

ACCOUNTING

INTRODUCTION

This syllabus should be read in conjunction with the official MATSEC Syllabus for Accounting.

The titles, subject foci numbers, learning outcomes titles and numbers and lettering are the same as those in the official Matsec syllabus. This would make it easier for teachers and learners to correlate the teaching in class with the official Matsec syllabus.

The aim of this syllabus is to spread the whole material over the three years of secondary school education for State Schools. This would create uniformity among the different schools for the purpose of setting annual examination. Moreover, this caters for the need of certain learners who may need to change their school throughout their educational voyage. Thus, learners will not find that they have missed a part of the content while repeating other content if they need to change schools.

One point about the new syllabus is that accounting concepts are no longer taught on their own, but are linked to different areas of the syllabus. Thus, the same concept would be mentioned and explained in relation to various points. For example, the accruals concept would be explained in relation to the accounting of accrued and prepaid expenses and revenues and it would be also explained in relation to depreciation.

The teacher still has some flexibility in the order to tackle the topics, as long as topics are not shifted from one year to another. For example, the teacher may prefer to start with the Allowance for Receivables. Another teacher may prefer to start with depreciation.

This syllabus will become effective as from September 2022, with the first SEC examination being held in 2025.

Coursework Assessment

The coursework assessments consists of **FIVE** practical assignments consisting of at least **TWO** of the following modes with at least **ONE** coursework assessment mode using the Digital Accounting Spreadsheets mode:

- (i) Presentation (oral and written);
- (ii) Case Study Report;
- (iii) Accounting Project;
- (iv) Site Visit Report;
- (v) Digital Accounting Spreadsheets (**compulsory**).

The coursework assessment carries 40% of the total mark, with each practical assignment carrying 8% of the total mark.

There will be **two** coursework assignments in Year 9; **two** coursework assignments in Year 10 and **one** coursework assignment in Year 11. The coursework assignments should be spread as follows throughout the three years of secondary school education:

Year 9	2. Recording financial transactions and preparing basic financial statements
Year 9	3. Maintaining an accounting system
Year 10	4. Two-column cash book and bank reconciliation statement
Year 10	7. Cost classification, break-even and manufacturing accounts
Year 11	10. Accounting ratios and departmental accounts

Throughout the three years, at least **two** different assignment modes should be used.

A Learning Outcome cannot be assessed more than once by means of a coursework assignment.

For further details about coursework assignments, please look at the official SEC syllabus.

YEAR 9

Subject Focus 1 Learning Outcome 1: Controlled	The nature and purpose of accounting and financial literacy I am aware of the role of accounting in the business environment and I can evaluate the contribution of accounting to the financial sector, and I understand how it can be of value for financial needs. <ul style="list-style-type: none"> ➤ The importance of maintaining financial records for internal and external use; ➤ Describe the type of accounting records that a business should maintain and the main uses of the financial statements; ➤ The users of accounting information, mainly the providers of capital, their specific interest and the reason why they need such information. ➤ Users: owners and shareholders, potential investors, lenders and other creditors, suppliers, customers, government, employees and management. ➤ Employment in the field of accounting and finance; ➤ Accounting as a tool for financial literacy.
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Assessment Criteria (MQF 1)	Assessment Criteria (MQF 2)	Assessment Criteria (MQF 3)
1.1a Define the purpose of accounting.	1.2a Explain the role of the accountant in a business organisation.	1.3a Evaluate the benefits of an accountant to a business.
1.1b List of the users of accounting information. <i>owners, potential investors, lenders, suppliers, customers, government, employees, workers' representatives, management</i>	1.2b Distinguish between primary (owners, potential investors, lenders) and secondary users.	1.3b Explain why users need accounting information.

