

# **PRINCIPLES OF ACCOUNTS**

## **TEACHING AND LEARNING SYLLABUS**

### **G2/G3 Upper Secondary**

Implementation starting with  
2026 Secondary Three Cohort



Ministry of Education  
SINGAPORE

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# SECTION 1: INTRODUCTION

- Accounting and Its Value in the 21st Century
- Qualities of a Principles of Accounts Learner
- Framework for 21st Century Competencies and Student Outcomes (21CC Framework)
  - Desired Outcomes of Education

# 1. INTRODUCTION

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## Accounting and Its value in the 21st Century

Accounting is an information system based on generally accepted accounting principles. It involves recording and processing business transactions, and communicating this information to business owners and stakeholders, who then use it to evaluate business performance and facilitate decision-making.

The study of accounting helps students understand how businesses measure and communicate their performance, and make use of both accounting and non-accounting information related to their businesses to make decisions. Through the study of accounting, they will acquire transferrable skills such as organising and analysing information for decision-making, and apply these skills in their daily lives. Students will also understand the importance of values such as integrity and objectivity when communicating and making decisions.

## Qualities of a Principles of Accounts Learner

Students learning Principles of Accounts will develop a keen eye for detail; an important attribute for accountants. They will also learn to be organised and structured when they consolidate information into financial statements used by stakeholders for decision-making<sup>1</sup>. In addition, they will learn to use both accounting and non-accounting information to make decisions, and to become critical thinkers who solve problems and adapt to the evolving needs of stakeholders.

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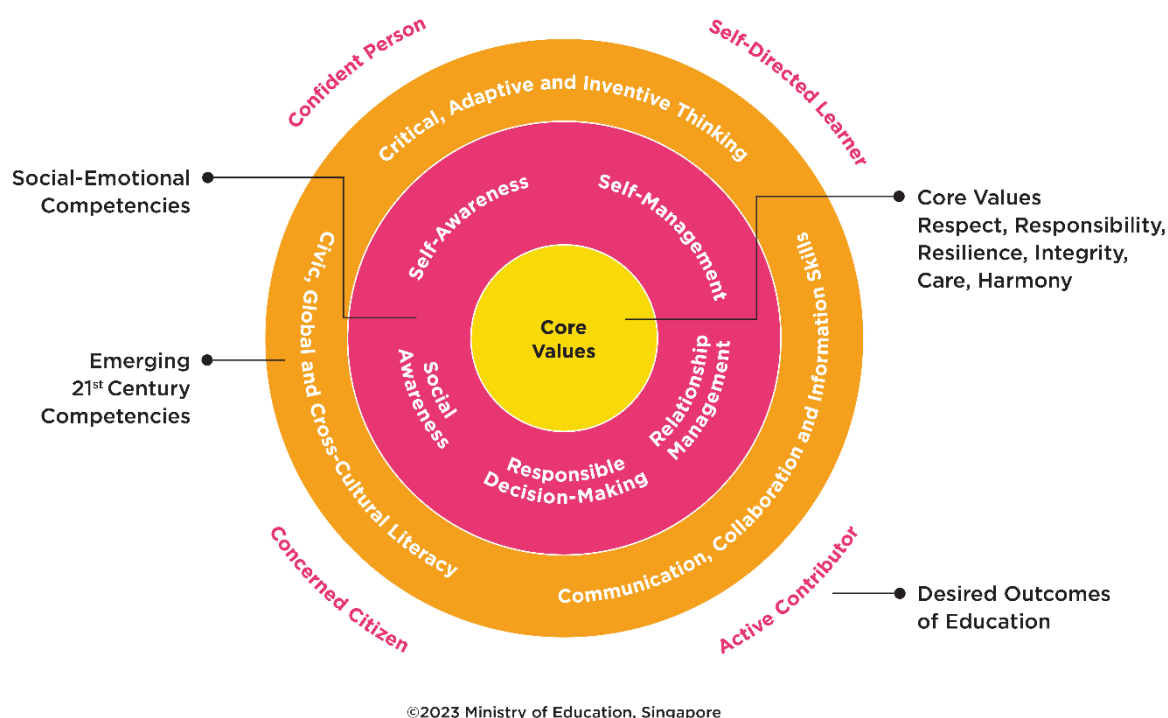
<sup>1</sup> More desired attributes of accountants can be found in the Skills Framework for Accountancy, 'A Guide to Occupations and Skills', developed by Skills Future Singapore and Workforce Singapore in consultation with Singapore Accountancy Commission. More information can be found on <https://www.skillsfuture.gov.sg/skills-framework/accountancy>.

## Framework for 21st Century Competencies and Student Outcomes (21CC Framework)

The Framework for 21st Century Competencies and Student Outcomes (“21CC Framework”) shows how Core Values, Social-Emotional Competencies, and Emerging 21st Century Competencies support the realisation of MOE’s Desired Outcomes of Education.

Additional details about the framework can be accessed through the following link:

[intranet.moe.gov.sg/21CCO/Pages/21st-Century-Competencies.aspx](https://intranet.moe.gov.sg/21CCO/Pages/21st-Century-Competencies.aspx)



**Figure 1:** Framework for 21st Century Competencies and Student Outcomes (21CC Framework)

Principles of Accounts students should embody the Desired Outcomes of Education as:

- **confident persons** who have a zest for life, have a strong sense of right and wrong, are adaptable and resilient, know themselves, are discerning in judgement, think independently and critically, and communicate effectively;
- **self-directed learners** who take responsibility for their own learning, are curious, reflective, persevering in the lifelong pursuit of learning, and driven by their passion and purpose;
- **active contributors** who are empathetic and open-minded to collaborate effectively in teams, exercise initiative, have courage to take risks responsibly, are innovative, and strive for excellence; and
- **concerned citizens** who are rooted to Singapore, have a strong civic consciousness, are responsible to their family, community and nation, and take active roles in improving the lives of others.

The study of Principles of Accounts equips students with Emerging 21 Century Competencies (E21CC), particularly fostering critical, adaptive, and inventive thinking, as well as honing communication and information skills. This is achieved through the process of gathering and analysing both accounting and non-accounting information, making informed decisions, and effectively presenting these decisions. Furthermore, the study of Principles of Accounts enables students to grasp the significance of a unified accounting standard in addressing diverse cultural requirements, global complexities, and technological advancements, thereby facilitating effective communication of results and informed decision-making.

### EdTech Masterplan 2030

The EdTech Masterplan 2030 envisions "Technology-transformed learning to prepare students for a technology-transformed world". A key strategic thrust of this plan is strengthening students' digital literacy and technological skills. The teaching and learning of Principles of Accounts provides students with opportunities to learn with technology such as the use of AI to improve decision-making.

# SECTION 2: CONTENT

- Design Considerations of Principles of Accounts
  - Syllabus Aims
  - Knowledge, Skills, Dispositions and Values
    - Content Frame
    - Content Outline
  - Content and MOE Initiatives
- Content Amplification and Learning Outcomes

## 2 CONTENT

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### Design Considerations of Principles of Accounts

There are two broad approaches to accounting education: user and preparer. The user approach focuses on learning how to use accounting information for decision-making, which accountants are increasingly required to do. Users are also expected to have sound knowledge of business-related information, and not just depend on accounting information to make decisions about the business. On the other hand, the preparer approach focuses on learning how to prepare and present accounting information, which is traditionally what accountants do.

The aim of a Principles of Accounts education is not to nurture work-ready graduates for the accounting profession and its related fields, but to provide students with the foundational knowledge and skills to pursue any area of study or work in the future and to create interest in and raise awareness of future pathways in accounting. This subject is not a pre-requisite for business-related courses in tertiary institutions. Students would thus not benefit from syllabuses that are focused on a singular approach. Instead, the syllabuses place emphasis on equipping upper secondary school students with age-appropriate and relevant accounting knowledge, skills and values from both the user and preparer approaches.

### Syllabus Aims

The Principles of Accounts syllabuses seek to develop in students the knowledge and skills to prepare, communicate and use both accounting and non-accounting information related to the business for decision-making. To understand the purpose of the information and how business activities are measured and presented, students will be equipped with the basic knowledge and skills to prepare and present accounting information and communicate it in a useful manner that can be understood by others.

By learning to become users of information, students understand:

- what business decisions are;
- the limitations of relying on accounting information; and
- how accounting and non-accounting information is used to make well-informed business decisions.

The Principles of Accounts syllabuses also seek to nurture students to become future professionals who demonstrate integrity and objectivity while maintaining precision in their work. They learn to approach problems with an open mind, think critically, and make responsible decisions; understanding that their actions impact various stakeholders who depend on accounting information.

## Knowledge, Skills, Disposition and Values

**Table 1:** Knowledge and understanding of Principles of Accounts

G3	G2
<p>The syllabus intends for students to develop knowledge and understanding of:</p> <ul style="list-style-type: none"> <li>• the purpose of accounting as providing accounting information to support and facilitate decision-making;</li> <li>• the consideration of accounting and non-accounting information in decision-making [CAIT 1.4]<sup>2</sup>;</li> <li>• the role of accountants and their ethical values;</li> <li>• stakeholders and their different decision-making needs</li> <li>• the use of financial ratios to evaluate the profitability, liquidity and efficiency of inventory management and trade receivables management [CAIT 1.4];</li> <li>• the basic forms of business entities;</li> <li>• the elements of financial statements that represent business activities and how they are managed and presented in financial statements;</li> <li>• the principles underlying accounting as a measurement system;</li> <li>• the accounting information system and accounting cycle, and the double-entry method of recording business activities; and</li> <li>• the internal controls to ensure accuracy of information.</li> </ul>	<p>The syllabus intends for students to develop knowledge and understanding of:</p> <ul style="list-style-type: none"> <li>• the purpose of accounting as providing accounting information to support and facilitate decision-making;</li> <li>• the consideration of accounting and non-accounting information in decision-making [CAIT 1.4];</li> <li>• the role of accountants and their ethical values;</li> <li>• stakeholders and their different decision-making needs;</li> <li>• the elements of financial statements that represent business activities and how they are managed and presented in financial statements;</li> <li>• the principles underlying accounting as a measurement system;</li> <li>• the accounting information system and accounting cycle, and the double-entry method of recording business activities; and</li> <li>• the internal controls to ensure accuracy of information.</li> </ul>

<sup>2</sup> Refers to the developmental milestones for critical, adaptive and inventive thinking

**Table 2:** Skills developed through Principles of Accounts

G3	G2
<p>The syllabus intends for students to develop the skills of:</p> <ul style="list-style-type: none"><li>• applying the double entry system of recording business transactions;</li><li>• preparing and communicating accounting information in a suitable form;</li><li>• interpreting financial statements and analysing the effects of business transactions and accounting adjustments on financial statements [CAIT 1.4];</li><li>• evaluating businesses for their profitability, liquidity and efficiency of inventory management and trade receivables management and comparing business profitability, liquidity and efficiency across time and between businesses [CAIT 1.4]; and</li><li>• evaluating choices using both accounting and non-accounting information [CAIT 1.4].</li></ul>	<p>The syllabus intends for students to develop the skills of:</p> <ul style="list-style-type: none"><li>• applying the double entry system of recording business transactions;</li><li>• preparing and communicating accounting information in a suitable form;</li><li>• interpreting financial statements and analysing the effects of business transactions and accounting adjustments on financial statements [CAIT 1.4]; and</li><li>• evaluating choices using both accounting and non-accounting information [CAIT 1.4].</li></ul>

**Table 3:** Dispositions and values developed through Principles of Accounts

G3	G2
<p>The syllabus intends for students to develop the following dispositions and values:</p> <ul style="list-style-type: none"><li>• having integrity and objectivity, being socially responsible in one's thinking and decisions, and considerate of how one's decisions can affect users of accounting information [CAIT 1,2 and CGC 3,4<sup>3</sup>];</li><li>• being open to perspectives and ready to reassess conclusions and consider alternatives [CAIT 1, 3 and 4];</li><li>• being logical, methodical, consistent and accurate in preparing and communicating accounting information; and</li><li>• being discerning in distilling and critically assessing both accounting and non-accounting information for decision-making [CAIT 1, 2, 5 and 6].</li></ul>	<p>The syllabus intends for students to develop the following dispositions and values:</p> <ul style="list-style-type: none"><li>• having integrity and objectivity, being socially responsible in one's thinking and decisions, and considerate of how one's decisions can affect users of accounting information [CAIT 1,2 and CGC 3,4];</li><li>• being open to perspectives and ready to reassess conclusions and consider alternatives [CAIT 1, 3 and 4];</li><li>• being logical, methodical, consistent and accurate in preparing and communicating accounting information; and</li><li>• being discerning in distilling and critically assessing both accounting and non-accounting information for decision-making [CAIT 1, 2, 5 and 6].</li></ul>

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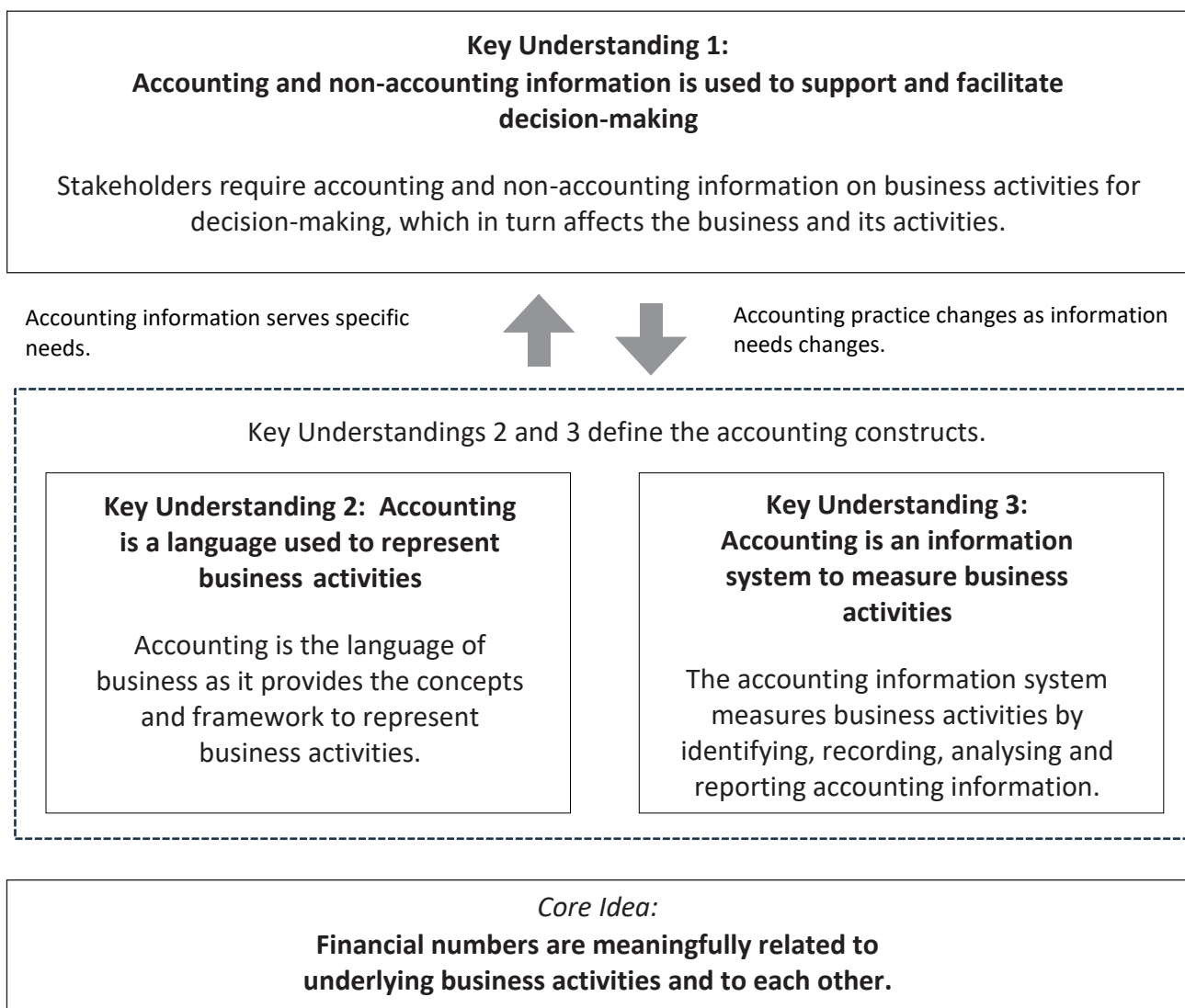
<sup>3</sup> Refers to the developmental milestones for civic, global and cross-cultural literacy.

## Content Frame

The content is framed by three key understandings (see Figure 2).

Key Understanding 1 aligns with the primary purpose of accounting and its place in society. Key Understandings 2 and 3 outline the accounting constructs and the accounting professional's modes of thinking and doing in relation to business activities. All three share the core idea that financial numbers convey information about business activities. The value of learning Principles of Accounts lies in understanding how accounting information about business activities is derived and used.

Since the purpose of accounting is to provide information for decision-making, the way business activities are measured and represented (Key Understandings 2 and 3) is affected by the changing information needs of stakeholders (Key Understanding 1). The relationship between the three key understandings is illustrated in Figure 2.



**Figure 2:** Conceptual Frame for key understandings

## Content Outline

### Key Understanding 1:

#### **Accounting and non-accounting information is used to support and facilitate decision-making**

This key understanding focuses on the relationship between the activities of a business and its stakeholders. Stakeholders provide resources for the business, while the performance of business activities affects stakeholders' decisions concerning the business. Stakeholders rely on accounting information generated by the accounting information system to make decisions. The stakeholders also use non-accounting information to make well-informed decisions and judgements.

This key understanding will cover the following:

##### *Accounting and Its Role in the Stakeholders' Decision-Making Process*

- 1.1 Roles of accounting and accountants
- 1.2 Stakeholders and their decision-making needs

##### *Analysis of Financial Statements for Decision-Making (not covered in G2 syllabus)*

- 1.3 Financial statements analysis
  - 1.3.1 Profitability
  - 1.3.2 Liquidity
  - 1.3.3 Efficiency

### Key Understanding 2:

#### **Accounting is a language used to represent business activities**

Accounting is considered the language of business as it allows stakeholders to think about, discuss and evaluate business activities. This key understanding looks into how accounting acts as this language, and how it provides the concepts and framework to represent the physical flow of resources, and the performance and position of the business, by grouping the effects of business activities according to their characteristics.

##### *Businesses*

- 2.1 Types of businesses
- 2.2 Forms of business ownerships **(Not covered in G2 syllabus)**

##### *Measurement and Presentation of Business Activities*

- 2.3 Elements of financial statements
- 2.4 Accounting equation
- 2.5 Financial statements
  - 2.5.1 Statement of Financial Position **(G2 syllabus excludes working capital and private limited company)**
  - 2.5.2 Statement of Financial Performance
- 2.6 Income and expenses
  - 2.6.1 Revenue and other income
  - 2.6.2 Cost of sales and other expenses
- 2.7 Assets

- 2.7.1 Cash in hand and cash at bank
- 2.7.2 Inventories
- 2.7.3 Trade receivables
- 2.7.4 Non-current assets (G2 syllabus excludes non-accounting information and sale of non-current assets)
- 2.8 Liabilities
  - 2.8.1 Trade payables
  - 2.8.2 Long-term borrowings (**G2 syllabus excludes calculation of interest**)
- 2.9 Equities
  - 2.9.1 Capital and share capital (**G2 syllabus excludes share capital**)
  - 2.9.2 Drawings
  - 2.9.3 Transfer of profit or loss for the year and retained earnings (**G2 syllabus excludes retained earnings and dividends**)

### *Correction of Errors*

- 2.10 Correction of errors

### **Key Understanding 3:**

#### **Accounting is an information system to measure business activities**

This key understanding investigates how business activities and the physical flow of resources are measured and quantified in monetary terms, which facilitates comparison, performance tracking and evaluation. A reliable measurement system must be supported by an information system that systematically collects, records and organises business economic activities.

#### *Accounting Assumptions and Principles*

- 3.1 Accounting theories

#### *Accounting Information System and Accounting Cycle*

- 3.2 Accounting information system and accounting cycle
- 3.3 Understanding the double-entry recording system
- 3.4 Internal controls

The main design features of this syllabus and their rationale are provided below.

### **Learning Outcomes**

The learning outcomes stated in the syllabus will guide teachers in designing appropriate learning experiences and assessment tasks.

### **Sequence of Teaching and Learning**

Teachers need not cover the topics from the three key understandings in the order shown in the syllabus, as long as students develop deep meaningful understanding of the material.

## Content and Emerging 21CC

The teaching and learning of Emerging 21CC will take place through the total curriculum. However, not all subjects and programmes are well suited to this purpose. Certain topics in Key Understandings 1 and 2 lend themselves better to the teaching of 21st Century Competencies than those in Key Understanding 3. See page 16 to 19 for examples of how Emerging 21CC can be taught in Key Understandings 1 and 2.

