

OxfordAQA

International AS/A-level

Accounting (9615)

Scheme of work

For teaching from September 2024 onwards

For International AS/ A-level exams in May/June 2025 onwards

Introduction

This outline scheme of work is intended to help teachers plan and implement the teaching of the Oxford AQA International AS/A-level Accounting specification. The purpose of this scheme of work is to provide advice and guidance to teachers, not to prescribe and restrict their approach to the specification. This scheme has been produced by a senior Accounting examiner and is intended to be helpful for teachers who are new to the specification, but there are many other ways of organising the work, and there is absolutely no requirement to use this scheme. This scheme of work should be used alongside the specimen assessment material.

If introductory resources are required for students please refer to those detailed in the [GCSE scheme of work](#).

Assumed coverage

This scheme assumes that the AS content is the first year and the A2 content is the second year of a two-year A-level course, with approximately 135 taught hours per year (four and a half hours of lessons per week). Work would also need to be completed outside of lessons, although this would ultimately depend on the amount of contact time available and the extent to which assessment activities take place within lesson time.

One/two teacher model

This scheme is set out as a potential model for one teacher, with a linear approach to the subject content (sections 3.1.1 to 3.2.10). With two teachers, the model could be broken down as follows, with a broadly financial and management accounting split, according to teacher preference

- Teacher 1: 3.1.1 – 3.1.6 and 3.2.4 – 3.2.8
- Teacher 2: 3.1.7 – 3.1.10 and 3.2.1 – 3.2.3 and 3.2.9 – 3.2.10

International terminology

International terminology will be used, for more guidance please see subject specific vocabulary.

International Accounting Standards.

This scheme of work is correct at the time that the specification was developed. However as accounting standards and regulations are continuously evolving you will need to stay up-to-date with changes in International Financial Reporting Standards (IFRS) and International Accounting Standards. International terminology will be used, for more guidance please see subject specific vocabulary.

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Specification reference

3.1.1: An introduction to the role of the accountant in business

Specification content

- The responsibilities of the accountant within business.
- The difference between financial accounting and management accounting and the purpose of each.
- The role of the accountant in developing and overseeing accounting information systems to provide reliable and relevant information for both financial and management purposes.

Learning outcomes

- Understand the role of the accountant in business and the difference between financial and management accounting

Suggested timing

1 hour

Additional detail

The role of the accountant includes overseeing the work of bookkeepers and ledger clerks.

Resources

- International Oxford AQA Accounting student book.
- [Video – role of accounting in business](#)
- [Video – functions of accounting](#)
- [Youtube - AQA Accounting 3.1 Introduction to the role of an accountant in business](#)

Specification reference

3.1.2: Types of business organisation

Specification content

- Types of business organisations including different business ownership models.
- The associated benefits and risks and the impact on business reporting.
- Sources of finance for different forms of business organisation and the risks related to those.

Learning outcomes

- Analyse the advantages and disadvantages of each business model e.g. management control sources of finance available, distribution of profits, accounting requirements etc.

Suggested timing

3 hours

Additional detail

Business organisations are:

- sole traders,
- partnerships,
- private (Ltd)
- public limited liability companies (plc).

Sources of finance available for the different types of business organisations to include:

- owner's capital
- partner's capital
- bank overdraft
- bank loan mortgage
- ordinary shares
- debentures.

Resources

- International Oxford AQA Accounting student book.
- [Types of business organisations](#) – uses US examples
- Bee Business Bee types of ownership video: [Youtube link](#)
- Cliqvid YouTube – why Go limited?: [Youtube link](#)

Specification reference

3.1.3: The double entry model

Specification content

- Using the double entry system including the recording of transactions from source documents in books of prime entry and ledger accounts; transferring accounts to income statements, balancing accounts and the preparation of statements of financial position.
- Record adjustments in ledger accounts and financial statements.
- Apply the double entry model in the preparation of financial statements for a range of business organisations.
- Prepare income statements and statements of financial working from trial balances and additional information.
- Prepare statements of financial position with subheadings.
- Make entries for depreciation in the income statement and statement of financial position.

Learning outcomes

- Process source documents into books of prime entry and ledger accounts, balance ledger accounts at a specific date and bring the balance down where appropriate and to transfer to the income and expense accounts to the income statement. double entry book keeping.
- Calculate adjustments, record these into the ledger accounts and include in the financial statements.
- Prepare income statements and statements of financial positions from a trial balance and additional information.
- Calculate depreciation using both methods and to show the charge for the period to the Income statement and the accumulated amount in the statement of financial position.

Suggested timing

40 hours.