<p>1.1c Identify the different categories of employment in the financial and accounting sectors.</p> <p><i>accounting, banking and finance, insurance, public policy, management</i></p>	<p>1.2c Differentiate between the various sectors of employment in the field of accounting and finance.</p> <p><i>accounting, banking and finance, insurance, public policy, management</i></p>	<p>1.3c Analyse the roles and/or responsibilities of working in the accounting and finance sectors.</p> <p><i>record, analyse, decision making, ethics, legal</i></p>
<p>1.1d List the main characteristics of accounting information.</p> <p><i>understandability, verifiability, timeliness, comparability, consistency</i></p>	<p>1.2d Explain the main characteristics of accounting information – understandability, verifiability, timeliness, comparability, consistency.</p>	<p>1.3d Evaluate the importance of the different characteristics of accounting information – trade-off between understandability, verifiability, timeliness, comparability, consistency.</p>
<p>1.1e List the main accounting records a business should maintain.</p> <p><i>recording transactions using double entry principles, balancing off accounts, the ledger</i></p>	<p>1.2e Explain the reasons for maintaining proper accounting records.</p>	<p>1.3e Distinguish between the different uses of accounting records.</p> <p><i>Internal and external use</i></p>
<p>1.1f List the main financial statements.</p> <p><i>statement of profit or loss, statement of financial position</i></p>	<p>1.2f Explain the purpose of the financial statements.</p> <p><i>statement of profit or loss, statement of financial position</i></p>	<p>1.3f Explain the main underlying assumptions followed when preparing financial statements.</p> <p><i>business entity concept, going concern concept, and the money measurement concept</i></p>
<p>1.1g List accounting documents which can be used for personal finance.</p> <p><i>payslip, bank statement</i></p>	<p>1.2g Describe the information provided in the accounting documents.</p> <p><i>payslip, bank statement</i></p>	<p>1.3g Explain how the accounting documents can help in preparing a simple personal budget.</p>

<p>1.1h Name the different forms of recording accounting information (manual and digital).</p>	<p>1.2h Outline the benefits of using digital technology and accounting software to record financial information.</p>	
<p>1.1i List areas of accounting within a business organisation (financial accounting, cost accounting, management accounting).</p>	<p>1.2i Explain the main purpose of financial accounting, cost accounting and management accounting.</p>	<p>1.3i Evaluate the importance of financial accounting, cost accounting and management accounting to the internal and external users of accounting information.</p>

Subject Focus 2
Learning Outcome 2:

Recording financial transactions and preparing basic financial statements

I can list and distinguish between the main types of business transactions, record them in an accounting system and prepare the statement of profit or loss and the statement of financial position of a sole proprietor from a trial balance.

- The principles of double entry; recording financial transactions using the double entry system;
- Recording financial transactions in the ledger using the traditional 'T' form accounts;
- Balancing the accounts and interpret the balances;
- The extraction of a trial balance;
- Definition of a trial balance and its purpose;
- Relevant accounting concepts, namely the dual concept, the business entity concept, the money measurement concept, and the historical cost concept;
- The preparation of the statement of the statement of profit or loss distinguishing between the trading account and the profit and loss account;
- The purpose of the trading account and the profit and loss account calculating gross profit and net profit or loss respectively, and the end of year transfers from the ledger accounts;
- Recording financial transactions using spreadsheets.

Coursework and Controlled

Assessment Criteria (MQF 1)	Assessment Criteria (MQF 2)	Assessment Criteria (MQF 3)
2.1a Identify the two records of a financial transaction.	2.2a Apply the dual concept.	2.3a Interpret the effect of a transaction on the financial position of a business.
2.1b Record a financial transaction using the traditional 'T' form accounts.	2.2b Analyse the accounting records of a financial transaction.	2.3b Appraise how the accounting equation relates to the double entry book-keeping system.
2.1c Recognise the different types of accounts. <i>assets, liabilities, capital, purchases, sales, returns, revenue and expenditure</i>	2.2c Distinguish between cash and credit transactions.	2.3c Assess how business transactions affect the financial position of the business.

2.1d Distinguish between a business transaction and a private transaction.	2.2d Apply the business entity concept for the proprietor's private drawings.	2.3d Justify the need of the business entity concept.
2.1e Balance the 'T' accounts.	2.2e Open accounts from a given trial balance.	2.3e Interpret the balance of an account.
2.1f Identify the purpose of a trial balance.	2.2f Extract a trial balance from the ledger accounts, and from a given list of balances.	2.3f Evaluate the importance of a trial balance and its limitations.
2.1g Define the money measurement concept.	2.2g Explain the importance of the money measurement concept.	2.3g Argue why the money measurement concept is essential for good accounting practice.
2.1h Define the historical cost concept.	2.2h Explain the importance of the historical cost concept.	2.3h Relate the historical cost concept to the money measurement concept.
2.1i Fill in a basic statement of profit or loss in a given pro-forma (excluding year-end adjustments).	2.2i Differentiate between the trading account and the profit and loss account.	2.3i Prepare a basic statement of profit or loss (excluding year-end adjustments).
2.1j Fill in a basic statement of financial position in a given pro-forma (excluding year-end adjustments).	2.2j Differentiate between the statement of profit or loss and the statement of financial position.	2.3j Prepare a basic statement of financial position (excluding year-end adjustments).
2.1k Identify the importance of spreadsheet in accounting.	2.2k Create spreadsheets to maintain accounting records. <i>double-entry using running balance, extraction of a trial balance, statement of profit loss, statement of financial position</i>	2.3k Use formulae in a workbook containing multiple worksheets and link cells from different worksheets (SUM, IF, \$, AVERAGE, ROUND, COUNT) and print the selected output.