**Table 4:** Key Understanding 1 and Emerging 21CC

Key Understanding 1: Accounting and non-accounting information is used to support and facilitate decision-making		
<b>Accounting Knowledge</b>  Financial ratios to evaluate the profitability, liquidity and efficiency in managing inventory and trade receivables	<b>Accounting Skills</b>  Evaluating businesses for their profitability, liquidity and efficiency in managing inventory and trade receivables	
<b>Dispositions and Values</b> <ul style="list-style-type: none"><li>• Having integrity and objectivity, being socially responsible in one’s thinking and decisions, and being considerate of how one’s decisions can affect users of accounting information</li><li>• Being open to perspectives and ready to reassess conclusions and consider alternatives</li></ul>		
Developmental Milestones		
<b>Critical Thinking</b>  [CAIT 1.4] Students can use data gathered about a business to support their evaluation of a business’ profitability, liquidity and efficiency of inventory and trade receivables management.  [CAIT 2.4] Students will take ownership of their own thinking, be open to reassess evaluation of a business and reflect on their thoughts and decisions.	<b>Information Skills</b>  [CCI 5.4] Students can manage the information of a business by organising the data systematically and evaluating the accuracy and relevance of the data.  [CCI 6.4] Students will be able to take responsibility and exercise integrity and care in the presentation of data.	<b>Global Literacy</b>  [CGC 3.4] Students can actively find out about global issues that affect businesses, analyse them and discern their impact on businesses in Singapore.  [CGC 4.4] Students will be able to reflect on how businesses in Singapore respond to global issues and trends.
To develop Emerging 21CC more intentionally, teachers can:		

- Design scenarios for students to assess businesses' profitability, liquidity and efficiency. Teachers may use authentic business scenarios for discussions, help students understand the impact of global issues on businesses' profitability, liquidity and efficiency and let students discuss how businesses respond to these issues.

**Table 5:** Key Understanding 2 and Emerging 21CC

Key Understanding 2: Accounting is a language used to represent business activities			
Accounting Knowledge		Accounting Skills	
Accounting and non-accounting information in decision-making		Evaluating choices using both accounting and non-accounting information	
Dispositions and Values			
<ul style="list-style-type: none"><li>• Being open to perspectives and ready to reassess conclusions and consider alternatives</li><li>• Being discerning in distilling and critically assessing both accounting and non-accounting information for decision-making</li></ul>			
Developmental Milestones			
Critical Thinking	Communication	Collaboration Skills	Information Skills
[CAIT 1.4] Students can use evidence from the scenario and adopt different viewpoints to explain their reasoning and decisions.	[CCI 1.4] Students will be able to evaluate the accounting and non-accounting information and communicate their decisions persuasively.	[CCI 3.4] Students can mediate conflict and disagreement, reaching compromises or consensus for collective decisions to meet shared goals.	[CCI 5.4] Students can refine search results, organise information systematically and manage information sensitively, and evaluate the accuracy, credibility and relevance of information.
[CAIT 2.4] Students will take ownership of their own thinking, be open to reassess their decisions and reflect on their own thoughts and decisions.	[CCI 2.4] Students can reflect on their working relationships with the group and adapt to contribute to the shared goals, as determined collectively by its members.	[CCI 4.4] Students can reflect on their working relationships with the group and adapt to contribute to the shared goals, as determined collectively by its members.	[CCI 6.4] Students will be able to discern, distil and critically assess accounting and non-accounting information used for decision-making. They will be able to take responsibility and exercise integrity and care in presentation of information for decision-making.
To develop E21CC more intentionally, teachers can:			

- Provide opportunities for students to discuss different perspectives when considering the alternatives
- Provide opportunities for students to present the rationale behind their decisions and share how they draw evidence from the scenarios.

**Table 6:** Content Amplification and Learning Outcomes for G3 course

**Key Understanding 1: Accounting and non-accounting information is used to support and facilitate decision-making**

Stakeholders require accounting and non-accounting information on business activities for decision-making, which in turn affects the business and its activities.

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<b>1.1 Roles of accounting and accountants</b>			
1) What is accounting? 2) What are the roles of accounting and accountants? 3) How do accountants fulfil their roles?	<u>Contextual</u> <ul style="list-style-type: none"> <li>Business environment</li> </ul>	<u>Role of accounting</u> <ul style="list-style-type: none"> <li>Accounting provides accounting information for decision-making by business owners and other stakeholders.</li> </ul> <u>Role of accountants</u> <ul style="list-style-type: none"> <li>Through providing accounting information for stakeholders' decision-making, accountants act as <b>stewards of businesses</b>.</li> <li>They set up the accounting information system to collate, record, organise and report accounting information so that owners and other stakeholders can make decisions regarding the management of resources and the performance of businesses.</li> <li>They think <b>critically, solve problems, adapt and meet the need for sophisticated</b></li> </ul>	Students should be able to: <ul style="list-style-type: none"> <li>state the role of accounting;</li> <li>state the role of accountants;</li> <li>define integrity and objectivity; and</li> <li>explain the importance of having integrity and objectivity in preparing and presenting accounting information.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p><b>accounting and business information.</b></p> <ul style="list-style-type: none"> <li>• In the face of an evolving business environment and rapid technological advancement, accountants must provide relevant information in a timely manner for decision-making and insights that are easily and appropriately understood by owners and other stakeholders based on accounting theories.</li> <li>• Stakeholders place trust in the information provided by accountants who must adhere to professional ethics, uphold <b>integrity</b> and be <b>objective (1)(2)</b> <ul style="list-style-type: none"> <li>- <b>Integrity</b> is being straightforward and honest in all professional and business relationships</li> <li>- <b>Objectivity</b> is not letting bias, conflict of interest or undue influence of others override professional judgment.</li> </ul> </li> </ul> <p><b><u>Notes</u></b></p> <p>(1) <b><i>Includes only</i></b> the effects of unethical behaviour on decisions made by stakeholders; the legal consequences of unethical behaviour are <b>not</b> required.</p> <p>(2) In the Institute of Singapore Chartered Accountants' Code of Professional Conduct and Ethics, the first two principles are integrity and</p>	

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<i>objectivity.</i>	

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<b>1.2 Stakeholders and their decision-making needs</b>			
1) Who is interested in accounting information? 2) What kinds of information do stakeholders need for decision-making? 3) Why do stakeholders need both accounting and non-accounting information?	<u>Contextual</u> <ul style="list-style-type: none"> <li>Business environment</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>Relevance of information</li> <li>Accounting and non-accounting information</li> </ul>	<u>Stakeholders</u> <ul style="list-style-type: none"> <li>Users of accounting and non-accounting information of a business for decision-making</li> </ul> <u>Accounting and non-accounting information</u> <ul style="list-style-type: none"> <li>Making decisions with only accounting information may cause stakeholders to leave out important business-related factors that are not shown in financial statements but may affect decisions               <ul style="list-style-type: none"> <li><b>accounting information</b> refers to information usually generated by the accounting information system and is largely extracted from journals, ledger accounts and financial statements (including financial ratios)</li> <li><b>non-accounting information (3)</b> refers to the information about the operation of a business not found in journals, ledger accounts or financial statements</li> </ul> </li> </ul> <u>Notes</u> <i>(3) Refer to sections 2.2, 2.7.2 to 2.7.4, and 2.8.1 for the specific non-accounting information for this syllabus.</i>	Students should be able to: <ul style="list-style-type: none"> <li>state the stakeholders who are interested in the affairs of the business and make use of the accounting information for decision-making;</li> <li>state examples of accounting information needed by stakeholders of a business for decision-making;</li> <li>state examples of non-accounting information needed by owners and managers of a business for decision-making;</li> <li>explain why stakeholders of a business are interested in accounting information; and</li> <li>explain why owners and managers of a business are interested in non-accounting information.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<p align="center"><b>1.3 Financial statements analysis</b></p> <p align="center"><i>This section looks at how businesses make comparisons against themselves or one other business over a period, using both absolute values and financial ratios to make decisions.</i></p>			
<p align="center"><b>1.3.1 Profitability</b></p>			
<p>1) What is financial statements analysis?</p> <p>2) How does a business measure and analyse its ability to earn profits?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Businesses need to assess performance</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Profitability</li> <li>Trend of values over time</li> <li>Comparison of values against one other business</li> <li>Relevance of information</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Computation of profitability ratios</li> </ul>	<ul style="list-style-type: none"> <li>Measures the ability of a business to earn revenue and manage expenses</li> <li>Importance of being profitable in its trading activities</li> <li>Importance of being profitable as a whole business</li> <li>Consequences of not being profitable in its trading activities</li> <li>Consequences of not being profitable as a whole business</li> </ul> <p><u>Analysis of absolute values (4)</u></p> <ul style="list-style-type: none"> <li>Analysing the components of gross profit/loss such as net sales revenue and cost of sales</li> <li>Analysing the components of profit/loss for the year such as net sales revenue, service fee revenue, cost of sales, gross profit and expenses</li> <li>Comparing sales revenue, service fee revenue, cost of sales, gross profit/loss,</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the importance of being profitable.</li> </ul> <p><u>Analysis of absolute values</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>analyse the gross profit/loss and profit/ loss for the year;</li> <li>interpret sales revenue, cost of sales, gross profit/loss and profit/loss for the year across a maximum of three financial years;</li> <li>evaluate the profitability of businesses from the trend of sales revenue, service fee revenue, cost of sales, gross profit/loss and profit/loss for the year across a maximum of three financial years; and</li> <li>recommend means to improve</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p>expenses and profit/loss for the year across a maximum of three financial years</p> <ul style="list-style-type: none"> <li>Analysing the trend of financial figures across time with respect to the given scenario and their implications for the business</li> <li>Analysing the probable reasons for changes in absolute values such as net sales revenue, service fee revenue and cost of sales and the implications of such changes for the business</li> <li>Improving gross profit/loss and/or profit/loss for the year with respect to the given scenario</li> <li>May include presentation of figures in, or in an extract of, the Statement of Financial Performance</li> </ul> <p><u>Analysis of ratios</u></p> <ul style="list-style-type: none"> <li>Understanding and computing the profitability ratios: <ul style="list-style-type: none"> <li>(i) gross profit margin</li> <li>(ii) mark-up on cost</li> <li>(iii) profit margin</li> <li>(iv) return on equity</li> </ul> </li> <li>Understanding the relationship between</li> </ul>	<p>gross profit/loss and profit/loss for the year.</p> <p><u>Analysis of ratios</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>state and calculate the profitability ratios;</li> <li>interpret profitability ratios across a maximum of three financial years or against one other business;</li> <li>evaluate the profitability of businesses from the trend of profitability ratios across a maximum of three financial years or against one other business; and</li> <li>recommend means to improve profitability ratios.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p>gross profit margin and profit margin</p> <ul style="list-style-type: none"> <li>• Comparing profitability ratios across a maximum of three financial years or against one other business</li> <li>• Analysing the trend of ratios across time and against one other business with respect to the given scenario and their implications for the business</li> <li>• Analysing the probable reasons for changes in ratios and the implications of such changes for the business</li> <li>• Improving the profitability ratios with respect to the given scenario</li> </ul> <p><b><u>Notes</u></b>  <i>(4) Analysis at the unit cost level is <b>not</b> required</i></p>	

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<p align="center"><b>1.3 Financial statements analysis</b></p> <p align="center"><i>This section looks at how businesses make comparisons against themselves or one other business over a period of time, using both absolute values and financial ratios to make decisions.</i></p>			
<p align="center"><b>1.3.2 Liquidity</b></p>			
1) How does a business measure and analyse its ability to meet current liabilities?	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>• Businesses need to assess liquidity</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>• Liquidity</li> <li>• Trend of values over time</li> <li>• Comparison of values against one other business</li> <li>• Relevance of information</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>• Computation of liquidity ratios</li> </ul>	<ul style="list-style-type: none"> <li>• Liquidity measures the ability of a business to meet its short-term financial obligations</li> <li>• Importance of being liquid</li> <li>• Consequences of not being liquid</li> <li>• Differences between liquidity and profitability</li> </ul> <p><u>Analysis of absolute values</u></p> <ul style="list-style-type: none"> <li>• Understanding and computing working capital</li> <li>• Analysing the components of working capital and means of improvement</li> <li>• Comparing working capital, total current assets or its components, and total current liabilities or its components across a maximum of three financial years</li> <li>• Analysing the trend of financial figures across time with respect to the given scenario and their implications for the business</li> <li>• Analysing the probable reasons for changes</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• explain the importance of being liquid; and</li> <li>• state and explain the differences between liquidity and profitability.</li> </ul> <p><u>Analysis of absolute values</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• state and calculate working capital;</li> <li>• analyse the components of total current assets and total current liabilities;</li> <li>• interpret current asset items and current liability items across a maximum of three financial years;</li> <li>• evaluate the liquidity of businesses from the trend of working capital, current asset</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p>in working capital, current assets and current liabilities and the implications of such changes for the business</p> <ul style="list-style-type: none"> <li>Improving liquidity for the year with respect to the given scenario</li> <li>May include presentation of figures in, or in an extract of, the Statement of Financial Position</li> </ul> <p><u>Analysis of ratios</u></p> <ul style="list-style-type: none"> <li>Understanding and computing liquidity ratios: <ul style="list-style-type: none"> <li>(i) current ratio</li> <li>(ii) quick ratio</li> </ul> </li> <li>Understanding the difference between current ratio and quick ratio, and why quick ratio is a better indicator of liquidity than current ratio</li> <li>Comparing liquidity ratios across a maximum of three financial years or against one other business</li> <li>Analysing the trend of ratios across time and against one other business with respect to the given scenario</li> <li>Analysing probable reasons for changes in ratios and the implications of such changes</li> </ul>	<p>items and current liability items across a maximum of three financial years; and</p> <ul style="list-style-type: none"> <li>recommend ways to improve liquidity.</li> </ul> <p><u>Analysis of ratios</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>state and calculate liquidity ratios;</li> <li>interpret liquidity ratios across a maximum of three financial years or against one other business;</li> <li>evaluate the liquidity of businesses from the trend of liquidity ratios across a maximum of three financial years or against one other business; and</li> <li>recommend means to improve liquidity ratios.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p>for the business</p> <ul style="list-style-type: none"> <li>• Improving the liquidity ratios with respect to the given scenario</li> </ul>	

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<p align="center"><b>1.3 Financial statements analysis</b></p> <p align="center"><i>This section looks at how businesses make comparisons against themselves or one other business over a period, using both absolute values and financial ratios to make decisions.</i></p>			
<p align="center"><b>1.3.3 Efficiency</b></p>			
<p>1) How does a business measure and analyse its ability to manage inventory and trade receivables?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>• Businesses need to manage inventory and trade receivables</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>• Inventory management</li> <li>• Trade receivables management</li> <li>• Trend of values over time</li> <li>• Comparison of values against one other business</li> <li>• Relevance of information</li> </ul>	<p><u>Inventory management</u></p> <ul style="list-style-type: none"> <li>• Efficiency of inventory management measures the ability of a business to manage its inventory to meet customer demand</li> <li>• Importance of a trading business being able to manage its inventory through monitoring the rate of inventory turnover</li> <li>• Consequences of not being able to manage inventory efficiently</li> </ul> <p><u>Trade receivables management</u></p> <ul style="list-style-type: none"> <li>• Efficiency of trade receivables management measures the ability of a business to collect its debts quickly</li> <li>• Importance of managing its trade receivables through monitoring the rate of trade receivables turnover</li> <li>• Consequences of not being able to manage trade receivables efficiently</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• explain the importance of being able to manage inventory and trade receivables efficiently.</li> </ul> <p><u>Analysis of absolute values</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• analyse inventory balances, cost of sales, trade receivables balances, net credit sales revenue and credit service fee revenue across a maximum of three financial years or against one other business;</li> <li>• interpret inventory balances, cost of sales, trade receivables balances, net credit sales revenue and credit service fee revenue across a maximum of three financial years; and</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	<u>Procedural</u> <ul style="list-style-type: none"> <li>• Computation of efficiency ratios</li> </ul>	<u>Analysis of absolute values</u> <ul style="list-style-type: none"> <li>• Comparing inventory balances, cost of sales, net credit sales, credit service fee revenue and trade receivables balances across a maximum of three financial years</li> <li>• Analysing the trend of financial figures across time with respect to the given scenario and their implications for the business</li> <li>• Analysing the probable reasons for change in inventory balances, cost of sales, trade receivables balances, net credit sales revenue and credit service fee revenue and the implications of such changes for the business</li> <li>• May include presentation of figures in the Statement of Financial Performance and Statement of Financial Position, or in an extract of both the financial statements</li> </ul> <u>Analysis of ratios</u> <ul style="list-style-type: none"> <li>• Understanding and computing the efficiency ratios:               <ol style="list-style-type: none"> <li>(i) rate of inventory turnover (times)</li> <li>(ii) days sales in inventory (days)</li> <li>(iii) rate of trade receivables turnover (times)</li> <li>(iv) trade receivables collection period (days)</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• evaluate the efficiency of businesses from the trend of inventory balances, cost of sales, trade receivables balances, net credit sales revenue and credit service fee revenue across a maximum of three financial years.</li> </ul> <u>Analysis of ratios</u> Students should be able to: <ul style="list-style-type: none"> <li>• state and calculate the rate of inventory turnover (times) and days sales in inventory (days);</li> <li>• state and calculate the rate of trade receivables turnover (times) and trade receivables collection period (days);</li> <li>• interpret the rate of inventory turnover (times) and days sales in inventory (days) across a maximum of three financial years or against one other business;</li> <li>• interpret the rate of trade receivables turnover (times) and trade receivables collection period (days) across</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<ul style="list-style-type: none"> <li>Comparing the rate of inventory turnover (times), days sales in inventory (days), rate of trade receivables turnover (times) and trade receivables collection period (days) across a maximum of three financial years or against one other business</li> <li>Analysing the trend of ratios across time and against one other business with respect to the given scenario and their implication for the business</li> <li>Analysing the probable reasons for changes in ratios and the implications of such changes for the business</li> <li>Improving the rate of inventory turnover (times), days sales in inventory (days), rate of trade receivables turnover (times) and trade receivables collection period(days) with respect to the given scenario</li> </ul>	<p>a maximum of three financial years or against one other business;</p> <ul style="list-style-type: none"> <li>evaluate the ability to manage inventory from the trend of rate of inventory turnover (times) or days sales in inventory (days) across a maximum of three financial years or against one other business;</li> <li>evaluate the ability to collect debt from the trend of rate of trade receivables turnover (times) and trade receivables collection period (days) across a maximum of three financial years or against one other business;</li> <li>recommend means to improve the rate of inventory turnover (times) or days sales in inventory (days); and</li> <li>recommend means to improve the rate of trade receivables turnover (times) and trade receivables</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
			collection period (days).

## Key Understanding 2: Accounting is a language used to represent business activities

Accounting is the language of business as it provides the concepts and framework to represent business activities.

