Scheme of work

This scheme of work provides ideas about how to construct and deliver a Cambridge IGCSE and O Level Accounting course. The syllabus for Cambridge IGCSE and O Level Accounting has been broken down into teaching units and is intended to provide a guide. It aims to provide teachers with a basis to plan their lessons. It does not take into account that different schools take different amounts of time to cover the Cambridge IGCSE and O Level course.

Teaching time: 130 guided learning hours for the whole course is recommended.

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| Chapter | Approximate time allocation | Syllabus references | Student’s Book pages | Key vocabulary | | Teacher’s notes |
| Chapter 1: The purpose of accounting | 6 hours | 1.1 The purpose of accounting   * the difference between book-keeping and accounting * the purpose of measuring business profit and loss * the role of accounting in providing information for monitoring progress and decision making. | Pages 2–8 | *Book-keeping*  *Accounting*  *Financial statements*  *Financial data*  *Interested parties*  *Statement of profit or loss*  *Trade payables* | |  |
| Chapter 2: The accounting equation | 5 hours | 1.2 The accounting equation   * assets, liabilities and owner’s equity * the accounting equation * how to apply the accounting equation. | Pages 9–18 | *Owner’s equity*  *Assets*  *Liabilities*  *Accounting equation*  *Statement of financial position*  *Inventory*  *Drawings*  *Current assets*  *Non-current assets*  *Liquid assets*  *Trade receivables*  *Current liabilities*  *Non-current liabilities* | |  |
| Chapter 3: The double entry system of book-keeping | 8 hours | 2.1 The double entry system of book-keeping   * the double entry system of book-keeping * how to prepare ledger accounts * how to post transactions to the ledger accounts * how to calculate ledger account balances and make transfers to financial statements * how to interpret ledger accounts and their balances * ledger accounts that may be presented using a three-column running balance format * the division of the ledger into the sales ledger, the purchases ledger and the general ledger * how ledger accounts can be kept digitally. | Pages 20–39 | *Double entry system of book-keeping*  *Account*  *Posting*  *Ledgers*  *Trade receivables*  *Trade payables*  *Purchases*  *Debit balance*  *Credit balance*  *Personal account*  *Sales returns/returns inwards account*  *Purchases returns/returns outwards account*  *General ledger*  *Cash book*  *Three-column running balance* | |  |
| Chapter 4: Business documents | 6 hours | 2.2 Business documents   * business documents: invoice, debit note, credit note, cheque counterfoil, paying-in slip, receipt, bank statement, statement of account * how these business documents are used as sources of information * how these business documents are produced and recorded manually or digitally. | Pages 40–55 | *Sales invoice*  *Purchase invoice*  *Cash discount*  *Trade discount*  *List price*  *Standing order*  *Paying-in slip*  *Digital banking*  *ATM*  *Bank transfer*  *Debit note*  *Credit note*  *Statement of account*  *Cheque*  *Paying-in slip*  *Receipt*  *Bank statement*  *Digital recording of transactions* | |  |
| Chapter 5: Books of prime entry | 13 hours | 2.3 Books of prime entry   * how to process data in the books of prime entry: cash book, petty cash book, sales journal, sales returns journal, purchases journal, purchases returns journal and the general journal * how to post the ledger entries from the books of prime entry * trade discount and cash discount and how these are treated * the dual function of the cash book as a book of prime entry and as a ledger account for bank and cash * how to record receipts and payments made by cash, cheques, debit and credit cards, online and bank transfers * the purpose of the imprest system of petty cash and how to apply it * the advantages and disadvantages of keeping cash at the business property * the advantages and disadvantages of using manual methods for the original entry of business transactions * the advantages and disadvantages of using digital methods for the original entry of business transactions. | Pages 56–90 | *Books of prime entry*  *Subsidiary books*  *Cash book*  *Discounts received*  *Discounts allowed*  *Direct debits*  *Dishonoured cheque*  *Petty cash book*  *Imprest/float*  *Petty cash voucher*  *Sales journal*  *Purchases journal*  *General journal*  *Narrative*  *Cyber-security*  *Embezzlement*  *Manual accounting*  *Encryption*  *Access controls*  *Audit trails*  *Digital recording of transactions*  *Trade discount*  *Cash discount*  *Contra entries*  *Standing orders*  *Bank overdraft*  *Posting*  *Sales return/return inwards journal*  *Return outwards/purchases return journal*  *Irrecoverable debts* | |  |