Subject Focus 3
Learning Outcome 3:

Maintaining an accounting system

I can prepare the main business documents for the different business transactions, maintain books of prime and record double entry in the respective ledger.

- Types of business documentation;
- Distinguish between credit and cash transactions, including the use of cash, cheques, debit cards for receipts and payments, and credit cards;
- Distinguish between trade discount and cash discount, and the relevant accounting treatment;
- The preparation of the day books inclusive of ~VAT (excluding the journal);
- The preparation of the VAT account;
- Subdivision of the ledger – Sales Ledger, Purchases Ledger and the General Ledger.

Coursework and Controlled

Assessment Criteria (MQF 1)	Assessment Criteria (MQF 2)	Assessment Criteria (MQF 3)
3.1a List types of business documentations such as invoice, credit note, statement of account, cash sale receipt and remittance advice.	3.2a Prepare the business documents for different business transactions and users (manually and electronically).	3.3a Evaluate the importance of business documents to a business.
3.1b Identify the need of source documents.	3.2b Explain the use of source documents to prepare day books.	3.3b Evaluate the implications of the absence of source documents.
3.1c Name the day books.	3.2c Prepare day books, inclusive of VAT, (manually and/or electronically).	3.3c Record the transfers from the day books to the general ledger and the entries in the personal ledgers (manually and/or electronically).
3.1d Define Value Added Tax (VAT).	3.2d Compute the VAT account (charged on purchases, sales and returns) including closing balance.	3.3d Interpret the closing balance of the VAT account.

3.1e Describe the methods of payment.	3.2e Differentiate between cash and credit transactions.	3.3e Evaluate the implications of cash and credit transactions.
3.1f Compute trade and cash discounts.	3.2f Explain the purpose of trade discount and cash discount.	3.3f Differentiate between the accounting treatment of trade discount and cash discount.

Subject Focus 4
Learning Outcome 4:

Two-column cash book and the payroll

I can prepare a two-column cash book, and I can process payroll transactions within the accounting system.

- The preparation of a two-column cash book;
- The understanding of a bank statement, calculating the bank statement balances and familiarity with the bank statement format – overdrawn balance, overdraft facility, credit transfer, direct debit, standing order, dishonoured cheque, bank deposits, unpresented cheques, bank charges, and bank interest;
- The purpose of reconciling the bank account in the cash book with the bank statement;
- The calculation of a basic wage for employees;
- Accounting for payroll costs and national insurance and income tax deductions.

Controlled

Assessment Criteria (MQF 1)	Assessment Criteria (MQF 2)	Assessment Criteria (MQF 3)
4.1a Identify the use of the cash book.	4.2a Prepare a two-column cash book.	4.3a Explain the benefits of keeping a cash book.
4.1b Define the purpose of a bank statement.	4.2b Explain items that feature in a bank statement. <i>balance, credit transfer, direct debit, standing order, dishonoured cheque, bank charges, and bank interest</i>	4.3b Analyse the effect of items that feature in a bank statement on the bank balance. <i>credit transfer, direct debit, standing order, dishonoured cheque, bank charges, and bank interest</i>
4.1e Define overdraft.	4.2e Distinguish between a bank loan and a bank overdraft.	4.3e Evaluate opportunities and threats arising from borrowing from a bank.