This has not been broken down as content maybe delivered in several different ways. You may decide to introduce students to the double entry system first before teaching the completion of source documents. It would then be possible to follow those source documents into the books of prime entry and to then revisit the double entry by entering those into the ledger accounts. Finally introducing adjustments and the financial statements.

It would also be possible reduce the suggested time allocation here and to leave the adjustments and financial statements and cover after teaching verification of accounting records.

Additional detail

Source documents are:

- purchase invoices
- sales invoices
- credit notes

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- journal vouchers
- cheque counterfoils
- till rolls
- cash receipts
- paying-in slip counterfoils
- bank statements (for standing orders, direct debits, credit transfers, dishonoured cheques, debit card transactions, direct transfers).

Books of prime entry are:

- purchases journal
- sales journal
- sales returns journal
- purchases returns journal
- general journal
- three column cash book.

Ledgers are:

- receivables ledger
- payables ledger
- general ledger accounts

Transactions could be for service or trading businesses and, as well as those arising from the documents listed above, could include:

- trade and cash discounts
- disposal of non-current assets
- irrecoverable debts
- contra entries between accounts of credit customers and credit suppliers.

The distinction between revenue expenditure and capital expenditure, and revenue income and capital income

Adjustments are:

- other payables
- other receivables • income due
- income received in advance
- irrecoverable debts (writing off and recovery)
- provisions for doubtful debts
- depreciation charges
- disposal of non-current assets
- opening and closing inventory.

Depreciation methods are:

- straight line method
- reducing balance method.

Resources

- International Oxford AQA Accounting student book.
- [Video – basic principles of double entry bookkeeping](#)
- [Video – accounting equation](#)

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- [Video – double entry bookkeeping](#)
- [Video – sole trader accounts](#)
- [Youtube - Source Documents and Cash Discounts - Accounting 101 #10 A Level Accounting](#)
- [Video – the adjustment process](#)
- [ACCA article: adjustments to financial statements](#)
- [ACCA article: trade receivables](#)
- [Video – the balance sheet explained](#)
- [Video – an introduction to the balance sheet](#)
- [Video – an introduction to the income statement](#)
- [Youtube - Schedule of Non Current Assets "Bradshaw Ltd" ACCN3 2017 \(7127-1\)](#)

Specification reference

3.1.4: Verification of accounting records

Specification content

- Verification of the double entry records.
- How to correct errors in double entry records.
- The effect of errors on profit calculations and statements of financial position.
- The benefits and limitations of verification techniques.

Learning outcomes

- Check double entry records by using the listed verification techniques.

Suggested timing

16 hours

- | | |
|---|-----------------|
| • Verification of the double entry records. | 10 hours |
| • How to correct errors in double entry records | 3 hours |
| • The effect of errors on profit calculations and statements of financial position. | 1 hour |
| • The benefits and limitations of verification techniques. | 2 hours |

Additional detail

Verification techniques are:

Trial balance, bank reconciliation statements, trade receivables, trade payables ledger control accounts.

Control accounts will be memorandum records and could include the following in addition to transactions stated or implied elsewhere:

- contra entries
- interest charged on overdue accounts
- debit balances in payables ledger
- credit balances in receivables ledger.

Correcting errors includes the use of the general journal and suspense account.

Errors could include those revealed by a trial balance as well as those that are not revealed.

The effect of errors includes the redrafting of financial statements to correct errors.

The benefits and limitations may include identifying errors that are revealed and those that are not revealed by the relevant verification technique.

Errors revealed by trial balance could include:

- addition
- partial omission
- transposition
- unequal posting.

Errors not revealed by trial balance could include:

- commission
- complete reversal
- compensating
- omission
- original entry
- principle

Relevant errors (revealed and not revealed) from the lists above will apply to control accounts and bank reconciliations.

Resources

- International Oxford AQA Accounting student book.
- [Video – introduction to control accounts and revision of double entry](#)
- [Video – control accounts](#)
- [Video 1 – bank reconciliations](#)
- [Video 2 – bank reconciliations](#)
- [Video 3 – bank reconciliations](#)
- [Video 4 – bank reconciliations](#)
- [Video 1 – trial balance errors](#)
- [Video 2 – trial balance errors](#)
- [Video – suspense accounts](#)
- <https://www.youtube.com/watch?v=Dzi-jn3GwNs>
- [Video – control accounts](#)
- [ACCA article: suspense accounts and error correction](#)
- There are several videos listed on the [Oxford AQA GCSE Scheme of work](#) that could be used here.

Specification reference

3.1.5: Accounting concepts used in the preparation of accounting records.

Specification content

- General accounting concepts.
- The use of accounting concepts in a variety of situations.

Learning outcomes

- Understand the accounting concepts that must be followed in preparing accounts.
- Apply knowledge of accounting concepts to specific situations.

