

## CSEC PRINCIPLES OF ACCOUNTS GRADE 10 SYLLABUS

### ◆ SECTION 1: ACCOUNTING AS A PROFESSION

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

- |    |   |   |
|----|---|---|
| 1. | explain the concept and purposes of Accounting;                                   | Concept of “Accounting” and “Principles of Accounting”.   |
|    |   | Accounting as a business practice – the purpose of Accounting.  |
| 2. | identify the users of accounting information;                                     | Internal and external users of accounting information and their needs.  |
| 3. | describe <i>traditional and emerging</i> careers in the field of Accounting; and, | <i>Careers in areas such as:</i><br><br>(a) <i>banking;</i><br><br>(b) <i>management;</i><br><br>(c) <i>insurance; and,</i><br><br>(d) <i>entrepreneurship.</i>   |
| 4. | <i>discuss ethical issues in the field of Accounting.</i>                         | (a) <i>Ethical principles of Accounting. For example, Code of Ethics: objectivity, professional competence, integrity, professional behaviour, and confidentiality:</i><br><br>(i) <i>appropriate application of the ethical principles.</i><br><br>(ii) <i>inappropriate application of the ethical principles.</i><br><br>(b) <i>Appropriate application of accounting principles.</i><br><br>(c) <i>Inappropriate application of accounting principles. For example, fraud, tax-evasion.</i><br><br>(d) <i>Results of inappropriate application of accounting principles. For example, law suits, loss of job, loss of integrity, imprisonment, and fines.</i> |

## **SECTION 1: ACCOUNTING AS A PROFESSION (cont'd)**

### **Suggested Teaching and Learning Activities**

*To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.*

- 1. Have students conduct research on the concept and purposes of Accounting, and identify the users of accounting information to form the basis of class discussions.*
- 2. Have students conduct research on traditional and emerging careers in the field of business to include accounting specialisations.*
- 3. Have students conduct research on ethical and unethical practices in Accounting and participate in a debate.*
- 4. Assign students to groups and have each group examine articles and case studies regarding ethical issues. Each group should present their findings to the class.*

### **RESOURCES**

*Austen, D. and Ellis, D. et al. Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.*

### **WEBSITES**

*<http://smallbusiness.chron.com/ethics-accounting-profession-3738.html>*

*<https://www.ifac.org/system/files/publications/files/ifac-code-of-ethics-for.pdf>*

*<http://allaccountingcareers.com/accounting-careers>*

*<http://accounting-simplified.com/financial/users-of-accounting-information.html>*

## ◆ SECTION 2: ACCOUNTING AS A SYSTEM

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

1. outline the concepts and conventions that guide the accounting process;
  - (a) accounting concepts and conventions; and,
  - (b) principles which guide the accounting process:
    - (i) accrual and matching;
    - (ii) prudence (conservatism);
    - (iii) consistency; and,
    - (iv) separate entity.
2. describe the accounting cycle;
3. appraise the accounting features of various types of business organisations;
  - (a) Sole Traders;
  - (b) Partnerships;
  - (c) Corporations (Limited Liability companies);
  - (d) Cooperatives; and,
  - (e) Non-Profit Organisations.
4. identify the main financial statements prepared by various business organisations;
  - (a) Income Statement (Trading and Profit and Loss A/C);
  - (b) Income and Expenditure A/C;
  - (c) Balance Sheets; and,
  - (d) Cash Flow Statements.