<p>4.1f Define terminology related to payroll.</p> <p><i>payroll, basic wage, gross wage, net wage, salaries, benefits, national insurance, income tax</i></p>	<p>4.2f Record the payroll in the ledger accounts.</p> <p><i>wages account, national insurance account, income tax account.</i></p> <p>N.B. Any computations will be based on a flat rate for both National Insurance and Income Tax.</p>	<p>2.3f Evaluate the importance of a trial balance and its limitations.</p>
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YEAR 10

Subject Focus 4	Two-column cash book and the bank reconciliation statement	
Learning Outcome 4:	I can reconcile the bank account in the cash book with the bank statement.	
Coursework Controlled	and	<ul style="list-style-type: none"> ➤ Identifying timing differences; ➤ Updating and correcting the bank account in the cash book; ➤ Prepare a bank reconciliation statement.

Assessment Criteria (MQF 1)	Assessment Criteria (MQF 2)	Assessment Criteria (MQF 3)
4.1c List the items that may be included in a bank statement.	4.2c Explain the purpose and benefits of reconciling the bank balance as per bank account in the cash book to the bank balance as per bank statement.	4.3c Analyse the effect of unpresented cheques and deposits not yet cleared by the bank on the bank statement balance.
4.1d Calculate the bank statement balance.	4.2d Update the bank account in the cash book.	4.3d Prepare a bank reconciliation statement.

Subject Focus 5
Learning Outcome 5:

Accounting for end-of-period adjustments

I can apply the accounting concepts to accruals and prepayments, depreciation and allowances for receivables and record the end-of-period adjustments when preparing the relevant accounts and the financial statements.

- The need for the accounting for accruals and prepayments in compliance with the accruals concept;
- Accounting and computations for accruals and prepayments both for expense and revenue accounts;
- Illustrate the process of adjusting for accruals and prepayments in the preparation of financial statements;
- Identify the impact of accruals and prepayments on profit, assets and liabilities.
- The need to allow for depreciation and the application of the accruals concept in accounting for depreciation;
- An awareness of the causes of depreciation;
- The calculation of depreciation using the straight line method and the reducing balance method (the reducing balance method limited to only full year basis of depreciation for a financial year that is the same as the calendar year);
- The allowance for depreciation account;
- The asset disposal account (excluding part exchange);
- Depreciation postings in the financial statements and the impact of depreciation on the statement of profit or loss and the statement of financial position;
- The relevance of the consistency concept, prudence concept going concern concept and historical cost concept in the accounting for depreciation;
- Classify expenditure as capital expenditure or revenue expenditure.
- The distinction between an irrecoverable debt and a doubtful debt;
- Writing off irrecoverable debts;
- Accounting for recovered debts;
- The need to maintain an allowance for receivables;
- The application of the prudence concept in the creation of an allowance for receivables and the accruals concept in the annual adjustment of the allowance for receivables;
- The distinction between a specific and a general allowance for doubtful debts (the calculation of the allowance either as a specific allowance or as a general allowance and not a combination of both);
- The preparation of all relevant accounts and postings in the statement of profit or loss and the statement of financial position.

Controlled

Assessment Criteria (MQF 1)	Assessment Criteria (MQF 2)	Assessment Criteria (MQF 3)
5.1a Define the accruals concept.	5.2a Differentiate between expenses paid and incurred and between revenues received and earned.	5.3a Establish whether a particular expense incurred and/or revenue earned has been paid in full, is accrued, or has been paid.
5.1b Define accruals and prepayments.	5.2b Fill in a template of an expense and/or revenue account excluding opening balances. <i>showing payments/receipts during a financial period, end-of-year accruals and/or prepayments, the transfer to the profit and loss account</i>	5.3b Fill in a template of an expense and/or revenue account including opening balances. <i>showing payments/receipts during a financial period, end-of-year accruals and/or prepayments, the transfer to the profit and loss account</i>
5.1c Identify accruals and prepayments from a given account.	5.2c Compute the amount for an expense incurred and revenue earned from a given set of figures.	5.3c Prepare extracts of the statement of profit or loss and the statement of financial position in relation to accruals and prepayments.
5.1d Prepare an expense account and a revenue account. <i>figures for payments/receipts, end-of-year transfers to the profit and loss account</i>	5.2d Prepare an expense account and a revenue account from a given set of figures. <i>figures for opening balances, payments/receipts, end-of-year transfers, closing balances</i>	5.3d Construct an expense account and a revenue account from a given set of figures including adequate information to calculate any missing figure/s
5.1e Classify amounts accrued and/or prepaid as assets or liabilities.	5.2e Explain the financial statements entries.	5.3e Assess the effect on the financial statements in the case of an error in accounting for an accruals or prepayment. <i>profit, assets, liabilities</i>