Suggested timing

5 hours

Additional detail

Concepts are:

- money measurement
- duality
- historic cost
- going concern
- accruals
- consistency
- prudence
- materiality
- realisation
- business entity

Situations are:

- preparation of financial statements
- asset valuation
- depreciation of non-current assets
- inventories (using cost or net realisable value as the basis for valuation).
- recording the purchase of non-current assets.
- recording transactions in ledger accounts
- goods sold on a sale or return basis.

Resources

- International OxfordAQA Accounting student book.
- [Video – eight accounting concepts](#)
- [Video – accounting concepts and principles](#)
- [Video – accounting worked example: financial statement for sole trader](#)
- [Video – financial accounts of sole trader](#)
- [ACCA article: a matter of principle](#)

Specification reference

3.1.6: Preparation of financial statements of sole traders.

Specification content

- The use of concepts in the preparation of financial statements.
- How to prepare financial statements of sole traders from ledger accounts including adjustments from the application of accounting concepts.
- How to prepare income statements and statements of financial position from a trial balance including adjustments from the application of accounting concepts.

Learning outcomes

- Produce financial statements for sole traders with adjustments as listed to ensure that expenditure is matched with income for the period.
- Prepare sole traders' income statements and statements of financial position from both ledger accounts and trial balances including where adjustments needed for application of accounting concepts.

Suggested timing

10 hours

Additional detail

The use of concepts will result in recording:

- other payables and other receivables
- depreciation (using straight line and reducing balance methods)
- disposal of non-current assets
- provision for doubtful debts
- irrecoverable debts
- recovery of irrecoverable debts
- income due
- income received in advance
- goods taken for own use
- goods on sale or return
- inventory. Note: first in, first out (FIFO), average cost (AVCO) and last in, first out (LIFO) methods of inventory valuation will not be examined.

Sole traders' financial statements could be for:

- service businesses
- trading businesses

Preparation of financial statements could include the recording of adjustments and items listed above in ledger accounts.

Resources

- International OxfordAQA Accounting student book.
- [Recap of earlier link – video – sole trader accounts](#)

Specification reference

3.1.7 Limited company accounts.

Specification content

- How to prepare the internal financial statements of limited liability companies.

Learning outcomes

- Prepare financial statements for limited liability companies to show the split between the headings listed.

Suggested timing

20 hours

Additional detail

The financial statements will be:

- income statements
- statement of changes in equity
- statement of financial position.

Note: these statements will be for internal use and not for publication.

The income statement should include the distinction between:

- profit from operations
- profit for the year before tax

Profit for the year after tax.

Statement of changes in equity could include entries for:
opening balances

- share issues including those made at a premium
- dividends paid
- profit (or loss) for the year
- closing balances.

Statement of financial position will have the following sub-headings:

- current assets
- non-current assets
- equity
- non-current liabilities
- current liabilities.

Note: preference shares and general reserves will not be examined. Rights issues, bonus issues and the revaluation of non-current assets will not be examined at AS level.

Resources

- International OxfordAQA Accounting student book.
- [Video – financial statements conceptual framework](#)
- [Video – preparing and understanding limited company accounts](#)
- [Video – statement of changes in equity](#)

Specification reference

3.1.8: Analysis and evaluation of financial information

Specification content

- Calculation and interpretation of financial measures and ratios.
- Appraising business performance by using financial statements and ratios.
- The difference between cash and profits and the effect of transactions on profitability and liquidity.
- The limitations of financial statements and ratio analysis when assessing business performance.

Learning outcomes

- Calculate and interpret ratios.
- Learn the formula on specific vocabulary sheet as these will not be given in the examination.
- Appraise a business using given/calculated ratios and financial statements.
- Understand the limitations in the data provided.

Suggested timing

10 hours

- | | |
|---|----------------|
| • Calculation and interpretation of financial measures and ratios. | 7 hours |
| • Appraising business performance by using financial statements and ratios. | 3 hours |

Additional detail

Financial ratios and measures are:

- gross profit margin %
- markup %
- rate of inventory turnover
- rate of inventory turnover (days)
- profit in relation to revenue %
- expenses in relation to revenue %
- return on capital employed %
- current ratio
- liquid capital ratio
- trade receivable days
- trade payable days
- capital gearing.

Appraisals could focus on:

- profitability
- liquidity
- efficiency
- capital structure

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Limitations will include those relating to both financial and non-financial factors.

