></ul>

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
	<p>prepare purchases ledger and sales ledger control accounts to include credit purchases and sales, receipts and payments, cash discounts, returns,</p> <p>irrecoverable debts, dishonoured cheques, interest on overdue accounts, contra entries, refunds, opening and closing balance (debit and credit within each account</p>	<p>Discuss with the class the advantages of obtaining the information from these books rather than the ledger accounts</p> <p>Ask learners to make a list of which book of prime entry would be used to obtain the information required to prepare control accounts.</p> <p>Ask learners to work through exercises involving the preparation of control accounts.</p> <p>A debit balances on a purchases ledger control account can be demonstrated by using a simple ledger account of a credit supplier who has been overpaid by the trader. Get the learners to suggest how this will appear in a purchases ledger control account. Discuss reasons for “minority” balances. Ask learners to prepare control accounts containing such balances.</p> <p>Ask two learners to act as traders who buy from and sell to each other. Each learner will need a board or flip chart.</p> <p>Following “directions” from the other learners they prepare the accounts of the two traders as they would appear in each other’s books.</p> <p>Discuss with learners how one account can be set off against the other.</p> <p>Ask learners to prepare control accounts including more challenging items such as contras and minority balances.</p>	<p><a href="http://www.bized.co.uk/">www.bized.co.uk/</a></p> <p><b>7110 past examination questions:</b></p> <p>Jun 2012 Paper 21 Q2(a)–(b)</p> <p>Nov 2011 Paper 22 Q2(a)–(b)</p> <p>Jun 2011 Paper 21 Q2(a)–(b)</p>

## Correction of errors

[Suggested teaching duration 2 WEEKS]

### Recommended prior knowledge

An understanding of how to make entries in the ledger and in the general journal. An understanding of the application of the accounting equation.

### Context

Errors can occur when transactions are recorded in the books of account. These errors have to be corrected in order to ascertain a true picture of the financial state of a business.

### Outline

Learners will be shown how to make journal entries to correct errors, including the use of a suspense account. Learners will be shown how to correct the profit and statement of financial position after the discovery of errors.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>3. verification of accounting records</b>	<b>Candidates should be able to:</b>		
3.2  Correction of errors	correct errors by means of journal entries  explain the use of a suspense account as a temporary measure to balance the trial balance.  correct errors by means of suspense accounts  adjust a profit or loss for an accounting period after the correction of errors	Display a list of errors. The teacher and the learners then brainstorm on how those errors could be corrected.  Re-visit the general principle of journal entries. Demonstrate the correction of errors by means of journal entries.  Individual learners can be invited to make journal entries on the board.  Display a trial balance with an imbalance and explain the use of a suspense account.  Provide a list of examples of errors which affect the agreement of the trial balance and demonstrate the entries required to correct those errors in the journal and the suspense account.	<b>Books:</b>  <i>O Level Principles of Accounts</i> Chp 14 Q4–8

	<p>understand the effect of correction of errors on a statement of financial position.</p>	<p>Prepare a series of cards each containing an error. Ask learners to prepare entries to correct the errors. Once the entries have been made the learners exchange their answers for peer assessment.</p> <p><b>Extension activity:</b> Before teaching the effect of errors on the financial statements, ask learners to discuss how the errors they have just corrected may have affected the profit calculation and the items in the statement of financial position.</p> <p>Provide a list of errors and ask the learners to state which affect the profit calculation and which affect the statement of financial position.</p> <p>Demonstrate the preparation of a statement of revised profit.</p> <p>Demonstrate the effect of errors on the statement of financial position</p>	<p>Specimen Paper 2 Question 4  0452 Nov 2015 Paper 23 Question 3a – b  7110 Jun 2017 Paper 21 Question 1d – f, Question 2  0452 Mar 2018 Paper 22 Question 1a – c, Question 4a – b</p>
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## Financial relationships (ratio analysis)

[Suggested teaching duration 3 WEEKS]

### Recommended prior knowledge

The ability to prepare financial statements. An understanding of equity, capital employed and working capital.

