

INTERNATIONAL ADVANCED LEVEL

Accounting

Getting Started

Pearson Edexcel International Advanced Subsidiary in Accounting (XAC11)

Pearson Edexcel International Advanced Level in Accounting (YAC11)

For first teaching in September 2015

First examination June 2016

Issue 1

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ISBN 978 1 446 92511 9

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Introduction

This Getting Started guide will give you an overview of the International Advanced Level (IAL) in Accounting qualification and what it means for you and your students. This guidance is intended to help you plan the course in outline and give you further insight into the principles behind the content to help you and your students succeed. This specification has been developed in consultation with the teaching community, higher education learned societies and subject associations. Teachers from a range of schools and colleges have provided feedback to help us shape the specification. Academics in universities have helped us understand how to build on the strength of the previous specification and how progression to undergraduate study could be further improved.

Key principles

The specification has been developed with the following key principles:

Clear Specification

Clear guidance on what students need to learn, providing clarity for planning, teaching and assessment. The changes we have made to the structure of the specification are explained on page 4.

Progression, not repetition

The specification supports progression from International GCSE, by building on the understanding developed at this level while at the same time avoiding repetition. This specification also ensures students new to the subject are appropriately supported, so all learners can be engaged and enthused.

Reflect today's global world

The double entry bookkeeping system is found the world over, and forms the building block of much of accounting. This topic is found mainly in Unit 1, and provides the basis of this unit. The scenarios used in both units have an international flavor and reflect possible situations that can be found in any economy in the world.

Clear assessments

There will be a clear and consistent use of command words across assessments and between series. Our approach to assessments, definitions for the command words and details of how the command words are explained can be found in the glossary (page 42). Assessment comprises 100% external assessment, with January, June and October assessment opportunities. The assessment has two units comprising one IAS unit and one IA2 unit.

Clear mark schemes

Mark schemes show the award of each mark together with the assessment objective addressed. Longer, written answers, often addressing evaluation, will be marked using a 'levels' mark scheme, for the first time in IAL Accounting. These will show teachers and examiners, the expectations required to move through the levels.

Skills for progression

The specification and assessment requires development of a range of transferable skills. These skills include numeracy, communication, a basic understanding of the use of ICT within the subject, and an awareness of some elementary business principles.

Book keeping and accounting skills will be developed in Unit 1 and these will be extended and expanded in Unit 2. Further development of these skills could occur with continued study at a higher level. These vocational skills could be directly applied in the workplace

Support for delivering the new specification

Our package of support to help you plan and implement the new specification includes:

Planning – In addition to the relevant section in this guide, we will be providing a course planner and scheme of work that you can adapt to suit your department.

Teaching and learning – To support you in delivering the new specification, we will be providing suggested resource lists and suggested activities.

Understanding the standard – Sample assessment materials will be provided.

Tracking learner progress – ResultsPlus provides the most detailed analysis available of your students' exam performance. It can help you identify topics and skills where students could benefit from further learning.

Support – Our subject advisor service and online community will ensure you receive help and guidance from us as well as enabling you to share ideas and information with each other. You can sign up to receive e-newsletters to keep up to date with qualification updates, and product and service news

What's Changed?

Changes to subject criteria

The content of the new International Advanced Level in Accounting has undergone a full review, to ensure it is current. It has also been developed in line with the World Class Qualification Principles (Demanding, Rigorous, Inclusive and Empowering). The range of subject content to be studied has been reviewed. The table below outlines the changes.

Unit 1: The Accounting System and Costing

New	Removed
1.1.7 The use of information and communication technology (ICT) 1.1.20 Schedule of non-current assets 1.4.7 Semi-fixed and semi-variable costs 1.5.3 Use of ratios to make future financial projections	Dissolution of partnership

Unit 2: Corporate and Management Accounting

New	Moved
2.1.2 The role of the auditor in corporate governance 2.1.5 Basic knowledge of Foreign Exchange reserve 2.5.2 Collection of data from accounting records 2.6.1 Profitability index Section 2.9 ICT in Accounting	Capital gearing to 2.1.10 (from Investment ratios) Weighted average cost of capital to 2.6.1. (from Capital structure)

Changes to Assessment Objectives

The International Advanced Level in Accounting Assessment Objectives have been revised.

AO1 IAS 30% IAS2 20-25% IAL 25%	Demonstrate knowledge of accounting procedures and techniques and an understanding of the principles and concepts upon which they are based
AO2 IAS 40-45% IAS2 40% IAL 42.5%	Select and apply appropriate knowledge and understanding of accounting procedures, techniques, concepts and principles to a variety of accounting situations. Present accounting information in an appropriate format
AO3 IAS 15-20% IAS2 20-25% IAL 20%	Analyse financial information, interpret financial data and information and communicate reasoning, showing understanding
AO4 IAS 10% IAS2 15% IAL 12.5%	Evaluate financial and non-financial evidence and make informed recommendations and decisions

Qualification Overview

This section provides an overview of the course to help you see what you will need to teach. The overview gives a general summary of each of the examined papers.

Specification overviews

The International Advanced Level in Accounting is structured into two units each with an externally assessed exam:

Unit 1 The Accounting System and Costing	Unit 2 Corporate and Management Accounting
1.1 Principles of accounting and double entry book-keeping 1.2 Control procedures 1.3 Financial statements of organisations 1.4 Introduction to costing 1.5 Analysis of accounting statements 1.6 Social and ethical accounting	2.1 Limited companies 2.2 Investment ratios 2.3 Statement of Cash Flows 2.4 Budgeting 2.5 Standard costing 2.6 Project appraisal 2.7 Break-even analysis 2.8 Marginal costing and absorption costing 2.9 Information communication technology (ICT) in accounting

Assessment overviews

Unit 1 The Accounting System and Costing	Unit 2 Corporate and Management Accounting
External assessment: written examination Total marks: 200 Weighting: 50% Examination time: 3 hours Questions drawn from Unit 1 content	External assessment: written examination Total marks: 200 Weighting: 50% Examination time: 3 hours Questions drawn from Unit 2 content

Assessment guidance

Unit 1: The Accounting System and Costing	Unit code WAC11
Externally assessed Availability: January, June and October First assessment: June 2016	50% of the total IAL marks
Content summary <ul style="list-style-type: none"> ■ Principles of accounting and double entry book-keeping ■ Control procedures ■ Financial statements of organisations ■ Introduction to costing ■ Analysis of accounting statements ■ Social and ethical accounting. 	
Assessment 200 marks. Time allowed 3 hours. Section A – two compulsory 55 mark, multi-part questions based on given data Section B – three optional 30 mark, multi-part questions from a choice of four.	

Unit 2: Corporate and Management Accounting	Unit code WAC12
Externally assessed Availability: January, June and October First assessment: June 2017	50% of the total IAL marks
Content summary <ul style="list-style-type: none"> ■ Limited companies ■ Investment ratios ■ Statement of cash flows ■ Budgeting ■ Standard costing ■ Project appraisal ■ Break-even analysis ■ Marginal costing and absorption costing ■ Information and communication technology (ICT) in accounting. 	
Assessment 200 marks. Time allowed 3 hours. Section A – two compulsory 55 mark, multi-part questions based on given data. Section B – three optional 30 mark, multi-part questions from a choice of four.	

Command words

The following table lists the command words used in the external assessments.

Command word	Definition
State	This requires the recall of one or more pieces of information.
Identify	This requires information to be selected from a range of possibilities, list or given stimulus.
Define	To state the precise meaning of an accounting term and/or provide a description.
Comment	The answer must include a simple statement based on the scenario and also a summary of why/how that statement is important to the scenario.
Explain	This requires a linked justification/exemplification of a point.
Complete	This requires the completion of a table or structure. This may include a calculation which will then be required to fill the incomplete table/structure.
Prepare	This will involve arranging financial information into a standard format.
Calculate	This will involve working out a numerical problem using mathematical processes and formulae, showing relevant working.
Recommend	This will involve suggesting a solution/decision by reviewing information from a scenario and providing a justification/exemplification for that choice.
Evaluate	This will involve reviewing information and then bringing it together to form a conclusion, drawing on evidence including strengths, weaknesses, alternative actions, relevant data or information. A supported judgement/decision will be reached in relation to its context.