Resources

- International OxfordAQA Accounting student book.
- [Video – introduction to ratio analysis](#)
- [Video – ratio analysis: profitability](#)
- [Video – ratio analysis: Return on Capital Employed \(ROCE\)](#)
- [Video – liquidity ratios](#)
- [Video – ratio analysis: gearing](#)
- [Video – receivables and payables days](#)
- [Video – limitations of ratios](#)
- [Video – cash flow and profits](#)
- [Video – cash and accrual: conceptual](#)
- [Video – why are cash and profit different?](#)
- [ACCA article: working capital management](#)

Specification reference

3.1.9: Budgeting

Specification content

- The need for budgeting in business organisations.
- The benefits and limitations of budgeting and budgetary control.
- The use of accounting techniques in the preparation and analysis of budgets.
- How budgets are used in planning and control.

Learning outcomes

- Understand the reason, benefits and limitations to a business of preparing budgets.
- Prepare and analyse budgeted income statements and statements of financial position.
- Prepare and analyse all budgets listed.

Suggested timing

10 hours

- | | |
|--|----------------|
| • The need for budgeting in business organisations. | 6 hours |
| • The use of accounting techniques in the preparation and analysis of budgets. | 4 hours |

Additional detail

The purpose of budgeting

Benefits of budgeting and budgetary control will include generic benefits as well as the benefits of preparing specific budgets.

The limitations of budgeting and budgetary control will include generic limitations as well as limitations relating to specific budgets.

Benefits and limitations could include consideration of:

- zero-based budgeting.
- incremental budgeting.

The budgets are:

- financial statements: income statement
- financial statements: statements of financial position

In addition, the following budgets will be assessed at A-level:

- cash
- sales
- purchases
- production
- labour

Resources

- International OxfordAQA Accounting student book.
- YouTube (James Slocombe) clip – accounting and finance – general introduction to budgeting and benefits and limitations.
[Youtube link](#)
[Video – introduction to budgeting](#)
[Video – the master budget](#)
[ACCA article: comparing budgeting techniques \(incremental vs ZBB\)](#)
- General introduction to budgets and benefits/limitations:
[Video – the sales budget](#)
[Video – the production budget](#)
[Video – the cash budget](#)
[Video – flexible budgeting](#)
[ACCA article: cash budgets](#)

Specification reference

3.1.10: Marginal costing

Specification content

- Categorisation of costs by behaviour and understanding of terms.
- Calculation and interpretation of breakeven point, interpreting break-even charts and the uses and limitations of breakeven analysis methods.
- The benefits and limitations of marginal costing.
- The use of marginal costing in decision making situations.

Learning outcomes

- Understand how costs can be classified to help with decision making.
- Calculate at what level of output a business makes neither a profit or loss.
- Interpret break-even charts to identify e.g the break-even point, profit/loss at different levels of output etc.
- Understand that breakeven analysis has limitations e.g assuming all output is sold, only one product, revenue and costs are linear, fixed costs remain fixed etc.
- Apply the principles of marginal costing to decide whether to make or buy, accept additional work, set prices, optimum use of scarce resources, close potentially loss-making line or production department, calculate target profit.

Suggested timing

20 hours

- | | |
|---|-----------------|
| • Categorisation of costs by behaviour and understanding of terms. | 3 hours |
| • Calculation and interpretation of breakeven point, interpreting break-even charts and the uses and limitations of breakeven analysis methods. | 5 hours |
| • The benefits and limitations of marginal costing. | 2 hours |
| • The use of marginal costing in decision making situations. | 10 hours |

Additional detail

Costs and terms are:

- direct costs
- indirect costs
- variable costs
- semi-variable costs
- fixed costs
- stepped costs
- marginal cost
- contribution (total and per unit)
- break-even

Break-even analysis methods are break-even calculations and break-even charts.

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The calculation of profit using marginal costing.

Decision making will involve the use of marginal costing techniques and consideration of non-financial factors. Decision making situations are:

- make or buy
- acceptance of additional work
- price setting
- optimum use of scarce resources
- closing of potentially loss-making line or production department
- target profit.

Resources

- International OxfordAQA Accounting student book.
- General introduction to break even YouTube (James Slocombe) clip – accounting and finance breakeven analysis and contribution.
[Youtube link](#)
- How to interpret a break even chart:
[Youtube link](#)
- [Video – breakeven analysis: contribution and contribution per unit](#)
- [Video – breakeven analysis: the margin of safety](#)
- [Video – how to find breakeven point in sales and units](#)
- [Video – variable costs and fixed costs](#)
- [Video – contribution margin and CVP analysis](#)
- [Video – contribution margin and a limiting factor](#)
- [Video – managerial accounting: special order decisions](#)
- [Video – special order](#)
- [Video – constrained resource](#)
- [Video – drop or retain](#)
- [Video – sunk and differential costs](#)
- [Video – keep or replace](#)
- [ACCA article: cost-volume-profit analysis](#)
- https://www.youtube.com/watch?v=q_-NBsEaOVs

Specification reference

3.2.1: Standard costing and variance analysis

Specification content

- The purpose, advantages and disadvantages of a standard costing system.
- Calculation and interpretation of variances.
- The interrelationship between variances.
- How to prepare statements and the use of accounting techniques to reconcile budgeted and actual figures.