### Context

Having prepared annual financial statements, it is necessary to be able to interpret the information contained in these statements. This enables the performance of the business to be compared with that of previous years and with other businesses.

### Outline

Learners will be shown how to calculate and understand the importance of accounting ratios.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>6. Analysis and interpretation</b>	<b>Candidates should be able to:</b>		
6.1  Calculation and understanding of accounting ratios	understand, calculate and explain the importance of the following accounting ratios: Gross margin <ul style="list-style-type: none"><li>• Profit margin</li><li>• Return on capital employed (ROCE)</li><li>• Current ratio Liquid (acid test) ratio</li><li>• Rate of inventory turnover (times)</li><li>• Trade receivables turnover (days)</li><li>• Trade payables turnover (days)</li></ul>	Using a pre-prepared set of financial statements, demonstrate the calculation of the following: <ul style="list-style-type: none"><li>• rate of inventory turnover</li><li>• gross profit/sales</li><li>• net profit (profit for the year)/sales</li><li>• net profit (profit for the year)/capital employed</li><li>• working capital (current) ratio</li><li>• quick (acid test) ratio.</li><li>• Trade receivables turnover (days)</li><li>• Trade payables turnover (days)</li></ul> Ask learners to write out the formulae for the calculation of the above ratios.	<b>Books:</b>  <i>O Level Principles of Accounts</i> Chp 23 Q1–7, Chp 9 Q8–9  <i>O Level Principles of Accounts Workbook</i> Q120–125 and 50–532  <b>Online:</b>  <a href="http://www.dineshbakshi.com/www.bakshi.co.uk/">www.dineshbakshi.com/www.bakshi.co.uk/</a>

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
6.2 Interpretation of accounting ratios	<p>prepare and comment on simple statements</p> <p>showing comparison of results for different years</p> <p>make recommendations and suggestions for improving profitability and working capital</p> <p>understand the significance of the difference between the gross margin and the profit margin as an indicator of a business's efficiency</p> <p>explain the relationship of gross profit and profit for the year to the valuation of inventory, rate of inventory turnover, revenue, expenses and equity</p>	<p>Complete a brainstorm with learners comparing the ratios for the two years in the exercise involving the calculation of ratios for two financial years.</p> <p>Ask learners, working in pairs, to complete exercises on comparisons of results.</p> <p>Re-visit previous work on the inter-relationship of items in a statement of financial position.</p> <p><b>Extension activity:</b> Before teaching the topic of recommendations for improving profitability and working capital provide learners with a set of financial statements and completed ratios. Ask learners working in groups, to discuss the information provided and suggest how the various ratios can be improved.</p> <p>Ask learners, working in groups, to complete exercise involving the calculation and interpretation of ratios and recommendations for improvement.</p>	



Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
6.3 Inter-firm comparison	<p>understand the problems of inter-firm comparison</p> <p>apply accounting ratios to inter-firm comparison</p>	<p>Briefly introduce the topic inter-firm comparison.</p> <p>Extension activity: Before giving detailed explanations ask learners, working in groups, to make a list of possible problems of trying to compare two different businesses (two specific businesses can be used for this purpose).</p> <p>Discuss the lists they have made and build up an overall list on the board.</p> <p>Divide learners into groups. Provide each group with a set of financial statements for a sole trader and ask them to calculate a set of accounting ratios.</p> <p>Brainstorm with learners on the ratios calculated for each business. Discuss which business has produced better results and why and how the other businesses may be able to improve their ratios.</p> <p>Ask learners, working in pairs, to complete exercises involving the comparison of ratios of different businesses.</p>	

## Incomplete records

[Suggested teaching duration 2 WEEKS]

### Recommended prior knowledge

The ability to prepare financial statements of a sole trader. Learners will have an understanding of double entry book-keeping and control accounts and knowledge of the accounting equation.