| Chapter 6: The trial balance | 3 hours | 3.1 The trial balance   * the purposes and limitations of a trial balance * how to prepare a trial balance from a given list of balances and amend a trial balance which contains errors * the types of errors which do not affect the trial balance: commission, compensating, complete reversal, omission, original entry, principle. | Pages 92–104 | *Trial balance*  *Closing inventory*  *Opening inventory*  *Finished goods*  *Work in progress*  *Errors of omission*  *Errors of commission*  *Errors of principle*  *Compensating errors*  *Errors of original entry*  *Errors of complete reversal of entries*  *Overcast*  *Undercast* | |  |
| Chapter 7: Correction of errors | 4.5 hours | 3.2 Correction of errors   * how to correct errors using journal entries * the use of a suspense account as a temporary measure to balance the trial balance * how to correct errors using a suspense account * how to adjust a profit or loss for an accounting period after the correction of errors * the effect of correction of errors on a statement of financial position. | Pages 105–118 | *Error of omission*  *Error of commission*  *Error of principle*  *Compensating error*  *Error of original entry*  *Error of complete reversal of entries*  *Undercast*  *Suspense account*  *Gross profit*  *Profit for the year* | |  |
| Chapter 8: Bank reconciliation | 4.5 hours | 3.3 Bank reconciliation   * the use and purpose of a bank statement * how to update the cash book for bank charges, bank interest paid and received, correction of errors, credit transfers, direct debits and standing orders * the purpose and preparation of a bank reconciliation statement to include bank errors, uncredited deposits and unpresented cheques * the impact of digital business transactions on the bank reconciliation process. | Pages 119–132 | *Bank statement*  *Bank reconciliation*  *Electronic direct payment*  *Drawer*  *Payee*  *Drawee*  *Unpresented cheques*  *Real-time data access*  *Bank charges*  *Bank interest*  *Standing orders*  *Bank transfers*  *Direct debit*  *Digital business transactions*  *Dishonoured cheque*  *Uncredited cheque* | |  |
| Chapter 9: Control accounts | 4.5 hours | 3.4 Control accounts   * the purposes of purchases ledger and sales ledger control accounts * the books of prime entry as sources of information for the control account entries * how to prepare purchases ledger and sales ledger control accounts to include credit purchases and sales, receipts and payments, cash discounts, returns, irrecoverable debts, dishonoured cheques, interest on overdue accounts, contra entries, refunds, opening and closing balances (debit and credit within each account) * the impact of digital recording of business transactions on the preparation and use of control accounts. | Pages 133–148 | *Purchases ledger control account (total trade payables account)*  *Sales ledger control account (total trade receivables account)*  *Set-offs*  *Discounts allowed*  *Discounts received*  *Debit balance*  *Credit balance*  *Refunds* | |  |
| Chapter 10: Capital and revenue expenditure and receipts | 1.5 hours | 4.1 Capital and revenue expenditure and receipts   * the distinction between capital expenditure and revenue expenditure * how to account for capital expenditure and revenue expenditure * the distinction between capital receipts and revenue receipts * how to account for capital receipts and revenue receipts * how to identify and calculate the effect on profit of incorrect treatment * how to identify and calculate the effect on asset valuations of incorrect treatment. | Pages 150–158 | *Capital expenditure*  *Revenue expenditure*  *Capital receipts*  *Revenue receipts*  *Intangible assets*  *Service businesses* | |  |
| Chapter 11: Accounting for depreciation and disposal of non-current assets | 7.5 hours | 4.2 Accounting for depreciation and disposal of non-current assets   * the meaning of depreciation * the need to account for depreciation * how to calculate depreciation using the straight-line, reducing balance and revaluation methods * the appropriate methods of depreciation that can be applied to different types of non-current assets * how to prepare journal entries and ledger accounts to record depreciation * how to prepare journal entries to record the purchase and sale of non-current assets * how to prepare ledger accounts to record the purchase and sale of non-current assets: non-current asset account, accumulated depreciation account and disposal of non-current asset account * how to calculate profit or loss on disposal of a non-current asset. | Pages 159–177 | *Depreciation*  *Residual value*  *Net book value*  *Accumulated depreciation*  *Straight-line method of depreciation*  *Reducing balance method of depreciation*  *Revaluation method of depreciation*  *Accumulated depreciation*  *Economic factors*  *Time factors*  *Physical factors*  *Depletion factors*  *Obsolescence*  *Scrap value* | |  |