Levels mark scheme

Below is an example of the “levels” mark scheme that will be used for the evaluation section of the multi-part questions.

Level	Mark	Descriptor
	0	A completely incorrect or irrelevant response.
Level 1	1 – 3	Isolated elements of knowledge and understanding which are recall based. Weak or no relevant application to the scenario set. Generic comments and assertions may be present.
Level 2	4 – 6	Elements of knowledge and understanding which are applied to the scenario. Chains of reasoning are present, but may be incomplete or invalid. A generic or superficial assessment is presented.
Level 3	7 – 9	Accurate and thorough knowledge and understanding, supported by relevant application to the scenario. Some analytical perspectives are present, with developed chains of reasoning, showing causes and/or effects. An attempt at an assessment is presented, using financial and maybe non-financial information, in an appropriate format, and communicating reasoned explanations.
Level 4	10 – 12	Accurate and thorough knowledge and understanding, supported by relevant and effective application to the scenario. A coherent and logical chain of reasoning, showing causes and effects. Assessment is balanced, wide ranging and well contextualised using financial and maybe non-financial information, making informed recommendations and/or decisions.

The colour coding applied is as follows:

Purple – AO1: Demonstrates knowledge of accounting procedures and techniques and an understanding of the principles and concepts upon which they are based.

Green – AO2: Select and apply knowledge and understanding of accounting procedures, techniques, concepts and principles to a variety of accounting situations. Present accounting information in an appropriate format.

Blue – AO3: Analyse financial information, interpret financial data and information, and communicate reasoning, showing understanding.

Orange – AO4: Evaluate financial and non-financial evidence and make informed recommendations and decisions.

Planning

Planning and delivering the modular IAL in Accounting

The International Advanced Level in Accounting is modular, with examinations available in the January, June and October series.

Delivery models

One of the first decisions that centres will have to make is whether they intend to offer a sequential or thematic approach. A modular A Level will offer a more flexible approach as topics can be selected in an order that meets the needs of students.

Suggested resources

To support the teaching and learning of the new specification, we have provided a comprehensive suggested resources list to capture a range of sources you may find useful on page 39.

Unit overview

The overview gives a summary of the content of each unit so that you can organise your teaching effectively.

Unit 1: The Accounting System and Costing

Topics

Principles of accounting and double entry book-keeping

- Role and purpose of accounting
- Double entry system
- Accounting concepts and conventions
- Capital expenditure and revenue expenditure
- Non-current asset depreciation
- Trial balance
- Control accounts
- Correction of errors

Financial statements of organisations

- Financial statements of sole traders
- Year-end adjustments
- Departmental records
- Incomplete records
- Partnership
- Clubs and non-profit making organisations
- Manufacturers

Introduction to costing

- Valuation of inventory
- Labour costs
- Overhead costs
- Job costing

Analysis of accounting statements

- Ratios

Social and ethical accounting

- Social accounting
- Ethics

Unit 2: Corporate and Management Accounting

Topics

Limited companies

- Financial statements
- Capital structure
- Merger or purchase of limited companies

Investment ratios

- Investment ratios

Statement of cash flows

- Statement of cash flows

Budgeting

- Budgeting

Standard costing

- Standard costing

Project appraisal

- Project appraisal

Break-even analysis

- Break-even analysis

Marginal costing and absorption costing

- Marginal costing and absorption costing

Information and communication technology (ICT) in accounting

- Information and communication technology (ICT) in accounting

Course Planner

This section contains a course planner for each of the units in the Pearson Edexcel IAL Accounting specification.

The course planner follows the specification in topic order.

This is only a suggested course planner and it does not need to be followed. However, it may be useful when working through the specification for the first time.

Timings

The following tables show the suggested timings for each topic

Unit 1: The Accounting System and Costing		
Topics		Time (approx hours)
1.1	Principles of accounting and double entry book-keeping	50
1.2	Control procedures	20
1.3	Financial statements of organisations	50
1.4	Introduction to costing	25
1.5	Analysis of accounting statement	25
1.6	Social and ethical accounting	10
Total teaching time (hours)		180

Unit 2: Corporate and Management Accounting		
Topics		Time (approx hours)
2.1	Limited companies	50
2.2	Investment ratios	15
2.3	Statement of cash flows	10
2.4	Budgeting	15
2.5	Standard costing	15
2.6	Project appraisal	15
2.7	Break-even analysis	15
2.8	Marginal costing and absorption costing	15
2.9	Information and communication technology (ICT) in accounting	5
Total teaching time (hours)		150

Unit 1: The Accounting System and Costing

Content		
Week 1	Role of accounting	Role of accounting, purpose of accounting and transaction recording
<p>Aim: Students to understand the role of accounting</p> <p>Topics covered:</p> <p>1.1.1 Role of accounting 1.1.2 Purpose of accounting 1.1.3 Transaction recording in books of account</p> <p>Suggested activities/resources:</p> <p>Group discussion Tutor explanation of topic and use of relevant text exercises</p> <p>Teaching points to note:</p> <p>Examiners will only test the preparation of the cash book and journal. Examiners will not test the preparation of other books of original entry, although background knowledge of these will be required.</p>		
Week 2	Double entry recording of revenue (sales), purchases, expenses and incomes	Double entry recording of revenue (sales), purchases, expenses and incomes
<p>Aim: Students to understand double entry recording of revenue (sales), purchases, expenses and incomes</p> <p>Topics covered:</p> <p>1.1.3 Transaction recording in books of account 1.1.4 Transaction recording in prime entry</p> <p>Suggested activities/resources:</p> <p>Tutor explanation of topic and use of relevant text exercises</p> <p>Teaching points to note:</p> <p>This is a general area of weakness in student's answers. Teaching approaches may differ but students will be tested on their ability to record transactions in an account, balance that account at a set date and bring down the balance.</p>		
Week 3	Double entry recording including non-current assets and non-current liabilities. (Excluding provisions)	Double entry recording including non-current assets and non-current liabilities. (Excluding provisions)
<p>Aim: Students to understand Double entry recording including non-current assets and non-current liabilities. (Excluding provisions)</p> <p>Topics covered:</p> <p>1.1.3 Transaction recording in books of account 1.2.1 Extract a simple trial balance 1.2.2 Limitations of the trial balance</p> <p>Suggested activities/resources:</p> <p>Tutor explanation of topic and use of relevant text exercises</p> <p>Teaching points to note:</p> <p>This is a general area of weakness in student's answers. Teaching approaches may differ but students will be tested on their ability to record transactions in an account, balance that account at a set date and to bring down the balance.</p>		

