

DAWOOD PUBLIC SCHOOL

Course Outline for 2011-2012

Principles of Accounts

Class X

Cambridge O Level Principles of Accounts Syllabus Code 7110

Course Books:

1. Wood, Frank, *Business Accounting*, FT Pitman Publishers
2. Coucom, Catherine, *IGCSE Accounting*, Cambridge

All candidates enter for two papers – Paper1 and Paper 2.

SCHEME OF ASSESSMENT

Paper 1 Multiple Choice (1 hour)

This will consist of 30 items testing the whole syllabus.

Paper 2 Structured Written Paper (2 hours).

Paper 2 will usually consist of between 4 and 6 compulsory questions drawn from topics across the whole syllabus: one of these questions, carrying approximately one third of the marks for Paper 2, will involve the preparation of the final accounts of a manufacturing or trading business (the Manufacturing, Trading and Profit and Loss Account and the Balance Sheet). Questions on Paper 2 may require completion of proformas and tables.

Candidates will write their answers on the question paper.

There will be no choice of question on either paper.

Paper 1 will be worth 33.3% of the final marks. Paper 2 will be worth 66.6% of the final marks.

The use of computerized accounting software is not required in the examination. An appreciation of the usefulness of computerized accounting systems in the preparation of accounting information is required.

Syllabus Aims and Assessment

AIMS

1. To develop an understanding of the role of accounting in providing an information system for monitoring and decision making.
2. To develop an understanding of accounting concepts, principles, procedures and terminology.
3. To develop skills in preparing and interpreting accounting information.
4. To develop knowledge and understanding of the aims and activities of business and non-trading organizations, their accounting implications and the accounting techniques and procedures appropriate to them.
5. To develop skills of numeracy, literacy, communication and enquiry.
6. To encourage attitudes of accuracy, orderliness, logical thought and an appreciation of professional ethics.

ASSESSMENT OBJECTIVES

The skills tested in Principles of Accounts are:

- A Knowledge with understanding
- B Analysis
- C Evaluation

A description of each skill follows.

- A Knowledge with understanding

Students should be able to:

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1. Demonstrate knowledge and understanding of facts, terms, concepts, conventions, principle and techniques appropriate to the syllabus;
 2. Demonstrate understanding of knowledge through numeracy, literacy, presentation and comprehension;
 3. Apply knowledge and information to various accounting situations and problems.
- The syllabus content defines the factual material that candidates may be required to recall and understand. Questions testing this will often begin with words such as: state, define, identify, list, outline, write up, record, calculate, compute, and explain.

B Analysis

Students should be able to:

4. Select, analyse and order information in written, numerical and diagrammatic form;
5. Present appropriate information in an accepted accounting form.

Questions testing these skills will often begin with words such as: select, prepare, draw up.

C Evaluation

Students should be able to:

6. Interpret and evaluate accounting information and to draw reasoned conclusions.

Questions testing this skill will often require written answers and may begin with words such as: explain, suggest, advise, comment on, discuss, compare.

.Monthly Distribution of Syllabus

August

Bad Debts, provision for doubtful debts and provision for discounts on debtors
Depreciation of fixed assets: nature and calculation

September

Double entry records for depreciation
Accruals and prepayments and other adjustments for financial statements

October

Final Accounts with adjustments
Control Accounts

November

Ratios: Introduction to Accounting
Revision

December

Mid Year Exams

January

Bank Reconciliation statements
Suspense Accounts

February

Payroll Accounting
Computerized Accounting
Revision

March

Mocks

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Syllabus Content

1. Adjustments to Ledger Accounts (Adjustments for prepaid and accruals & bad Debts)

Wood, Frank, *Bookkeeping and Accounts*, FT Prentice Hall: Review Questions 27.1-27.5 (adjustments)

Past Papers for Bad Debt Questions: N-89(Q4), J-93(Q5), N-84(Q2), N-96(Q5), J-83(Q6), J-01(Q3)

Past Papers for Adjustments for prepaid and accrual Questions: J-87(Q4), N-88(Q2)

CONTENTS AND LEARNING OBJECTIVES

Students should be able to have an understanding and solve questions relating to:

- Accruals and Prepayments
 - make entries in the journal and ledger accounts to record accrued and prepaid expenses
 - make entries in the journal and ledger accounts to record outstanding and prepaid incomes
- Bad Debts and the Provisions for Doubtful Debts
 - make entries in the journal and ledger accounts to write off bad debts
 - make entries in the journal and ledger accounts to make and adjust provisions for doubtful debts

Questions will not be set on bad debts recovered.