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<b>2.1 Types of businesses</b>			
1) What are the different types of profit-making businesses and how do their financial statements differ?	<u>Contextual</u> <ul style="list-style-type: none"> <li>Types of businesses</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>Trading businesses</li> <li>Service businesses</li> </ul>	<ul style="list-style-type: none"> <li>Main business activities of profit-making businesses: trading and service</li> <li>Difference between the business activities of trading and service businesses as seen in the Statement of Financial Position and Statement of Financial Performance</li> </ul>	Students should be able to: <ul style="list-style-type: none"> <li>explain the differences between trading and service businesses; and</li> <li>distinguish between financial statements of businesses in trading and services.</li> </ul>
<b>2.2 Forms of business ownerships</b>			
1) What are the different legal forms of business and how do they differ? 2) What are the factors to consider when selecting a legal form of business?	<u>Contextual</u> <ul style="list-style-type: none"> <li>Different forms of business ownerships</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>Sole proprietorship</li> <li>Limited liability</li> </ul>	<ul style="list-style-type: none"> <li>Forms of entities: sole proprietorship, limited liability partnership and private limited company</li> <li>Distinguish the features of different forms of entities: sole proprietorship, limited liability partnership and private limited company</li> <li>Differences in terms of capital structure, access to funds, extent of liability, level of</li> </ul>	Students should be able to: <ul style="list-style-type: none"> <li>explain the features of a sole proprietorship, limited liability partnership and private limited company;</li> <li>distinguish between the financial statements of a sole proprietorship and private limited company; and</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	partnership • Private Limited companies	control desired, lifespan and transferability of ownership for sole proprietorship, limited liability partnership and private limited company <sup>(5)</sup> • Differences in the Statement of Financial Position and Statement of Financial Performance for <b>only</b> sole proprietorship and private limited company • Factors to consider when selecting a legal form of business: (i) owner/owners' expertise (ii) nature of the business (iii) capital commitment for initial set-up (access to funds) (iv) lifespan and transferability of ownership (v) risk (e.g., limited liability) (vi) level of control desired <u><b>Notes</b></u> (5) <b>Excludes</b> the legal formations of business entities and knowledge of Board of Directors and Annual General Meeting.	• analyse, evaluate and make decisions about the forms of business ownership (sole proprietorship, limited liability partnership and private limited company) when setting up a business.
<b>2.3 Elements of financial statements</b>			

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
1) How are business activities measured and presented in financial statements?	<u>Contextual</u> <ul style="list-style-type: none"> <li>• Business activities</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>• Asset</li> <li>• Liability</li> <li>• Equity</li> <li>• Income</li> <li>• Expense</li> </ul>	<ul style="list-style-type: none"> <li>• All business activities are represented by these elements: asset, liability, equity, income and expense</li> <li>• Examples of assets, liabilities, equity, income and expenses</li> <li>• Understand how the trade of the business and the use of the items affect how they are classified</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• define asset, liability, equity, income and expense;</li> <li>• give examples of assets, liabilities, equity, income and expenses for a specific business; and</li> <li>• classify items as assets, liabilities, equity, income and expenses for a specific business.</li> </ul>
<b>2.4 Accounting equation</b>			
1) What is the relationship between asset, liability and equity?	<u>Conceptual</u> <ul style="list-style-type: none"> <li>• Accounting equation</li> </ul> <u>Procedural</u> <ul style="list-style-type: none"> <li>• Analyse the effects of transactions on the accounting equation</li> </ul>	<ul style="list-style-type: none"> <li>• Basic accounting equation of “assets = equity + liabilities”, and its expansion to include income and expenses</li> <li>• The basic accounting equation is the basis of the Statement of Financial Position</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• state the basic accounting equation and its expansion;</li> <li>• calculate the values of assets, liabilities and equity using the accounting equation;</li> <li>• apply the accounting equation to the Statement of Financial Position; and</li> <li>• analyse the effects of business transactions on the accounting equation.</li> </ul>



Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<p align="center"><b>2.5 Financial statements</b></p> <p align="center"><i>This section looks at the Statement of Financial Position and Statement of Financial Performance of both sole proprietorships and private limited companies, and the end-of-period accounting adjustments included in this syllabus.</i></p>			
<p align="center"><b>2.5.1 Statement of Financial Position</b></p>			
<p>1) What are financial statements and their purposes?</p> <p>2) What is a Statement of Financial Position?</p> <p>3) How is information shown in the Statement of Financial Position?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>• Communication of the list of assets, liabilities, and equity of a business</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>• Amounts reported are at a point in time</li> <li>• Accounting equation</li> <li>• Current assets</li> <li>• Non-current assets</li> <li>• Current liabilities</li> <li>• Non-current liabilities</li> <li>• Equity</li> </ul>	<p><u>Purpose of Statement of Financial Position</u></p> <ul style="list-style-type: none"> <li>• The Statement of Financial Position lists the assets, liabilities and equity of a business at a point in time <b>(6)(7)</b></li> <li>• Represents the accounting equation</li> </ul> <p><u>Items in the Statement of Financial Position</u></p> <ul style="list-style-type: none"> <li>• Classification of items as non-current assets, current assets, non-current liabilities, current liabilities and equity</li> <li>• Examples of non-current assets, current assets, non-current liabilities, current liabilities and equity</li> <li>• Owner's equity for a sole proprietor and shareholders' equity for a private limited company <b>(8)</b></li> </ul> <p><u>Valuation methods</u></p> <ul style="list-style-type: none"> <li>• Accounting theories that apply to each valuation method</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• define and distinguish between non- current and current assets;</li> <li>• define and distinguish between non- current and current liabilities;</li> <li>• define net assets, equity and working capital;</li> <li>• calculate net assets, equity and working capital;</li> <li>• analyse the effects of business transactions and accounting adjustments on the owner's or shareholders' equity, non-current assets, current assets, non- current liabilities, current liabilities, net assets and working capital;</li> <li>• prepare a Statement of</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	<ul style="list-style-type: none"> <li>Retained earnings</li> <li>Valuation of assets</li> <li>Relevant accounting theories</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Prepare the Statement of Financial Position</li> <li>Analyse the effects of business transactions and accounting adjustments on the Statement of Financial Position</li> </ul>	<ul style="list-style-type: none"> <li>Valuation methods used for assets: <ul style="list-style-type: none"> <li>non-current assets at net book value, i.e., cost less accumulated depreciation</li> <li>inventory values at the lower of cost and net realisable value</li> <li>trade receivables at trade receivables less allowance for impairment of trade receivables</li> </ul> </li> </ul> <p><u>Presentation of the Statement of Financial Position</u></p> <ul style="list-style-type: none"> <li>Narrative format of Statement of Financial Position</li> <li>Presentation details to show: <ul style="list-style-type: none"> <li>non-current and current assets (current assets are <b>not required</b> to be listed in order of liquidity)</li> <li>non-current and current liabilities</li> <li>capital of the sole proprietor or share capital and retained earnings of a private limited company</li> </ul> </li> <li>Accounting adjustments can be done at the end of a period or financial year, and they <b>include only</b>: <ul style="list-style-type: none"> <li>declared dividends (for a private</li> </ul> </li> </ul>	<p>Financial Position with end-of-financial-period accounting adjustments for a sole proprietorship or private limited company; and</p> <ul style="list-style-type: none"> <li>prepare a Statement of Financial Position with end-of-financial-period accounting adjustments for a trading or service business</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p>limited company)</p> <ul style="list-style-type: none"> <li>- depreciation of non-current assets, with or without beginning accumulated depreciation</li> <li>- impairment loss on inventory</li> <li>- impairment loss on trade receivables arising during the financial period, with or without beginning allowance for impairment of trade receivables</li> <li>- prepaid expenses, expenses payable, service fee received in advance, income receivable and income received in advance</li> <li>- re-classification of current portion of long-term borrowings</li> <li>- correction of errors not revealed by the Trial Balance</li> <li>• Basic interpretation and significance of relationships of financial figures in the Statement of Financial Position <b>(9)</b>; understanding the relationships between financial figures in the Statement of Financial Position will aid in understanding Section 1.3</li> </ul> <p><b><u>Notes</u></b>  <i>(6) The Statement of Financial Position is to be prepared from a list of account</i></p>	

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p><i>balances or a trial balance.</i></p> <p><i>(7) The Statement of Financial Position <b>includes only</b> that for:</i></p> <p><i>(i) trading and service businesses; and</i></p> <p><i>(ii) sole proprietorships and private limited companies.</i></p> <p><i>(8) The terms net worth and capital owned are <b>not</b> used.</i></p> <p><i>(9) <b>Includes only</b> the following:</i></p> <p><i>(i) how resources are obtained and used;</i></p> <p><i>(ii) current assets, current liabilities and working capital (current assets – current liabilities);</i></p> <p><i>(iii) equity and net assets (total assets – total liabilities);and</i></p> <p><i>(iv) changes in net assets between two points in time and the profit for the period.</i></p>	
<b>2.5.2 Statement of Financial Performance</b>			
<p>1) What is a Statement of Financial Performance?</p> <p>2) How is information shown in the Statement of Financial Performance?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>• Communication of business performance</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>• Amounts reported for a</li> </ul>	<p><u>Purpose of the Statement of Financial Performance</u></p> <ul style="list-style-type: none"> <li>• The Statement of Financial Performance shows the income and expenses of a business for a period <b>(10)</b></li> <li>• Shows the profit for the period, i.e., the excess of income over expenses for a period</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• define and distinguish gross profit/loss and profit/loss for the financial period;</li> <li>• explain the purposes of the trading portion, and profit and loss portion of the Statement of Financial Performance;</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	<p>period</p> <ul style="list-style-type: none"> <li>Expanded accounting equation</li> <li>Income</li> <li>Expenses</li> <li>Profits</li> <li>Relevant accounting theories</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Prepare the Statement of Financial Performance</li> </ul>	<p><u>Items in the Statement of Financial Performance</u></p> <ul style="list-style-type: none"> <li>For a trading business, the perpetual inventory recording method is adopted</li> <li>The following details are shown in the trading portion of the Statement of Financial Performance: <ul style="list-style-type: none"> <li>net sales revenue (sales revenue less sales returns)</li> <li>cost of sales</li> <li>gross profit/loss</li> </ul> </li> <li>For a service business, service fee revenue is shown as a line item, separate from other income</li> </ul> <p><u>Presentation of the Statement of Financial Performance</u></p> <ul style="list-style-type: none"> <li>Narrative format of Statement of Financial Performance</li> <li>Presentation of sales revenue, sales returns and cost of sales on the Statement of Financial Performance for a trading business</li> <li>Presentation of service fee revenue on the Statement of Financial Performance for a service business</li> </ul>	<ul style="list-style-type: none"> <li>calculate net sales revenue, service fee revenue, gross profit/loss and profit/loss for the period;</li> <li>prepare a Statement of Financial Performance with end-of-financial-period accounting adjustments for a sole proprietorship or private limited company; and</li> <li>prepare a Statement of Financial Performance with end-of-financial-period accounting adjustments for a trading or service business.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<ul style="list-style-type: none"> <li>• Other expenses in the profit and loss portion of the Statement of Financial Performance <b>are not required</b> to be classified by function.</li> <li>• Accounting adjustments can be done at the end of a period or financial year, and they <b>include only</b>:               <ul style="list-style-type: none"> <li>- depreciation of non-current assets, with or without beginning accumulated depreciation</li> <li>- impairment loss on inventory</li> <li>- impairment loss on trade receivables arising during the financial period, with or without beginning allowance for impairment of trade receivables</li> <li>- service fee revenue received in advance, prepaid expenses, expenses payable, income receivables and income received in advance</li> <li>- correction of any errors not revealed by the Trial Balance</li> </ul> </li> <li>• Basic interpretation and significance of relationships of financial figures in the Statement of Financial Performance <b>(11)</b>; understanding the relationships between financial figures in the Statement of Financial</li> </ul>	

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p>Performance will aid in understanding Section 1.3</p> <p><b><u>Notes</u></b></p> <p>(10) <i>Statement of Financial Performance is to be prepared from a list of account balances or a trial balance and <b>includes only</b> that for:</i></p> <ul style="list-style-type: none"> <li>(i) <i>trading and service businesses; and</i></li> <li>(ii) <i>sole proprietorships and private limited companies.</i></li> </ul> <p>(11) <b><i>Includes only</i></b> the following relationships between:</p> <ul style="list-style-type: none"> <li>(i) <i>sales revenue, cost of sales and gross profit/loss;</i></li> <li>(ii) <i>gross profit/loss, other income, other expenses and profit/loss for the period; and</i></li> <li>(iii) <i>sales revenue, cost of sales, other income, other expenses and profit/loss for the period.</i></li> </ul>	

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<p align="center"><b>2.6 Income and expenses</b></p> <p align="center">This section investigates the revenue, other income, cost of sales and other expense items in a Statement of Financial Performance, and the adjustments to be made to these items at the end of a financial period.</p>			
<p align="center"><b>2.6.1 Revenue and other income</b></p>			
<p>1) What are the transactions for revenue and other income?</p> <p>2) How are revenue and other income presented in the financial statements?</p> <p>3) How are adjustments for revenue and other income made?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Trading and service business</li> <li>How the dates for receipt of income can differ with the period they are reported as income</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Amounts reported are for a period</li> <li>Sales revenue</li> <li>Service fee revenue</li> <li>Service fee revenue received in advance</li> </ul>	<p><u>Accounting theories</u></p> <ul style="list-style-type: none"> <li>Revenue recognition theory</li> <li>Accrual basis of accounting theory</li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for: <ul style="list-style-type: none"> <li>(i) sale of goods on cash and credit basis</li> <li>(ii) provision of services on cash and credit basis</li> <li>(iii) returns of goods</li> <li>(iv) service fee revenue received in advance</li> <li>(v) other income<sup>(12)</sup></li> <li>(vi) income receivable<sup>(12)</sup></li> <li>(vii) income received in advance<sup>(12)</sup></li> </ul> </li> <li>Calculation of service fee revenue received in advance, income receivable and income received in advance</li> <li>Amounts received are recorded as income at the points of receipt, and any unearned or unreceived portions are adjusted at the end</li> </ul>	<p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the accounting of sales revenue, service fee revenue, other income, service fee received in advance, income receivable and income received in advance in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>calculate the sales revenue adjusted for sales returns;</li> <li>calculate the service fee revenue adjusted for service fee revenue received in advance;</li> <li>calculate other income adjusted for income receivable</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	<ul style="list-style-type: none"> <li>• Other income</li> <li>• Income receivable</li> <li>• Income received in advance</li> <li>• Revenue recognition theory</li> <li>• Accrual basis of accounting</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>• Record sales revenue, service fee revenue and income in the journal, and financial statements</li> <li>• Record service fee revenue received in advance, income receivable and income received in advance in the</li> </ul>	<p>of the financial period</p> <ul style="list-style-type: none"> <li>• Adjustments at end of period are to be made against separate service fee revenue received in advance, income receivable and income received in advance ledger accounts</li> <li>• Closing of sales revenue, sales returns, service fee revenue and other income are performed only at the end of the financial year, and the amounts are transferred to the income summary (for periods in between the financial year, there will be balances in these accounts)</li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>• Presentation of sales revenue, sales returns, service fee revenue and other income in the Statement of Financial Performance</li> <li>• Presentation of income receivable in the Statement of Financial Position</li> <li>• Presentation of service fee revenue received in advance and income received in advance in the Statement of Financial Position</li> <li>• Income receivable is shown as current assets in the Statement of Financial Position</li> <li>• Service fee revenue received in advance</li> </ul>	<p>and income received in advance;</p> <ul style="list-style-type: none"> <li>• prepare the journal entries affecting sales revenue, sales returns, service fee revenue, other income, service fee revenue received in advance, income receivable and income received in advance;</li> <li>• interpret the sales revenue, sales returns, service fee revenue, other income ledger accounts <b>with</b> adjustments for service fee revenue received in advance, income receivable and income received in advance; and</li> <li>• analyse the effects of service fee revenue received in advance, income receivable and income received in advance on current liabilities, current assets and profit/loss for the period.</li> </ul> <p><u>Presentation</u></p>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	journal and financial statements	<p>and income received in advance are shown as current liabilities in the Statement of Financial Position</p> <p><b><u>Notes</u></b>  (12) <b><i>Excludes</i></b> the following:  (i) <i>dividend income; and</i>  (ii) <i>adjustment for service fee revenue received in advance, income receivable and income received in advance at the start of financial period.</i></p>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• prepare an extract of the Statement of Financial Performance showing the presentation of sales revenue, sales returns, and other income for a trading business;</li> <li>• prepare an extract of the Statement of Financial Performance showing the presentation of service fee revenue and other income for a service business;</li> <li>• prepare an extract of the Statement of Financial Position showing the presentation of service fee revenue received in advance for a service business; and</li> <li>• prepare an extract of the Statement of Financial Position showing the presentation of income receivable and income received in advance for both a trading and a service business.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<b>2.6.2 Cost of sales and other expenses</b>			
1) What are the transactions for cost of sales and other expenses? 2) How are cost of sales and other expenses presented in financial statements? 3) How are adjustments for other expenses made	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>How the dates of payments of expenses can differ from the period they are reported as other expenses</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Amounts reported are for a period</li> <li>Prepayments</li> <li>Expenses payable</li> <li>Accrual basis of accounting</li> <li>Matching theory</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record cost of sales, and other expenses in the journal and financial</li> </ul>	<p><u>Accounting theories</u></p> <ul style="list-style-type: none"> <li>Matching theory</li> <li>Accrual basis of accounting theory</li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for:               <ul style="list-style-type: none"> <li>(i) cost of sales</li> <li>(ii) other expenses paid by cash/cheque</li> <li>(iii) expenses incurred but not paid (expenses payable) <b>(13)</b></li> <li>(iv) expenses not incurred but paid (prepaid expenses) <b>(13)</b></li> </ul> </li> <li>Calculation of cost of sales and other expenses, prepaid expenses and expenses payable</li> <li>Amounts paid are recorded as other expenses at the point of payment, and any unused or outstanding portions are adjusted at the end of the financial period</li> <li>Adjustments at the end of the period are to be made against separate prepaid expenses and expenses payable ledger accounts</li> <li>Closing of all cost of sales and expenses accounts is performed only at the end of the financial year and amounts are</li> </ul>	<p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the accounting of cost of sales and other expenses and adjustments for prepaid expenses and expenses payable in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>calculate the cost of sales;</li> <li>calculate other expenses adjusted for prepaid expenses and expenses payable;</li> <li>prepare the journal entries affecting cost of sales, other expenses, prepaid expenses and expenses payable;</li> <li>interpret the cost of sales and other expenses ledger accounts <b>with</b> adjustments for prepaid expenses and expenses payable; and</li> <li>analyse the effects of prepaid</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	<p>statements</p> <ul style="list-style-type: none"> <li>Record prepaid expenses and expenses payable in the journal and financial statements</li> </ul>	<p>transferred to income summary (for periods in between the financial year, there will be balances in these accounts)</p> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of cost of sales and other expenses in the Statement of Financial Performance</li> <li>Presentation of prepaid expenses and expenses payable in the Statement of Financial Position</li> <li>Prepaid expenses are shown as current assets in the Statement of Financial Position</li> <li>Expenses payables are shown as current liabilities in the Statement of Financial Position</li> </ul> <p><b><u>Note</u></b>  <i>(13) Excludes adjustment for prepaid expenses and expenses payable at the start of financial period.</i></p>	<p>expenses and expenses payable on current liabilities, current assets and profit/loss for the period.</p> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Performance showing the presentation of cost of sales and other expenses for a trading business;</li> <li>prepare an extract of the Statement of Financial Performance showing the presentation of other expenses for a service business; and</li> <li>prepare an extract of the Statement of Financial Position showing the presentation of prepaid expenses and expenses payable for both a trading and a service business.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<p style="text-align: center;"><b>2.7 Assets</b></p> <p style="text-align: center;">This section investigates the asset items in a Statement of Financial Position and the adjustments to be made to these items at the end of a financial period.</p>			
<p style="text-align: center;"><b>2.7.1 Cash in hand and cash at bank</b></p>			
<p>1) How do businesses manage cash?</p> <p>2) What are the transactions involving cash?</p> <p>3) How is cash presented in financial statements?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Receipts and payments</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Assets versus liabilities</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record cash receipts, cash payments and bank-related transactions in the journal and financial statements</li> </ul>	<p><u>Cash management</u></p> <ul style="list-style-type: none"> <li>Understand why businesses need to keep cash for operational needs</li> <li>Understand how businesses manage cash in hand, cash at bank, cash in transit, cash receipts and cash payments <b>(14)</b></li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for receipts and payments <ul style="list-style-type: none"> <li>cash at bank account reflects the amount deposited in the bank for safe-keeping</li> </ul> </li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of cash in hand, cash at bank and bank overdraft in the Statement of Financial Position</li> </ul> <p><b><u>Note</u></b></p> <p><i>(14) The internal control of cash is covered in section 3.4.</i></p>	<p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare the journal entries related to receipts and payments; and</li> <li>interpret the cash in hand and cash at bank ledger accounts.</li> </ul> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Position showing the presentation of cash at bank, bank overdraft and cash in hand.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<b>2.7.2 Inventories</b>			
1) Why do businesses keep inventories? 2) How do businesses manage inventories? 3) What are the transactions involving the purchase and sale of inventory? 4) How is inventory presented in financial statements? 5) How is inventory valued?	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Inventory management</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Accounting and non-accounting information</li> <li>Relevance of information</li> <li>Prudence theory</li> <li>Valuation of inventory – at the lower of cost and net realisable value</li> <li>Adjustments – to recognise impairment loss on inventory</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record purchases and sales of inventory, other related inventory</li> </ul>	<p><u>Inventory management</u></p> <ul style="list-style-type: none"> <li>Understand why businesses keep inventories to avoid out-of-stock situations</li> <li>Understand how businesses manage inventories by               <ul style="list-style-type: none"> <li>keeping proper records to track inventory</li> <li>keeping physical inventory in the warehouse</li> <li>buying insurance to insure the inventory</li> </ul> </li> <li>Understand how businesses manage and make decisions about types of inventories to buy by considering both accounting and non-accounting information               <ul style="list-style-type: none"> <li><b>accounting information:</b> cost of inventory, storage cost, gross profit margin, rate of inventory turnover(times) or days sales in inventory(days)</li> <li><b>non-accounting information</b> (includes only the following):                   <ul style="list-style-type: none"> <li>(i) types of storage</li> <li>(ii) nature of product</li> <li>(iii) consumer preference</li> </ul> </li> </ul> </li> </ul> <p><u>Accounting theories</u></p>	<p><u>Inventory management</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain why businesses keep inventories;</li> <li>describe how businesses manage inventories; and</li> <li>analyse, evaluate and make decisions about the purchase of inventory by considering accounting and non-accounting information.</li> </ul> <p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the valuation of inventory in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>identify the costs of purchases;</li> <li>calculate the cost of sales and ending inventory;</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	transactions and any adjustments for inventory in the journal and financial statements	<ul style="list-style-type: none"> <li>Prudence theory</li> </ul> <u>Accounting for transactions</u> <ul style="list-style-type: none"> <li>Accounting for purchases of inventory, return of inventory, sales of inventory and sales returns for a trading business               <ul style="list-style-type: none"> <li>perpetual inventory recording method <b>(15)</b></li> <li>goods are inventoried at the points of purchases and expensed as cost of sales at the point of sale</li> <li>costs of purchases inventoried include the purchase price and costs to bring in inventory less returns <b>(16)</b></li> </ul> </li> <li>Accounting for cost of sales               <ul style="list-style-type: none"> <li>calculation of cost of sales and ending inventory using the first-in-first-out (FIFO) method <b>(17)</b></li> </ul> </li> </ul> <u>Valuation</u> <ul style="list-style-type: none"> <li>Valuation of ending inventory <b>(18)</b> <ul style="list-style-type: none"> <li>Singapore's Financial Reporting Standards (FRS) 2 states that "inventories shall be measured at the lower of cost and net realisable value"</li> <li>accounting for impairment loss on</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>calculate the impairment loss on inventory adjusted for insurance claims (if any);</li> <li>prepare the journal entries on inventory at points of purchases and cost of sales at the point of sale;</li> <li>prepare the journal entry to record impairment loss on inventory;</li> <li>interpret the inventory ledger account <b>with</b> adjustments for impairment loss on inventory and/or insurance claims; and</li> <li>analyse the effects of understatement or overstatement of inventory on gross profit/loss and profit/loss for the period for the <b>current financial period</b>.</li> </ul> <u>Valuation</u> Students should be able to: <ul style="list-style-type: none"> <li>state the valuation method for inventory in the Statement of Financial Position.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p>inventory when the net realisable value of inventory is lower than book value of inventory at the end of the financial period</p> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of inventory, cost of sales and impairment loss on inventory in the Statement of Financial Position and Statement of Financial Performance</li> </ul> <p><u>Notes</u></p> <p>(15) Adjustment for differences between ending inventory values derived from perpetual inventory recording method and physical inventory count is <b>not required</b>.</p> <p>(16) The FRS 2 states that “the cost of inventories shall comprise all cost of purchases and other costs incurred in bringing the inventories to their present location and condition.”</p> <p>Prepaid expenses or expenses payable on purchase are <b>excluded</b>. In addition, adjustments to costs of purchases that will affect cost of sales and ending inventory are <b>excluded</b>. Adjustment to inventory value <b>includes only</b> impairment loss on inventory.</p> <p>(17) Scenarios to <b>exclude</b>:</p> <p>(i) more than one financial period;</p>	<p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Position and Statement of Financial Performance showing the values and presentation of ending inventory, cost of sales and impairment loss on inventory.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p>(ii) beginning inventory comprising more than one batch of goods;</p> <p>(iii) a batch of goods with only value or quantity; and</p> <p>(iv) partial apportionment of any batch of inventory.</p> <p>(18) Calculating unit cost, deriving inventory value from unit cost and quantity, and recording in stock cards are <b>not</b> required, and goods returned from customers will not lead to return of the same goods to the supplier.</p>	