| Chapter 12: Other payables and other receivables | 5 hours | 4.3 Other payables and other receivables   * the importance of matching costs and revenues * how to apply the matching/accruals concepts by using accruals and prepayments * how to prepare journal entries and ledger accounts to record accrued and prepaid expenses * how to prepare journal entries and ledger accounts to record accrued and prepaid incomes. | Pages 178–193 | *Accrued expense*  *Accrued income*  *Prepaid expense*  *Prepaid income*  *Year-end adjustments*  *Statement of profit or loss*  *Statement of financial position* | |  |
| Chapter 13: Irrecoverable debts and allowance for irrecoverable debts | 5 hours | 4.4 Irrecoverable debts and allowance for irrecoverable debts   * the meaning of irrecoverable debts and irrecoverable debts recovered * how to prepare journal entries and ledger accounts to record irrecoverable debts * how to prepare journal entries and ledger accounts to record irrecoverable debts recovered * the need to maintain an allowance for irrecoverable debts * how to prepare journal entries and ledger accounts to record the creation of, and adjustments to, an allowance for irrecoverable debts. | Pages 194–209 | *Irrecoverable debt*  *Irrecoverable debt recovered*  *Credit control*  *Credit limit*  *Allowance for irrecoverable debts* | |  |
| Chapter 14: Valuation of inventory | 2 hours | 4.5 Valuation of inventory   * the valuation of inventory at the lower of cost and net realisable value * how to calculate the value of inventory * the effect of an incorrect valuation of inventory on gross profit, profit for the year, equity and asset valuation. | Pages 210–218 | *Cost of sales*  *Net realisable value (NRV)*  *Inventory*  *Closing inventory*  *Opening inventory*  *Net realisable value*  *Gross profit*  *Profit for the year*  *Equity* | |  |
| Chapter 15: Sole traders | 7 hours | 5.1 Sole traders   * the advantages and disadvantages of operating as a sole trader * how a sole trader can be a trading, service, manufacturing business, or a combination of these * the importance of preparing statements of profit or loss and statements of financial position * how to prepare statements of profit or loss for trading, service, manufacturing businesses, or businesses which are a combination of these * the importance of producing statements of financial position to record assets and liabilities on a specified date * how to define the content of a statement of financial position: non-current assets, intangible assets, current assets, current liabilities, non-current liabilities and capital * how to prepare statements of financial position for trading, service, manufacturing businesses, or businesses which are a combination of these * the effect of a change in an account balance on other account balances in the financial statements * how to make adjustments for accumulated depreciation using the straight-line, reducing balance and revaluation methods * how to make adjustments for accrued and prepaid expenses and accrued and prepaid income * how to make adjustments for irrecoverable debts and allowances for irrecoverable debts * how to make adjustments for drawings: goods and other assets taken by the owner, owner’s private expenses paid by the business. | Pages 220–241 | *Sole trader*  *Statement of profit or loss*  *Statement of financial position*  *Gross profit*  *Profit for the year*  *Sales revenue*  *Cost of sales*  *Expenses*  *Income*  *Trading account*  *Profit and loss account*  *Carriage inwards*  *Carriage outwards*  *Owner’s equity*  *Drawings* | |  |
| Chapter 16: Partnerships | 6 hours | 5.2 Partnerships   * how a partnership can be a trading, service, manufacturing business or a combination of these * the advantages and disadvantages of forming a partnership * the importance and contents of a partnership agreement * the purpose of an appropriation account * how to prepare statements of profit or loss, appropriation accounts and statements of financial position * how to record interest on partners’ loans, interest on capital, interest on drawings, partners’ salaries and the division of the balance of profit or loss * how to make adjustments to financial statements * the uses of and differences between capital and current accounts * how to prepare partners’ capital and current accounts in ledger account form and as part of a statement of financial position. | Pages 242–257 | *Partnership*  *Partnership agreement*  *Appropriation account*  *Current account*  *Fixed capital account*  *Fluctuating capital account*  *Interest on partners’ capital*  *Interest on partners’ loan*  *Interest on partners’ drawings*  *Partners’ salary* | |  |