Learning outcomes

- Understand the management accounting technique comparing standard costs and actual costs and the identification of variances.
- Understand the advantages of standard costing such as staff motivation, control, planning and price setting. Disadvantages of standard costing such as cost in time and expense of implementing and keeping up to date and that not relevant for all types of businesses or products and departments working in isolation to achieve favourable variances instead of for the benefit of the organisation as a whole.
- Calculate the materials, labour and sales variances and examine the causes of these variances including appreciation of interrelationships between variances e.g how paying less for materials could cause both favourable material price variances but due to potentially lower quality of material causing an adverse material usage variance or even an adverse labour efficiency variance.
- Prepare statements to explain why actual results are different from the standard/budget. These statements could be cost or profit.

Suggested timing

15 hours

- | | |
|--|----------------|
| • The purpose, advantages and disadvantages of a standard costing system. | 5 hours |
| • Calculation and interpretation of variances/ The interrelationship between variances. | 6 hours |
| • How to prepare statements and the use of accounting techniques to reconcile budgeted and actual figures. | 4 hours |

Additional detail

The purpose will include understanding relevant terminology: standard cost, variance analysis.

Variances are:

- materials (price and usage)
- labour (efficiency and rate)
- sales (volume and price).

Reconciliation could be of:

- budget and actual cost
- budget and actual profit.

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Resources

- International OxfordAQA Accounting student book.
- [Video – standard costs and variance analysis](#)
- [Video – direct labour variance analysis](#)
- [Video – variance analysis](#)
- [Video – benefits of standard costs](#)
- [Video – standard costing variance interpretation](#) includes overhead variances.

Specification reference

3.2.2: Absorption and activity based costing

Specification content

- The use of absorption costing to calculate the total cost of a product.
- The use of activity based costing (ABC) to calculate the total cost of a product.
- Use of absorption and ABC to calculate the selling price of a product.
- The benefits and limitations of absorption, ABC and marginal costing.

Learning outcomes

- Calculate the full cost of producing a product by absorbing overheads into cost units. Using the four steps: firstly allocating overheads that are directly used by each cost centres, followed by apportionment of shared overheads to both production and service cost centres, thirdly reapportioning service cost centre overheads to the production cost centres. Finally absorbing the production cost centre overheads into cost units.
- Calculate the full cost of producing a product by absorbing overheads into cost units. Firstly charging overheads to the activities that cause costs to arise, before using the activity that causes that cost to calculate a cost per unit for each cost driver before finally charging these costs to each cost unit on the basis of use of each cost unit.
- Calculate the selling price of a product e.g. by applying a margin/ mark-up percentage to the total cost.
- Understand the advantages and disadvantages of each of the overhead costing methods.

Suggested timing

15 hours

- | | |
|---|----------------|
| • The use of absorption costing to calculate the total cost of a product. | 8 hours |
| • The use of activity based costing (ABC) to calculate the total cost of a product. | 5 hours |
| • Use of absorption and ABC to calculate the selling price of a product. | 2 hours |

Additional detail

The use of absorption costing will include understanding relevant terminology: allocation, apportionment, absorption, over-absorption.

Calculations are for:

- allocation of direct costs.
- apportionment of indirect costs.
- overhead absorption rates.

The use of activity based costing will include understanding relevant terminology: cost pool, cost driver, attribution.

Calculations are for:

- allocation of direct costs
- use of cost pools and cost drivers to attribute indirect costs to particular products.

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The benefits and limitations could include the comparison of inventory valuations and profit calculations made using absorption, ABC and marginal costing.

Resources

- International OxfordAQA Accounting student book.
- [Video – absorption costing](#)
- [Video – activity based costing part 1](#)
- [Video – activity based costing part 2](#)
- [Video – activity based costing with example](#)
- [Video – activity based costing lecture](#)
- [Video – activity based costing: a simple explanation](#)
- [ACCA article: activity-based costing](#)
- [Video – activity based costing vs traditional costing](#)
- [Video – variable costing](#)
- [Video – absorption vs variable costing](#)

Specification reference

3.2.3: Capital investment appraisal

Specification content

- The calculation and use of cash flows in capital investment appraisal.
- Payback and net present value (discounted cash flow) of a capital project).
- The benefits and limitations of the payback and net present value methods of capital investment- appraisal.
- The use of capital appraisal measures in the evaluation of projects.