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<b>2.7.3 Trade receivables</b>			
1) Why do businesses grant credit to customers? 2) How do businesses manage trade receivables? 3) What are the transactions involving trade receivables? 4) How are trade receivables presented in financial statements?	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Trade receivables management</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Accounting and non-accounting information</li> <li>Relevance of information</li> <li>Estimated loss vs actual loss</li> <li>Matching theory</li> <li>Prudence theory</li> <li>Valuation of assets – general provision for allowance for impairment of trade receivables</li> <li>Impairment loss on trade receivables</li> </ul>	<p><u>Trade receivables management</u></p> <ul style="list-style-type: none"> <li>Understand why businesses give credit to customers to increase revenue</li> <li>Understand how businesses manage and make decisions about trade receivables through considering the credit worthiness of existing and new customers/ trade receivables by considering both accounting and non-accounting information.</li> <li>- <b>accounting information:</b> trade receivables balance, credit terms and cash discount, number of days trade receivables are overdue, existing customers' history of repayment, rate of trade receivable turnover (times), trade receivable collection period (days)</li> <li>- <b>non-accounting information</b> (includes only <b>(19)</b> the following):               <ul style="list-style-type: none"> <li>(i) economic outlook</li> <li>(ii) specific industry outlook</li> <li>(iii) reputation of customers (e.g., socially responsible, history of the business)</li> <li>(iv) customers' history of repayment</li> </ul> </li> </ul> <p><u>Accounting theories</u></p>	<p><u>Trade receivables management</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>analyse, evaluate and make decisions about the credit worthiness of existing and new customers / trade receivables by considering both accounting and non-accounting information; and</li> </ul> <p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the accounting of impairment loss on trade receivables in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>define trade discount;</li> <li>explain why a trade discount is given;</li> <li>define cash discount;</li> <li>explain why a cash discount is</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	<u>Procedural</u> <ul style="list-style-type: none"> <li>Record transactions related to trade receivables and</li> <li>any adjustments on trade receivables in the journal and financial statements</li> </ul>	<ul style="list-style-type: none"> <li>Matching theory</li> <li>Prudence theory</li> </ul> <u>Accounting for transactions</u> <ul style="list-style-type: none"> <li>Accounting for transactions affecting trade receivables of a <b>trading business</b>: <ul style="list-style-type: none"> <li>credit sales and sales returns</li> <li>cash discounts and trade discounts, including their purposes and calculations</li> <li>write-off of full or partial amount of debt</li> <li>receipts in full or partial amount of debt owed</li> </ul> </li> <li>Accounting for transactions affecting trade receivables of a <b>service business</b>: <ul style="list-style-type: none"> <li>services provided on credit</li> <li>cash discounts and trade discounts, including their purposes and calculations</li> <li>write-off of full or partial amount of debt</li> <li>receipts in or partial amount of debt owed</li> </ul> </li> </ul> <u>Valuation</u> <ul style="list-style-type: none"> <li>Valuation of trade receivables <b>(20)</b> <ul style="list-style-type: none"> <li>trade receivables represent the collections to be made in the immediate future</li> </ul> </li> </ul>	<p>given;</p> <ul style="list-style-type: none"> <li>distinguish between trade and cash discounts;</li> <li>calculate the trade discount at the sale of and return of goods;</li> <li>calculate the cash discount;</li> <li>prepare the journal entries to record transactions affecting trade receivables;</li> <li>prepare the journal entries on allowance for impairment of trade receivables;</li> <li>interpret the (i) trade receivables; (ii) allowance for impairment of trade receivables; and (iii) impairment loss on trade receivables ledger accounts;</li> <li>analyse the effects of cash discount on profit for the period and trade receivables; and</li> <li>analyse the effects of changes in allowance for impairment of trade receivables and</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<ul style="list-style-type: none"> <li>- allowance for impairment of trade receivables is an estimate of the value of debts that may be uncollectible in the future <b>(21)</b></li> <li>- calculation and accounting of allowance for impairment of trade receivables</li> <li>- a decrease in allowance is treated as a reduction against expenses in the Statement of Financial Performance</li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>• Presentation of trade receivables, allowance for impairment of trade receivables, and impairment loss on trade receivables in the Statement of Financial Position and Statement of Financial Performance</li> </ul> <p><b><u>Notes</u></b></p> <p>(19) <i>Information about economic outlook and specific industry outlook are to be explicitly given (students are not expected to read and interpret related graphs, charts or any forms of reports to extract information).</i></p> <p>(20) <b>Scenarios to include only:</b></p> <ul style="list-style-type: none"> <li>(i) <i>providing allowance for the first time;</i></li> <li>(ii) <i>increase in allowance over prior year; and</i></li> </ul>	<p>impairment loss on trade receivables on the profit/loss for the period and trade receivables.</p> <p><u>Valuation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• state the valuation method for trade receivables in the Statement of Financial Position.</li> </ul> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• prepare an extract of the Statement of Financial Position and Statement of Financial Performance showing the presentation of trade receivables, discount allowed, allowance for impairment of trade receivables, and impairment loss on trade receivables.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p>(iii) decrease in allowance over prior year.</p> <p>(21) Singapore's Financial Reporting Standard 109 on Financial Instruments states that "when making the assessment of credit risk, an entity shall use the change in the risk of a default occurring over the <b>expected life of the financial instrument</b> instead of the change in the amount of expected credit losses". Thus, the general provision for allowance for impairment of trade receivables will be used for this syllabus.</p>	
<b>2.7.4 Non-current assets</b>			
<p>1) What is the difference between capital and revenue expenditure?</p> <p>2) How do businesses manage the buying (what to buy) of non-current assets?</p> <p>3) What are the transactions involving non-current assets?</p> <p>4) How are non-current assets presented in financial statements?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Managing the buying or renting non-current of assets</li> <li>Managing the buying of non-current assets</li> <li>Sale of non-current assets</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Capital vs revenue expenditure</li> </ul>	<p><u>Non-current assets management</u></p> <ul style="list-style-type: none"> <li>Understand the types of expenditure that businesses can capitalise</li> <li>Understand how businesses make decisions about <b>buying or renting non-current assets</b> by considering both accounting and non-accounting information <ul style="list-style-type: none"> <li><b>accounting information:</b> <ul style="list-style-type: none"> <li>(i) current financial situation of the business</li> <li>(ii) cost of ownership versus renting</li> </ul> </li> <li><b>non-accounting information</b> (which includes only) the advantages or disadvantages of buying or renting</li> </ul> </li> </ul>	<p><u>Non-current assets management</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>analyse, evaluate and make decisions about whether to buy or rent non-current assets by considering both accounting and non-accounting information; and</li> <li>analyse, evaluate and make decisions about the buying of non-current assets by considering both accounting and non-accounting information.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	<ul style="list-style-type: none"> <li>• Relevance of information</li> <li>• Materiality theory</li> <li>• Matching theory</li> <li>• Consistency theory</li> <li>• Prudence theory</li> <li>• Valuation of non-current assets – at cost less accumulated depreciation</li> <li>• Gain/loss on sale of non-current asset = Sale proceeds – Net book value</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>• Record transactions related to non-current assets and any adjustments for non-current assets in the</li> </ul>	<ul style="list-style-type: none"> <li>• Understand how businesses manage and make decisions about the <b>acquisition of non-currents assets</b> (what to buy) by considering both accounting and non-accounting information <ul style="list-style-type: none"> <li>- <b>accounting information:</b> price of non-current assets, installation cost, cost of maintaining the non-current assets, and related repair cost</li> <li>- <b>non-accounting information</b> (which includes only the following): <ul style="list-style-type: none"> <li>(i) purpose of the non-current asset</li> <li>(ii) features of the non-current asset <b>(22)</b></li> <li>(iii) customer reviews of the non-current assets</li> <li>(iv) warranty</li> </ul> </li> </ul> </li> </ul> <p><u>Accounting theories</u></p> <ul style="list-style-type: none"> <li>• Matching theory</li> <li>• Consistency theory</li> <li>• Materiality theory</li> <li>• Prudence theory</li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>• Accounting for revenue versus capital</li> </ul>	<p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• explain the application of the materiality theory on the treatment of capital and revenue expenditure;</li> <li>• explain the need to charge depreciation in relation to relevant accounting theories; and</li> <li>• explain the presentation of net book value in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u> <u>Capital and revenue expenditure</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• define capital and revenue expenditure;</li> <li>• distinguish between capital and revenue expenditure;</li> <li>• classify accounting transactions as capital and revenue expenditure; and</li> <li>• analyse the effects of differences in classification and</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	<p>journal, and financial statements</p> <ul style="list-style-type: none"> <li>Record transactions related to the sale of non-current assets in the journal and financial statements</li> </ul>	<p>expenditure</p> <ul style="list-style-type: none"> <li>the accounting treatment of capital and revenue expenditure, specifically whether expenditure incurred in relation to a non-current asset is to be capitalised as part of the non-current asset's cost or recorded in the Statement of Financial Performance as an expense</li> <li>examples of capital and revenue expenditure</li> <li>expenditure on non-current assets after acquisition can only be capitalised if it increases the capacity and useful life of the non-current assets and improves their function</li> <li>effects of erroneous classification and treatment of expenditure on financial statements</li> <li>Accounting for purchase of non-current assets <b>(23)</b> <ul style="list-style-type: none"> <li>cost of non-current assets comprising purchase prices and the costs of bringing the non-current assets to operating condition</li> </ul> </li> <li>Accounting for depreciation and accumulated depreciation (depreciation to</li> </ul>	<p>treatment of capital and revenue expenditure on financial statements.</p> <p><u>Purchase of non-current assets</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare the journal entries on purchases of non-current assets; and</li> <li>interpret the non-current asset ledger account.</li> </ul> <p><u>Depreciation and accumulated depreciation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>define depreciation and accumulated depreciation;</li> <li>state the causes of depreciation;</li> <li>state and distinguish the depreciation methods of (i) straight-line and (ii) reducing-balance methods;</li> <li>explain the suitability of selected depreciation methods for different types of non-</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p>date) <b>(24)</b></p> <ul style="list-style-type: none"> <li>- causes of depreciation</li> <li>- methods of depreciation               <ul style="list-style-type: none"> <li>(i) straight line</li> <li>(ii) reducing balance</li> </ul> </li> <li>- suitability of depreciation methods for different classes of non-current assets</li> <li>- net book value represents the estimated future economic value of a non-current asset</li> <li>- accumulated depreciation is an approximation of the reduction in economic value of a non-current asset</li> </ul> <p>• Accounting for the sale of non-current assets <b>(25)</b></p> <p><u>Valuation</u></p> <ul style="list-style-type: none"> <li>• Valuation of non-current assets               <ul style="list-style-type: none"> <li>- at cost less accumulated depreciation</li> </ul> </li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>• Presentation of non-current assets at net book value (cost less accumulated depreciation) in the Statement of Financial Position</li> </ul>	<p>current assets;</p> <ul style="list-style-type: none"> <li>• calculate depreciation and accumulated depreciation according to the (i) straight-line and (ii) reducing-balance methods;</li> <li>• calculate the rate of depreciation, length of useful life, annual depreciation, accumulated depreciation and net book value or cost of non-current assets;</li> <li>• prepare the journal entries on depreciation and accumulated depreciation;</li> <li>• analyse the effects of different depreciation methods on profit/loss for the period and net book value of non-current assets; and</li> <li>• interpret the (i) depreciation and</li> <li>• (ii) accumulated depreciation ledger accounts.</li> </ul> <p><u>Sale of non-current assets</u></p> <p>Students should be able to:</p>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<ul style="list-style-type: none"> <li>• Presentation of depreciation and gain/loss on the sale of non-current assets in the Statement of Financial Performance</li> </ul> <p><b><u>Notes</u></b></p> <p>(22) <i>The features of the non-current assets to be considered during purchase refers to possible product specifications such as efficiency of the product.</i></p> <p>(23) <i>Scenario to <b>include only</b>: purchases of non-current assets by cash and on credit, and contribution of non-current assets by the owner.</i></p> <p>(24) <i>Scenarios to <b>include only</b>: partial (by whole month) or full year of depreciation in the year of acquisition.</i></p> <p>(25) <i>For sale of non-current assets, only the following scenarios are <b>included</b>:</i></p> <p>(i) <i>starting from purchase of one non-current asset that is subsequently sold, with or without replacement;</i></p> <p>(ii) <i>starting from purchase of two or more non-current assets and subsequently sold one of them, with or without replacement;</i></p> <p>(iii) <i>starting with balances in the non-current asset and accumulated depreciation ledger accounts and one of the non-current assets is sold in the current financial period; and</i></p> <p>(iv) <i>partial (by whole month) or full year of depreciation in the year of purchase but no depreciation in the year of sale</i></p>	<ul style="list-style-type: none"> <li>• calculate the gain or loss on the sale of non-current assets;</li> <li>• prepare the journal entries on the sale of non-current assets; and</li> <li>• interpret the sale of non-current asset ledger account.</li> </ul> <p><b><u>Valuation</u></b></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• state the valuation method for non-current assets in the Statement of Financial Position.</li> </ul> <p><b><u>Presentation</u></b></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• prepare an extract of Statement of Financial Position and Statement of Financial Performance showing the presentation of net book value, accumulated depreciation and depreciation; and</li> <li>• prepare an extract of the Statement of Financial</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<i>(v) either the straight-line or reducing-balance depreciation methods.</i>	Performance showing the presentation of gain or loss on the sale of non-current assets.