*(Teachers are not expected to teach how to prepare the financial statements at this stage. However, the Income and Expenditure A/C should only be identified and the purpose stated). See Section 9.*

## SECTION 2: ACCOUNTING AS A SYSTEM (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- |     |   |     |   |
|-----|---|-----|---|
| 5.  | assess the role and impact of technology on the accounting process;                       | (a) | accounting processes which could be readily performed by the use of the computer, for example, payroll, <i>inventory control, receivables and payables</i> schedules; |
|     |   | (b) | software currently being used in Accounting; and,   |
|     |   | (c) | advantages and disadvantages of using the computer in Accounting.   |
| 6.  | explain the concept of a Balance Sheet and the balance sheet equation;                    | (a) | Definition and purpose of a Balance Sheet.  |
|     |   | (b) | Balance Sheet equation $A = C + L$ .  |
| 7.  | identify the components of a Balance Sheet;   |     | <i>Definition and examples of Assets, Liabilities and Capital.</i>  |
| 8.  | give examples of different types of assets and liabilities;                               |     | Definition and examples of <i>Non-current Assets, Currents Assets, Current Liabilities, Non-current Liabilities.</i>  |
| 9.  | *construct Balance Sheets; and,   | (a) | Preparation of Balance Sheets.  |
|     |   | (b) | Arrangement of Assets and Liabilities in order of:<br><br>(i) permanence; and,<br><br>(ii) liquidity.   |
| 10. | determine which items in a Balance Sheet will change as a result of various transactions. |     | <i>Effect of transactions on Balance Sheet items – increase or decrease in items while maintaining the Balance Sheet equation.</i>                                    |

## **SECTION 2: ACCOUNTING AS A SYSTEM (cont'd)**

### **Suggested Teaching and Learning Activities**

*To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.*

- 1. Group students and assign each group to research and report on specific concepts and conventions that guide the accounting process. Encourage them to start individual collections of different artefacts to create a portfolio which they should develop as the course progresses.*
- 2. Invite guest speakers to speak on the accounting features of various types of business organisations, or arrange for students to go on field trips which allow them to have first-hand experiences of various accounting features of organisations.*
- 3. Invite guest speakers to speak on accounting software or arrange for students to go on field trips which allow them to have first-hand experiences of various accounting software used in organisations.*
- 4. Engage students in research to identify the main financial statements prepared by various business organisations. Samples of these should be collected and a portfolio started.*
- 5. Engage students in research and debate to assess the role and impact of technology on the accounting process.*
- 6. Engage students in the construction of Balance Sheets after discussions, and demonstrations by the teacher.*

### **RESOURCES**

- |  |   |
|--|---|
| <i>Austen, D. and Ellis, D. et al.</i> | <i>Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.</i> |
| <i>Wood, F. and Robinson, S.</i>       | <i>Principles of Accounts for the Caribbean, 5<sup>th</sup> Edition. Pearson Education Limited, 2007.</i>   |

## ◆ SECTION 3: BOOKS OF ORIGINAL ENTRY

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- |    |   |  |
|----|---|--|
| 1. | explain the uses of books of original entry;                  | The uses of Books of Original Entry:<br><br>(a) general journal;<br><br>(b) purchases book;<br><br>(c) sales book;<br><br>(d) returns outwards book/ <i>purchases returns</i> ;<br><br>(e) returns inwards book/ <i>sales returns</i> ;<br><br>(f) cash book; and,<br><br>(g) petty cash book. |
| 2. | distinguish between cash and credit transactions;             | Cash and credit transactions.<br>The use of forms of payment including:<br><br>(a) cash;<br><br>(b) cheques;<br><br>(c) credit cards; and,<br><br>(d) debit cards.   |
| 3. | identify source documents related to books of original entry; | <i>Source documents related to the books of original entry:</i><br><br>(a) sales invoice;<br><br>(b) purchases invoice;<br><br>(c) credit notes;<br><br>(d) debit notes;<br><br>(e) petty cash vouchers;<br><br>(f) receipts from cash transactions; and,<br><br>(g) non-cash transactions.    |

### SECTION 3: BOOKS OF ORIGINAL ENTRY (cont'd)

## SPECIFIC OBJECTIVES

## CONTENT

Students should be able to:

- |     |  |  |
|-----|--|--|
| 4.  | <i>*prepare source documents for use in transaction descriptions;</i>      | <i>Prepare source documents.</i>   |
| 5.  | <i>*translate source documents into transaction descriptions;</i>          | <i>Use source documents prepared to create transactions.</i>                       |
| 6.  | <i>*use source documents to make entries into books of original entry;</i> | <i>Identify the book of original entry to which transactions will be recorded.</i> |
|     |  | Record transactions using source documents:  |
|     |  | (a) purchases book;  |
|     |  | (b) sales book;  |
|     |  | (c) returns inwards book/ <i>sales returns</i> ;                                   |
|     |  | (d) returns outwards book/ <i>purchases returns</i> ;                              |
|     |  | (e) cash book; and,  |
|     |  | (f) petty cash book.   |
| 7.  | distinguish between trade and cash discounts;                              | Treatment of trade discounts and cash discounts.                                   |
| 8.  | distinguish between discounts allowed and discounts received;              | Cash discounts – discounts allowed and discounts received.                         |
| 9.  | <i>*balance cash books;</i>  | (a) Balancing of the cash book.  |
|     |  | (b) Balancing the petty cash book using the Imprest System.                        |
| 10. | interpret the balances of the cash books; and,                             | The significance of the balances brought down on the cash books.                   |
| 11. | <i>*indicate treatment of totals from books of original entry.</i>         | <i>Treatment of the totals from the books of original entry (Day Books).</i>       |

## SECTION 3: BOOKS OF ORIGINAL ENTRY (cont'd)

### **Suggested Teaching and Learning Activities**

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

1. Engage students in activities which require them to collect, prepare and translate source documents into transaction descriptions. Encourage students to collect artefacts of the different books of original entry and make individual entries in their portfolio.
2. Engage students in activities which require them to use source documents to make entries into books of original entry. Discuss the impact of technology (for example in online transactions), and incorporate the use of related documents as much as possible in the activities.
3. Engage students in activities which require them to balance the cash book and petty cash book. Discuss the impact of technology (for example in online transactions), and incorporate the use of related documents as much as possible in the activities.

### **RESOURCES**

- |                                  |   |
|----------------------------------|---|
| Austen, D. and Ellis, D., et al. | <i>Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.</i> |
| Wood, F. and Robinson, S.        | <i>Principles of Accounts for the Caribbean, 5<sup>th</sup> Edition. Pearson Education Limited, 2007.</i>   |
| Wood, F. and Sangster, A.        | <i>Business Accounting 1, 12<sup>th</sup> Edition. Pearson Education Limited, 2012.</i>                     |

## ◆ SECTION 4: LEDGERS AND THE TRIAL BALANCE

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- |    |  |  |
|----|--|--|
| 1. | <i>describe the different classes of accounts;</i>                                   | <i>Classification of accounts:</i><br><br><i>(a) Nominal – expenses and revenue;</i><br><br><i>(b) Real – assets; and,</i><br><br><i>(c) Personal – accounts receivable and accounts payable.</i>                                    |
| 2. | <i>identify the different types of ledgers;</i>                                      | <i>Different types of ledgers for recording nominal, real and personal accounts:</i><br><br><i>(a) general ledger;</i><br><br><i>(b) sales/accounts receivable ledger; and,</i><br><br><i>(c) purchases/accounts payable ledger.</i> |
| 3. | explain the significance of debit and credit in each class of account;               | Rules of entry for assets, liabilities, income ( <i>revenue</i> ), capital and expenses.   |
| 4. | *draw up simple account formats, neatly and accurately;                              | Recording transactions in accounts using the double entry system.  |
| 5. | *post from books of original entry to the general ledger and the subsidiary ledgers; | Posting to general and subsidiary ledgers.   |
| 6. | *balance and close accounts;   | Balancing accounts: calculation of the balances <i>carried down (c/d)</i> and <i>bringing down (b/d)</i> those balances.   |
| 7. | <i>interpret entries and balances;</i>   | <i>The significance of the balances brought down on the accounts.</i>  |
| 8. | *use the balances brought down to <i>construct</i> the trial balance; and,           | <i>Preparation of the Trial balance.</i>   |
| 9. | outline the uses and limitations of the trial balance.                               | Uses and limitations of the trial balance.   |