### Context

It is necessary to calculate the profit earned, even though a full set of accounting records has not been maintained.

### Outline

Learners will be introduced to the calculation of profit from incomplete records. Learners will be introduced to techniques to arrive at missing figures.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources and Comments
<b>5. Preparation of financial statements</b>	<b>Candidates should be able to:</b>		
5.6 Incomplete records	explain the disadvantages of not maintaining a full set of accounting records  prepare opening and closing statements of affairs  calculate profit or loss for the year from changes in capital over time	Briefly explain that not all businesses maintain a full set of accounting records.  Extension activity: Before giving further explanation ask learners, working in groups, to list any disadvantages which a trader may encounter if a full set of records is not maintained.  Re-visit the accounting equation.  Re-visit the preparation of the capital account of a sole trader to remind learners how profit and drawing affect capital.	✓ Candidates will only be asked questions on incomplete records in relation to sole trader businesses.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
5.6 (cont)	<p>calculate sales, purchases, gross profit, trade receivables and trade payables and other figures from incomplete information</p> <p>prepare income statements and statements of financial position from incomplete records</p> <p>make adjustments to financial statements as detailed in 5.2 (sole traders)</p> <p>apply the techniques of mark-up, margin and inventory turnover to arrive at missing figures</p>	<p>Demonstrate the calculation of profit from change in capital over time and ask learners, working individually, to complete a few exercise on the calculation of profit.</p> <p>Demonstrate the preparation of opening and closing statements of affairs and the preparation of a capital account to calculate profit.</p> <p>Prepare cards listing names and amounts of assets and liabilities at the start and end of a trader's financial year. Ask the learners, working in pairs, to use the information on the cards to prepare opening and closing statements of affairs and the calculation of profit in a capital account.</p> <p>Re-visit the preparation of ledger accounts of credit customers and credit suppliers.</p> <p>Demonstrate the entries in an account for total trade receivables and total trade payables (compare with control accounts which are similar but prepared from different sources and for a different purpose). Demonstrate how "missing" figures can be calculated from these total accounts.</p> <p>Ask learners, working in groups, to complete exercises involving the calculation of "missing" figures. The exercises can get progressively more difficult. For example it may be necessary to prepare a bank account to calculate the amount paid to trade payables before credit purchases can be calculated.</p> <p>Re-visit the preparation of financial statements of a sole trader, including adjustments. Ask learners, working individually, to complete exercises on the preparation of financial statements from incomplete information.</p> <p>Introduce the topic of calculating mark-up and margin and rate of inventory turnover. Demonstrate calculations and then ask learners, working in</p>	<p><b>7110 past examination questions:</b></p> <p>Jun 2013 Paper 22 Q4(a)</p> <p>Nov 2012 Paper 22 Q3(a)–(c)</p> <p>Jun 2012 Paper 22 Q3</p> <p><b>Note:</b></p> <p>The textbook and workbook and some exam questions use the term 'balance sheet' rather than 'statement of financial position'.</p> <p>Some exam questions use the term 'trading and profit and loss account' rather than 'income statement'.</p>

		<p>pairs, to complete some calculations of these items. Demonstrate the application of these calculations to prepare the trading section of an income statement which has missing information such as revenue, purchase, opening inventory, closing inventory, where it may be necessary to “work backwards”.</p> <p>Ask learners, working individually to complete exercises on the topic. These can get progressively more difficult. For example introduce a scenario where part of the inventory was destroyed and part was salvaged.</p>	
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## Interested Parties and limitations of accounting statements

[ suggested duration 1 week ]

### Recommended prior knowledge

Knowledge about the world of work either from the learners' own experience or knowledge passed on to them.