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<p style="text-align: center;"><b>2.8 Liabilities</b></p> <p>This section investigates the liability items in a Statement of Financial Position and the adjustments to be made to these items at the end of a financial period.</p>			
<p style="text-align: center;"><b>2.8.1 Trade payables</b></p>			
<p>1) How do businesses manage trade payables?</p> <p>2) What are the transactions involving trade payables?</p> <p>3) How are trade payables presented in financial statements?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Managing suppliers and purchasing on credit</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Liabilities</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record transactions related to trade payables in the journal and financial statements</li> </ul>	<p><u>Supplier management</u></p> <ul style="list-style-type: none"> <li>Understand why businesses buy on credit instead of paying cash</li> <li>Understand how businesses manage suppliers and decide which supplier to buy from by considering both accounting and non-accounting information</li> <li>- <b>accounting information:</b> cost of inventory, credit terms and cash discount, cost of supplies, cost of non-current assets, delivery charges, trade discount and cost of services (installation and maintenance)</li> <li>- <b>non-accounting information</b> (which includes only the following): <ul style="list-style-type: none"> <li>(i) local or overseas supplier</li> <li>(ii) after-sales service</li> <li>(iii) return policy</li> <li>(iv) online vs brick-and-mortar supplier</li> <li>(v) reputation of supplier (e.g., socially responsible, history of the business)</li> <li>(vi) warranty</li> </ul> </li> </ul>	<p><u>Supplier management</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>analyse, evaluate and make decisions about which supplier to buy from by considering both accounting and non-accounting information.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>define trade discount;</li> <li>explain why a trade discount is received;</li> <li>define cash discount;</li> <li>explain why a cash discount is received;</li> <li>distinguish between trade and cash discounts;</li> <li>calculate the trade discount at the purchase and return of</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for transactions affecting the credit purchase of goods and services and non-current assets: <ul style="list-style-type: none"> <li>credit purchases of goods and services</li> <li>credit purchases of non-current assets</li> <li>returns of goods</li> <li>cash discounts and trade discounts, including their purposes and calculations</li> <li>full or partial payments</li> <li>freight charges</li> </ul> </li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of trade payables in the Statement of Financial Position</li> </ul>	<p>goods;</p> <ul style="list-style-type: none"> <li>calculate the cash discount at payment;</li> <li>prepare the journal entries to record transactions affecting trade payables;</li> <li>interpret a trade payable ledger account; and</li> <li>analyse the effects of cash discount on profit/loss for the period and trade payables.</li> </ul> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Performance showing the presentation of discount received; and</li> <li>prepare an extract of the Statement of Financial Position showing the presentation of trade payables.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<b>2.8.2 Long-term borrowings</b>			
1) What are the transactions for long-term borrowings? 2) How are long-term borrowings presented in financial statements?	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Obtaining loans for business use</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Current vs non-current liabilities</li> <li>Matching theory</li> <li>Accrual basis of accounting</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record transactions related to loans and loan interests in the journal and financial statements</li> </ul>	<p><u>Long-term borrowings management</u></p> <ul style="list-style-type: none"> <li>Understand why businesses obtain loans to finance their business operations</li> </ul> <p><u>Accounting theories</u></p> <ul style="list-style-type: none"> <li>Matching theory</li> <li>Accrual basis of accounting</li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for new loan and loan repayment <b>(26)</b></li> <li>Reclassify portion of long-term borrowings within the next financial year as current liability</li> <li>Accounting for interest expense and interest expense payable <b>(26)</b></li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of long-term borrowings, interest expense and interest expense payable in the Statement of Financial Performance and Statement of Financial Position</li> </ul> <p><b><u>Notes</u></b>  <i>(26) The financial year end for scenarios that include the taking up of long-term borrowing</i></p>	<p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the accounting of long-term borrowings interest expense in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>distinguish between bank loan and bank overdraft;</li> <li>calculate interest expense and interest expense payable;</li> <li>prepare the journal entries on new loans, loan repayment, interest expense and interest expense payable;</li> <li>interpret long-term borrowings ledger accounts; and</li> <li>interpret the interest expense ledger accounts with adjustments for interest expense payable.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p><i>will always end on 31 December. The obtaining of loans, repayment of loans and interest paid can take place at any time during the financial year. Loans are assumed to be repaid in equal instalments over the loan tenure. This syllabus does not include loans borrowed on a short-term basis.</i></p>	<p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• prepare an extract of the Statement of Financial Position and Statement of Financial Performance showing the presentation of loan, interest expense payable and interest expense.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<p style="text-align: center;"><b>2.9 Equities</b></p> <p style="text-align: center;">This section investigates the equity items of a sole proprietorship and a private limited company in a Statement of Financial Position, and the adjustments to be made to these items at the end of a financial period.</p>			
<p style="text-align: center;"><b>2.9.1 Capital and share capital</b></p>			
<p>1) How are the sole proprietor's and shareholders' interests in the business presented in financial statements?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Sole proprietorship</li> <li>Private limited company</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Amounts reported are as at a point in time</li> <li>Accounting entity theory</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record transactions related to the sole proprietor's and shareholders' interests in the journal and financial</li> </ul>	<p><u>Accounting theories</u></p> <ul style="list-style-type: none"> <li>Accounting entity theory</li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for transactions affecting the sole proprietor's interest (owner's equity) <b>(27)</b></li> <li>Accounting for transactions affecting the shareholders' interests (shareholders' equity) <b>(28)</b>: <ul style="list-style-type: none"> <li>- Issuance of capital <b>only</b></li> </ul> </li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of capital and share capital in the Statement of Financial Position</li> </ul> <p><u>Notes</u></p> <p>(27) <i>Scenarios to include only contribution of capital in cash or in kind.</i></p> <p>(28) <i>Shareholders' interests include only the following:</i></p> <p>(i) <i>ordinary shares as the unit of ownership in the company; and</i></p>	<p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the accounting of capital and share capital in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>calculate share capital;</li> <li>prepare the journal entries on capital contributed and share capital;</li> <li>interpret the capital and share capital ledger accounts; and</li> <li>analyse the changes in the owner's and shareholders' equity to identify the reasons for the changes.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	statements	<p>(ii) <i>issuance of ordinary shares fully paid up</i></p> <p>(iii) <i>calculation of share capital based on unit issue price and quantity issued.</i></p>	<p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Position showing the presentation of the sole proprietor's interest in the business and the shareholders' interests in the private limited company.</li> </ul>
<b>2.9.2 Drawings</b>			
1) How do businesses record withdrawals by sole proprietors?	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Owner withdraws assets from business for own use</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Amounts reported are as at a point in time</li> <li>Accounting entity theory</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record transactions</li> </ul>	<p><u>Accounting theories</u></p> <ul style="list-style-type: none"> <li>Accounting entity theory</li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Drawings in cash or in kind would reduce the sole proprietor's equity in the Statement of Financial Position</li> <li>Closing of the drawings ledger account to the capital ledger account at the end of the financial year</li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of drawings in the capital account</li> </ul>	<p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the accounting of drawings in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>define drawings;</li> <li>prepare the journal entries related to drawings and the transfer of drawings to the capital account;</li> <li>interpret the drawings ledger</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	related to drawings in the journal and financial statements		account; and <ul style="list-style-type: none"> <li>analyse the impact of drawings on the sole proprietor's equity.</li> </ul> <u>Presentation</u> Students should be able to: <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Position showing the presentation of capital less drawings as a single line item.</li> </ul>
<b>2.9.3 Transfer of profit/loss for the year and retained earnings</b>			
1) How do sole proprietors record the transfer of profit for the period to capital account?  2) How do private limited companies record profit for the year, dividends and transfer to retained earnings?	<u>Contextual</u> <ul style="list-style-type: none"> <li>Transfer of profits</li> <li>Declaration of dividends</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>Amounts reported are as at a point in time</li> </ul> <u>Procedural</u> <ul style="list-style-type: none"> <li>Record transfer of profits and dividends in the</li> </ul>	<u>Accounting for transactions</u> <ul style="list-style-type: none"> <li>Sole proprietorship               <ul style="list-style-type: none"> <li>profit/loss for the period is added to / deducted from the capital</li> <li>transfer of profit/loss for the year to the sole proprietor's capital ledger account at the end of the financial year</li> </ul> </li> <li>Private limited company               <ul style="list-style-type: none"> <li>retained earnings / accumulated losses: accumulation of past profit/loss less declared dividends                   <ul style="list-style-type: none"> <li>(i) transfer of profit/loss for the</li> </ul> </li> </ul> </li> </ul>	<u>Accounting for transactions</u> Students should be able to: <ul style="list-style-type: none"> <li>define dividends and retained earnings;</li> <li>calculate the ending retained earnings after adjusting for profit/loss for the year and declared dividend;</li> <li>prepare the journal entries on the transfer of profit/loss for the year to the sole proprietor's capital account;</li> <li>prepare the journal entries on</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
	journal and financial statements	<p>financial year to the retained earnings ledger account at the end of the financial year</p> <p>(ii) movements in retained earnings include only profit/loss for the year and dividends declared during the financial year</p> <p>- dividends: the return on shareholders' interests in the business <b>(29)</b></p> <p>(i) calculation of declared dividends is based on dividend per share and quantity of issued ordinary shares</p> <p>(ii) accounting for declared dividends and payment of dividends</p> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>• Presentation of the sole proprietor's capital account (after adding or deducting profit or loss for the year) in the Statement of Financial Position</li> <li>• Presentation of retained earnings or accumulated losses in the Statement of Financial Position</li> </ul> <p><b><u>Note</u></b> (29) Dividends <b>includes only</b> one final dividend</p>	<p>the transfer of profit/loss for the year to retained earnings, declaration of dividends, payment of dividends and transfer of dividends for the year to retained earnings account;</p> <ul style="list-style-type: none"> <li>• Interpret the retained earnings ledger account;</li> <li>• Interpret the dividends ledger account;</li> <li>• analyse the impact of profit/loss on the owner's equity; and</li> <li>• analyse the impact of declared dividends and profit/loss for the year on retained earnings and shareholders' equity.</li> </ul> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• prepare an extract of the Statement of Financial Position showing the presentation of capital after adjusting for drawings and profit/loss for the year as a single line item;</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<i>paid, and the declared dividend is paid out in full and <b>excludes</b> the decision on how the amount of dividend per share is arrived at and the legal procedures for declared dividends.</i>	<p>and</p> <ul style="list-style-type: none"> <li>• prepare an extract of the Statement of Financial Position showing the presentation of retained earnings / accumulated losses.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<b>2.10 Correction of errors</b>			
1) How do errors occur? 2) How do errors affect the accounts?	<u>Conceptual</u> <ul style="list-style-type: none"> <li>Double entry</li> </ul>	<ul style="list-style-type: none"> <li>Correction of errors not revealed by the Trial Balance</li> <li>Adjusted Trial Balance and Statement of Financial Position after correction of errors <b>(30)</b></li> <li>Statement to show adjusted profits</li> </ul> <p><b>Note</b>  <i>(30) This <b>includes only</b> one financial period; errors revealed by a Trial Balance are <b>not</b> required.</i></p>	Students should be able to: <ul style="list-style-type: none"> <li>explain how errors not revealed by a Trial Balance occur;</li> <li>prepare the journal entries to correct errors;</li> <li>analyse the effects of errors on profit/loss for the period and on items in the Statement of Financial Position;</li> <li>analyse the effects of correction of errors on profit/loss for the period and on items in the Statement of Financial Position;</li> <li>prepare an adjusted Trial Balance after correction of errors;</li> <li>prepare a statement of adjusted profits after correction of errors; and</li> <li>prepare an adjusted Statement of Financial Position, or an extract of one, after correction of errors</li> </ul>

### Key Understanding 3: Accounting is an information system to measure business activities

The accounting information system measures business activities by identifying, recording, analysing and reporting accounting information.

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<b>3.1 Accounting theories</b>			
1) What are the accounting theories? 2) How do they affect the preparation and presentation of accounting information?	<u>Conceptual</u> <ul style="list-style-type: none"> <li>Accounting theories</li> </ul>	<ul style="list-style-type: none"> <li>Accounting theories and their implications for the preparation and presentation of the Statement of Financial Position and Statement of Financial Performance</li> <li>The accounting theories are:               <ul style="list-style-type: none"> <li>(i) accounting entity</li> <li>(ii) going concern</li> <li>(iii) monetary</li> <li>(iv) accounting period</li> <li>(v) accrual basis of accounting</li> <li>(vi) objectivity</li> <li>(vii) historical cost</li> <li>(viii) consistency</li> <li>(ix) materiality</li> <li>(x) prudence</li> <li>(xi) revenue recognition</li> <li>(xii) matching</li> </ul> </li> <li>The accounting theories applicable to the financial elements are laid out in Key Understanding 2</li> </ul>	Students should be able to: <ul style="list-style-type: none"> <li>define each accounting theory;</li> <li>identify the accounting theory applied in a given scenario; and</li> <li>explain how each accounting theory affects the preparation and presentation of financial statements.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<b>3.2 Accounting information system and accounting cycle</b>			
1) What is the accounting cycle? 2) What is the accounting information system? 3) How are business and accounting transactions processed? 4) Why are source documents important? 5) What are the types of source documents? 6) What are journals and ledgers? 7) What is recorded in the journal and ledgers? 8) What is a Trial Balance? 9) Why is the Trial Balance not an	<u>Contextual</u> <ul style="list-style-type: none"> <li>Business transactions</li> <li>Impact of technology on accounting</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>Accounting information system</li> <li>Relevant accounting theories</li> </ul>	<ul style="list-style-type: none"> <li>The accounting cycle is the processing of accounting transactions through the accounting information system. The stages of accounting cycle are:               <ol style="list-style-type: none"> <li>identifying and recording</li> <li>adjusting</li> <li>reporting</li> <li>closing</li> </ol> </li> <li>The closing of accounts is only done at the end of a financial year</li> <li>A computerised accounting information system generally comprises the following:               <ol style="list-style-type: none"> <li>source documents</li> <li>journal</li> <li>ledgers</li> <li>Trial Balance</li> <li>Statement of Financial Performance</li> <li>Statement of Financial Position</li> </ol> </li> </ul> <u>Source documents</u> <ul style="list-style-type: none"> <li>Purposes of source documents</li> <li>Issue and receipt of documents in relation to seller/provider and buyer/consumer of goods/services <b>(31)</b></li> </ul>	Students should be able to: <ul style="list-style-type: none"> <li>state the order in which each type of transaction is processed by the accounting information system;</li> <li>explain how each type of transaction is processed by the accounting information system;</li> <li>state the purposes of source documents;</li> <li>state the purpose of each type of source document;</li> <li>state the source documents used in the transaction;</li> <li>explain the purpose of the Trial Balance;</li> <li>explain the limitations of the Trial Balance; and</li> <li>prepare a Trial Balance.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
absolute proof of accuracy?		<ul style="list-style-type: none"> <li>Types of transactions and their source documents: <ul style="list-style-type: none"> <li>cash purchases and sales: receipts</li> <li>credit purchases and sales: invoices</li> <li>receipt of money: remittance advice (credit customer), receipt, bank statement</li> <li>payment of money: payment voucher, receipt, bank statement</li> <li>overcharges and returns of inventory: credit notes</li> <li>undercharges: debit notes</li> </ul> </li> <li><u>Journal</u> <ul style="list-style-type: none"> <li>Representation of transactions in journal</li> </ul> </li> <li><u>Ledger account</u> <ul style="list-style-type: none"> <li>Representation of transactions in ledger accounts</li> </ul> </li> <li><u>Trial Balance</u> <ul style="list-style-type: none"> <li>Format of a Trial Balance</li> <li>Facilitates the preparation of financial statements and can also be used as a check on arithmetic accuracy</li> <li>Limitation as an absolute proof of accuracy</li> </ul> </li> </ul>	

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p><b><u>Note</u></b>  (31) <b><i>Excludes</i></b> details about the content on source documents.</p>	

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<b>3.3 Understanding the double-entry recording system</b>			
1) How are business activities recorded in the accounting information system?	<u>Conceptual</u> <ul style="list-style-type: none"> <li>Double-entry recording system</li> </ul> <u>Procedural</u> <ul style="list-style-type: none"> <li>Record transactions in the journal</li> </ul>	<u>Method of recording</u> <ul style="list-style-type: none"> <li>Double-entry recording method and rules</li> </ul> <u>Journal entries</u> <ul style="list-style-type: none"> <li>Preparation of journal entries</li> </ul> <u>Ledger accounts</u> <ul style="list-style-type: none"> <li>Analysing the effects of transactions on ledger balances</li> <li>Understanding that the beginning and ending ledger balances represent the cumulative values to date</li> <li>Closing of all income and expenses to an income summary account (an intermediate account during closing phase), which is then closed to the capital account (for sole proprietorships) or retained earnings account (for private limited companies)(32)</li> <li>Closing of the drawings account to the capital account for sole proprietorships (32)</li> <li>Closing of the dividends account amount to the retained earnings account for private limited companies (32)</li> </ul> <u>Notes</u> (32) Closing of income and expenses accounts, drawings and dividends accounts will only be done at the end of the financial year.	Students should be able to: <ul style="list-style-type: none"> <li>state the ledger accounts to be debited and credited;</li> <li>prepare the journal entries;</li> <li>calculate ending balances for ledger accounts; and</li> <li>interpret the transactions recorded and the balances in the ledger accounts.</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
<b>3.4 Internal controls</b>			
1) What are internal controls? 2) Why are internal controls important? 3) What are the internal controls over cash?	<u>Contextual</u> <ul style="list-style-type: none"> <li>How businesses manage cash</li> <li>Safeguarding cash</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>Internal controls and internal controls over cash</li> </ul> <u>Procedural</u> <ul style="list-style-type: none"> <li>Preparation of bank reconciliation statement</li> </ul>	<ul style="list-style-type: none"> <li>Purpose of internal controls               <ul style="list-style-type: none"> <li>safeguard assets of the business</li> <li>ensure business transactions are recorded accurately</li> <li>comply with laws and regulations</li> </ul> </li> <li>Internal controls to safeguard cash by having controls over:               <ul style="list-style-type: none"> <li>cash in hand</li> <li>cash at bank</li> <li>cash in transit</li> <li>cash receipts</li> <li>cash payments</li> </ul> </li> <li>Internal controls over cash               <ul style="list-style-type: none"> <li>segregation of duties</li> <li>custody of cash</li> <li>authorisation</li> <li>bank reconciliation</li> </ul> </li> <li>Purpose of preparing bank reconciliation: to check the cash at bank balance of the business against the bank's record as shown on the bank statement</li> </ul>	Students should be able to: <ul style="list-style-type: none"> <li>explain the purpose of internal controls;</li> <li>explain the ways of internal controls over cash in hand, cash at bank, cash in transit, cash receipts and cash payments;</li> <li>explain the purpose of preparing bank reconciliations;</li> <li>identify the differences between the business cash at bank balance and the balance in the bank statement;</li> <li>explain the causes of differences between the business cash at bank balance and the balance in the bank statement;</li> <li>calculate the updated cash at bank amount;</li> <li>prepare the bank reconciliation statement; and</li> <li>analyse the effects of adjusting</li> </ul>

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<ul style="list-style-type: none"> <li>Reconciliation of differences between the business cash at bank balance and the balance in the bank statement <b>(33)</b></li> <li>Differences are due to the timing of the transactions recorded by the business and the bank, and errors in recording</li> <li>Types of differences <b>(34)</b>: <ul style="list-style-type: none"> <li>(i) direct deposits</li> <li>(ii) direct payments</li> <li>(iii) payments in transit</li> <li>(iv) deposits in transit</li> <li>(v) errors made by the business or the bank</li> </ul> </li> <li>Format of a bank reconciliation statement</li> </ul> <p><b><u>Notes</u></b>  <b>(33) Includes only the following scenarios:</b>  (i) same opening balance between cash at bank and bank statement;  (ii) different opening balance between cash at bank and bank statement, and the difference is limited to only one transaction;  (iii) opening balance in cash at bank and bank statement can be either a positive balance or a bank overdraft;  (iv) ending balance in cash at bank and bank statement can either be a positive balance or a bank</p>	for the differences between the cash at bank balance and the balance in the bank statement on cash at bank and profit for the period.

Guiding Questions	Knowledge	Content (G3)	Learning Outcomes
		<p><i>overdraft; and</i></p> <p><i>(v) bank reconciliation must be performed by comparing cash at bank ledger account and a bank statement</i></p> <p><i>(34) Understanding how electronic bank transactions (e.g., credit transfer, standing order) are recorded in the accounts of the business is required but descriptions of their processing are not required.</i></p>	

**Table 7:** Content Amplification and Learning Outcomes for G2 course

**Key Understanding 1: Accounting and non-accounting information are used to support and facilitate decision-making**

Stakeholders require accounting and non-accounting information on business activities for decision-making, which in turn affects the business and its activities.

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<b>1.1 Roles of accounting and accountants</b>			
1) What is accounting? 2) What are the roles of accounting and accountants? 3) How do accountants fulfil their roles?	<u>Contextual</u> <ul style="list-style-type: none"> <li>Business environment</li> </ul>	<u>Role of accounting</u> <ul style="list-style-type: none"> <li>Accounting provides accounting information for decision-making by business owners and other stakeholders</li> </ul> <u>Role of accountants</u> <ul style="list-style-type: none"> <li>Through providing accounting information for stakeholders' decision-making, accountants act as <b>stewards of businesses</b>.</li> <li>They set up the accounting information system to collate, record, organise and report accounting information so that owners and other stakeholders can make decisions regarding the management of resources and the performance of businesses</li> </ul>	Students should be able to: <ul style="list-style-type: none"> <li>state the role of accounting;</li> <li>state the role of accountants;</li> <li>define integrity and objectivity; and</li> <li>explain the importance of having integrity and objectivity in preparing and presenting accounting information.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<ul style="list-style-type: none"> <li>• They think <b>critically, solve problems, adapt and meet the need for sophisticated accounting and business information.</b></li> <li>• In the face of an evolving business environment and rapid technological advancement, accountants must provide relevant information in a timely manner for decision-making and insights that are easily and appropriately understood by owners and other stakeholders based on accounting theories.</li> <li>• Stakeholders place trust in the information provided by accountants who must adhere to professional ethics, uphold integrity and be objective <b>(1)(2)</b> <ul style="list-style-type: none"> <li>- <b>integrity</b> is being straightforward and honest in all professional and business relationships</li> <li>- <b>objectivity</b> is not letting bias, conflict of interest or undue influence of others override professional judgement</li> </ul> </li> </ul> <p><b><u>Notes</u></b></p> <p>(1) <b><i>Includes only</i></b> the effects of unethical behaviour on decisions made by stakeholders; the legal consequences of unethical behaviour are <b>not</b> required.</p> <p>(2) <i>In the Institute of Singapore Chartered Accountants' Code of Professional Conduct</i></p>	

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<i>and Ethics, the first two principles are integrity and objectivity.</i>	
<b>1.2 Stakeholders and their decision-making needs</b>			
1) Who is interested in accounting information? 2) What kinds of information do stakeholders need for decision-making? 3) Why do stakeholders need both accounting and non-accounting information?	<u>Contextual</u> <ul style="list-style-type: none"> <li>Business environment</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>Relevance of information</li> <li>Accounting and non-accounting information</li> </ul>	<u>Stakeholders</u> <ul style="list-style-type: none"> <li>Users of accounting and non-accounting information of a business for decision-making</li> </ul> <u>Accounting and non-accounting information</u> <ul style="list-style-type: none"> <li>Making decisions with only accounting information may cause stakeholders to leave out important business-related factors that are not shown on financial statements but may affect decisions               <ul style="list-style-type: none"> <li><b>accounting information</b> refers to information usually generated by the accounting information system and is largely extracted from journals, ledger accounts and financial statements</li> <li><b>non-accounting information (3)</b> refers to the information about the operation of a business not found in journals, ledger accounts or financial statements.</li> </ul> </li> </ul> <u>Note</u> <i>(3) Refer to sections 2.7.2, 2.7.3, and 2.8.1 for the specific non-accounting information for this</i>	Students should be able to: <ul style="list-style-type: none"> <li>state the stakeholders who are interested in the affairs of the business and make use of the accounting information for decision-making;</li> <li>state examples of accounting information needed by stakeholders of a business for decision-making;</li> <li>state examples of non-accounting information needed by owners and managers of a business for decision-making;</li> <li>explain why stakeholders of a business are interested in accounting information; and</li> <li>explain why owners and managers of a business are interested in non-accounting information.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<i>syllabus.</i>	

**Key Understanding 2: Accounting is a language used to represent business activities**

Accounting is the language of business as it provides the concepts and framework to represent business activities.