Week 4	Income statements	Prepare a simple income statement. Correctly categorise to IAS order and format. Complete the double entry transfer from the ledger accounts.
<p>Aim: Students to prepare income statements</p> <p>Topics covered: 1.3.1 Income statements</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises</p> <p>Teaching points to note: Students generally lack an understanding of the link between the ledger and the financial statements.</p>		
Week 5	Financial position statement	Prepare a simple financial position statement of the balances remaining in the ledger after preparation of the income statement. Correctly categorise to IAS order and format.
<p>Aim: Students to understand financial position statement</p> <p>Topics covered: 1.3.2 Financial position statements 1.1.10 Use of IAS terminology</p> <p>Suggested activities/resources: Complete two types of exercises: 1. Prepare Financial position statements from a list of asset and liability balances. 2. Exercises requiring Students to 'write up' a number of transactions in the ledger. Extract a trial balance, and prepare the financial statements.</p> <p>Teaching points to note: To forge this understanding of the link between the ledger and financial statements. Examiners would suggest the use of some exercises that complete the full double entry cycle. Entering the transactions in the ledger accounts, extracting a trial balance, and preparing the income statement with transfers from the ledger. Balance all remaining ledger accounts and prepare the financial position statement.</p>		
Week 6	Period end Adjustments	Prepaid and accrued expenditure and income: – application of the matching concept – calculation of expenditure/income. – recording transfer in ledger and income statement. Recording the remaining balances in the financial position statement
<p>Aim: Students to understand period end adjustments</p> <p>Topics covered: 1.3.3 Period end adjustments</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises.</p> <p>Teaching points to note: Students will need to be able to consider adjustments from three perspectives 1. Matching the correct expenditure/income for the stated period. Recording this in the income statement. 2. Making appropriate entries into the respective ledger accounts. 3. Recording the remaining balances in the financial position statement.</p>		

<p>Week 7</p>	<p>Depreciation</p>	<p>Depreciation – causes, methods of depreciation, nature of provision. Prepare ledger accounts for provision for depreciation. Not the disposal of non-current assets.</p>
<p>Aim: Students to understand depreciation</p> <p>Topics covered: 1.1.13 Causes 1.1.14 Rationale 1.1.15 Methods 1.1.16 Ledger accounts 1.3.4 Provisions 1.3.5 Depreciation</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past papers: January 2014 Q3 (b) June 2014 Q7 (a)-(b)</p> <p>Teaching points to note: Students will need to be able to consider adjustments from three perspectives:</p> <ol style="list-style-type: none"> 1. Matching the correct expenditure/income for the stated period. Recording this in the income statement. 2. Making appropriate entries into the respective ledger accounts 3. Recording the remaining balances in the financial position statement. 		
<p>Week 8</p>	<p>Bad debts and allowances for doubtful debts</p>	<p>Bad debts and allowances for doubtful debts:</p> <ul style="list-style-type: none"> – Recording bad debts in the journal, ledger and income statement. – Calculation of allowances for doubtful debts. – Recording allowance for doubtful debts in financial statements. – Recording bad debts recovered.
<p>Aim: Students to understand bad debts and allowances for doubtful debts</p> <p>Topics covered: 1.3.6 Bad debts and allowances for doubtful debts 1.1.6 Ledger accounts</p> <p>Suggested activities/resources: Use of the following past papers: SAM Q5 (b).</p> <p>Teaching points to note: N/A</p>		

Week 9	Financial statements	Prepare the financial statement of trading for a service provider business with full adjustments
<p>Aim: Students to prepare financial statements</p> <p>Topics covered: 1.3.1/1.3.2 Financial statements</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past papers: June 2013 Q6 (a) and (b) June 2014 Q1 (b) and (c) SAM Q1 (a) and (b)</p> <p>Teaching points to note: Examiners will test the ability of students to complete the income statement and financial position statement using outstanding balances with a range of adjustments.</p>		
Week 10	Accounting concepts	Application to previous topics of going concern, prudence, accruals, consistency, historic cost, materiality, money measurement, realisation and business entity.
<p>Aim: Students to understand accounting concepts and conventions</p> <p>Topics covered: 1.1.8 Accounting concepts 1.1.9 Accounting concepts and conventions</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past papers: January 2015 Q7 (a) SAM Q3 (d)</p> <p>Teaching points to note: Examiners will test the ability of the students to apply accounting concepts and conventions to given scenarios.</p>		
Week 11	Capital and revenue expenditure	Capital and revenue expenditure and its treatment with reference to accounting concepts
<p>Aim: Students to understand capital and revenue expenditure</p> <p>Topics covered: 1.1.11 Capital and revenue expenditure 1.1.12 Capital and revenue expenditure treatment .</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past paper: June 2014 Q7 (c)</p> <p>Teaching points to note: Examiners will test the ability of the students to apply accounting concepts and conventions to given scenarios.</p>		

Week 12	Disposal of non-current assets	Entries in the ledger accounts Creation of disposal account Entries in the financial statement
<p>Aim: Students to understand disposal of non-current assets</p> <p>Topics covered: 1.1.19 Disposal of non-current assets 1.1.20 Schedule of non-current assets</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past paper: January 2015 Q3 (a) to (c)</p> <p>Teaching points to note: The disposal of non-current assets has been tested regularly. The preparation of a schedule of non-current assets is new to the 2015 specification.</p>		
Week 13	Correction of errors	Use of the journal to correct entries. Correct errors of omission, original entry, commission, principle, reversal and compensation. Use of the suspense account. Correct errors requiring the use of a suspense account.
<p>Aim: Students to use a journal to perform correction of errors</p> <p>Topics covered: 1.2.5 Errors not revealed by the trial balance 1.2.6 Journal entries 1.2.7 Suspense account 1.2.9 Control accounts</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past papers: June 2013 Q3 (a) June 2014 Q3 January 2015 Q4</p> <p>Teaching points to note: Students' knowledge of double entry is tested regularly by the preparation of journals to correct errors.</p>		
Week 14	Effects on profit	Effects on profit where changes have been made to previous depreciation methods used, accounting procedures, or where errors have been corrected.
<p>Aim: Students to understand effects on profit of using depreciation methods</p> <p>Topics covered: 1.1.17 Depreciation method used 1.1.18 Changes of method 1.2.8 Corrections of errors</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past paper: June 2013 Q3 (b)</p> <p>Teaching points to note: N/A</p>		

Week 15	Control accounts	Control accounts for trade receivables and trade payables
<p>Aim: Students to understand control accounts</p> <p>Topics covered: 1.2.3 Control accounts 1.2.4 Control accounts</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past papers: January 2014 Q4 SAM Q3 (a) and (b)</p> <p>Teaching points to note: N/A</p>		
Week 16	Departmental accounts	Columnar format presentation: – Calculate profit/loss for departments – Simple apportionment of expenses
<p>Aim: Students to understand departmental accounts</p> <p>Topics covered: 1.3.7 Columnar format to establish departmental profit/loss</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past papers: January 2015 Q2 (a) to (d)</p> <p>Teaching points to note: Student should practice using columnar format.</p>		
Week 17	Partnership	The partnership agreement. Appropriation of profit/loss. Capital and current ledger accounts Financial position statement.
<p>Aim: Students to understand partnership</p> <p>Topics covered: 1.3.9 Appropriation accounts 1.3.10 Current and capital accounts 1.3.11 Agreement 1.3.12 Partnership Act 1.3.13 Introduction of a new partner</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past paper: June 2013 Q4 January 2014 Q1 (b) and (c) June 2014 Q4 January 2015 Q6</p> <p>Teaching points to note: Centres should note that dissolution of partnerships is not contained within the 2015 specification.</p>		

