

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

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

MONTHLY SYLLABUS

August

Manufacturing Accounts

Ratios

September

Partnership Accounts

Goodwill for sole traders and partnerships

Purchase of existing partnership and sole trader's businesses

October

Incomplete Records /Single Entry

Receipts and payments accounts and income and expenditure accounts

November

Company Accounts

Use of Information and communication technology in book keeping

Ethics in Accounting

Revision

December

Mid Year Exams

January

Other Ratios and their Interpretation

Departmental Accounts

February

Yearly Past Papers

March

Mocks

SYLLABUS CONTENT

1. Manufacturing Accounts

Past Papers: N-90(Q2), N-86(Q2), N-93(Q2), N-96(Q2), J-98(Q3), N-99(Q3), N-01(Q1)

CONTENTS AND LEARNING OBJECTIVES

Students should be able to:

- Distinguish between direct and indirect costs
- Identify direct material, direct labour, prime cost and factory overheads
- Make adjustments for work-in-progress
- Calculate factory cost of production
- Prepare Manufacturing, Trading, Profit and Loss Accounts and the Balance Sheet of a manufacturing business

2. Incomplete Records

Past Papers relating to Single Entry and Incomplete Records: J-99(Q4), J-98(Q5), N-87(Q5), N-91(Q6), N-98(Q3), N-01(Q2)

CONTENTS AND LEARNING OBJECTIVES

Students should be able to:

- prepare opening and closing Statements of Affairs
- calculate net profit/loss from change in capital over time
- compute sales and purchases figures and gross profit from incomplete information
- apply the following techniques to arrive at missing figures – mark-up, margin, inventory (stock) turnover
- comment upon the importance of providing information on profitability and financial position of enterprises when the books of account are not compiled by the double entry system.

Questions on incomplete records will only relate to sole traders

3. Clubs and Societies

Past Papers relating to Club Accounts: N-95(Q3), J-94(Q4), J-96(Q4), N-98(Q4), J-02(Q4)

CONTENTS AND LEARNING OBJECTIVES

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

- Distinguish between Receipts and Payments Accounts and Income and Expenditure Accounts
- Prepare accounts for the following – receipts and payments, revenue generating activities e.g. refreshments, and subscriptions
- Calculate the Accumulated Fund
- Prepare Income and Expenditure Accounts and Balance Sheets

- Make the other adjustments as appropriate from Incomplete Records
- Prepare opening and closing Statements of Affairs
- Calculate net profit/loss from change in capital over time
- Compute sales and purchases figures and gross profit from incomplete information
- Apply the following techniques to arrive at missing figures – mark-up, margin, stock turnover
- Comment upon the importance of providing information on profitability and financial position of enterprises when the books of account are not compiled by the double entry system
- Questions on incomplete records will only relate to sole traders

4. Partnership

Past Papers: J-92(Q4), N-91(Q2), N-98(Q1), J-97(Q1), N-95(Q1)N-00(Q4), J-02(Q-5)

CONTENTS AND LEARNING OBJECTIVES

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

- 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
- Prepare Trading and Profit and Loss Accounts, Appropriation Accounts and Balance Sheets
- Explain the uses of and differences between capital and current accounts
- Draw up partners' current and capital accounts both in ledger form and as part of a Balance Sheet presentation
- Show the treatment of interest on capital, partners' salaries, interest on partners' loans and on drawings
- Make simple entries for the formation of a partnership via capital contribution by each partner
- In cash and/or non-cash assets and amalgamation of two sole traders, including the calculation and recording of Goodwill
- Questions will not be set on the dissolution of partnership.

5. Limited Liability Companies

Past Papers: N-89(Q7), J-87(Q6), N-93(Q7), J-94(Q6), N-98(Q-6)

CONTENTS AND LEARNING OBJECTIVES

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

- Prepare a simple statement of changes in equity
- explain the capital structure of a limited company (comprising preference share capital, ordinary share capital, general reserve and retained profits/profit and loss account) and how it appears in the Balance Sheet
- Recognise the distinctions between authorised, called-up, issued and paid-up share capital and between share capital - ordinary and preference – and loan capital e.g. debentures
- Candidates will not be required to prepare a company's Profit and Loss Account or a complete Balance Sheet, to make entries to record the issue of capital, or to know the accounting requirements of the Companies Acts.

- Candidates need to be aware of cumulative and non-cumulative preference shares. They are not required to have an awareness of deferred, founders, participating, redeemable or 'A' shares, rights issues, bonus issues, share premium or capital redemption reserve.

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

- 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

Handout Questions

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, working capital ratio (current ratio) and quick ratio (acid test)
- Explain the relationship of gross and net profits to the valuation of stock, rate of stock
- Turnover, turnover, expenses, and capital
- Recognise the importance of stock valuation and the effect of an incorrect stock valuation on
- Gross profit, net profit, capital, and asset valuation

8. Accounting Principles

Handout Questions

CONTENTS AND LEARNING OBJECTIVES

Students should be able to have an understanding and solve questions relating to, explain and recognise the application of the following principles/concepts in the compilation of final accounts:

- Going concern, historical cost, accounting entity, money measurement, accounting period, matching/accruals, prudence (conservatism), materiality, consistency, and dual aspect
- Recognise the influence of international accounting standards in: narrowing the areas of difference and variety of accounting practice; improving comparability; improving reliability and understandability of accounting information
- explain the importance of professional ethics in accounting

Questions will not be set on specific international accounting standards.