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<b>2.1 Types of businesses</b>			
1) What are the different types of profit-making businesses and how do their financial statements differ?	<u>Contextual</u> <ul style="list-style-type: none"> <li>Types of businesses</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>Trading businesses</li> <li>Service businesses</li> </ul>	<ul style="list-style-type: none"> <li>Main business activities of profit-making businesses: trading and service</li> <li>Difference between the business activities of trading and service businesses as seen in the Statement of Financial Position and Statement of Financial Performance</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the differences between trading and service businesses</li> <li>distinguish between financial statements of businesses in trading and services</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<b>2.3 Elements of financial statements</b>			
1) How are business activities measured and presented in financial statements?	<u>Contextual</u> <ul style="list-style-type: none"> <li>• Business activities</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>• Asset</li> <li>• Liability</li> <li>• Equity</li> <li>• Income</li> <li>• Expense</li> </ul>	<ul style="list-style-type: none"> <li>• All business activities are represented by these elements: asset, liability, equity, income and expense</li> <li>• Examples of assets, liabilities, equity, income and expenses</li> <li>• Understand how the trade of the business and the use of the items affect how they are classified</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• define asset, liability, equity, income and expenses;</li> <li>• give examples of assets, liabilities, equity, income and expenses for a specific business; and</li> <li>• classify items as assets, liabilities, equity, income and expenses for a specific business.</li> </ul>
<b>2.4 Accounting equation</b>			
1) What is the relationship between asset, liability and equity?	<u>Conceptual</u> <ul style="list-style-type: none"> <li>• Accounting equation</li> </ul> <u>Procedural</u> <ul style="list-style-type: none"> <li>• Analyse the effects of transactions on the accounting equation</li> </ul>	<ul style="list-style-type: none"> <li>• Basic accounting equation “assets = equity + liabilities” and its expansion to include income and expenses</li> <li>• The basic accounting equation is the basis of the Statement of Financial Position</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• state the basic accounting equation and its expansion;</li> <li>• calculate the values of assets, liabilities and equity using the accounting equation;</li> <li>• apply the accounting equations to the Statement of Financial Position; and</li> <li>• analyse the effects of business transactions on the accounting</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
			equation.

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<p align="center"><b>2.5 Financial statements</b></p> <p>This section looks at the Statement of Financial Position and Statement of Financial Performance of sole proprietorships, and the end-of-period accounting adjustments included in this syllabus.</p>			
<p align="center"><b>2.5.1 Statement of Financial Position</b></p>			
<p>1) What are financial statements and their purposes?</p> <p>2) What is a Statement of Financial Position?</p> <p>3) How is information shown in the Statement of Financial Position?</p>	<ul style="list-style-type: none"> <li>• <u>Contextual</u> Communication of the list of assets, liabilities, and equity of a business</li> <li>• <u>Conceptual</u> <ul style="list-style-type: none"> <li>• Amounts reported are at a point in time</li> <li>• Accounting equation</li> <li>• Current assets</li> <li>• Non-current assets</li> <li>• Current liabilities</li> <li>• Non-current liabilities</li> <li>• Equity</li> </ul> </li> </ul>	<p><u>Purpose of the Statement of Financial Position</u></p> <ul style="list-style-type: none"> <li>• The Statement of Financial Position lists the assets, liabilities and equity of a business at a point in time <b>(4)(5)</b></li> <li>• Represents the accounting equation</li> </ul> <p><u>Items in the Statement of Financial Position</u></p> <ul style="list-style-type: none"> <li>• Classification of items as non-current assets, current assets, non-current liabilities, current liabilities and equity</li> <li>• Examples of non-current assets, current assets, non-current liabilities, current liabilities and equity</li> <li>• Owner's equity for a sole proprietor <b>(6)</b></li> </ul> <p><u>Valuation methods</u></p> <ul style="list-style-type: none"> <li>• Accounting theories that apply to each valuation method</li> <li>• Valuation methods used for assets: <ul style="list-style-type: none"> <li>- non-current assets at net book value, i.e.,</li> </ul> </li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• define and distinguish between non-current and current assets;</li> <li>• define and distinguish between non-current and current liabilities;</li> <li>• define net assets and equity;</li> <li>• calculate net assets and equity;</li> <li>• analyse the effects of business transactions and accounting adjustments on the owner's equity, non-current assets, current assets, non-current liabilities, current liabilities and net assets;</li> <li>• prepare a Statement of Financial Position with end-of-financial-period accounting</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
	<ul style="list-style-type: none"> <li>Valuation of assets</li> <li>Relevant accounting theories</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Prepare the Statement of Financial Position</li> <li>Analyse the effects of business transactions and accounting adjustments on the Statement of Financial Position</li> </ul>	<p>cost less accumulated depreciation</p> <ul style="list-style-type: none"> <li>inventory values at the lower of cost and net realisable value</li> <li>trade receivables at trade receivables less allowance for impairment of trade receivables</li> </ul> <p><u>Presentation of the Statement of Financial Position</u></p> <ul style="list-style-type: none"> <li>Narrative format of Statement of Financial Position</li> <li>Presentation details to show: <ul style="list-style-type: none"> <li>non-current and current assets (current assets are <b>not required</b> to be listed in order of liquidity)</li> <li>non-current and current liabilities</li> <li>capital of the sole proprietor</li> </ul> </li> <li>Accounting adjustments can be done at the end of a period or financial year, and they <b>include only</b>: <ul style="list-style-type: none"> <li>depreciation of non-current assets, with or without beginning accumulated depreciation</li> <li>impairment loss on inventory</li> <li>impairment loss on trade receivables</li> </ul> </li> </ul>	<p>adjustments for a sole proprietorship; and</p> <ul style="list-style-type: none"> <li>prepare a Statement of Financial Position with end-of-financial-period accounting adjustments for a trading or service business.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<p>arising during the financial period, with or without beginning allowance for impairment of trade receivables</p> <ul style="list-style-type: none"> <li>- prepaid expenses, expenses payable, service fee revenue received in advance, income receivable and income received in advance</li> <li>- re-classification of current portion of long-term borrowings</li> </ul> <ul style="list-style-type: none"> <li>• Basic interpretation and significance of relationships of financial figures in the Statement of Financial Position <b>(7)</b></li> </ul> <p><b><u>Notes</u></b></p> <p>(4) <i>The Statement of Financial Position is to be prepared from a list of account balances or a trial balance.</i></p> <p>(5) <i>The Statement of Financial Position <b>includes only</b> that for</i></p> <ul style="list-style-type: none"> <li>(i) <i>trading and service businesses; and</i></li> <li>(ii) <i>sole proprietorships.</i></li> </ul> <p>(6) <i>The terms net worth and capital owned are <b>not</b> used.</i></p> <p>(7) <i><b>Includes only</b> the following:</i></p> <ul style="list-style-type: none"> <li>(i) <i>how resources are obtained and used; and</i></li> <li>(ii) <i>equity and net assets (total assets - total liabilities) changes in net assets between two points in time and the profit for the period</i></li> </ul>	

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<b>2.5.2 Statement of Financial Performance</b>			
1) What is a Statement of Financial Performance? 2) How is information shown in the Statement of Financial Performance?	<u>Contextual</u> Communication of a business performance  <u>Conceptual</u> <ul style="list-style-type: none"> <li>Amounts reported are for a period</li> <li>Expanded accounting equation</li> <li>Income</li> <li>Expenses</li> <li>Profits</li> <li>Relevant accounting theories</li> </ul>	<u>Purpose of the Statement of Financial Performance</u> <ul style="list-style-type: none"> <li>The Statement of Financial Performance shows the income and expenses of a business for a period <b>(8)</b></li> <li>Shows the profit for the period, i.e., the excess of income over expenses for a period</li> </ul> <u>Items in the Statement of Financial Performance</u> <ul style="list-style-type: none"> <li>For a trading business, the perpetual inventory recording method is adopted</li> <li>The following details are shown in the trading portion of the Statement of Financial Performance:               <ul style="list-style-type: none"> <li>net sales revenue (sales revenue less sales returns)</li> <li>cost of sales</li> <li>gross profit/loss</li> </ul> </li> <li>For a service business, service fee revenue is shown as a line item separate from other income</li> </ul> <u>Presentation of the Statement of Financial Performance</u> <ul style="list-style-type: none"> <li>Narrative format of Statement of Financial</li> </ul>	Students should be able to: <ul style="list-style-type: none"> <li>define and distinguish gross profit/loss and profit/loss for the financial period;</li> <li>explain the purposes of the trading portion and profit and loss portion of the Statement of Financial Performance;</li> <li>calculate net sales revenue, service fee revenue, gross profit/loss and profit/loss for the period;</li> <li>prepare a Statement of Financial Performance with end-of-financial-period accounting adjustments for a sole proprietorship; and</li> <li>prepare a Statement of Financial Performance with end-of-financial-period accounting adjustments for trading or service business.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<p>Performance</p> <ul style="list-style-type: none"> <li>• Presentation of sales revenue, sales returns and cost of sales on the Statement of Financial Performance for a trading business</li> <li>• Presentation of service fee revenue on the Statement of Financial Performance for a service business</li> <li>• Other expenses in the profit and loss portion of the Statement of Financial Performance <b>are not required</b> to be classified by function</li> <li>• Accounting adjustments can be done at the end of a period or financial year, and they <b>include only</b>: <ul style="list-style-type: none"> <li>- depreciation of non-current assets, with or without beginning accumulated depreciation</li> <li>- impairment loss on inventory</li> <li>- impairment loss on trade receivables arising during the financial period, with or without beginning allowance for impairment of trade receivables</li> <li>- service fee revenue received in advance, prepaid expenses, expenses payable, income receivables and income received in advance</li> </ul> </li> </ul>	

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<ul style="list-style-type: none"> <li>Basic interpretation and significance of relationships of financial figures in the Statement of Financial Performance <b>(9)</b></li> </ul> <p><b><u>Notes</u></b></p> <p>(8) <i>The Statement of Financial Performance is to be prepared from a list of account balances or a trial balance and <b>includes only</b> that for:</i></p> <p>(i) <i>trading and service businesses; and</i></p> <p>(ii) <i>sole proprietorships</i></p> <p>(9) <b><i>Includes only</i></b> <i>the following relationships between:</i></p> <p>(i) <i>sales revenue, cost of sales and gross profit/loss; and</i></p> <p>(ii) <i>gross profit/loss, other income, other expenses and profit/loss for the period</i></p> <p><i>sales revenue, cost of sales, other income, other expenses and profit/ loss for the period.</i></p>	

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<p align="center"><b>2.6 Income and expenses</b></p> <p align="center">This section investigates the revenue, other income, cost of sales and other expense items in a Statement of Financial Performance, and the adjustments to be made to these items at the end of a financial period.</p>			
<p align="center"><b>2.6.1 Revenue and other income</b></p>			
<p>1) What are the transactions for revenue and other income?</p> <p>2) How are revenue and other income presented in financial statements?</p> <p>3) How are adjustments for revenue and other income made?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Trading and service business</li> <li>How the dates for receipt of income can differ with the period they are reported as income</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Amounts reported are for a period</li> <li>Sales revenue</li> <li>Service fee revenue</li> <li>Service fee revenue received in advance</li> <li>Other income</li> </ul>	<p><u>Accounting theories</u></p> <ul style="list-style-type: none"> <li>Revenue recognition theory</li> <li>Accrual basis of accounting theory</li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for:               <ul style="list-style-type: none"> <li>(i) sale of goods on cash and credit basis</li> <li>(ii) provision of services on cash and credit basis</li> <li>(iii) returns of goods</li> <li>(iv) service fee revenue received in advance</li> <li>(v) other income <b>(10)</b></li> <li>(vi) income receivable <b>(10)</b></li> <li>(vii) income received in advance <b>(10)</b></li> </ul> </li> <li>Calculation of service fee revenue received in advance, income receivable and income received in advance</li> <li>Amounts received are recorded as income at the points of receipt, and any unearned or not received portions are adjusted at the</li> </ul>	<p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the accounting of sales revenue, service fee revenue, other income, service fee revenue received in advance, income receivable and income received in advance in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>calculate the sales revenue adjusted for sales returns;</li> <li>calculate the service fee revenue adjusted for service fee revenue received in advance;</li> <li>calculate other income adjusted for income receivable and income received in</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
	<ul style="list-style-type: none"> <li>Income receivable</li> <li>Income received in advance</li> <li>Revenue recognition theory</li> <li>Accrual basis of accounting</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record sales revenue, service fee revenue and income in the journal and financial statements</li> <li>Record service fee revenue received in advance, income receivable and income received in advance in the journal and financial</li> </ul>	<p>end of the financial period</p> <ul style="list-style-type: none"> <li>Adjustments at end of period are to be made against separate service fee revenue received in advance, income receivable and income received in advance ledger accounts</li> <li>Closing of sales revenue, sales returns, service fee revenue and other income are performed only at the end of the financial year, and the amounts are transferred to the income summary (for periods in between the financial year, there will be balances in these accounts)</li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of sales revenue, sales returns, service fee revenue and other income in the Statement of Financial Performance</li> <li>Presentation of income receivable in the Statement of Financial Position</li> <li>Presentation of service fee revenue received in advance and income received in advance in the Statement of Financial Position</li> <li>Income receivable is shown as current assets in the Statement of Financial Position</li> <li>Service fee revenue received in advance and income received in advance are shown</li> </ul>	<p>advance;</p> <ul style="list-style-type: none"> <li>prepare the journal entries affecting sales revenue, sales returns, service fee revenue, other income, service fee revenue received in advance, income receivable and income received in advance;</li> <li>interpret the sales revenue, sales returns, service fee revenue, other income ledger accounts <b>with</b> adjustments for service fee revenue received in advance, income receivable and income received in advance; and</li> <li>analyse the effects of service fee revenue received in advance, income receivable and income received in advance on current liabilities, current assets and profit/loss for the period.</li> </ul> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
	statements	<p>as current liabilities in the Statement of Financial Position</p> <p><b>Note</b>  (10) <b>Excludes</b> the following  (i) <i>dividend income; and</i>  (ii) <i>adjustment for service fee revenue received in advance, income receivable and income received in advance at the start of financial period.</i></p>	<p>Statement of Financial Performance showing the presentation of sales revenue, sales returns, and other income for a trading business;</p> <ul style="list-style-type: none"> <li>• prepare an extract of the Statement of Financial Performance showing the presentation of service fee revenue and other income for a service business;</li> <li>• prepare an extract of the Statement of Financial Position showing the presentation of service fee revenue received in advance for a service business; and</li> <li>• prepare an extract of the Statement of Financial Position showing the presentation of income receivable and income received in advance for both a trading and a service business.</li> </ul>
<b>2.6.2 Cost of sales and other expenses</b>			

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<p>1) What are the transactions for cost of sales and other expenses?</p> <p>2) How are cost of sales and other expenses presented in financial statements?</p> <p>3) How are adjustments for other expenses made?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>How the dates of payments of expenses can differ from the period they are reported as expenses</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Amounts reported are for a period</li> <li>Prepayments</li> <li>Expenses payable</li> <li>Accrual basis of accounting</li> <li>Matching theory</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record cost of sales, and other expenses in the journal, and financial statements</li> <li>Record prepaid</li> </ul>	<p><u>Accounting theories</u></p> <ul style="list-style-type: none"> <li>Matching theory</li> <li>Accrual basis of accounting</li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for:               <ul style="list-style-type: none"> <li>(i) cost of sales</li> <li>(ii) other expenses paid by cash/cheque</li> <li>(iii) expenses incurred but not paid (expenses payable) <b>(11)</b></li> <li>(iv) expenses not incurred but paid (prepaid expenses) <b>(11)</b></li> </ul> </li> <li>Calculation of cost of sales and other expenses, prepaid expenses and expenses payable</li> <li>Amounts paid are recorded as other expenses at the point of payment, and any unused or outstanding portions are adjusted at the end of the financial period</li> <li>Adjustments at end of period are to be made against separate prepaid expenses and expenses payable ledger accounts</li> <li>Closing of all cost of sales and expenses accounts are performed only at the end of the financial year and amounts are transferred to the income summary (for</li> </ul>	<p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the accounting of cost of sales, other expenses, and adjustments for prepaid expenses and expenses payable in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>calculate the cost of sales;</li> <li>calculate other expenses adjusted for prepaid expenses and expenses payable;</li> <li>prepare the journal entries affecting cost of sales, other expenses, prepaid expenses and expenses payable;</li> <li>interpret the cost of sales and other expenses ledger accounts <b>with</b> adjustments for prepaid expenses and expenses payable; and</li> <li>analyse the effects of prepaid expenses and expenses</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
	expenses and expenses payable in the journal and financial statements	<p>periods in between the financial year, there will be balances in these accounts)</p> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>• Presentation of cost of sales and other expenses in the Statement of Financial Performance</li> <li>• Presentation of prepaid expenses and expenses payable in the Statement of Financial Position</li> <li>• Prepaid expenses are shown as current assets in the Statement of Financial Position</li> <li>• Expenses payables are shown as current liabilities in the Statement of Financial Position</li> </ul> <p><u>Note</u> (11) <b>Excludes</b> adjustment for prepaid expenses and expenses payable at the start of financial period.</p>	<p>payable on current liabilities, current assets and profit/loss for the period.</p> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• prepare an extract of the Statement of Financial Performance showing the presentation of cost of sales and other expenses for a trading business;</li> <li>• prepare an extract of the Statement of Financial Performance showing the presentation of other expenses for a service business; and</li> <li>• prepare an extract of the Statement of Financial Position showing the presentation of prepaid expenses and expenses payable for both a trading and a service business.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<p style="text-align: center;"><b>2.7 Assets</b></p> <p style="text-align: center;">This section investigates the asset items in a Statement of Financial Position and the adjustments to be made to these items at the end of a financial period.</p>			
<p style="text-align: center;"><b>2.7.1 Cash in hand and cash at bank</b></p>			
<p>1) How do businesses manage cash?</p> <p>2) What are the transactions involving cash?</p> <p>3) How is cash presented in financial statements?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Receipts and payments</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Assets versus liabilities</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record cash receipts, cash payments and bank-related transactions in the journal, ledger accounts and financial statements</li> </ul>	<p><u>Cash management</u></p> <ul style="list-style-type: none"> <li>Understand why businesses need to keep cash for operational needs</li> <li>Understand how businesses manage cash in hand, cash at bank, cash in transit, cash receipts and cash payments <b>(12)</b></li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for receipts and payments <ul style="list-style-type: none"> <li>cash at bank account reflects the amount deposited in the bank for safekeeping</li> </ul> </li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of cash in hand, cash at bank and bank overdraft in the Statement of Financial Position</li> </ul> <p><b><u>Note</u></b></p> <p><i>(12) The internal control of cash is covered in section 3.4.</i></p>	<p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare the journal entries related to receipts and payments; and</li> <li>interpret the cash in hand and cash at bank ledger accounts.</li> </ul> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Position showing the presentation of cash at bank, bank overdraft and cash in hand.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<b>2.7.2 Inventories</b>			
1) Why do businesses keep inventories? 2) How do businesses manage inventories? 3) What are the transactions involving the purchase and sale of inventory? 4) How is inventory presented in financial statements? 5) How is inventory valued?	<u>Contextual</u> <ul style="list-style-type: none"> <li>Inventory management</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>Accounting and non-accounting information</li> <li>Relevance of information</li> <li>Prudence theory</li> <li>Valuation of inventory – at the lower of cost and net realisable value</li> <li>Adjustments – to recognise impairment loss on inventory</li> </ul> <u>Procedural</u> <ul style="list-style-type: none"> <li>Record purchase and sale of inventory, other related inventory</li> </ul>	<u>Inventory management</u> <ul style="list-style-type: none"> <li>Understand why businesses keep inventories to avoid out-of-stock situations</li> <li>Understand how businesses manage inventories by               <ul style="list-style-type: none"> <li>keeping proper records to track inventory</li> <li>keeping physical inventory in the warehouse</li> <li>buying insurance to insure the inventory</li> </ul> </li> <li>Understand how businesses manage and make decisions about types of inventories to buy by considering both accounting and non-accounting information               <ul style="list-style-type: none"> <li><b>accounting information:</b> cost of inventory and storage cost</li> <li><b>non-accounting information</b> (includes only the following):                   <ul style="list-style-type: none"> <li>(i) types of storage</li> <li>(ii) nature of product</li> <li>(iii) customer preference</li> </ul> </li> </ul> </li> </ul> <u>Accounting theories</u>	<u>Inventory management</u> Students should be able to: <ul style="list-style-type: none"> <li>explain why businesses keep inventories;</li> <li>describe how businesses manage inventories; and</li> <li>analyse, evaluate and make decisions about the purchase of inventory by considering accounting and non-accounting information.</li> </ul> <u>Accounting theories</u> Students should be able to: <ul style="list-style-type: none"> <li>explain the valuation of inventory in relation to relevant accounting theories.</li> </ul> <u>Accounting for transactions</u> Students should be able to: <ul style="list-style-type: none"> <li>identify the costs of purchases;</li> <li>calculate the cost of sales and ending inventory;</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
	transactions and any adjustments for inventory in the journal, and financial statements	<ul style="list-style-type: none"> <li>Prudence theory</li> </ul> <u>Accounting for transactions</u> <ul style="list-style-type: none"> <li>Accounting for purchases of inventory, return of inventory, sales of inventory and sales returns for a trading business               <ul style="list-style-type: none"> <li>perpetual inventory recording method <b>(13)</b></li> <li>goods are inventoried at the points of purchases and expensed as cost of sales at the point of sale</li> <li>costs of purchases inventoried include the purchase price and costs to bring in inventory less returns <b>(14)</b></li> </ul> </li> <li>Accounting for cost of sales               <ul style="list-style-type: none"> <li>calculation of cost of sales and ending inventory using the FIFO method <b>(15)</b></li> </ul> </li> </ul> <u>Valuation</u> <ul style="list-style-type: none"> <li>Valuation of ending inventory <b>(16)</b> <ul style="list-style-type: none"> <li>Singapore's Financial Reporting Standards (FRS) 2 states that "inventories shall be measured at the lower of cost and net realisable value"</li> <li>accounting for impairment loss on inventory when the net realisable value of</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>calculate the impairment loss on inventory adjusted for insurance claims, if any;</li> <li>prepare the journal entries on inventory at points of purchases and cost of sales at the point of sale;</li> <li>prepare the journal entry to record impairment loss on inventory;</li> <li>interpret the inventory ledger account <b>with</b> adjustments for impairment loss on inventory and/or insurance claims; and</li> <li>analyse the effects of understatement or overstatement of inventory on gross profit/loss and profit for the period/loss for the <b>current financial period</b>.</li> </ul> <u>Valuation</u> Students should be able to: <ul style="list-style-type: none"> <li>state the valuation method for inventory in the Statement of Financial Position.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<p>inventory is lower than book value of inventory at the end of the financial period</p> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of inventory, cost of sales and impairment loss on inventory in the Statement of Financial Position and Statement of Financial Performance</li> </ul> <p><u>Notes</u></p> <p>(13) <i>Adjustment for differences between ending inventory values derived from perpetual inventory recording method and physical inventory count is <b>not required</b>.</i></p> <p>(14) <i>The FRS 2 states that “the cost of inventories shall comprise all cost of purchases and other costs incurred in bringing the inventories to their present location and condition”. Prepaid expenses or expenses payable on purchase are <b>excluded</b>. In addition, adjustments to costs of purchases that will affect cost of sales and ending inventory are <b>excluded</b>. Adjustment to inventory value <b>includes only</b> impairment loss on inventory.</i></p> <p>(15) <i>Scenarios to <b>exclude</b>:</i></p> <ul style="list-style-type: none"> <li>(i) <i>more than one financial period;</i></li> <li>(ii) <i>beginning inventory comprising more than one batch of goods;</i></li> <li>(iii) <i>a batch of goods with only value or</i></li> </ul>	<p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Position and Statement of Financial Performance showing the values and presentation of ending inventory, cost of sales and impairment loss on inventory.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<p>quantity; and</p> <p>(iv) partial apportionment of any batch of any batch of inventory.</p> <p>(16) Calculating unit cost, deriving inventory value from unit cost and quantity, and recording in stock cards are <b>not</b> required, and goods returned from customers will not lead to return of the same goods to the supplier.</p>	