Week 18	Introduction to Costing	Valuation of raw materials and remuneration systems for labour
<p>Aim: Students to understand introduction to costing</p> <p>Topics covered:</p> <ul style="list-style-type: none"> 1.4.1 Inventory valuation methods 1.4.2 Perpetual and periodic valuations 1.4.3 Effect of valuation methods on profit 1.4.4 Labour productivity 1.4.5 Remuneration methods 1.4.6 Employer costs and employee earnings <p>Suggested activities/resources:</p> <p>Tutor explanation of topic and use of relevant text exercises</p> <p>Use of the following past papers:</p> <ul style="list-style-type: none"> June 2013 Q5 SAM Q5 (a) SAM Q1 (c) and (d) <p>Teaching points to note:</p> <p>Centres should deliver these topics before progressing to the manufacturing account.</p>		
Week 19	Manufacturing account	<p>Preparation of manufacturing account from a list of balances.</p> <p>Calculate cost of raw materials, prime cost, overhead cost, production cost, profit on manufacture (if applicable).</p> <p>Transfer appropriate cost to income statement.</p> <p>Record raw material and, work in progress in the financial position statement.</p>
<p>Aim: Students to understand manufacturing account</p> <p>Topics covered:</p> <ul style="list-style-type: none"> 1.3.20 Account layout capital and revenue expenditure 1.3.21 Allocation, apportionment and absorption between products and functions 1.3.22 Unrealised profit on manufactured goods <p>Suggested activities/resources:</p> <p>Tutor explanation of topic and use of relevant text exercises</p> <p>Use of the following past papers:</p> <ul style="list-style-type: none"> January 2015 Q5 January 2014 Q1 (a) June 2013 Q2 <p>Teaching points to note:</p> <p>Students should be able to identify the components of prime cost, overhead cost and production cost. Questions will be set where there is a transfer value and a profit/loss on manufacture. Students should be able to calculate the provision for unrealised profit and prepare the provision account.</p>		

Week 20	Advanced costing	Distinguish between, and give examples of, fixed cost, semi-fixed cost, semi-variable cost and variable cost. Apportion overheads to production departments on the most appropriate basis. Reallocate service departments. Calculate machine and labour hour rates.
<p>Aim: Students to understand advanced costing</p> <p>Topics covered: 1.4.7 Fixed, semi-fixed, semi-variable and variable costs 1.4.8 Allocation, apportionment and absorption</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past papers: January 2015 Q3 (c) and (d) January 2014 Q5 SAM Q4 (a) and (c)</p> <p>Teaching points to note: Students will need to understand the difference between semi-fixed and semi-variable costs.</p>		
Week 21	Apportionment and continuous allotment of service departments	Apportionment and continuous allotment of service departments. Over/under absorption application. Job costing application.
<p>Aim: Students to understand apportionment and continuous allotment of service departments</p> <p>Topics covered: 1.4.9 Continuous allotment 1.4.10 Hour rates 1.4.11 Over/under absorption application 1.4.12 Job costing 1.4.13 Job/batch costing</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past paper: June 2014 Q5</p> <p>Teaching points to note: N/A</p>		
Week 22	REVISION	
<p>Topics covered: Examiners recommend that this should include revision of double entry including at least one exercise requiring the completion of the full double entry cycle. Entering the transactions in the ledger accounts, extracting a trial balance and preparing the income statement with transfers from the ledger and adjustments. Balance all remaining ledger accounts and prepare the financial position statement.</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises</p> <p>Teaching points to note: A chance to take a breather and reinforce the work of the previous weeks.</p>		

Week 23	Incomplete records	Financial statements from bank records and opening and closing balances. Financial statements from descriptive information.
<p>Aim: Students to understand incomplete records</p> <p>Topics covered: 1.3.8 Incomplete records</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past papers: June 2013 Q1 June 2014 Q6 January 2015 Q1</p> <p>Teaching points to note: Incomplete records and clubs accounts have been grouped together because many of the skills used are common to both topics.</p>		
Week 24	Income statement, Statement of Financial Position	Trading account
<p>Aim: Students to understand How to establish loss of inventory from flood, fire or theft</p> <p>Topics covered: 1.3.8 Income statement, Statement of Financial Position</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past papers: June 2014 Q7 (c)</p> <p>Teaching points to note: Incomplete records and clubs accounts have been grouped together because many of the skills used are common to both topics.</p>		
Week 25	Club Accounts	Receipts and payments Subscriptions account Trading accounts of different activities
<p>Aim: Students to understand Club Accounts</p> <p>Topics covered: 1.3.14 Receipts and payment accounts 1.3.15 Activity trading accounts</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past paper: SAM Q6 (a) and (b)</p> <p>Teaching points to note: Students will need to prepare double entry accounts for receipts and payments and subscription accounts.</p>		

Week 26	Income and Expenditure account	Income and expenditure account Recording of long term/life membership
<p>Aim: Students to understand income and expenditure account</p> <p>Topics covered: 1.3.16 Subscriptions accounts 1.3.17 Life membership 1.3.18 Losses of inventory or cash 1.3.19 Financial statements of a club</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past papers: January 2014 Q7 June 2013 Q3 (c) and (d) SAM Q6 (c)</p> <p>Teaching points to note: N/A</p>		
Week 27	Profitability and liquidity	Profitability and liquidity: – gross profit as a percentage of revenue. – profit for the year as a percentage of revenue. – current ratio Liquid (acid test) ratio.
<p>Aim: Students to understand profitability and liquidity</p> <p>Topics covered: 1.5.1 Ratios 1.1.12 Appraising financial statements</p> <p>Suggested activities/resources: Exercises and past questions which require candidates, not only to calculate the standard profitability and liquidity ratios accurately, but to demonstrate an interpretation of the meaning of the results of the calculations.</p> <p>Teaching points to note: The accepted formulas for all ratios to be tested are detailed in the 2015 specification. Centres should only use these formulas.</p>		
Week 28	Assessing Business Performance	Use of assets: – non-current assets to revenue – trade payables payment period – trade receivables collection period
<p>Aim: Students to understand Public tribunals</p> <p>Topics covered: 1.5.5 Ratios</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past papers: June 2013 Q7 June 2014 Q2 SAM Q2 (a) and (b)</p> <p>Teaching points to note: The accepted formulas for all ratios to be tested are detailed in the 2015 specification. Centres should only use these formulas.</p>		

Week 29	Decision making	Other factors in decision making: – non-financial factors. – social accounting aspects – requirements of different stakeholders – ethics in accounting analysis
<p>Aim: Students to understand decision making</p> <p>Topics covered: 1.6.1 Social context of decisions: 1.6.2 Significance of non-financial factors 1.6.3 Effect on different stakeholders 1.6.4 Ethics in decisions</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past papers: January 2014 Q6</p> <p>Teaching points to note: Social accounting aspects are not new to the specification, but greater emphasis will be placed upon inclusion of this aspect in the evaluation of future questions.</p>		
Week 30	Forward Projections	Use of ratios to make future financial projections
<p>Aim: Students to understand forward projections</p> <p>Topics covered: 1.5.3 Use of ratios to make future financial decisions</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past paper: SAM Q2 (c) to (f)</p> <p>Teaching points to note: This is a new topic area in the 2015 specification. Centres should refer to SAM 1 Q2 for an example of prospective questions.</p>		
Week 31	The Use of ICT in accounting	The use of ICT in accounting
<p>Aim: Students to understand Capital and revenue expenditure</p> <p>Topics covered: 1.1.7 Use of Information Communication Technology (ICT)</p> <p>Suggested activities/resources: Tutor explanation of topic and use of relevant text exercises Use of the following past paper: SAM Q4 (d)</p> <p>Teaching points to note: This is a new topic area in the 2015 specification. Detailed knowledge of the operation of specific accounting software ‘packages’ will not be required or tested.</p>		