5.1f Define cash based accounting and accrual based accounting.	5.2f Differentiate between cash based accounting and accrual based accounting.	5.3f Evaluate the importance of accruals concept.
5.1g Define capital expenditure and revenue expenditure.	5.2g Explain the difference between capital expenditure and revenue expenditure.	5.3g Differentiate between the accounting treatment of capital expenditure and revenue expenditure.
5.1h Classify items of expenditure as capital expenditure and revenue expenditure.	5.2h Calculate the value of a non-current asset.	5.3h Show the effect of error/s in the incorrect classification of expenditure on the financial statements.
5.1i Define depreciation.	5.2i Explain the main causes of depreciation.	5.3i Evaluate the purpose of depreciation.
5.1j Identify the main accounting concept applicable to the accounting of depreciation (the accruals concept).	5.2j Explain the importance of the accruals concept in the valuation of non-current assets and in the measurement of profit.	5.3j Apply the accruals concept in the computation of the annual depreciation charge taking into account the factors of depreciation. <i>cost of the non-current assets, estimated useful life, estimated residual value</i>
5.1k Identify the other accounting concepts applicable to non-current assets. <i>consistency, going concern, historical cost, prudence concept</i>	5.2k Illustrate how each of these concepts applies to the valuation of non-current assets.	5.3k Evaluate the application of accounting concepts to given situations.

<p>5.1l Describe the straight line method of depreciation.</p>	<p>5.2l Calculate depreciation charge for the year using the straight line method.</p>	<p>5.3l Compute depreciation using the straight line method for one or more non-current asset/s for one or more financial year/s.</p> <p><i>applying a depreciation policy of a full depreciation charge in the year of purchase and for each month of ownership</i></p>
<p>5.1m Describe the reducing balance method of depreciation.</p>	<p>5.2m Calculate depreciation charge for the year using the reducing balance method.</p>	<p>5.3m Compute depreciation using the reducing balance method for one or more non-current asset/s for one or more financial year/s that is/are the same as the calendar year.</p> <p><i>applying a depreciation policy of a full depreciation charge in the year of purchase and nil in the year of disposal</i></p>
<p>5.1n Describe the use of an allowance for depreciation account.</p>	<p>5.2n Fill in an allowance for depreciation account in a given template from a given set of figures.</p>	<p>5.3n Construct an allowance for depreciation account using the straight line method and the reducing balance method.</p>
<p>5.1o Identify the factors applicable when disposing a non-current asset.</p> <p><i>original cost, accumulated depreciation, proceeds from disposal</i></p> <p>N.B. Disposal of non-current assets is to exclude part-exchange.</p>	<p>5.2o Fill in an asset disposal account in a given template from a given set of figures showing the resultant profit or loss on disposal.</p> <p>N.B. Disposal of non-current assets is to exclude part-exchange.</p>	<p>5.3o Construct an asset disposal account.</p> <p>N.B. Disposal of non-current assets is to exclude part-exchange.</p>

<p>5.1p Fill in a given template for extracts of the financial statements.</p> <p><i>annual depreciation, accumulated depreciation</i></p>	<p>5.2p Prepare appropriate extracts of the financial statements.</p> <p><i>annual depreciation, accumulated depreciation, profit/loss on disposal in the statement of profit or loss, the statement of financial position</i></p>	<p>5.3p Interpret the accounting entries in the financial statements.</p>
<p>5.1q Define irrecoverable debts.</p>	<p>5.2q Account for irrecoverable debts.</p>	<p>5.3q Investigate recommended measures to avoid irrecoverable debts.</p>
<p>5.1s Define an allowance for trade receivables.</p>	<p>5.2s Create an allowance for trade receivables.</p>	<p>5.3s Examine the purpose of an allowance for receivables.</p>
<p>5.1t Define a specific allowance and a general allowance for receivables.</p>	<p>5.2t Account for adjustments to allowances for trade receivables.</p> <p><i>the calculation of an allowance either as a specific allowance or as a general allowance and not a combination of both</i></p>	<p>5.3t Justify the need for a specific allowance and a general allowance for receivables.</p>
<p>5.1u Identify the accounting concepts applied in accounting for allowances for receivables.</p> <p><i>prudence concept, accruals concept</i></p>	<p>5.2u Explain the accounting concepts relevant to the allowance for receivables.</p>	<p>5.3u Appraise the importance of accounting concepts in allowing for receivables.</p>
<p>5.1v Define a recovered debt.</p>	<p>5.2v Account for recovered debts.</p>	<p>5,3v Analyse the effect of recoverable debts on profitability and financial position of the business.</p>

Subject Focus 6**The Statement of Profit or Loss and the Statement of Financial Position and the end-of-period adjustments****Learning Outcome 6:**

I can prepare the statement of profit or loss and the statement of financial position of a sole proprietor from a trial balance and the end-of-period adjustments.