| Chapter 17: Limited companies | 6.5 hours | 5.3 Limited companies   * how a limited company can be a trading, service, manufacturing business or a combination of these * the advantages and disadvantages of operating as a limited company * the term ‘limited liability’ * the term ‘equity’ * the capital structure of a limited company comprising preference share capital, ordinary share capital, general reserve and retained earnings * the features of ordinary share capital, preference shares and ordinary share capital and loan capital (debentures) * share capital: issued, called-up and paid-up * how to prepare statements of profit or loss, statements of changes in equity and statements of financial position * how to make adjustments to financial statements. | Pages 258–273 | *Limited company*  *Shareholder*  *Share*  *Dividend*  *Limited liability*  *Equity*  *Ordinary shares*  *Preference shares*  *Annual general meeting*  *Reserves*  *Retained earnings*  *Total equity*  *Winding up*  *Issued share capital*  *Called-up share capital*  *Paid-up share capital*  *Loan capital*  *Debentures*  *Selling and distribution expenses*  *Administration expenses*  *Selling and distribution expenses*  *Finance costs*  *Statement of changes in equity*  *Interim dividend*  *Proposed dividend* | |  |
| Chapter 18: Clubs and societies | 6 hours | 5.4 Clubs and societies   * receipts and payments accounts and income and expenditure accounts * how to prepare receipts and payments accounts * how to prepare accounts for revenue-generating activities, e.g. refreshments, subscriptions * how to prepare income and expenditure accounts and statements of financial position * how to make adjustments to financial statements * how to define and calculate the accumulated fund * ethical practices in accounting for clubs and societies. | Pages 274–291 | *Club*  *Society*  *Non-profit organisation*  *Subscription*  *Receipts and payments account*  *Income and expenditure account*  *Accumulated fund*  *Deficit*  *Surplus* | |  |
| Chapter 19: Manufacturing accounts | 6 hours | 5.5 Manufacturing accounts   * direct and indirect costs * direct material, direct labour, prime cost and factory overheads * how to make adjustments for work in progress * how to calculate factory cost of production * how to prepare manufacturing accounts, statement of profit or loss and statements of financial position * how to make adjustments to financial statements. | Pages 292–308 | *Manufacturer*  *Direct costs*  *Indirect costs*  *Manufacturing account*  *Finished goods*  *Work in progress*  *Direct material cost*  *Direct labour cost*  *Prime cost*  *Factory overhead (indirect) costs*  *Direct expenses*  *Royalty*  *Prime cost*  *Overheads/fixed costs (indirect costs)*  *Cost of production of goods*  *Apportionment of costs*  *Administration costs*  *Selling and distribution expenses*  *Financial expenses* | |  |
| Chapter 20: Incomplete records | 6 hours | 5.6 Incomplete records   * why businesses keep different types of accounting records rather than using the full double entry system * the advantages and disadvantages of not maintaining a full set of accounting records * how to prepare opening and closing statements of affairs * how to calculate profit or loss for the year from changes in capital over time * how to calculate sales, purchases, gross profit, trade receivables and trade payables and other figures from incomplete information * how to prepare statements of profit or loss and statements of financial position from incomplete records * how to make adjustments to financial statements * how to apply the techniques of mark-up, margin and inventory turnover to arrive at missing figures. | Pages 309–334 | *Single entry systems*  *Cash-based accounting*  *Spreadsheets*  *Internal controls*  *Statement of affairs*  *Incomplete records*  *Profit calculation through changes in capitals*  *Mark-up*  *Gross profit margin*  *Rate of inventory turnover* | |  |