Week 32	Revision and past papers
<p>Topics covered: Weeks 1-5 of the course: the accounting cycle, double entry, extraction of trial balance, transfers to income statement, prepare position statement from remaining balances.</p> <p>Suggested activities/resources: The programme of revision will depend on the perceived gaps in the student's knowledge.</p> <p>Teaching points to note: Examiners commonly find that students are weaker on double entry and on costing than other areas of the specification. It is suggested that these areas are covered thoroughly within any revision programme.</p>	
Week 33	Revision and past papers
<p>Topics covered: Weeks 6-10 of the course: adjustments of prepayments and accruals, depreciation, bad debts within the ledger and in financial statements.</p> <p>Suggested activities/resources: The programme of revision will depend on the perceived gaps in the student's knowledge.</p> <p>Teaching points to note: Examiners commonly find that students are weaker on double entry and on costing than other areas of the specification. It is suggested that these areas are covered thoroughly within any revision programme.</p>	
Week 34	Revision and past papers
<p>Topics covered: Weeks 11-15 of the course. disposal of non-current assets, corrections and control accounts</p> <p>Suggested activities/resources: The programme of revision will depend on the perceived gaps in the student's knowledge.</p> <p>Teaching points to note: Examiners commonly find that students are weaker on double entry and on costing than other areas of the specification. It is suggested that these areas are covered thoroughly within any revision programme.</p>	
Week 35	Revision and past papers
<p>Topics covered: Weeks 16, 17 and 19 of the course. departmental, partnership and manufacturing accounts.</p> <p>Suggested activities/resources: The programme of revision will depend on the perceived gaps in the student's knowledge.</p> <p>Teaching points to note: Examiners commonly find that students are weaker on double entry and on costing than other areas of the specification. It is suggested that these areas are covered thoroughly within any revision programme.</p>	
Week 36	Revision and past papers
<p>Topics covered: Weeks 18, 20 and 21 of the course. costing for raw materials, labour and overheads.</p> <p>Suggested activities/resources: The programme of revision will depend on the perceived gaps in the student's knowledge.</p> <p>Teaching points to note: Examiners commonly find that students are weaker on double entry and on costing than other areas of the specification. It is suggested that these areas are covered thoroughly within any revision programme.</p>	

Week 37	Revision and past papers
<p>Topics covered: Weeks 23-26 of the course. Incomplete records and clubs.</p> <p>Suggested activities/resources: The programme of revision will depend upon the perceived gaps in the student's knowledge.</p> <p>Teaching points to note: Examiners commonly find that students are weaker on double entry and on costing than other areas of the syllabus. It is suggested that these areas are covered thoroughly within any revision programme.</p>	
Week 38	Revision and past papers
<p>Topics covered: Weeks 27-31 of the course. Ratios and assessing business performance.</p> <p>Suggested activities/resources: The programme of revision will depend on the perceived gaps in the student's knowledge.</p> <p>Teaching points to note: Examiners commonly find that students are weaker on double entry and on costing than other areas of the specification. It is suggested that these areas are covered thoroughly within any revision programme.</p>	

Unit 2: Corporate and Management Accounting

Content		
Week 39	Financial statements – Statement of Comprehensive Income	Financial statements – Statement of Comprehensive Income. The importance of disclosing continuing and discontinued activities
<p>Aim: Students to understand Financial statements – Statement of Comprehensive Income</p> <p>Topics covered:</p> <p>2.1 Limited Companies</p> <p>2.1.1 Financial statement in accordance with International Accounting Standards (IAS) 1</p> <p>2.1.3 The importance of disclosing continuing and discontinued activities</p> <p>Suggested activities/resources:</p> <p>Students should look at copies of company accounts (Annual Report) that are freely available on the internet. Use of the following past papers January 2015 Q2</p> <p>Teaching points to note:</p> <p>Refer to example on Pearson website, detailed workings should be shown.</p>		
Content		
Week 40	Financial statements – Statement of Changes in Equity	Financial statements – Statement of Changes in Equity
<p>Aim: Students to understand Financial statements – Statement of Changes in Equity</p> <p>Topics covered:</p> <p>2.1. Limited Companies</p> <p>2.1.1 Financial statement in accordance with International Accounting Standards (IAS) 1</p> <p>Suggested activities/resources:</p> <p>Company accounts</p> <p>Use of the following past papers January 2014 Q3 (a)</p> <p>Teaching points to note:</p> <p>Refer to example on Pearson website.</p>		
Week 41	Financial statements – Statement of Financial Position	Financial statements – Statement of Financial Position
<p>Aim: Students to understand Financial statements – Statement of Financial Position</p> <p>Topics covered:</p> <p>2.1. Limited Companies</p> <p>2.1.1 Financial statement in accordance with international Accounting Standards (IAS) 1</p> <p>Suggested activities/resources:</p> <p>Company accounts</p> <p>Use of the following past papers June 2014 Q1</p> <p>Teaching points to note:</p> <p>Refer to example on Pearson website. Students need to evaluate the performance and the financial position of a company from its financial statement.</p>		

Week 42	The Role of the Auditor, the Auditors' Report and the Director's Report	The role of the auditor, the Auditors' Report, the role of the auditor in corporate governance. The Directors' Report.'
<p>Aim: Students to understand The Role of the Auditor , the Auditors' Report and the Directors Report</p> <p>Topics covered:</p> <p>2.1 Limited Companies</p> <p>2.1.2 The role of the auditor, the Auditors' Report, the role of the auditor in corporate governance. The Directors' Report'.</p> <p>Suggested activities/resources:</p> <p>Company accounts Use of the following past papers SAM Q2 (e) and (f)</p> <p>Teaching points to note:</p> <p>Students would benefit from looking at the relevant sections in the Annual Report of a company.</p>		
Week 43	Reserves and Provisions	How reserves are created and utilised. Capital and revenue reserves The creation and features of provisions
<p>Aim: Students to understand how reserves are created and utilised. Capital and revenue reserves</p> <p>Topics covered:</p> <p>2.1 Limited Companies</p> <p>2.1.5 How the following reserves are created and utilised:</p> <ul style="list-style-type: none"> • retained earnings • general • foreign exchange • share premium • revaluation • capital redemption <p>2.1.4 Capital reserves and revenue reserves</p> <p>2.1.11 The creation and features of provisions</p> <p>Suggested activities/resources:Company accounts Use of the following past papers January 2014 Q3 (d), June 2014 Q3 (c)</p> <p>Teaching points to note:</p> <p>As a minimum, students should know which reserves can be used to distribute dividends.</p>		

Week 44	Financial statements – Authorised, issued and called-up share capital. Rights issues and bonus issues	Authorised, issued and called-up share capital. Rights issues and bonus issues. Ledger accounts and journal entries to record the issue of new shares, bonus issues and rights issues.
<p>Aim: Students to understand Financial statements – Authorised, issued and called-up share capital. Rights issues and bonus issues. Ledger accounts and journal entries to record the issue of new shares, bonus issues and rights issues.</p> <p>Topics covered: 2.1 Limited Companies 2.1.6 Authorised, issued and called-up share capital. 2.1.7 Rights issues and bonus issues. 2.1.8 Ledger accounts and journal entries to record the issue of new shares, bonus issues and rights issues.</p> <p>Suggested activities/resources: Company accounts Use of the following past papers January 2014 Q3 (a) and (b)</p> <p>Teaching points to note: Students should be able to make correct entries in the following accounts: Ordinary Shares, Share Premium, Application and Allotment, Calls Account.</p>		
Week 45	Shares and debentures	Features of shares and debentures Capital gearing and its implications
<p>Aim: Students to understand the features of shares and debentures, Capital gearing and its implications</p> <p>Topics covered: 2.1. Limited Companies 2.1.9 Features of shares and debentures. 2.1.10 Capital gearing and its implications.</p> <p>Suggested activities/resources: Company accounts Use of the following past papers: January 2014 Q2 (b) January 2014 Q3 (c) June 2014 Q3 (b) January 2014 Q6 (a) January 2015 Q1 (a)</p> <p>Teaching points to note: Refer to formula page in specification.</p>		