Controlled

- The preparation of the Statement of Profit or Loss and the Statement of Financial Position from a trial balance and the end-of-period adjustments;
- The application and the importance of the accruals concept in the measure of profit;
- The application and the importance of the prudence, going concern and materiality concepts in the preparation of the financial statements;
- The application of accounting concepts to provide a basic framework for financial reporting as to ensure that the users of financial information are not misled;
- The calculation and the significance of working capital (net current assets) and capital employed (total assets less current liabilities).

Assessment Criteria (MQF 1)	Assessment Criteria (MQF 2)	Assessment Criteria (MQF 3)
6.1a State the effect of accruals and prepayments on profitability.	6.2a Account for accruals and prepayments in the financial statements.	6.3a Appraise the importance of accounting for accruals and prepayments in the measurement of profit and financial position.
6.1b State the effect of depreciation on profitability.	6.2b Account for depreciation and asset disposal in the financial statements and in the respective accounts.	6.3b Appraise the importance of accounting for depreciation in the measurement of profit and financial position.
6.1c State the effect of an allowance for receivables on profitability.	6.2c Account for the creation and maintenance of an allowance for trade receivables in the financial statements.	6.3c Appraise the importance of accounting for receivables in the measurement of profit and financial position.

<p>6.1d Name the main end-of-year adjustments.</p> <p><i>closing inventory, accruals and prepayments, irrecoverable debts, allowance for trade receivables, recovered debts</i></p>	<p>6.2d Fill in a pro-forma statement of profit or loss and statement of financial position, taking into account end-or-year adjustments.</p>	<p>6.3d Prepare the statement of profit or loss and the statement of financial position, taking into account end-of-year adjustments.</p>
<p>6.1e List the accounting concepts applied in the measurement of profit.</p> <p><i>accruals, consistency, materiality, prudence</i></p>	<p>6.2e Explain the accounting concepts.</p> <p><i>accruals, consistency, cost, going concern, materiality, prudence</i></p>	<p>6.3e Evaluate the application of the accounting concepts on profitability and financial position.</p> <p><i>accruals, consistency, cost, going concern, materiality, prudence</i></p>
<p>6.1f Define working capital and capital employed.</p>	<p>6.2f Calculate working capital and capital employed.</p>	<p>6.3f Evaluate the importance of working capital and capital employed.</p>

Subject Focus 7
Learning Outcome 7:

Cost classification, break-even and manufacturing accounts

I can classify costs as direct or indirect costs and I can prepare a manufacturing account to calculate the cost of production. I can also classify costs by behaviour into variable costs and fixed costs in order to calculate the break-even activity level and the contribution and profit for different levels of activity.

- The distinction between direct and indirect costs of production;
- The distinction between production costs, administrative expenses, selling and distribution expenses and financial charges;
- The purpose of preparing a manufacturing account clearly identifying the different elements of cost, namely direct materials, direct labour, direct expenses and production overheads;
- The manufacturing account showing clearly the cost of raw materials used, prime cost and the cost of production;
- The calculation of the cost per unit produced and the calculation of the value of closing inventory of finished goods;
- The preparation of the financial statements.
- Understand the relationship between costs-volume-profit;
- The calculation of the break-even activity level and its implications;
- The calculation of contribution and profit for different levels of output (excluding inventories).

Coursework and Controlled

Assessment Criteria (MQF 1)	Assessment Criteria (MQF 2)	Assessment Criteria (MQF 3)
7.1a Define direct costs and indirect costs.	7.2a Distinguish between direct costs and indirect costs.	7.3a Appraise the need of cost classification into direct and indirect.
7.1b Classify cost items into direct and indirect.	7.2b Distinguish between production costs (direct and indirect) and non-production costs (administrative expenses, selling and distribution expenses, finance costs).	7.3b Allocate and/or apportion expenses between production costs and non-production costs.
7.1c List the elements of prime cost.	7.2c Explain prime cost and factory overheads.	7.3c Examine the difference between: direct material and indirect material; direct labour and indirect labour; direct expenses and indirect expenses.