| Chapter 21: Calculation and understanding of ratios | 3 hours | 6.1 Calculation and understanding of accounting ratios   * gross profit margin * mark-up * profit margin * return on capital employed (ROCE) * current (working capital) ratio * acid test (liquid) ratio * rate of inventory turnover (times) * inventory turnover (days) * trade receivables turnover (days) * trade payables turnover (days). | Pages 336–350 | *Accounting ratios*  *Mark-up*  *Gross profit margin*  *Profit margin*  *Return on capital employed (ROCE)*  *Working capital*  *Capital owned*  *Capital employed*  *Current ratio*  *Acid test (liquid) ratio*  *Liquidity crisis*  *Rate of inventory turnover (times)*  *Rate of inventory turnover (days)*  *Trade receivables turnover ratio (days)*  *Trade payables turnover ratio (days)* | |  |
| Chapter 22: Interpretation of accounting ratios and inter-business comparisons | 4 hours | 6.2 Interpretation of accounting ratios and inter-business comparisons   * how to prepare and comment on simple statements showing comparison of results for different years * how to interpret the ratios calculated in 6.1 * how to make suggestions and recommendations for improving profitability, liquidity and working capital * gross profit margin and profit margins as indicators of a business’ profitability * how gross profit for the year can be affected by the valuation of inventory, sales quantity and changes in selling and purchasing prices * how profit for the year can be affected by changes in gross profit, other incomes and expenses * the difference between cash and profit * factors that may affect the ratios of two businesses * problems of inter-business comparison. | Pages 351–367 | *Gross profit margin*  *Profit margin*  *Return on capital employed (ROCE)*  *Current ratio*  *Current assets*  *Current liabilities*  *Working capital*  *Acid test (liquid) ratio*  *Rate of inventory turnover (times)*  *Rate of inventory turnover (days)*  *Trade receivables turnover (days)*  *Trade payables turnover (days)*  *Profitability ratio*  *Industry*  *Inter-business comparison*  *Business cycle*  *Profitability*  *Efficiency*  *Liquidity* | |  |
| Chapter 23: Interested parties | 1 hour | 6.4 Interested parties  How accounting information may be used for decision making by the following interested parties:   * owners * managers * employees * banks * investors and lenders * suppliers * customers * government tax authorities * club members * others, e.g. public and environmental bodies. | Pages 368–374 | *Internal users*  *External users* | |  |
| Chapter 24: Limitations of accounting statements | 1 hour | 6.5 Limitations of accounting statements  Limitations of accounting statements due to the following factors:   * historic cost * application of accounting policies * non-financial aspects for example, skill of the workforce, location of the business, economic climate. | Pages 375–379 | *Historic cost*  *Accounting policies*  *Non-financial aspects* | |  |
| Chapter 25 Accounting concepts | 2 hours | 7.1 Accounting concepts   * business entity * consistency * duality * going concern * historic cost * matching / accruals * materiality * money measurement * prudence * realisation. | Pages 381–390 | *Matching concept*  *Business entity concept*  *Consistency concept*  *Duality concept*  *Going concern concept*  *Historic cost concept*  *Reliability*  *Materiality concept*  *Money measurement concept*  *Prudence concept*  *Realisation concept*  *Matching/accruals concept* | |  |
| Chapter 26 Ethical considerations | 3 hours | 7.2 Ethical considerations   * the need for an ethical framework in accounting * the fundamental principles of: * integrity * objectivity * professional competence and due care * confidentiality * professional behaviour * the significance to stakeholders and society of applying an ethical framework. | Pages 391–397 | | *Fair accounting data*  *Ethical framework*  *Stakeholders*  *Accounting bodies*  *Integrity*  *Objectivity*  *Professional competence*  *Due care*  *Confidentiality*  *Professional behaviour*  *Employee loyalty* |  |
| Chapter 27: Technology and sustainability | 3 hours | 7.3 Technology and sustainability   * the use of digital applications for all or part of the accounting records * the need to store data safely and sustainably * the risks associated with not storing accounting data safely and sustainably * the different types of storage systems: manual, data storage devices, cloud services and other digital services * the advantages and disadvantages of the different types of storage systems. | Pages 398–408 | *Digital accounting*  *Digital application*  *Automation*  *Data sustainability*  *Eco-friendly products and services*  *Carbon emissions*  *Social risks*  *Carbon footprint*  *Disaster recovery planning*  *Cyber-attacks*  *Cyber-security threats*  *Electronic waste*  *Natural disasters*  *Non-volatile memory*  *Primary storage*  *Volatile memory*  *Central processing unit (CPU)*  *Secondary storage* | |  |