

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

Course Books:

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

Month	Content
August	Manufacturing Accounts
September	Partnership Accounts Goodwill for sole traders and partnerships Purchase of existing partnership and sole trader's businesses
October	Ratios 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
November	Revision for Mid-Year Examination
December	Mid Year Examination
January	Other Ratios and their Interpretation Departmental Accounts
February	Yearly Past Papers
March	Mocks

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.

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)

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)

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)

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
 - refreshments
 - 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)

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)

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 Accounts.

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. Advanced Principles

Handout Questions

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
 - asset valuation

7. Accounting Principles

Handout Questions

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.