Week 46	Merger or purchase of limited companies Revaluation of assets and liabilities	The calculation of the purchase price of a company. The calculation of goodwill. Purchase or merger of company using shares or cash
<p>Aim: Students to understand revaluation of assets and liabilities, the calculation of the purchase price of a company and the use of shares or cash for a purchase or merger.</p> <p>Topics covered:</p> <p>2.1 Limited Companies</p> <p>2.1.13 Calculation of the purchase price of a company.</p> <p>2.1.15 The calculation of the purchase price of a company.</p> <p>Suggested activities/resources:</p> <p>Use of the following past papers</p> <p>January 2014 Q7 (a), (b) and (c)</p> <p>January 2015 Q4 (a), (b), (c) and (e)</p> <p>SAM Q2 (a) and (b)</p> <p>Teaching points to note:</p> <p>Students should be able to calculate the purchase price in different ways: e.g. totaling assets and liabilities; adjusting present values for assets and liabilities; or using the value of shares issued and cash given.</p>		
Week 47	Merger or purchase of limited companies	Journal entries and ledger accounts for the purchase of a limited company or the merger of two companies.
<p>Aim: Students to understand journal entries and ledger accounts for the purchase of a limited company or the merger of two companies</p> <p>Topics covered:</p> <p>2.1 Limited Companies</p> <p>2.1.12 Journal entries and ledger accounts for the purchase of a limited company or the merger of two companies (revaluation account, realisation account, sundry shareholders account, acquisition account, purchase of a limited company using shares or cash and merger of limited companies using shares and cash).</p> <p>Suggested activities/resources:</p> <p>Use of the following past papers</p> <p>January 2015 Q4 (d)</p> <p>SAM Q2 (c)</p> <p>Teaching points to note:</p> <p>Students will need to complete the following accounts: Revaluation; Realisation; Sundry Shareholders; Acquisition.</p>		

Week 48	Merger or purchase of limited companies	Statement of Financial Position of a limited company following the purchase of, or the merger with, another company. The correct treatment of goodwill.
<p>Aim: Students to produce a Statement of Financial Position of a Limited company following the purchase of, or the merger with, another company</p> <p>Topics covered:</p> <p>2.1 Limited Companies</p> <p>2.1.14 Statement of Financial Position of a limited company following the purchase of a limited company, or the merger of two companies</p> <p>2.1.15 The calculation and correct treatment of goodwill</p> <p>Suggested activities/resources:</p> <p>Company accounts of a company that has recently taken over another, or merged.</p> <p>Use of the following past papers</p> <p>January 2014 Q7 (d) and (e)</p> <p>SAM Q2 (d)</p> <p>Teaching points to note:</p> <p>Students need to evaluate a purchase of another company or a merger.</p>		
Week 49	Investment Ratios	Revision of ratios from Unit 1 relating to profitability, liquidity, and use of assets.
<p>Aim: Students to understand ratios relating to profitability, liquidity, and the use of assets</p> <p>Topics covered:</p> <p>2.2 Investment Ratios</p> <p>Revision of ratios from Unit 1 relating to profitability, liquidity, and use of assets.</p> <p>Suggested activities/resources:</p> <p>Company accounts</p> <p>Teaching points to note:</p> <p>Refer to formula page in the specification. Ensure formulas are learned, and correct units are given.</p>		
Week 50	Investment Ratios	Return on capital employed, earnings per share, price earnings
<p>Aim: Students to understand investment ratios</p> <p>Topics covered:</p> <p>2.2 Investment ratios</p> <p>2.2.1 Investment ratios.</p> <p>Suggested activities/resources:</p> <p>Company accounts</p> <p>Use of the following past papers</p> <p>January 2014 Q6 (b) and (c)</p> <p>January 2015 Q1</p> <p>Teaching points to note:</p> <p>Refer to formula pages in the specification. Students need to evaluate ratios calculated and performance etc</p>		

Week 51	Ratios involving dividends	Dividend per share, dividend yield, dividend cover
<p>Aim: Students to understand dividend per share, dividend yield, dividend cover</p> <p>Topics covered: 2.2 Investment Ratios 2.2.1 Investment ratios.</p> <p>Suggested activities/resources: Company accounts Use of the following past papers January 2014 Q6 (b) and (c) January 2015 Q1</p> <p>Teaching points to note: Refer to formula pages in specification. Need to be able to evaluate ratios calculated and performance etc</p>		
Week 52	Statement of Cash flows	Statement of Cash Flows in accordance with IAS 7
<p>Aim: Students to understand and be able to prepare a Statement of Cash Flows</p> <p>Topics covered: 2.3 Statement of Cash flows 2.3.1 Statement of Cash Flows in accordance with IAS 7</p> <p>Suggested activities/resources: Company accounts Use of the following past papers January 2014 Q2 (a) January 2014 Q5 (a) SAM Q5 (a)</p> <p>Teaching points to note: Refer to examples on the website, refer to a company's Annual Report.</p>		
Week 53	Statement of Cash flows	Importance of liquidity to a company
<p>Aim: Students to understand the importance of liquidity to a company</p> <p>Topics covered: 2.3 Statement of Cash flows 2.3.2 The importance of liquidity to a company</p> <p>Suggested activities/resources: Use of the following past papers Jun 2014 Q5 (b) SAM Q5 (b)</p> <p>Teaching points to note: Need to be able to evaluate liquidity position and performance of company concerning liquidity.</p>		

Week 54	Budgeting (1)	Role of budgeting as a management tool. Budget preparation. Budgets for revenue, production, purchases and inventory
<p>Aim: Students to understand budgeting as a management tool, and the preparation of budgets for revenue, production, purchases and inventory</p> <p>Topics covered: 2.4 Budgeting 2.4.1 Role of budgeting as a management tool 2.4.2 Budget preparation 2.4.3 Budgets for revenue, production, purchases and inventory</p> <p>Suggested activities/resources: Use of the following past papers January 2014 Q4 (b) June 2014 Q4 (d)</p> <p>Teaching points to note: Needs to be able to evaluate budgeting as a management tool</p>		
Week 55	Budgeting (2)	Budgets for trade receivables, trade payables, capital and cash
<p>Aim: Students to understand budgets for trade receivables, trade payables, capital and cash</p> <p>Topics covered: 2.4 Budgeting 2.4.3 Budgets for trade receivables, trade payables, capital and cash</p> <p>Suggested activities/resources: Use of the following past papers January 2014 Q4 (a) (c) and (d)</p> <p>Teaching points to note: Students need to evaluate the projected position of the business after drawing up the budgets.</p>		
Week 56	Budgeting (3)	Flexible budgets. Budgeted Statement of comprehensive income and statement of financial position.
<p>Aim: Students to understand how to produce flexible budgets and budgeted final financial statements</p> <p>Topics covered: 2.4 Budgeting 2.4.4 Budgeted Statement of comprehensive income and statement of financial position. 2.4.5 Flexible budgets for variations in activity level</p> <p>Suggested activities/resources: Use of the following past papers June 2014 Q4 (a)</p> <p>Teaching points to note: Need to be able to evaluate flexible budgeting.</p>		

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Week 57	Standard costing (1)	The purpose of standard costing The stages in establishing a standard costing system. The collection of data from accounting records. Material variances
<p>Aim: Students to understand the purpose of and stages in establishing a standard costing system and how to collect data from accounting records and material variances</p> <p>Topics covered: 2.5 Standard Costing 2.5.1 The purpose of standard costing. 2.5.2 The stages in establishing a standard costing system. 2.5.3 The collection of data from accounting records. Variances – material</p> <p>Suggested activities/resources: Use of the following past papers: January 2015 Q3 (a) SAM Q3 (a)</p> <p>Teaching points to note: Ensure formulas are learned.</p>		
Week 58	Standard costing (2)	Variances – labour Total fixed overhead variance, total variable overhead variance
<p>Aim: Students to understand variances in labour, fixed overheads and variable overheads</p> <p>Topics covered: 2.5 Standard costing 2.5.3 Variances – labour, total fixed overhead variance, total variable overhead variance.</p> <p>Suggested activities/resources: Use of the following past papers: Jun 2014 Q4 (b) and (c) January 2015 Q3 (a) (b) (c) and (d) SAM Q3 (b)</p> <p>Teaching points to note: Ensure formulas are learnt.</p>		
Week 59	Standard Costing (3)	Reasons for variances Interrelationships between variances Management by exception
<p>Aim: Students to understand the reasons for variances and interrelationships between variances and management by exception</p> <p>Topics covered: 2.5 Standard costing 2.5.4 Reasons for variances 2.5.5 Interrelationships between variances 2.5.6 The principle of management by exception to variance analysis</p> <p>Suggested activities/resources: Use of the following past papers: January 2015 Q3 (e) (f) SAM Q3 (c) and (d)</p> <p>Teaching points to note: Students need to evaluate variances and performance of business.</p>		