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<b>2.7.3 Trade receivables</b>			
1) Why do businesses grant credit to customers? 2) How do businesses manage trade receivables? 3) What are the transactions involving trade receivables? 4) How are trade receivables presented in financial statements?	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Trade receivables management</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Accounting and non-accounting information</li> <li>Relevance of information</li> <li>Estimated loss vs actual loss</li> <li>Matching theory</li> <li>Prudence theory</li> <li>Valuation of assets – general provision for allowance for impairment of trade receivables</li> <li>Impairment loss on trade receivables</li> </ul> <p><u>Procedural</u></p>	<p><u>Trade receivables management</u></p> <ul style="list-style-type: none"> <li>Understand why businesses give credit to customers to increase revenue</li> <li>Understand how businesses manage and make decisions about trade receivables through considering the credit worthiness of existing and new customers / trade receivables by considering both accounting and non-accounting information</li> <li>- <b>accounting information:</b> trade receivables balance, credit terms and cash discount, number of days trade receivables are overdue, existing customers' history of repayment</li> <li>- <b>non-accounting information</b> (includes only <b>(17)</b> the following):               <ul style="list-style-type: none"> <li>(i) economic outlook</li> <li>(ii) specific industry outlook</li> <li>(iii) reputation of customer (e.g., socially responsible, history of the business)</li> <li>(iv) customers' history of repayment</li> </ul> </li> </ul> <p><u>Accounting theories</u></p> <ul style="list-style-type: none"> <li>Matching theory</li> </ul>	<p><u>Trade receivables management</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>analyse, evaluate and make decisions about the credit worthiness of existing and new customers / trade receivables by considering both accounting and non-accounting information.</li> </ul> <p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the accounting of impairment loss on trade receivables in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>define trade discount;</li> <li>explain why a trade discount is given;</li> <li>define cash discount;</li> <li>explain why a cash discount is</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
	<ul style="list-style-type: none"> <li>Record transactions related to trade receivables and any adjustments on trade receivables in the journal and financial statements</li> </ul>	<ul style="list-style-type: none"> <li>Prudence theory</li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for transactions affecting trade receivables of a <b>trading business</b>:               <ul style="list-style-type: none"> <li>credit sales and sales returns</li> <li>cash discounts and trade discounts, including their purposes and calculations</li> <li>write-off of full or partial amount of debt</li> <li>receipts in full or partial amount of debt owed</li> </ul> </li> <li>Accounting for transactions affecting trade receivables of a <b>service business</b>:               <ul style="list-style-type: none"> <li>services provided on credit</li> <li>cash discounts and trade discounts, including their purposes and calculations</li> <li>write-off of full or partial amount of debt</li> <li>receipts in full or partial amount of debt owed</li> </ul> </li> </ul> <p><u>Valuation</u></p> <ul style="list-style-type: none"> <li>Valuation of trade receivables <b>(18)</b> <ul style="list-style-type: none"> <li>trade receivables represent the collections to be made in the immediate future</li> </ul> </li> </ul>	<p>given;</p> <ul style="list-style-type: none"> <li>distinguish between trade and cash discounts;</li> <li>calculate the trade discount at the sale of and return of goods;</li> <li>calculate the cash discount;</li> <li>prepare the journal entries to record transactions affecting trade receivables</li> <li>prepare the journal entries on allowance for impairment of trade receivables;</li> <li>interpret the (i) trade receivables; (ii) allowance for impairment of trade receivables; and (iii) impairment loss on trade receivables ledger accounts;</li> <li>analyse the effects of cash discount on profit for the period and trade receivables; and</li> <li>analyse the effects of changes in allowance for impairment of trade receivables and</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<ul style="list-style-type: none"> <li>- allowance for impairment of trade receivables is an estimate of the value of debts that may be uncollectible in the future <b>(19)</b></li> <li>- calculation and accounting of allowance for impairment of trade receivables</li> <li>- a decrease in allowance is treated as a reduction against expenses in the Statement of Financial Performance</li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>• Presentation of trade receivables, allowance for impairment of trade receivables, and impairment loss on trade receivables in the Statement of Financial Position and Statement of Financial Performance</li> </ul> <p><u>Notes</u></p> <p>(17) <i>Information about economic outlook and specific industry outlook are to be explicitly given (students are not expected to read and interpret related graphs, charts or any forms of reports to extract this information)</i></p> <p>(18) <i>Scenarios to <b>include only</b>:</i></p> <ul style="list-style-type: none"> <li>(i) <i>providing allowance for the first time;</i></li> <li>(ii) <i>increase in allowance over prior year; and</i></li> </ul>	<p>impairment loss on trade receivables on the profit/loss for the period and trade receivables.</p> <p><u>Valuation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• state the valuation method for trade receivables in the Statement of Financial Position.</li> </ul> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• prepare an extract of the Statement of Financial Position and Statement of Financial Performance showing the presentation of trade receivables, discount allowed, allowance for impairment of trade receivables and impairment loss on trade receivables.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<p>(iii) decrease in allowance over prior year.</p> <p>(19) Singapore's Financial Reporting Standard 109 on Financial Instruments states that "when making the assessment of credit risk, an entity shall use the change in the risk of a default occurring over the <b>expected life of the financial instrument</b> instead of the change in the amount of expected credit losses". Thus, the general provision for allowance for impairment of trade receivables will be used for this syllabus.</p>	

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<b>2.7.4 Non-current assets</b>			
1) What is the difference between capital and revenue expenditure? 2) What are the transactions involving non-current assets? 3) How are non-current assets presented in financial statements?	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Buying of non-current assets</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Capital vs revenue expenditure</li> <li>Materiality theory</li> <li>Matching theory</li> <li>Consistency theory</li> <li>Prudence theory</li> <li>Valuation of non-current assets – at cost less accumulated depreciation</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record transactions related to non-current assets</li> </ul>	<p><u>Non-current assets management</u></p> <ul style="list-style-type: none"> <li>Understand the types of expenditure that businesses can capitalise</li> </ul> <p><u>Accounting theories</u></p> <ul style="list-style-type: none"> <li>Matching theory</li> <li>Consistency theory</li> <li>Materiality theory</li> <li>Prudence theory</li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for revenue versus capital expenditure               <ul style="list-style-type: none"> <li>the accounting treatment of capital and revenue expenditure, specifically whether expenditure incurred in relation to a non-current asset is to be capitalised as part of the non-current asset's cost or recorded in the Statement of Financial Performance as an expense</li> <li>examples of capital and revenue expenditure</li> <li>expenditure on non-current assets after acquisition can only be capitalised if it increases the capacity and useful life of</li> </ul> </li> </ul>	<p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the application of the materiality theory on the treatment of capital and revenue expenditure;</li> <li>explain the need to charge depreciation in relation to relevant accounting theories; and</li> <li>explain the presentation of net book value in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u> <u>Capital and revenue expenditure</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>define capital and revenue expenditure;</li> <li>distinguish between capital and revenue expenditure;</li> <li>classify accounting transactions as capital and revenue expenditure; and</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
	and any adjustments for non-current assets in the journal and financial statements	<p>the non-current assets and improves their function</p> <ul style="list-style-type: none"> <li>- effects of erroneous classification and treatment of expenditure on financial statements</li> <li>• Accounting for purchase of non-current assets <b>(20)</b> <ul style="list-style-type: none"> <li>- cost of non-current assets comprising purchase prices and the costs of bringing the non-current assets to operating condition</li> </ul> </li> <li>• Accounting for depreciation and accumulated depreciation (depreciation to date) <b>(21)</b> <ul style="list-style-type: none"> <li>- causes of depreciation</li> <li>- methods of depreciation <ul style="list-style-type: none"> <li>(i) straight line</li> <li>(ii) reducing balance</li> </ul> </li> <li>- suitability of depreciation methods for different classes of non-current assets</li> <li>- net book value represents the estimated future economic value of a non-current asset</li> <li>- accumulated depreciation is an</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• analyse the effects of differences in classification and treatment of capital and revenue expenditure on financial statements.</li> </ul> <p><u>Purchase of non-current assets</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• prepare the journal entries on purchases of non-current assets; and</li> <li>• interpret the non-current asset ledger account.</li> </ul> <p><u>Depreciation and accumulated depreciation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• define depreciation and accumulated depreciation;</li> <li>• state the causes of depreciation;</li> <li>• state and distinguish the depreciation methods of (i) straight-line and (ii) reducing-balance methods;</li> <li>• explain the suitability of selected depreciation methods</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<p>approximation of the reduction in economic value of a non-current asset</p> <p><u>Valuation</u></p> <ul style="list-style-type: none"> <li>Valuation of non-current assets <ul style="list-style-type: none"> <li>at cost less accumulated depreciation</li> </ul> </li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of non-current assets at net book value (cost less accumulated depreciation) in the Statement of Financial Position</li> <li>Presentation of depreciation of non-current assets in the Statement of Financial Performance</li> </ul> <p><u>Notes</u></p> <p>(20) Scenario to <b>include only</b> purchases of non-current assets by cash and on credit, and contribution of non-current assets by the owner.</p> <p>(21) Scenarios to <b>include only</b> partial (by whole month) or full year of depreciation in the year of acquisition.</p>	<p>for different types of non-current assets;</p> <ul style="list-style-type: none"> <li>calculate depreciation and accumulated depreciation according to the (i) straight-line and (ii) reducing-balance methods;</li> <li>calculate the rate of depreciation, length of useful life, annual depreciation, accumulated depreciation and net book value or cost of non-current assets;</li> <li>prepare the journal entries on depreciation and accumulated depreciation;</li> <li>analyse the effects of different depreciation methods on profit/loss for the period and net book value of non-current assets; and</li> <li>interpret the (i) depreciation and (ii) accumulated depreciation ledger accounts.</li> </ul> <p><u>Valuation</u></p> <p>Students should be able to:</p>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
			<ul style="list-style-type: none"> <li>state the valuation method for non-current assets in the Statement of Financial Position.</li> </ul> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Position and Statement of Financial Performance showing the presentation of net book value, accumulated depreciation and depreciation.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<p style="text-align: center;"><b>2.8 Liabilities</b></p> <p>This section investigates the liability items in a Statement of Financial Position and the adjustments to be made to these items at the end of a financial period.</p>			
<p style="text-align: center;"><b>2.8.1 Trade payables</b></p>			
<p>1) How do businesses manage trade payables?</p> <p>2) What are the transactions involving trade payables?</p> <p>3) How are trade payables presented in financial statements?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Managing suppliers and purchasing on credit</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Liabilities</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record transactions related to trade payables in the journal, and financial statements</li> </ul>	<p><u>Supplier management</u></p> <ul style="list-style-type: none"> <li>Understand why businesses buy on credit instead of paying cash</li> <li>Understand how businesses manage suppliers and decide which supplier to buy from by considering both accounting and non-accounting information.</li> <li><b>Accounting information:</b> cost of inventory, credit terms and cash discount, cost of supplies, cost of non-current assets, delivery charges, trade discount and cost of services (installation and maintenance)</li> <li><b>Non-accounting information</b> (which includes only the following): <ul style="list-style-type: none"> <li>(i) local or overseas supplier</li> <li>(ii) after-sales service</li> <li>(iii) return policy</li> <li>(iv) online vs brick-and-mortar supplier</li> <li>(v) reputation of supplier (e.g., socially responsible, history of the business)</li> </ul> </li> </ul>	<p><u>Supplier management</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>analyse, evaluate and make decisions about which supplier to buy from by considering both accounting and non-accounting information.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>define trade discount;</li> <li>explain why a trade discount is received;</li> <li>define cash discount;</li> <li>explain why a cash discount is received;</li> <li>distinguish between trade and cash discounts;</li> <li>calculate the trade discount at the purchase and return of</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<p>(vi) warranty</p> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for transactions affecting the credit purchase of goods and services and non-current assets: <ul style="list-style-type: none"> <li>credit purchases of goods and services</li> <li>credit purchases of non-current assets</li> <li>returns of goods</li> <li>cash discounts and trade discounts, including their purposes and calculations</li> <li>full or partial payments</li> <li>freight charges</li> </ul> </li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of trade payables in the Statement of Financial Position</li> </ul>	<p>goods;</p> <ul style="list-style-type: none"> <li>calculate the cash discount at payment;</li> <li>prepare the journal entries to record transactions affecting trade payables;</li> <li>interpret a trade payable ledger account; and</li> <li>analyse the effects of cash discount on profit/loss for the period and trade payables.</li> </ul> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Performance showing the presentation of discount received; and</li> <li>prepare an extract of the Statement of Financial Position showing the presentation of trade payables.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<b>2.8.2 Long-term borrowings</b>			
1) What are the transactions for long-term borrowings? 2) How are long-term borrowings presented in financial statements?	<u>Contextual</u> <ul style="list-style-type: none"> <li>Obtaining loans for business use</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>Current vs non-current liabilities</li> <li>Matching theory</li> <li>Accrual basis of accounting</li> </ul> <u>Procedural</u> <ul style="list-style-type: none"> <li>Record transactions related to loans and loan interests in the journal and financial statements</li> </ul>	<u>Long-term borrowings management</u> <ul style="list-style-type: none"> <li>Understand why businesses obtain loans to finance their business operations</li> </ul> <u>Accounting theories</u> <ul style="list-style-type: none"> <li>Matching theory</li> <li>Accrual basis of accounting</li> </ul> <u>Accounting for transactions</u> <ul style="list-style-type: none"> <li>Accounting for new loan and loan repayment <b>(22)</b></li> <li>Reclassify portion of long-term borrowings within the next financial year as current liability</li> <li>Accounting for interest expense and interest expense payable <b>(23)</b></li> </ul> <u>Presentation</u> <ul style="list-style-type: none"> <li>Presentation of long-term borrowings, interest expense and interest payable in the Statement of Financial Performance and Statement of Financial Position</li> </ul> <u>Notes</u>	<u>Accounting theories</u> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the accounting of long-term borrowings interest expense in relation to relevant accounting theories.</li> </ul> <u>Accounting for transactions</u> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>distinguish between bank loan and bank overdraft;</li> <li>prepare the journal entries on new loans, loan repayment, interest expense and interest expense payable;</li> <li>interpret the long-term borrowings ledger account; and</li> <li>interpret the interest expense ledger accounts with adjustment for interest expense payable.</li> </ul> <u>Presentation</u>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<p><i>(22) The financial year end for scenarios that include the taking up of long- term borrowing will always end on 31 December. The obtaining of loans, repayment of loans and interest paid can take place at any time during the financial year. Loans are assumed to be repaid in equal instalments over the loan tenure. This syllabus does not include loans borrowed on a short-term basis. <b>Excludes</b> the calculation of interest expense.</i></p>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• prepare an extract of the Statement of Financial Position and Statement of Financial Performance showing the presentation of loans, interest payable and interest expense.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<p style="text-align: center;"><b>2.9 Equities</b></p> <p>This section looks into the equity items of a sole proprietorship in a Statement of Financial Position, and the adjustments to be made to these items at the end of a financial period.</p>			
<p style="text-align: center;"><b>2.9.1 Capital</b></p>			
<p>1) How is the sole proprietor's interest in the business presented in financial statements?</p>	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Sole proprietorship</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Amounts reported are as at a point in time</li> <li>Accounting entity theory</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record transactions related to the sole proprietor's interest in the journal, and financial statements</li> </ul>	<p><u>Accounting theories</u></p> <ul style="list-style-type: none"> <li>Accounting entity theory</li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Accounting for transactions affecting the sole proprietor's interest (owner's equity) <b>(24)</b></li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of capital in the Statement of Financial Position</li> </ul> <p><b><u>Note</u></b> (24) Scenarios to <b>include only</b> contribution of capital in cash or in kind.</p>	<p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the accounting of capital in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare the journal entries on capital contributed;</li> <li>interpret the capital ledger account; and</li> <li>analyse the changes in the owner's equity to identify the reasons for the changes.</li> </ul> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Position showing the presentation of the sole proprietor's interest in</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
			the business.
<b>2.9.2 Drawings</b>			
1) How do businesses record withdrawals by sole proprietors?	<p><u>Contextual</u></p> <ul style="list-style-type: none"> <li>Owner withdraws assets from business for own use</li> </ul> <p><u>Conceptual</u></p> <ul style="list-style-type: none"> <li>Amounts reported are as at a point in time</li> <li>Accounting entity theory</li> </ul> <p><u>Procedural</u></p> <ul style="list-style-type: none"> <li>Record transactions related to drawings in the journal, ledger accounts and financial statements</li> </ul>	<p><u>Accounting theories</u></p> <ul style="list-style-type: none"> <li>Accounting entity theory</li> </ul> <p><u>Accounting for transactions</u></p> <ul style="list-style-type: none"> <li>Drawings in cash or in kind would reduce the sole proprietor's equity in the Statement of Financial Position</li> <li>Closing of the drawings ledger account to the capital ledger account at the end of the financial year</li> </ul> <p><u>Presentation</u></p> <ul style="list-style-type: none"> <li>Presentation of drawings in the capital account</li> </ul>	<p><u>Accounting theories</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>explain the accounting of drawings in relation to relevant accounting theories.</li> </ul> <p><u>Accounting for transactions</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>define drawings;</li> <li>prepare the journal entries related to drawings and the transfer of drawings to the capital account;</li> <li>interpret the drawings ledger account; and</li> <li>analyse the impact of drawings on the sole proprietor's equity.</li> </ul> <p><u>Presentation</u></p> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Position showing the presentation of</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
			capital less drawings as a single line item.
<b>2.9.3 Transfer of profit/loss for the year</b>			
1) How do sole proprietors record the transfer of profit for the period to the capital account?	<u>Contextual</u> <ul style="list-style-type: none"> <li>Transfer of profits</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>Amounts reported as at a point in time</li> </ul> <u>Procedural</u> <ul style="list-style-type: none"> <li>Record transfer of profit in the journal and financial statements</li> </ul>	<u>Accounting for transactions</u> <ul style="list-style-type: none"> <li>Sole proprietorship <ul style="list-style-type: none"> <li>profit/loss for the period is added to / deducted from the capital</li> <li>transfer of profit/loss for the year to the sole proprietor's capital ledger account at the end of the financial year</li> </ul> </li> </ul> <u>Presentation</u> <ul style="list-style-type: none"> <li>Presentation of the sole proprietor's capital account (after adding or deducting profit or loss for the period) in the statement of Financial Position</li> </ul>	<u>Accounting for transactions</u> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare the journal entries on the transfer of profit/loss for the year to the sole proprietor's capital account; and</li> <li>analyse the impact of profit/loss on the owner's equity.</li> </ul> <u>Presentation</u> <p>Students should be able to:</p> <ul style="list-style-type: none"> <li>prepare an extract of the Statement of Financial Position showing the presentation of capital after adjusting for drawings and profit/loss for the year as a single line item</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<b>2.10 Correction of errors</b>			
1) How do errors occur? 2) How do errors affect the accounts?	<u>Conceptual</u> <ul style="list-style-type: none"> <li>Double entry</li> </ul>	<ul style="list-style-type: none"> <li>Correction of errors not revealed by the Trial Balance</li> <li>Adjusted Trial Balance after correction of errors <b>(25)</b></li> </ul> <p><b>Note</b>  <i>(25) This <b>includes only</b> one financial period; errors revealed by a Trial Balance are <b>not</b> required.</i></p>	Students should be able to: <ul style="list-style-type: none"> <li>explain how errors not revealed by a Trial Balance happen;</li> <li>prepare the journal entries to correct errors;</li> <li>analyse the effects of errors on profit/loss for the period and on items in the Statement of Financial Position;</li> <li>analyse the effects of correction of errors on profit/loss for the period and in items on the Statement of Financial Position; and</li> <li>prepare an adjusted Trial Balance after correction of errors.</li> </ul>

### Key Understanding 3: Accounting is an information system to measure business activities

The accounting information system measures business activities by identifying, recording, analysing and reporting accounting information.