### Context

Candidates should be able to explain the uses of accounting information by the interested parties for decision-making:

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>6. Analysis and interpretation</b>	<b>Candidates should be able to:</b>		
6.4 Interested parties	explain the uses of accounting information by the following interested parties for decision-making:  owners • managers • trade payables • banks • investors • club members • other interested parties such as governments, tax authorities, etc.	Use of accounting information in different ways for following interested parties.  owners • managers • trade payables • banks • investors • club members • other interested parties such as governments, tax authorities, etc.	

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
6.5 Limitations of accounting statements	<p>recognise the limitations of accounting statements due to such factors as: historic cost</p> <ul style="list-style-type: none"> <li>• difficulties of</li> <li>• definition non-financial</li> <li>• aspects</li> </ul>	<p>Re-visit the work on problems of inter-firm comparison.</p> <p>Discuss with learners the factors which limit the financial statements. The teacher will probably have to explain the first factor but, by asking directed questions, it may be possible to get learners to provide examples of the last two factors.</p>	

**MultipleChoiceQuestions**

**[ 1 WEEK]**

**Revision**

**[ 1 WEEK]**

## **Class 11<sup>th</sup> Second Term**

### **Clubs and societies**

**[Suggested teaching duration    3 WEEKS]**

#### **Recommended prior knowledge**

An understanding of double entry book-keeping and the closing of ledger accounts. The ability to prepare financial statements of a sole trader. An understanding of the accounting equation.

#### **Context**

Financial statements of a business need to be modified when the organisation is a non-profit-making club or society.

#### **Outline**

Learners will be introduced to clubs and societies and will be shown how to prepare the financial statements for such organisations.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
<b>6.4</b> <b>Preparation of financial statements</b>	<b>Candidates should be able to:</b>		
6.4.3  Clubs and societies	<p>distinguish between receipts and payments accounts and income and expenditure accounts</p> <p>prepare receipts and payments accounts</p> <p>prepare accounts for revenue-generating activities, e.g. refreshments, subscriptions</p> <p>prepare income and expenditure accounts and statements of financial position</p>	<p>Introduce the topic of clubs and societies by asking learners about any clubs or societies which they know of, or of which they are a member.</p> <p>Extension activity: Before explaining the topic further, ask learners, working in groups, to list the differences between a club and a business. They can also list the ways in which a club raises its funds.</p> <p>Complete a brainstorming session with the teacher and the learners on the group discussions on clubs.</p> <p>Re-visit the topic of cash books.</p> <p>Re-visit the topic of capital and revenue expenditure.</p> <p>Demonstrate the preparation of a receipts and payments account. Individual learners can be invited to make entries on the board.</p> <p>Ask learners, working individually, to prepare receipts and payments accounts. One exercise could also involve listing items which would not be included in the account and providing reasons for this exclusion.</p> <p>Re-visit the preparation of income statements for businesses.</p> <p>Demonstrate the preparation of an income statement for a trading activity of a club then ask learners to complete a few exercise on this topic. Learners to exchange books for peer assessment.</p> <p>Re-visit the topic of accrued and pre-paid income and the use of a “time-line”.</p> <p>Provide exercises and ask learners to calculate the subscriptions relating to a financial year.</p> <p>Demonstrate the preparation of a subscriptions account and ask learners to prepare subscriptions accounts.</p> <p>Re-visit the preparation of an income statement of a business, including adjustments.</p>	<p><b>Textbooks:</b></p> <p><i>O Level Principles of Accounts</i> Chp 17 Q1–6</p> <p><i>O Level Principles of Accounts Workbook</i> Q91–96</p>