## SECTION 4: LEDGERS AND THE TRIAL BALANCE (cont'd)

### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

1. Engage students in activities which require them to draw up simple account formats included in this Section of the syllabus. Attention should be paid to neatness and accuracy.
2. Engage students in activities which require them to prepare the trial balance. Attention should be paid to neatness and accuracy.

### RESOURCES

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|--|---|
| <i>Austen, D. and Ellis, D. et al.</i> | <i>Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.</i> |
| <i>Wood, F. and Robinson, S.</i>       | <i>Principles of Accounts for the Caribbean, 5<sup>th</sup> Edition. Pearson Education Limited, 2007.</i>   |
| <i>Wood, F. and Sangster, A.</i>       | <i>Business Accounting 1, 12<sup>th</sup> Edition. Pearson Education Limited, 2012.</i>                     |

## ◆ SECTION 5: THE PREPARATION AND ANALYSIS OF FINANCIAL STATEMENTS OF THE SOLE TRADER

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- |    |   |  |
|----|---|--|
| 1. | explain the purpose of preparing financial statements;  | The purpose of preparing Financial Statements to satisfy the needs of the users.   |
| 2. | identify the components of the Financial Statements;  | <i>Trading and Profit and Loss Account and Balance Sheet.</i>  |
| 3. | *draw up the <i>income statement for sole traders</i> to determine gross profit or loss and net profit or loss; | <i>Income statements for sole traders including adjustments for return inwards (sales returns) and return outwards (purchases returns), carriage – inwards and outwards; and closing inventory.</i>  |
| 4. | *prepare classified balance sheet in vertical style;  | Definition of working capital ( <i>net current assets</i> ); calculation of working capital; preparation of classified Balance Sheet showing working capital.  |
| 5. | explain the significance of the working capital for the operation of a business;                                | Working capital as a basic tool for solvency; working capital formula.   |
| 6. | *use ratios to determine the performance (profitability) of the business;                                       | <i>Calculate simple ratios such as inventory turnover, average inventory, gross profit percentage, net profit percentage.</i><br><br><i>Use ratios to determine business performance.</i><br><br><i>(See Section 9, Specific Objective 10)</i> |
| 7. | *calculate ratios to demonstrate the financial position of a business;  | <i>Calculate ratios such as current ratio; acid test ratio; return on investment.</i><br><br><i>Use ratios to analyse and interpret the financial position of a business.</i><br><br><i>(See Section 9, Specific Objective 10)</i>             |
| 8. | *show the effect of net profit or loss on capital; and,   | Treatment of net profit or loss on the Balance Sheet.  |
| 9. | make recommendations about a business based on ratio analysis.  | Preparation of simple reports evaluating a business based on ratios and making recommendations.  |

## SECTION 5: THE PREPARATION AND ANALYSIS OF FINANCIAL STATEMENTS (cont'd)

### **Suggested Teaching and Learning Activity**

*To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activity below.*

*Engage students in activities which require them to calculate ratios to determine the financial position of a business. Real figures should be provided from published reports and other authentic sources, for example, business prospectus and company annual reports which may be found on their websites as well as in print. Students should use these ratios to determine the performance (profitability) of the business. They should prepare simple reports evaluating the business based on ratios and make recommendations.*

### **RESOURCES**

*Austen, D. and Ellis, D. et al. Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.*

*Wood, F. and Robinson, S. Principles of Accounts for the Caribbean, 5<sup>th</sup> Edition. Pearson Education Limited, 2007.*

*Wood, F. and Sangster, A. Business Accounting 1, 12<sup>th</sup> Edition. Pearson Education Limited, 2012.*