Learning outcomes

- Calculate the net cash flow to be used when evaluating projects.
- Calculate and understand the advantages and disadvantages of using both payback and net present value to appraise a project. Discount factors will be provided in the exam.
- Appraise projects considering both financial factors and non-financial factors. Non-financial factors include impact on employees, community, business, objectives etc.

Suggested timing

15 hours

- The calculation and use of cash flows in capital investment appraisal. **2 hours**
- Payback and net present value (discounted cash flow) of a capital project. **11 hours**
- The use of capital appraisal measures in the evaluation of projects. **2 hours**

Additional detail

Payback and net present value of a capital project will include understanding relevant terminology: payback period, net present value, discount factor, cost of capital.

Calculate:

- payback period
- net present value.

The evaluation of projects could include:

- financial factors
- non-financial factors.

Resources

- International OxfordAQA Accounting student book.
- [Video – relevant cash flows](#)
- [Video – payback period](#)
- [Video – net present value](#)
- [Video – calculating net present](#) this one uses profits as cash flows.

Specification reference

3.2.4: Accounting for organisations with incomplete records.

Specification content

- The calculation of profit of an organisation where there are insufficient records to prepare income statements.
- How accounting techniques are applied in the preparation and analysis of financial statements for a business with incomplete records.
- The benefits and limitations of maintaining accounting records using different systems including single and double entry records.

Learning outcomes

- Calculate missing figures needed to prepare the financial statements for an organisation that does not keep full accounting records.
- Apply the techniques listed to identify missing figures.
- Understand the advantages/disadvantages to a business of keeping both full and incomplete records including both the use of single and double entry.

Suggested timing

10 hours

- The calculation of profit of an organisation where there are insufficient records to prepare income statements. **9 hours**
- The benefits and limitations of maintaining accounting records using different systems including single and double entry records. **1 hour**

Additional detail

Calculations could include the use of statements of affairs.

Techniques to find missing information are:

- control/total accounts
- cash accounts
- bank accounts
- ratios (mark up, gross profit margin, inventory turnover, profit in relation to revenue)
- depreciation of non-current assets.
- calculation of profit or loss on disposal of noncurrent assets.
- the use of financial statements to find missing figures.

Resources

- International OxfordAQA Accounting student book.
- [Video – incomplete records worked question and answer](#)
- [Video – worked question and answer ACCN3 June 2014](#)
- [Video – calculate sales and purchases](#)
- [Video – incomplete records](#)

Specification reference

3.2.5 Partnership accounts

Specification content

- Prepare and comment on the financial statements of partnerships.
- Prepare capital and current accounts of partners.
- Account for changes in partnership.

Learning outcomes

- Understand the differences between the accounts of a sole trader and partnership and be able to prepare the financial statements for a partnership using the terms of the partnership agreement or if no partnership agreement then following the UK Partnership Act 1890.
- Prepare both capital and current accounts of partners knowing which items are recorded in each account.
- Prepare partnership accounts when there is a change in partners due to retirement/new partner joining.

Suggested timing

15 hours

- | | |
|--|----------------|
| • Prepare and comment on the financial statements of partnerships. | 7 hours |
| • Prepare capital and current accounts of partners. | 4 hours |
| • Account for changes in partnership. | 4 hours |

Additional detail

Financial statements are:

- income statement
- appropriation account
- statement of financial position.

Preparing financial statements will involve the calculation and recording of:

- interest on capital
- interest on drawings
- partnership salaries
- interest on a partner's loan
- shares of profit and losses
- revaluation of assets and treatment of goodwill.

Financial statements and partners' accounts could require the application of the relevant terms of the Partnership Act 1890 for partners operating without agreement.

Changes in partnership are:

- the retirement of a partner
- the admission of a new partner.

Note: the dissolution of partnerships will not be examined.

Resources

- International OxfordAQA Accounting student book.
- [Video – accounting for partnerships](#) some useful examples of profit sharing later in this lengthy clip.
- [ACCA article: partnerships](#)
- [ACCA article: accounting for partnerships](#)
- [Youtube - Q14 Partnership Split Year Admission of New Partner with Goodwill 7127-1 2021](#)
- [Video – accounting admission of new partner](#)
- [Video – retirement of a partner](#)

Specification reference

3.2.6: Accounting for limited companies

Specification content

- The use of accounting techniques and principles when drafting financial statements for limited companies (based on IAS1).
- Accounting for the revaluation of non-current assets.
- The difference between the issue of shares, a rights issue and a bonus issue, and recording the effect of such transactions in financial statements.
- The requirement to publish accounts and how these are used by a variety of stakeholders.
- The purpose and importance of the international accounting standards (IAS) framework.