Week 60	Project Appraisal (1)	The application of net present value and profitability index
<p>Aim: Students to understand the application of net present value and profitability index</p> <p>Topics covered: 2.6 Project Appraisal 2.6.1 The application of net present value and profitability index.</p> <p>Suggested activities/resources: January 2014 Q1 (a) June 2014 Q7 (b) January 2015 Q6 (a) SAM Q1 (a) (i), (b) and (c)</p> <p>Teaching points to note: Ensure formulas are learned. Students need to evaluate the project.</p>		
Week 61	Project appraisal (2)	Weighted average cost of capital. The application of internal rate of return
<p>Aim: Students to understand the calculation of the weighted average cost of capital and the application of internal rate of return</p> <p>Topics covered: 2.6 Project Appraisal 2.6.1 The application of weighted average cost of capital and the internal rate of return.</p> <p>Suggested activities/resources: Use of the following past papers: January 2014 Q1 (c) June 2014 Q7 (b) January 2015 Q6 (a) SAM Q1 (a) (i) (b) and (c)</p> <p>Teaching points to note: Ensure formulas are learnt. Students need to evaluate the project.</p>		
Week 62	Project Appraisal (3)	The application of average rate of return, and payback period
<p>Aim: Students to understand the applications of the non-discounted methods of project appraisal</p> <p>Topics covered: 2.6 Project appraisal 2.6.2 The application of average rate of return, and payback period.</p> <p>Suggested activities/resources: Use of the following past papers: January 2014 Q1 (b) June 2014 Q7 (a) SAM Q1 (a) (ii)</p> <p>Teaching points to note: Ensure formulas are learned. Students need to evaluate the project.</p>		

Week 63	Break-even analysis (1)	Calculation of fixed, semi-fixed, semi-variable, variable costs, selling price and net profit. Calculation of contribution, break-even point and margin of safety.
<p>Aim: Students to understand break-even analysis</p> <p>Topics covered: 2.7 Break-even analysis 2.7.1 Calculation of fixed, semi-fixed, semi-variable, variable costs, selling price and net profit. 2.7.2 Calculation of contribution, break-even point and margin of safety.</p> <p>Suggested activities/resources: Use of the following past papers: January 2014 Q5 (a) (b) (c) June 2014 Q6 (a) (b) January 2015 Q5 (a) (b) SAM Q6 (a) (b) (c)</p> <p>Teaching points to note: Students need to show all workings clearly and use correct units.</p>		
Week 64	Break-even analysis (2)	Variations to calculations e.g. finding output for a given profit, calculating a cost to give a desired profit.
<p>Aim: Students to understand break-even analysis</p> <p>Topics covered: 2.7 Break-even analysis 2.7.1 Calculation of fixed, semi-fixed, semi-variable, variable costs, selling price and net profit. 2.7.2 Calculation of contribution, break-even point and margin of safety.</p> <p>Suggested activities/resources: Use of the following past papers: January 2014 Q5 (d) January 2015 Q5 (c) SAM Q6 (e)</p> <p>Teaching points to note: Need to show all workings clearly.</p>		
Week 65	Break-even analysis (3)	Graphical representation of break-even analysis.
<p>Aim: Students to understand and produce graphical representations of break-even analysis</p> <p>Topics covered: 2.7 Break-even analysis 2.7.3 Graphical representation of break-even analysis: fixed costs, total costs, sales revenue, break even point, margin of safety, angle of incidence, and area of profit or loss.</p> <p>Suggested activities/resources: Use of the following past papers: January 2014 Q5 (e) SAM Q6 (d)</p> <p>Teaching points to note: Students need to draw graph and read from a graph.</p>		

Week 66	Marginal Costing and Absorption Costing	Concepts of marginal costing and absorption costing. Valuation of inventory using both methods. Profit and loss statements using marginal and absorption costing.
<p>Aim: Students to understand Concepts of Marginal Costing and Absorption Costing</p> <p>Topics covered:</p> <p>2.8 Marginal Costing and Absorption Costing</p> <p>2.8.1 The Concepts of marginal costing and absorption costing</p> <p>2.8.2 The advantages and disadvantages of marginal costing and absorption costing</p> <p>2.8.3 The Valuation of inventory using both methods</p> <p>2.8.5 Profit and loss statements using marginal and absorption costing</p> <p>Suggested activities/resources:</p> <p>Use of the following past papers: January 2015 Q7 (a) and (b) June 2015 Q2 (a) and (c) SAM Q4 (a)</p> <p>Teaching points to note:</p> <p>Students should avoid using statement such as 'this method is best because it gives more profit'</p>		
Week 67	Marginal costing for decision-making	Marginal costing for decision-making
<p>Aim: Students to understand Marginal costing for decision-making</p> <p>Topics covered:</p> <p>2.8 Marginal Costing and Absorption Costing</p> <p>2.8.4 Marginal costing for decision-making.</p> <p>Suggested activities/resources:</p> <p>Use of the following past papers: June 2014 Q2 (f) January 2015 Q7 (c) June 2015 Q2 (b) SAM Q4 (b), (c) and (d)</p> <p>Teaching points to note:</p> <p>Students should use marginal costing to decide whether to: make or buy, accept/refuse order, continue/discontinue production in the long or short term.</p>		
Week 68	Marginal Costing and Absorption Costing – Limiting factors	Limiting factors
<p>Aim: Students to understand Marginal Costing and Absorption Costing when there are limiting factors</p> <p>Topics covered:</p> <p>2.8 Marginal Costing and Absorption Costing</p> <p>2.8.6 The preferred course of action when there are limiting factors.</p> <p>Suggested activities/resources:</p> <p>June 2014 Q2 (a) to (e)</p> <p>Teaching points to note:</p> <p>Students need to learn the theory involving contribution per unit of limiting factor.</p>		

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Week 69	ICT in accounting	Uses of ICT in accounting. Advantages and disadvantages of using ICT in accounting.
<p>Aim: Students to understand Uses of ICT in accounting</p> <p>Topics covered: 2.9 ICT in Accounting 2.9.1 Uses of ICT in accounting. 2.9.2 Advantages and disadvantages of using ICT in accounting.</p> <p>Suggested activities/resources: SAM Q1 (d)</p> <p>Teaching points to note: The use of specific applications or packages will not be tested.</p>		
Week 70	Revision and past papers	
<p>Topics covered: 2.1 Limited Companies Financial statements Capital structure</p> <p>Teaching points to note: Centres may use past papers from the Advanced Level Accounting, which was examined prior to 2014.</p>		
Week 71	Revision and past papers	
<p>Topics covered: 2.1 Limited Companies Mergers or purchase of limited companies</p>		
Week 72	Revision and past papers	
<p>Topics covered: 2.2 Investment Ratios</p>		
Week 73	Revision and past papers	
<p>Topics covered: 2.3 Statement of Cash flows</p>		
Week 74	Revision and past papers	
<p>Topics covered: 2.4/2.6 Budgeting and Project Appraisal</p>		
Week 75	Revision and past papers	
<p>Topics covered: 2.7 Break-even analysis</p>		
Week 76	Revision and past papers	
<p>Topics covered: 2.5 Standard Costing</p>		
Week 77	Revision and past papers	
<p>Topics covered: 2.8 Marginal and Absorption costing</p>		

Resources

Tutors are recommended to utilise the following resources:

- the 2015 Specification for IAL Accounting
- a detailed scheme of work as outlined in the planning and delivery section of this document
- an appropriate text book for students (see Reading List below)
- a copy of a company's financial statements from an Annual Report (for Unit 2)
- appropriate supplementary graded exercises resourced by the tutor
- Sample Assessment Materials for 2015 Specification for IAL Accounting
- past examination papers.

