

Dawood Public School
Course Outline 2020-21
Cambridge O Level Principles of Accounts 7110
Grade X

Course Books:

1. Wood, Frank, *Business Accounting*, FT Pitman Publishers

Month	Content
August	Revision of Books of Original Entry Bank Reconciliation
September	Control Accounts Review of errors not affecting trial balance Suspense Accounts Depreciation of fixed: nature and calculation
October	Double entry records for depreciation
November	Revision for Mid-Year Examination
December	Mid Year Examination
January	Bad Debts, provision for doubtful debts Accruals and prepayments and other adjustments for financial statements Final Accounts with adjustments
February	Accruals and prepayments and other adjustments for financial statements Final Accounts with adjustments Benefits of ICT (Information and Communications Technology)
March	Mocks

All candidates enter for two papers – Paper 1 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.

SYLLABUS CONTENT

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

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

Learning Objectives

Students should be able to:

2. Define depreciation
3. Explain the reasons for accounting for depreciation
4. Name and describe the straight-line, diminishing (reducing) balance and revaluation methods of depreciation
5. Prepare ledger accounts and journal entries for the provision of depreciation
6. Prepare ledger accounts and journal entries for the disposal of fixed assets

3. Accruals and Prepayments

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

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

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)
- Recognize the importance of stock valuation and the effect of an incorrect stock valuation on
 - gross profit
 - net profit
 - capital

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

6. Correction of Errors

Learning Objectives

Students should be able to:

- 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)

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