2. Accounting for Depreciation

Wood, Frank, *Bookkeeping and Accounts*, FT Prentice Hall: review Exercise 25.2-25.7, 26.1-26.4

Past Papers: J-90(Q-7), N-98(Q7), N-96(Q7), J-95(Q2), N-00(Q2), N-92(Q7)

CONTENTS AND LEARNING OBJECTIVES

Students should be able to have an understanding and solve questions relating to:

- define depreciation
- explain the reasons for accounting for depreciation
- name and describe the straight-line, diminishing (reducing) balance and revaluation method of depreciation
- prepare ledger accounts and journal entries for the provision of depreciation
- prepare ledger accounts and journal entries for the disposal of fixed assets

3. Correction of Errors

Wood, Frank, *Bookkeeping and Accounts*, FT Prentice Hall: Review Questions 31.1-31.5

Past Papers: N-99(Q2), J-99(Q2), N-96(Q3), N-96(Q7), N91(Q4)

- make journal entries supporting the correction of errors
- open and post entries to a suspense account where necessary
- prepare a statement of revised profit
- prepare revised balance sheet extracts

4. Final Accounts

Past Papers (Departmental accounting): N-97(Q1), J-95(Q1), J-91(Q1)

CONTENTS AND LEARNING OBJECTIVES

Students should be able to have an understanding and solve questions relating to:

Trading and Profit and Loss Accounts

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- calculate the gross and net profits or losses, based on accounting principles, for a specified period
- recognise that net profit (or loss) is the increase (or decrease) in the net value of assets during that period

Balance Sheets

- recognise that they are statements of balances of assets and liabilities on a specified date set out in any valid layout
- demonstrate knowledge of the meaning, importance and designation of fixed assets, goodwill, current assets, current liabilities, long term liabilities and working capital
- Comment upon the significance of the inter-relationship of the Balance Sheet items
- relate working capital to the liquidity of a business
- explain the basis of valuation of assets as follows:
 - fixed assets at cost less accumulated depreciation
 - Stock in trade at cost or net realisable value, whichever is lower
 - Trade debtors at expected collectible amount i.e. after deduction of provisions for doubtful debts
- distinguish between, and show understanding of, capital and capital employed

5. Preparation of final accounts for Sole Trader

Wood, Frank, *Bookkeeping and Accounts*, FT Prentice Hall: 27.8-27.12

Past Papers: J-01(Q5), N-01(Q4), J-99(Q1), J-98(Q1), J-96(Q1), J-92(Q1), J-88(Q1)

CONTENTS AND LEARNING OBJECTIVES

Students should be able to have an understanding and solve questions relating to:

- explain the difference between a trading and service business
- prepare Trading and Profit and Loss Accounts and Balance Sheets for trading businesses
- prepare Profit and Loss Accounts and Balance Sheets for service businesses
- make adjustments for provision for depreciation using the straight-line, diminishing (reducing) balance and revaluation methods
- make adjustments for provisions for bad and doubtful debts
- make adjustments for accruals and prepayments to take account of accrued and prepaid expenses and outstanding and prepaid income
- make adjustments for goods taken by owner for own use

6 Payroll Accounting

Handout Questions

Past Papers: Specimen Paper (Q3), N-08(Q2)

CONTENTS AND LEARNING OBJECTIVES

Students should be able to have an understanding and solve questions relating to:

Payroll records

- Name and state the use of a clock card, time sheet, pay slip, payroll register, wages sheet
- Explain and calculate pay using the time basis and piecework basis
- Explain and calculate overtime
- Explain statutory deductions for income tax and social security/national insurance
- Explain voluntary deductions for pension contributions, subscriptions and charitable donations
- Explain and calculate gross and net pay

Understanding of tax and other tables is not required. Calculations will be based on fractions and percentages.

Knowledge of bonus schemes is not required.

Book-keeping entries for payroll

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- prepare journal entries to record the payment of wages and salaries, statutory and voluntary deductions
- prepare ledger entries to record the payment of wages and salaries, statutory and voluntary deductions

Questions will not be asked on the use of a wages and salaries control account or labour costing.

7. Advanced Principles

CONTENTS AND LEARNING OBJECTIVES

Students should be able to have an understanding and solve questions relating to:

Financial Relationships

- Compute and explain the importance of rate of stock turnover, gross profit/sales, net profit/sales, net profit/capital ratios.
- Explain the relationship of gross and net profits to the valuation of stock, rate of stock
- Turnover, turnover, expenses, and capital
- Recognize the importance of stock valuation and the effect of an incorrect stock valuation on
- Gross profit, net profit, capital

