

SYLLABUS 9706 ACCOUNTING: Overview

These schemes of work are intended to provide teachers with a comprehensive guide to the coverage of CIE's AS and A level syllabuses for Accounting (Papers 9706/1,2,3 & 4.)

Recommended prior knowledge

Students should have passed O level or IGCSE Accounting at grade C or higher. This scheme of work has been prepared on the assumption that many students have not acquired that prior knowledge before commencing their AS/A level accounting studies and need to be taught basic bookkeeping before proceeding to more advanced learning.

It is often erroneously assumed that accounting is a mathematical subject and that students who are good at maths should be good at accounting. This is not necessarily so as accounting is more concerned with particular concepts than with mathematics. The only mathematical skills required are the ability to add, subtract, multiply, divide and calculate percentages and ratios. Calculators may be used and students must be able to tell whether the answer shown in the display looks right (e.g. decimal point in the correct position).

General resources

Endorsed textbook: Randall, H. (2005) *AS Level and A Level Accounting*. Cambridge: Cambridge University Press

Other suitable reference texts:

Randall, H. (1996). *A Level Accounting*. London: Letts Educational.

Wood, F. & Sangster, A. (1998). *A-level Accounting*. London: Financial Times Prentice Hall

Wood, F. & Sangster, A. (1999a). *Business Accounting I*. London: Financial Times Prentice Hall

Wood, F. & Sangster, A. (1999b) *Business Accounting II*. London: Financial Times Prentice Hall

Other useful material:

Past examination papers obtainable from CIE: international@cie.org.uk or 01223 553554

IGCSE Accounting - 0452/01, /02 & /03

GCE 'O' Level Accounting - 7110/02

AS Level 8427/02 and 9706/01 & /02; A Level (A2) 9362/02 and 9706/03 & /04

The published accounts of limited companies (available from the registered offices of the companies).

Online Resources

<http://www.askltd.com/askjava/> A topic list for accounting concepts arranged alphabetically.

<http://www.staffs.ac.uk/schools/business/bsadmin/staff/s5/mscproj/defn.htm> definitions and terms relating to Profit and Loss Account and Balance Sheet explained.

<http://www.bized.ac.uk./compfact/ratios/> useful for ratio analysis

<http://www.carolworld.com/> Company Annual Reports and Accounts Online site. Useful for obtaining published company reports and accounts.

Sections:

All units are included in the A level syllabus. Those that apply to the A level syllabus only are shown in *italics*.

1	<p>The Accounting System: Recording of financial information; accounting principles; control systems. (Syllabus sections A to C) Students study how the raw data of transactions is assembled in a logical order and recorded in a double entry bookkeeping system from which useful financial statements can be prepared. They are also introduced to concepts that are of fundamental importance and learn about systems that control the integrity of the bookkeeping.</p>
2	<p>Financial Accounting: Preparation of financial statements; Capital of limited companies. (Syllabus sections D and E) <i>Cash flow statements (E). Business purchase (section F); Published company accounts (Section G). A level students study the purchase of unincorporated businesses by limited companies and the principles governing the disclosure requirements of company annual reports.</i></p>
3	<p>Financial Reporting and Interpretation: Profitability and working capital ratios; <i>Investment ratios</i>; drafting of reports on business performance (Syllabus section H). Students learn how to understand the meaning and importance of financial statements and to communicate their knowledge clearly and accurately. They can learn of its practical application to their every-day situations. <i>Company financing (Syllabus section I).</i> The principles underlying the provision of capital for limited companies by share capital and debentures. The critical appraisal of company reports and the nature of company forecasts.</p>

4	<p>Elements of Managerial Accounting: Cost classification; Absorption (Total) costing; Marginal costing. (Syllabus section J) Students learn break-even analysis, its uses and limitations, and how to draw break-even charts.</p> <p><i>Process costing, sensitivity analysis, the maximisation of profit when resources are limited, accounting for decision making. Budgeting (Syllabus section K). Accounting for decision making and forward planning. Standard costing (Syllabus section L) Establishing cost standards and analysing variances. Responsibility accounting. Investment appraisal (Syllabus section M) Financial techniques to appraise capital expenditure, sensitivity analysis and non-financial factors affecting investment decisions.</i></p>
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Suggested Teaching Order

There is little scope for changing the order within which the units are taught, as each is prior knowledge for the one that follows. For the same reason, there is little, if any, scope for varying the order in which topics within the units are taught. Many topics contain material which is in the A level syllabus only. Such material is shown in section c) in *italics*. Teachers may teach the italicised topics alongside the AS level topics, or leave the italicised topics until the AS level syllabus has been covered and return to the italicised topics to complete the A level syllabus. Whichever the order in which the topics are taught, it is of paramount importance that the whole of the syllabus is covered before the examination. Every topic is likely to find its place in at least one of the papers each session. It is invariably the case that too many candidates enter the examinations inadequately prepared with the inevitably disappointing results.

Suggested time allocation

It will already be apparent that no hard-and-fast advice can be given regarding the time to be spent on the teaching of each unit and each teacher will probably make their own assessment in their own particular circumstances. Most teaching plans will probably follow something like the following suggested time allocation:

Year 1	Unit 1 20%	Unit 2 40%	Unit 3 10% - 15%	Unit 4 10% -15%	Pre-examination revision 15%
Year 2		Unit 2 15% - 20%	Unit 3 15% - 20%	Unit 4 50%	Pre-examination revision 15%

Suggestions to achieve the required assessment objectives

According to the syllabuses, candidates are expected to:

- 1 Demonstrate knowledge and understanding of the accounting procedures and practices in the specified content and the principles on which these are based;
- 2 Apply knowledge and understanding of accounting procedures, practices and principles to familiar and novel situations;
- 3 Select, order, analyse and present information in an appropriate accounting form;
- 4 Present reasoned explanations, understand implications and communicate them in a clear and logical manner;
- 5 Make judgements, recommendations and decisions based on accounting information and principles.

These objectives should be kept constantly in mind from the very start of the course and applied to all appropriate circumstances.

Students should be taught not only what to do and how to do it, but **why** they should do things in particular ways. They will understand and remember what they are taught if they grasp underlying principles.

Students should be required from the start to work neatly and to show all workings in their exercises.

The early lessons can become tedious and boring but the interest of the class can be stimulated by team games. Divide the class into two or more teams (perhaps with team leaders), and ask the teams, in turn, questions on topics that have been covered. A correct answer scores a point for the team. To score points, the teams may be asked to explain the reasons for their answers. This is a good method of revision