Learning outcomes

- Prepare for a limited company: Income statements, statements of changes in equity schedules of non-current assets, statements of financial position and statements of cash flow.
- Account for goodwill and revaluation of asset values.
- Understand the difference between and be able to record in accounting records and financial statements issues of shares, rights and bonus issues.
- Understand the requirement to publish accounts, the benefits and limitations of these to the stakeholders listed in 3.2.9.

Suggested timing

14 hours

- The use of accounting techniques and principles when drafting financial statements for limited companies (based on IAS1). **9 hours**
- The difference between the issue of shares, a rights issue and a bonus issue, and recording the effect of such transactions in financial statements. **2 hours**
- The requirement to publish accounts and how these are used by a variety of stakeholders. **2 hours**
- The purpose and importance of the international accounting standards (IAS) framework. **1 hour**

Additional detail

Financial statements include those listed in Limited company accounts and:

- statements of cash flow (in accordance with IAS7 using the indirect method)
- schedules of non-current assets.

Note: the financial statements of a group of companies will not be examined.

- Statement of comprehensive income will not be examined.

The requirement to publish accounts could include:

- the reasons for publishing accounts
- benefits and limitations of published accounts
- the main elements in published accounts and the purpose of each as required by:

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- IAS1
- Companies Acts.

Note: specific standards will not be examined (other than in reference to the IAS1 and IAS7 mentioned above).

Resources

- [Video – cash flow statements](#)
- [Video – statements of cash flows indirect method](#)
- [Video – statement of cash flows explained](#)
- [ACCA article: cash flow statements](#)
- [Video – noncurrent assets in financial accounting](#)
- [Video – schedule of fixed assets worked question and answer](#)
- [ACCA article: IAS 16 Property, Plant and Equipment](#) useful background for Schedule of Non-Current Assets.
- [Video – accounting for limited companies](#)
- [Video – preparing and understanding limited accounts](#)
- [Video – IAS1 financial statements](#)

Specification reference

3.2.7: Manufacturing accounts

Specification content

- Prepare and comment on the financial statements of manufacturers.

Learning outcomes

- Prepare and comment on the financial statements for businesses that process raw materials into finished goods. In addition to the income statement and statement of financial position students should be able to prepare a manufacturing account that shows the component of prime cost, overhead cost, factory cost of finished goods, profit on manufacturing and the transfer to the income statement.

Suggested timing

15 hours.

- | | |
|---|-----------------|
| • The differences between trading and manufacturing businesses | 1 hour |
| • How to prepare manufacturing accounts. | 12 hours |
| • How to prepare income statements and statements of financial position for a manufacturing business. | 3 hours |

Additional detail

Financial statements are:

- manufacturing account
- income statement
- statement of financial position.

Preparing financial statements will involve the calculation and recording of:

- prime costs
- overhead costs
- factory cost of finished goods
- profit on manufacture
- provisions for unrealised profit.

Resources

- International OxfordAQA Accounting student book.
- [Youtube - Understanding manufacturing accounts](#)

Specification reference

3.2.8: Clubs and non-profit making organisations

Specification content

- Prepare and comment on the financial statements of clubs and non-profit making organisations.

Learning outcomes

- Prepare and comment on the financial statements for clubs and associations whose aim is to provide a service to their members.
- Use the techniques covered in organisations with incomplete records to calculate any missing figures to enable preparation of the financial statements. Students will be able to prepare ledger accounts for subscriptions.

Suggested timing

15 hours

Additional detail

Financial statements are:

- receipts and payments account
- trading account
- income and expenditure account.
- statement of financial position.

Preparing financial statements will involve the calculation and recording of:

- subscriptions account
- accumulated fund.
- life memberships and donations.

Resources

- International Oxford AQA Accounting student book.
- [Youtube - Accounts for Non Trading Organizations](#)
- Life memberships and donations:
[Youtube - AS/A Level Accounting - Non-profit organisations \(Life membership fund + Specific donations\)](#)

Specification reference

3.2.9: Interpretation, analysis and communication of accounting information

Specification content

- How accounting techniques, measures and ratios are used to analyse and interpret accounting information (both financial and management) and the limitations of using financial statement and ratio analysis when assessing business performance.
- How performance is evaluated both internally and across accounting periods and externally in comparison to competitors.
- The difference between cash and profits and the effect of transactions on profitability and liquidity.
- The interests of stakeholders and importance of effective communication to both internal and external stakeholders.
- The impact, advantages and disadvantages of systems of recording data.
- The critical assessment of recommendations and their impact on stakeholders, the local and national economy and the environment.

Learning outcomes

- Calculate the ratios and analyse and evaluate financial information, including those listed here as well as those previously covered at AS in 3.1.8.
- Students need to learn the formula on the subject specific vocabulary sheet as these will not be given in the examination.
- Understand the advantages/ disadvantages of different accounting systems.
- Understand the effect on stakeholders and the wider community of any action taken by organisations.