	<p>make adjustments to financial statements as detailed in 5.1 (sole traders)</p> <p>define and calculate the accumulated fund</p>	<p>Demonstrate the preparation of an income and expenditure account and ask learners to complete exercises on the preparation of income and expenditure accounts.</p> <p>Working in groups, ask learners to make a list of the differences between a receipts and payments account and an income and expenditure account.</p> <p>Brainstorm with learners on the lists prepared by the groups.</p> <p>Explain what is meant by the accumulated fund of a club and how it arises.</p> <p>Explain how the preparation of a statement of financial position is exactly the same as that for a business except that the accumulated fund replaces the capital and demonstrate the presentation of this section of the statement.</p> <p>Ask learners, working individually, to complete exercises on the financial statements of clubs and societies.</p> <p><b>Extension activity:</b> Before teaching the topic, ask learners, working in groups, to discuss how clubs can raise funds for various purposes.</p>	
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## Manufacturing Accounts [Suggested teaching duration 2 WEEKS]

### Recommended prior knowledge

An understanding of double entry book-keeping and the closing of ledger accounts. The ability to prepare financial statements of a sole trader.

### Context

Financial statements and the day-to-day accounting records of a sole trader need to be modified for a manufacturing business.

### Outline

Learners will be introduced to manufacturing businesses and will be shown how the accounting records differ from those of a business buying and selling goods.

Learners will be shown how to prepare manufacturing accounts.

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
5. Preparation of financial statements	Candidates should be able to:		
5.5 Manufacturing accounts	<p>distinguish between direct and indirect costs</p> <p>understand direct material, direct labour, prime cost and factory overheads</p> <p>understands and make adjustments for work in progress</p>	<p>Introduce the topic of manufacturing accounts by asking learners to name any local, national, or international manufacturing businesses they have heard of.</p> <p><b>Extension activity:</b> Before explaining the topic further, ask learners, working in groups, to list all the costs that may result from a named object. Vary the object to suit the learners e.g. if the learners are female, the cost of marking a garment; if the learners are male, the cost of making a motor bike, etc.</p> <p>Brainstorm on the suggestions made by the groups. Make lists on the board or PowerPoint of the costs suggested. The lists should be divided into groups (but not headed at this point) to cover things like materials, labour costs, expenses, assets.</p>	<p><b>Textbooks:</b></p> <p><i>O Level Principles of Accounts</i> Chp 20 Q1–6</p> <p><i>O Level Principles of Accounts Workbook</i> Q108–111</p> <p><b>Online:</b></p> <p><a href="http://www.dineshbakshi.com/">www.dineshbakshi.com/</a></p> <p><a href="http://osbornebooks.co.uk/home">http://osbornebooks.co.uk/home</a></p>

Syllabus ref	Learning objectives	Suggested teaching activities	Learning resources
	<p>calculate factory cost of production</p> <p>prepare manufacturing accounts, income statements and statement of financial position</p> <p>make adjustments to financial statements as detailed in 5.1 (sole traders)</p>	<p>These lists can then be broken down into factory costs and admin costs / direct costs and indirect costs / prime cost and cost of production. Ask learners, working individually, to classify a list of costs. (I) Demonstrate the preparation of a simple manufacturing account, then provide learners with a template for a manufacturing account. Ask them to work through a few short exercises. Learners can exchange books for peer assessment.</p> <p>Introduce the topic of work in progress and how this affects the cost of production and demonstrate the effect of work in progress on the simple manufacturing account used for demonstration</p> <p>Re-visit the preparation of an income statement of a business, including adjustments and explain how the trading section of an income statement for a manufacturing business differs from that of a trading business.</p> <p>Demonstrate the transfer of the cost of production to the income statement.</p> <p>Demonstrate how the three types of inventory of a manufacturer are presented in a statement of financial position.</p> <p>Ask learners, working individually, to complete exercises on the financial statements of a manufacturing business.</p>	<p><b>7110 past examination questions:</b></p> <p>Jun 2013 Paper 21 Q5</p> <p>Nov 2012 Paper 21 Q3</p> <p>Nov 2012 Paper 22 Q5</p> <p>Jun 2011 Paper 21 Q5</p>

**MultipleChoiceQuestions** [Suggested duration **2 WEEKS**]

**Revision** [Suggested duration **2 WEEKS**]