Reading List

Hilary Fortes

Accounting Simplified

(FT Prentice Hall 2011) ISBN 978 0 273 73446 8

www.pearsoned.co.uk/fortes

Frank Wood and Sheila Robinson

Book-keeping and Accounts, 8th Edition

(FT Prentice Hall 2013) ISBN 978 0 273 77306 1

Alan Sangster and Frank Wood

Frank Wood's Business Accounting Volume 1, 12th Edition (suitable for AS)

(FT Prentice Hall 2011) ISBN 978 0 273 77306 1

www.pearsoned.co.uk/wood

Alan Sangster and Frank Wood

Frank Wood's A Level Accounting, 12th Edition (suitable for A2)

(FT Prentice Hall 2012) ISBN 978 0 273 76779 4

B Getting started for students

Student Guide

Why study the Pearson Edexcel IAL in Accounting?

This course will give you understanding and knowledge relating to accounting and book-keeping. Accounting is often said to be 'the language of business'. This means, that to understand business, you must understand accounting. Book-keeping and accounting are also vocational skills, and could lead straight to employment in these areas

What do I need to know, or be able to do, before taking this course?

There are no prior learning or other requirements for this qualification. Students who would benefit most are numerate, probably having achieved an International GCSE, or equivalent in Mathematics, English and Accounting.

What will I learn?

You will learn how to keep a set of book-keeping records for a sole trader, partnership, manufacturer, limited company, or non-profit organisation such as a club. You will also learn how to produce final accounts at the year-end for all of these organisations. A third area of study is costing, when the organisation looks at, for example, the cost of a new project, and decides whether or not to invest in the new project. A detailed scheme of work is shown earlier in this guide.

Is this the right subject for me?

This is the right course for any student interested in a career in book-keeping, accounting or business or in progressing to higher education to study the subject.

How will I be assessed?

AS Level: You will complete one written examination that lasts for 3 hours. The paper will contain two sections. Section A consists of 2 compulsory questions of 55 marks each. Section B consists of 4 questions of 30 marks each, of which students must answer 3 questions. The total mark for Paper 1 is 200 marks.

A2 Level: You will complete one written examination that lasts for 3 hours. The paper will contain two sections. Section A consists of 2 compulsory questions of 55 marks each. Section B consists of 4 questions of 30 marks each, of which students must answer 3 questions. The total mark for Paper 2 is 200 marks.

What can I do after I have completed the course?

For those students wishing to progress to higher education, the International Advanced level is recognised by universities around the world. Alternatively, a successful student may consider obtaining employment, possibly in the area of book-keeping, accounting or business. Students could go on to study professional accountancy exams whilst in employment.

Next steps!

You should talk to your teachers or tutors about the International Advanced Level in Accounting. You should get hold of a detailed Specification or scheme of work for the course. It is a good idea if you can look at an accounting text book for this level of study, to see if you are interested in the subject. If possible, it may be helpful to find some past exam papers for the IAL in Accounting and study these. These can be found by using the following link:

<http://qualifications.pearson.com/en/qualifications/edexcel-international-advanced-levels/accounting.coursematerials.html#filterQuery=category:Pearson-UK:Category%2FExam-materials>

Finally, it may be useful to talk to past students who have studied accounting.

Glossary

The following is a glossary of the comparison between International Accounting Standards terminology and UK GAAP (Generally Accepted Accounting Practice in the UK) terminology. Examiners will use the IAL terms throughout Unit 1 and Unit 2.

IAS terminology	Previously used UK GAAP terminology
Financial statements	Final accounts
Statement of profit or loss and other comprehensive income	Trading and profit and loss account
Revenue	Sales
Raw materials/ordinary goods purchased	Purchases
Cost of sales	Cost of goods sold
Inventory	Stock
Work in progress	Work in progress
Gross profit	Gross profit
Other operating expenses	Sundry expenses
Allowance for doubtful debt	Provision for doubtful debt
Other operating income	Sundry income
Investment revenues/ finance income	Interest receivable
Finance costs	Interest payable
Profit for the year	Net profit
Retained earnings	Profit/loss balance
Statement of Changes in Equity (limited companies)	Appropriation account
Statement of Financial Position	Balance sheet
Non-current assets	Fixed assets
Property	Land and buildings
Plant and equipment	Plant and equipment
Investment property	Investments
Intangible assets	Goodwill etc

IAS terminology	Previously used UK GAAP terminology
Current assets	Current assets
Inventory	Stock
Trade receivables	Debtors
Other receivables	Prepayments
Bank and cash	Bank and cash
Current liabilities	Current liabilities/creditors: amounts due within 12 months
Trade payables	Creditors
Other payables	Accruals
Bank overdraft and loans	Loans repayable within 12 months
Finance costs	Interest payable
Profit for the year	Net profit
Retained earnings	Profit/loss balance
Non-current liabilities	Long-term liabilities/creditors: amounts falling due after 12 months
Bank (and other) loans	Loans repayable after 12 months
Capital or equity	Capital
Share capital	Share capital
Statement of Cash Flows	Cash flow statement
Other terms	
Inventory count	Stock take
Carrying value	Net book value

Formulae

The formulae below will not be supplied in the examination. Please note that a formula may be applied in more than one section.

Profitability

1. Gross Profit as a Percentage of Revenue = $(\text{Gross Profit}/\text{Revenue}) \times 100$
2. Net Profit for the Year as a Percentage of Revenue = $(\text{Net Profit for the Year}/\text{Revenue}) \times 100$
3. Percentage Return on Capital Employed = $(\text{Net Profit Before Interest (NPBI)}/\text{Capital Employed}) \times 100$
For a sole trader or partnership (Capital Employed = Operating Capital + Non-current Liabilities (NCL))
4. Percentage Return on Capital Employed for Corporate Bodies = $(\text{Net Profit Before Interest (NPBI)}/\text{Capital Employed}) \times 100$
For a company (Capital Employed = Issued Shares + Reserves + Non-current Liabilities)

Liquidity

5. Current Ratio = Current Assets/Current Liabilities: 1
6. Liquid Ratio (Acid Test) = $(\text{Current Assets} - \text{Inventory})/\text{Current Liabilities} : 1$
7. Rate of Inventory Turnover = $\text{Cost of Sales}/\text{Average Inventory (Times per Accounting Period)}$
8. Trade Payables Payment Period = $(\text{Trade Payables}/\text{Credit Purchases}) \times 365$
9. Trade Receivables Collection Period = $(\text{Trade Receivables}/\text{Credit Sales}) \times 365$

Use of assets

10. Revenue to Non-current Assets = $\text{Revenue}/\text{Non-current Assets}$

Investment

11. Gearing Ratio = $(\text{Fixed Cost Capital (Debt)}/(\text{Total Capital Employed (Debt + Equity)})) \times 100$
12. Earnings per Share = $(\text{Net Profit after Tax} - \text{Preference Share Dividend})/\text{Number of Issued Ordinary Shares}$
13. Price Earnings Ratio = $\text{Market Price per Share}/\text{Earnings per Share}$
14. Dividend per Share = $\text{Total Ordinary Dividend Paid}/\text{Number of Issued Ordinary Shares}$
15. Dividend Yield = $\text{Dividend Paid per Share}/\text{Market Price of Share}$
16. Dividend Cover = $(\text{Profit after Tax} - \text{Preference Dividends})/\text{Total Ordinary Dividend Paid}$

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VAT Reg No GB 278 537121