Suggested timing

15 hours

- | | |
|--|----------------|
| • How accounting techniques, measures and ratios are used to analyse and interpret accounting information (both financial and management) and the limitations of using financial statement and ratio analysis when assessing business performance. | 6 hours |
| • How performance is evaluated both internally and across accounting periods and externally in comparison to competitors. | 4 hours |
| • The interests of stakeholders and importance of effective communication to both internal and external stakeholders. | 1 hour |
| • The impact, advantages and disadvantages of systems of recording data. | 3 hours |
| • The critical assessment of recommendations and their impact on stakeholders, the local and national economy and the environment. | 1 hour |

Additional detail

Techniques, measures and ratios include those listed in analysis and evaluation of financial information and also investors' ratios:

- dividend yield
- earnings per share
- dividend cover

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- price earnings
- interest cover.

The focus on performance could include:

- profitability
- liquidity
- efficiency
- capital structure.

Internal stakeholders are:

- employees
- management
- owners/shareholders.

External stakeholders are:

- customers
- suppliers
- government
- lenders
- local community.

Value of published accounts to relevant stakeholders.

- Features and main applications of accounting software.
- Advantages and disadvantages of computerised systems for recording accounting data compared to manual methods.

Advantages and disadvantages of single entry and double entry recording systems.

Resources

- International OxfordAQA Accounting student book.
- General introduction <https://www.tutor2u.net/business/reference/shareholder-returns>
- [Video – accounting_college: investor ratios](#)
- [Video – shareholder ratios](#)
- [Video – CIMA: investor ratios 1](#)
- [Video – CIMA: investor ratios 2](#)
- [ACCA article: how to approach performance appraisal_questions](#)
- [ACCA article: ratio analysis](#)
- [ACCA article: performance appraisal](#)
- [ACCA article: all about stakeholders – part 1](#)
- [ACCA article: giving investors what they need](#)
- [Video – ethics and rules of professional conduct](#)
- https://www.accaglobal.com/content/dam/ACCA_Global/Technical/Guides/Choosing_AccountingSoftware.doc

Specification reference

3.2.10: The impact of ethical considerations

Specification content

- The fundamental principle of ethical behaviour.
- How the principles of ethical behaviour impact the behaviour of accounting professionals and organisations.
- The legal and regulatory frameworks which relate to the accounting sector, the importance of working within regulatory guidelines and the consequences of failing to do so.
- The role of professional bodies in establishing and enforcing codes of conduct.
- How to act ethically when working with clients, suppliers, colleagues and stakeholders and the importance of adhering to organisational and professional value, codes of practice and regulations.
- Appropriate courses of action to take if there is a suspicion that an unethical or illegal act has been, or may be, committed by an employer, colleague or client.

Learning outcomes

- Understand the ethical principles and the impact on accountants and organisations.
- Understand how the legal and regulatory framework affects the accounting sector.
- Understand the professional accounting bodies' role in ensuring their members act ethically.
- Understand the ethical issues on any organisations// individuals.

Suggested timing

6 hours

- | | |
|---|----------------|
| • The fundamental principle of ethical behaviour. | 3 hours |
| • The legal and regulatory frameworks which relate to the accounting sector, the importance of working within regulatory guidelines and the consequences of failing to do so. | 1 hour |
| • The role of professional bodies in establishing and enforcing codes of conduct. | 2 hours |

Additional detail

The fundamental principles are:

- integrity
- objectivity
- professional competence and due care
- confidentiality

Resources

- International OxfordAQA Accounting student book.
- [Video – CIMA: ethics in three minutes](#)
- [Video – ethics in accounting](#)
- [Video – ethical conduct is never out of vogue](#)
- [Video – standards of ethical conduct for management accountants](#)
- [Video – professional ethics](#)

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- [ACCA article: ethical decision making](#)
- [ACCA article: corporate governance – from the inside out](#)
- [ACCA article: corporate governance – internal and external actors](#)
- CIMA discussion panel on ethics in accounting, rather lengthy as in 3 parts but could allocate sections to individual students to feedback to rest of class: [Video – CIMA discussion: ethical culture](#)
- [Video – CIMA discussion: accounting for ethics](#)
- [Video – CIMA discussion: ethical dilemmas](#)
- [Video – professional ethics and ACCA code](#)
- [Kaplan Masterclass on codes of conduct](#)
- [Video – CIMA: ethics in three minutes](#)
- [Video – ethics in accounting](#)
- [Video – ethical conduct is never out of vogue](#)
- [Video – standards of ethical conduct for management accountants](#)
- [Video – professional ethics](#)
- [ACCA article: ethical decision making](#)