7.1d Identify the purpose of the manufacturing account.	7.2d Prepare the manufacturing account or extracts of the manufacturing account, excluding end-of-year adjustments (cost of raw materials used, prime cost, cost of production).	7.3d Prepare the manufacturing account or extracts of the manufacturing account, including end-of-year adjustments (cost of raw materials used, prime cost, cost of production).
7.1e Define production cost.	7.2e Calculate the cost per unit produced.	7.3e Calculate the value of closing inventory of finished goods.
7.1f Name the different types of inventory. <i>raw material, work-in-progress, finished goods.</i>	7.2f Prepare a statement of profit or loss and a statement of financial position of a manufacturing business, excluding end-of-year adjustments.	7.3f Prepare a statement of profit or loss and a statement of financial position of a manufacturing business, including end-of-year adjustments.
7.1g Define variable costs and fixed costs.	7.2g Distinguish between variable costs and fixed costs.	7.3g Appraise the importance of understanding the behaviour of cost and revenue for different levels of output (cost-volume-profit analysis).
7.1h Classify cost items into variable costs and fixed costs.	7.2h Distinguish between variable costs and fixed costs of production, and variable and fixed selling and distribution expenses.	7.3h Prepare profit statements for different levels of activity showing the contribution and profit/loss for each activity level (excluding inventories).
7.1i Define break-even and contribution.	7.2i Calculate the break-even point (in units and/or €).	7.3i Evaluate the benefits and limitations of break-even analysis.

Year 11

Subject Focus 8
Learning Outcome 8:

Control accounts and correction of errors

I can locate errors in the accounting system.

- The purpose of control accounts;
- The preparation of the receivables control account and the payables control account;
- The source of entries for the compilation of control accounts;
- The reconciliation of the list of trade receivables and trade payables with the receivables control account and payables control account, respectively;
- The use and the preparation of the journal (general journal);
- Distinguish between errors detected by a trial balance and those that are not detected by a trial balance;
- Identify the limitation of a trial balance;
- The purpose of, and reasons for, creating a suspense account and its preparation;
- Journal entries for the correction of errors;
- Redrafting a corrected trial balance;
- A statement to correct net profit and the correction of the statement of financial position.

Controlled

Assessment Criteria (MQF 1)	Assessment Criteria (MQF 2)	Assessment Criteria (MQF 3)
8.1a Define the purpose of control accounts.	8.2a Differentiate between the control accounts.	8.3a Prepare the control accounts. <i>trade receivables control account, trade payables control account</i>

<p>8.1b List the sources of information for the compilation of control accounts (books of original entry).</p>	<p>8.2b Reconcile the Trade Receivables and Trade Payables lists to the respective control accounts.</p>	<p>8.3b Interpret entries and balances in the control accounts.</p> <p><i>trade receivables control account and trade payables control account</i></p>
<p>8.1c Identify the use of the Journal (the General Journal).</p>	<p>8.2c Describe the transactions recorded in the Journal.</p> <p><i>to correct errors, to write off irrecoverable debts, to record the credit purchase/sale of a non-current asset, to transfer amounts to the statement of profit or loss including depreciation charges and allowance for trade receivables</i></p>	<p>8.3c Post transactions from the Journal to the appropriate ledger accounts.</p>
<p>8.1d Understand the limitations of the trial balance.</p>	<p>8.2d Explain the purpose of a suspense account.</p>	
<p>8.1e Identify errors that affect the agreement of the trial balance and errors that do not affect the agreement of the trial balance.</p>	<p>8.2e Record journal entries for the correction of errors that do not affect the trial balance.</p> <p><i>errors of omission, errors of commission, errors of principle, errors of original entry, errors of transposition, compensating errors, complete reversal of entries</i></p>	<p>8.3e Record journal entries for the correction of errors, including the preparation of a suspense account.</p>
<p>8.1f Identify errors that affect net profit.</p>	<p>8.2f Prepare a corrected trial balance.</p>	<p>8.3f Prepare a statement of corrected net profit and correction of Statement of Financial Position.</p>

Subject Focus 9
Learning Outcome 9:

Single entry and incomplete records

I can prepare the financial statements of a sole trader from incomplete information, and I can calculate the net profit of a business from a statement of affairs using the accounting equation.

