

Dawood Public School
Course Outline 2017-18
Principles of Accounts
Class X

Cambridge O level Principles of Accounts
Syllabus Code 7110

Course Books:

1. Wood, Frank, Business Accounting, FT Pitman Publishers
All candidates enter for two papers – Paper1 and Paper 2.

SCHEME OF ASSESSMENT:

Paper 1 Multiple Choice

Paper 2 Structured Written Paper

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 trading business (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 in the question paper.
- There will be no choice of question in 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.

Monthly Distribution

August

Bad Debts, provision for doubtful debts

September

Depreciation of fixed: nature and calculation

Double entry records for depreciation

October

Accruals and prepayments and other adjustments for financial statements Final Accounts with adjustments

November

Control Accounts

Revision

December

Mid Year Exams

January

Review of errors not affecting trial balance

Suspense Accounts

February

Benefits of ICT (Information and Communications Technology)

Payroll Accounting

March

Mocks/Final Examination

SYLLABUS CONTENT:

1. Adjustments to Ledger Accounts (Adjustments for Provision of doubtful debts&badDebts)

CONTENTS AND LEARNING OBJECTIVES:

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

- 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

CONTENTS AND LEARNING OBJECTIVES:

Students should be able to:

- Define depreciation
- Explain the reasons for accounting for depreciation
- Name and describe the straight-line, diminishing (reducing) balance and revaluation methods 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. Accruals and Prepayments

CONTENTS AND LEARNING OBJECTIVES

Students should be able to:

- 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

4. Preparation of final accounts for Sole Trader

CONTENTS AND LEARNING OBJECTIVES

Students should be able 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
- Prepare Balance Sheets
- Recognize 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, 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 realizable 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. Control Accounts

CONTENTS AND LEARNING OBJECTIVES

Students should be able to:

- Explain that control accounts are an independent check on the sales and purchases ledgers
- Explain that control accounts may be used to provide totals of debtors and creditors, locate errors and act as a deterrent against fraud
- Identify and use the books of prime entry as sources of information for the control account entries
- Enter the following items into the relevant control account: credit sales and purchases, receipts and payments, discounts, returns, bad debts, dishonored cheques, interest on overdue accounts, contra entries, refunds, opening and closing balances (debit and credit within each account).

Questions will **not** be set on situations where the control accounts are part of the double entry system.

- Recognize the importance of stock valuation and the effect of an incorrect stock valuation on
- Gross profit, net profit, capital

6. Correction of Errors

- 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

7. ICT (Information and Communications Technology)

CONTENTS AND LEARNING OBJECTIVES

Students should be able to:

- State the benefits of ICT in book-keeping and accounting:
- accuracy, speed of processing information, ability to process high volumes of information, performing reconciliations, ease and capacity of information storage, security