Controlled

- The calculation of capital at the beginning of the financial year and the calculation of net profit for the year by preparing a statement of affairs at the beginning and end of the financial year, respectively;
- The use of control accounts to derive credit sales and credit purchases;
- The use of the cash account in incomplete records;
- Financial statements from incomplete information.

Assessment Criteria (MQF 1)	Assessment Criteria (MQF 2)	Assessment Criteria (MQF 3)
9.1a Describe single entry and incomplete records.	9.2a Distinguish between single entry and double entry.	9.3a Evaluate the limitations of single entry and the benefits of double entry.
9.1b Define a statement of affairs.	9.2b Calculate the value of capital at the beginning of the year.	9.3b Formulate a statement of affairs at the end of the financial year to find the net profit for the period.
9.1c Recognise credit sales and/or receipts from debtors in a receivables control account.	9.2c Calculate credit sales from a control account.	9.3c Analyse the accruals concept in the estimation of credit sales from a receivables control account.
9.1d Recognise credit purchases and/or payments to creditors in a payables control account.	9.2d Calculate credit purchases from a control account.	9.3d Analyse the accruals concept in the estimation of credit purchases from a payables control account.
9.1e Identify cash sales and cash purchases in cash and/or bank accounts.	9.2e Derive total sales and total purchases for a financial period when cash sales and cash purchases are provided.	9.3e Prepare the cash account to find cash sales and cash purchases and/or receipts from debtors and payments to creditors.

	9.2f Calculate depreciation from non-current asset book value balances at the beginning and end of financial year.	
	9.2g Calculate the increase or decrease in the allowance for receivables from given balances.	
	9.2h Apply the accruals concept to calculate expenses and revenue for the year.	9.3h Prepare a Statement of Profit or Loss and a Statement of Financial Position from incomplete records.

Subject Focus 10
Learning Outcome 10:

Accounting ratios and departmental accounts

I can evaluate the business performance and financial position for the various users of financial statements, and I can prepare departmental profit statements.

- Departmental statement of profit or loss (limited to two departments only) and the need for the calculation of the profit or loss of each department;
- The allocation and apportionment of costs and expenses.
- The purpose of accounting ratios and their use in assessing performance and financial position;
- Profitability, liquidity and efficiency (use of assets) ratios and their interpretation;
- Calculation of the following ratios: return on capital employed (ROCE), gross profit margin, gross profit mark-up, net profit margin, current ratio, quick (acid test) ratio, rate of inventory turnover, collection period of trade receivables, and payment period of trade payables;
- Communicating important information to the providers of capital and other users.

Coursework and Controlled

Assessment Criteria (MQF 1)	Assessment Criteria (MQF 2)	Assessment Criteria (MQF 3)
10.1a Define allocation and apportionment of costs and expenses.	10.2a Suggest appropriate basis of apportionment for different expenses.	10.3a Assess the benefits and limitations of departmental profit statements.
10.1b List examples of items of expenditure that are directly allocated to departments and items of expenditure that are apportioned between departments.	10.2b Prepare departmental profit statements allocating and apportioning cost of sales and expenses to specific departments (for two departments only and excluding end-of-year adjustments).	10.3b Prepare departmental profit statements allocating and apportioning cost of sales and expenses to specific departments (for two departments only and including end-of-year adjustments).

<p>10.1c Identify the purpose of accounting ratios.</p>	<p>10.2c Classify accounting ratios into profitability ratios, liquidity ratios and efficiency (use of assets) ratios.</p> <p><i>return on capital employed, gross profit margin, gross profit mark-up, net profit margin, current ratio, quick (acid test) ratio, rate of inventory turnover, collection period of trade receivables, payment period of trade payables</i></p>	<p>10.3c Evaluate the benefits and limitations of accounting ratios</p>
<p>10.1d Compute ratios from given formulae.</p> <p><i>return on capital employed, gross profit margin, gross profit mark-up, net profit margin, current ratio, quick (acid test) ratio</i></p>	<p>10.2d Calculate accounting ratios.</p> <p><i>return on capital employed, gross profit margin, gross profit mark-up, net profit margin, current ratio, quick (acid test) ratio, rate of inventory turnover, collection period of trade receivables, payment period of trade payables</i></p>	<p>10.3d Assess the performance and the financial position of the business from the results of accounting ratios.</p>