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<b>3.1 Accounting theories</b>			
1) What are the accounting theories? 2) How do they affect the preparation and presentation of accounting information?	<u>Conceptual</u> <ul style="list-style-type: none"> <li>Accounting theories</li> </ul>	<ul style="list-style-type: none"> <li>Accounting theories and their implications for the preparation and presentation of Statement of Financial Position and Statement of Financial Performance</li> <li>The accounting theories are:               <ul style="list-style-type: none"> <li>(i) accounting entity</li> <li>(ii) going concern</li> <li>(iii) monetary</li> <li>(iv) accounting period</li> <li>(v) accrual basis of accounting</li> <li>(vi) objectivity</li> <li>(vii) historical cost</li> <li>(viii) consistency</li> <li>(ix) materiality</li> <li>(x) prudence</li> <li>(xi) revenue recognition</li> <li>(xii) matching</li> </ul> </li> <li>The accounting theories applicable to the financial elements are mainly laid out in Key</li> </ul>	Students should be able to: <ul style="list-style-type: none"> <li>define each accounting theory;</li> <li>identify the accounting theory applied in a given scenario; and</li> <li>explain how each accounting theory affects the preparation and presentation of financial statements.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		Understanding 2	
<b>3.2 Accounting information system and accounting cycle</b>			
1) What is the accounting cycle? 2) What is the accounting information system? 3) How are businesses and accounting transactions processed? 4) Why are source documents important? 5) What are the types of source documents? 6) What are journal and ledgers? 7) What is recorded in the journal and ledgers? 8) What is a Trial Balance? 9) Why is the Trial	<u>Contextual</u> <ul style="list-style-type: none"> <li>• Business transactions</li> <li>• Impact of technology on accounting</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>• Accounting information system</li> <li>• Relevant accounting theories</li> </ul>	<ul style="list-style-type: none"> <li>• The accounting cycle is the processing of accounting transactions through the accounting information system. The stages of accounting cycle are:               <ul style="list-style-type: none"> <li>(i) identifying and recording</li> <li>(ii) adjusting</li> <li>(iii) reporting</li> <li>(iv) closing</li> </ul> </li> <li>• The closing of accounts is only done at the end of a financial year</li> <li>• A computerised accounting information system generally comprises the following:               <ul style="list-style-type: none"> <li>(i) source documents</li> <li>(ii) journal</li> <li>(iii) ledgers</li> <li>(iv) Trial Balance</li> <li>(v) Statement of Financial Performance</li> <li>(vi) Statement of Financial Position</li> </ul> </li> </ul> <u>Source documents</u> <ul style="list-style-type: none"> <li>• Purposes of source documents</li> <li>• Issue and receipt of documents in relation to seller/provider and buyer/consumer of</li> </ul>	Students should be able to: <ul style="list-style-type: none"> <li>• state the order in which each type of transaction is processed through the accounting information system;</li> <li>• explain how each type of transaction is processed through the accounting information system;</li> <li>• state the purposes of source documents;</li> <li>• state the purpose of each type of source document;</li> <li>• state the source documents used in the transaction;</li> <li>• explain the purpose of the Trial Balance;</li> <li>• explain the limitations of the Trial Balance; and</li> <li>• prepare a Trial Balance.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
Balance not an absolute proof of accuracy?		<p>goods/services <b>(26)</b></p> <ul style="list-style-type: none"> <li>Types of transactions and their source documents: <ul style="list-style-type: none"> <li>cash purchases and sales: receipts</li> <li>credit purchases and sales: invoices</li> <li>receipt of money: remittance advice (credit customer), receipt, bank statement</li> <li>payment of money: payment voucher, receipt, bank statement</li> <li>overcharges and returns of inventory: credit notes</li> <li>undercharges: debit notes</li> </ul> </li> </ul> <p><u>Journal</u></p> <ul style="list-style-type: none"> <li>Representation of transactions in the journal</li> </ul> <p><u>Ledger account</u></p> <ul style="list-style-type: none"> <li>Representation of transactions in ledger accounts</li> </ul> <p><u>Trial Balance</u></p> <ul style="list-style-type: none"> <li>Format of a Trial Balance</li> <li>Facilitates the preparation of financial statements and can also be used as a check on arithmetic accuracy</li> </ul>	

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<ul style="list-style-type: none"> <li>• Limitation as an absolute proof of accuracy</li> </ul> <p><b><u>Note</u></b></p> <p>(26) <b><i>Excludes</i></b> details about the content of source documents.</p>	

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<b>3.3 Understanding the double-entry recording system</b>			
1) How are business activities recorded in the accounting information system?	<u>Conceptual</u> <ul style="list-style-type: none"> <li>Double-entry recording system</li> </ul> <u>Procedural</u> <ul style="list-style-type: none"> <li>Record transactions in the journal</li> </ul>	<u>Method of recording</u> <ul style="list-style-type: none"> <li>Double-entry recording method and rules</li> </ul> <u>Journal entries</u> <ul style="list-style-type: none"> <li>Preparation of journal entries</li> </ul> <u>Ledger accounts</u> <ul style="list-style-type: none"> <li>Analysing the effects of transactions on ledger balances</li> <li>Understanding that the beginning and ending ledger balances represent the cumulative values to date</li> <li>Closing of all income and expenses to an income summary account (an intermediate account during closing phase), which is then closed to the capital account (for sole proprietorships) <b>(27)</b></li> <li>Closing of the drawings account to the capital account for sole proprietorships <b>(27)</b></li> </ul> <u>Notes</u> <p><i>(27) Closing of income and expenses accounts and drawings will only be done at the end of the financial year.</i></p>	<ul style="list-style-type: none"> <li>state the ledger accounts to be debited and credited;</li> <li>prepare the journal entries;</li> <li>calculate ending balances for ledger accounts; and</li> <li>interpret the transactions recorded and the balances in the ledger accounts.</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
<b>3.4 Internal controls</b>			
1) What are internal controls? 2) Why are internal controls important? 3) What are the internal controls over cash?	<u>Contextual</u> <ul style="list-style-type: none"> <li>How businesses manage cash</li> <li>Safeguarding cash</li> </ul> <u>Conceptual</u> <ul style="list-style-type: none"> <li>Internal controls and internal controls over cash</li> </ul> <u>Procedural</u> <ul style="list-style-type: none"> <li>Preparation of bank reconciliation statement</li> </ul>	<ul style="list-style-type: none"> <li>Purpose of internal controls               <ul style="list-style-type: none"> <li>safeguard assets of the business</li> <li>ensure business transactions are recorded accurately</li> <li>comply with laws and regulations</li> </ul> </li> <li>Internal controls to safeguard cash by having controls over:               <ul style="list-style-type: none"> <li>cash in hand</li> <li>cash at bank</li> <li>cash in transit</li> <li>cash receipts</li> <li>cash payments</li> </ul> </li> <li>Internal controls over cash               <ul style="list-style-type: none"> <li>segregation of duties</li> <li>custody of cash</li> <li>authorisation</li> <li>bank reconciliation</li> </ul> </li> <li>Purpose of preparing bank reconciliation: to check the cash at bank balance of the business against the bank's record as shown on the bank statement</li> </ul>	Students should be able to: <ul style="list-style-type: none"> <li>explain the purpose of internal controls;</li> <li>explain the ways of internal controls over cash in hand, cash at bank, cash in transit, cash receipts and cash payments;</li> <li>explain the purpose of preparing a bank reconciliation;</li> <li>identify the differences between the business cash at bank balance and the balance in the bank statement;</li> <li>explain the causes of differences between the business cash at bank balance and the balance in the bank statement;</li> <li>calculate the updated cash at bank amount;</li> <li>prepare the bank reconciliation statement; and</li> <li>analyse the effects of adjusting</li> </ul>

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<ul style="list-style-type: none"> <li>Reconciliation of differences between the business cash at bank balance and the balance in the bank statement <b>(28)</b></li> <li>Differences are due to the timing of the transactions recorded by the business and the bank, and errors in recording</li> <li>Types of differences <b>(29)</b>: <ul style="list-style-type: none"> <li>(i) direct deposits</li> <li>(ii) direct payments</li> <li>(iii) payments in transit</li> <li>(iv) deposits in transit</li> <li>(v) errors made by the business or the bank</li> </ul> </li> <li>Format of a bank reconciliation statement</li> </ul> <p><b><u>Notes</u></b></p> <p><b>(28) Includes only</b> the following scenarios:</p> <ul style="list-style-type: none"> <li>(i) same opening balance between cash at bank and bank statement;</li> <li>(ii) different opening balance between cash at bank and bank statement, and the difference is limited to only one transaction;</li> <li>(iii) opening balance in cash at bank and bank statement can be either a positive balance or a bank overdraft</li> <li>(iv) ending balance in cash at bank and bank statement can either be a positive balance or a bank overdraft;</li> </ul>	for the differences between the cash at bank balance and the balance in the bank statement on cash at bank and profit for the period.

Guiding Questions	Knowledge	Content (G2)	Learning Outcomes
		<p><i>and</i></p> <p><i>(v) bank reconciliation must be performed by comparing cash at bank ledger account and a bank statement.</i></p> <p><i>(29) Understanding how electronic bank transactions (e.g., credit transfer, standing order) are recorded in the accounts of the business is required but descriptions of their processing are not required.</i></p>	

# SECTION 3: PEDAGOGY

- Pedagogical Practices
  - Nature of Accounting Knowledge
- Strategies for Principles of Accounts

### 3. PEDAGOGY

#### Pedagogical Practices

The aim of the Principles of Accounts syllabuses is to develop in students the knowledge and skills to prepare, communicate and use both accounting information and non-accounting information to make decisions.

To nurture in students the desired qualities and dispositions of a Principles of Accounts learner, it is crucial to recognise that *how* they learn is as important as *what* they learn. The Singapore Curriculum Philosophy (SCP) espouses our beliefs about teaching, learning and assessment to effectively facilitate student learning. Teachers should actively draw reference from the SCP and the subjects' Knowledge Bases (KB) related to the teaching and learning of accounting and translate them into a meaningful application of the Pedagogical Practices (PP) as spelt out in the Singapore Teaching Practice (STP).

The STP explicates a set of PP that is connected to four fundamental teaching processes and the twenty-four Teaching Areas (TAs) presented in Figure 3 below:

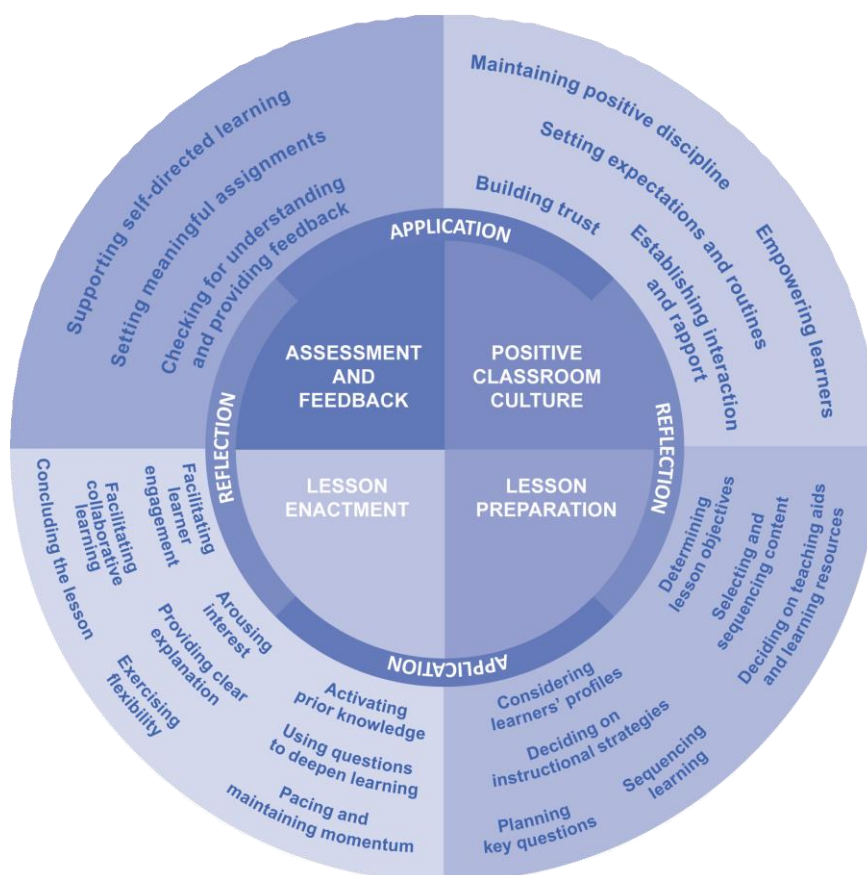


Figure 3: Pedagogical Practices

## Nature of Accounting Knowledge

A common misconception is that accounting is all about mastering the procedures in preparing accounts. In fact, accounting knowledge comprises three layers: contextual, conceptual and procedural. Accounting represents business activities in numerical form. By themselves, accounting numbers have no meaning; the numbers are only meaningful when interpreted in the context of the business. As business activities are immense and multifarious, they need a systematic procedure of organising and recording accounting numbers. The accounting constructs used to represent and measure business activities form the bedrock of how accounting numbers are to be understood, conceptualised and interpreted.

Table 8 explains the three layers of accounting knowledge and suggests associated instructional approaches. Owing to the nature of accounting knowledge, a repertoire of strategies is deployed in the accounting classroom.

**Table 8:** Summary of accounting knowledge and suggested instructional approaches

Types of Accounting Knowledge	Suggested Instructional Approaches
<b>Contextual Knowledge</b> <ul style="list-style-type: none"> <li>• Environment that accounting functions in</li> <li>• Business objectives and activities</li> <li>• The larger business environment</li> </ul>	<b>Broad Objective</b> <ul style="list-style-type: none"> <li>• Connecting what students learn in class with the real business world</li> </ul> <b>Approaches</b> <ul style="list-style-type: none"> <li>• Relating to students' prior experiences by framing and evoking their encounters with businesses</li> <li>• Developing relevant business knowledge by using authentic materials and through direct or indirect exposure to real businesses</li> </ul>
<b>Conceptual Knowledge</b> <ul style="list-style-type: none"> <li>• How theories and concepts are organised to represent and think about business economic activities</li> <li>• How business economic activities are perceived</li> </ul>	<b>Broad Objectives</b> <ul style="list-style-type: none"> <li>• Appreciating the way of representing and organising accounting knowledge</li> <li>• Making meanings and connections</li> <li>• Organising and modelling thinking</li> </ul> <b>Approaches</b> <ul style="list-style-type: none"> <li>• Using teaching models that focus on exposition, inquiry, self-discovery, etc.</li> <li>• Explicating how experts think through and solve problems</li> <li>• Monitoring how students form</li> </ul>

	understanding
<b>Procedural Knowledge</b> <ul style="list-style-type: none"> <li>Accounting conventions and terminologies</li> <li>Double-entry rule</li> </ul>	<b>Broad Objectives</b> <ul style="list-style-type: none"> <li>Attaining an acceptable level of proficiency in thinking and executing the double-entry method of recording</li> <li>Attaining an acceptable level of thinking through how information flows through the accounting information system</li> </ul> <b>Approaches</b> <ul style="list-style-type: none"> <li>Understanding the procedures to read and interpret ledger accounts and financial statements</li> <li>Mastery of learning through modelling, stepped demonstrations of the procedures and adequate guided and independent practices. Learning should be carefully designed from simple to complex concepts, and should integrate previously taught procedures and principles.</li> </ul>

## Strategies for Teaching and Learning of Principles of Accounts

Learning takes place individually and collaboratively, as students construct and co-construct meaning from knowledge and experiences. To provide students with a richer scope for acquiring decision-making skills, scenarios (mini-case studies) can be used in teaching and learning Principles of Accounts. The use of scenarios will complement and enrich the strategies of questioning, processing, connecting and reflecting for teaching decision-making in class.

### Questioning, Processing, Connecting and Reflecting

According to Smith and Ragan (2005), teachers and students have specific roles to play, and they should work together to promote teaching and learning. Every instruction and activity that the teacher provides and initiates should be intentional and purposeful. Students are not only receiving instruction passively; they are also actively working on the learning materials and linking them to prior learning. They are actively creating their knowledge and owning it. The teacher's role is to facilitate and support students' learning.

Adapted from Francis, Mulder and Stark (1995), the strategies of questioning, processing, connecting and reflecting are needed to bring about purposeful and engaged learning in class. Table 9 outlines these strategies.

**Table 9:** Summary of strategies in class

Strategy	Purpose	Student's Role	Teacher's Role
Questioning	<ul style="list-style-type: none"><li>• Arouse interest</li><li>• Provide focus for learning</li><li>• Prepare for learning</li><li>• Probe and develop deep understanding</li></ul>	<ul style="list-style-type: none"><li>• Initiate active questioning</li></ul>	<ul style="list-style-type: none"><li>• Encourage questioning</li><li>• Guide the discussion</li></ul>
Processing	<ul style="list-style-type: none"><li>• Process and practise</li><li>• Apply and demonstrate learning</li></ul>	<ul style="list-style-type: none"><li>• Accomplish learning outcomes</li></ul>	<ul style="list-style-type: none"><li>• Demonstrate and guide</li><li>• Create opportunities for students to deepen and demonstrate learning</li><li>• Provide feedback</li></ul>

Connecting	<ul style="list-style-type: none"> <li>• Gain deeper understanding</li> <li>• See relevance of learning in authentic contexts</li> </ul>	<ul style="list-style-type: none"> <li>• Extract meaningful patterns</li> <li>• Discern purposes</li> <li>• Detect key conceptual threads</li> <li>• Relate learning to real world</li> </ul>	<ul style="list-style-type: none"> <li>• Evoke, uncover and guide students to draw connections</li> </ul>
Reflecting	<ul style="list-style-type: none"> <li>• Initiate self-directed learning</li> </ul>	<ul style="list-style-type: none"> <li>• Be conscious of thinking processes</li> <li>• Review and reflect on learning</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage, lead and guide</li> </ul>

## Questioning

Questioning is a universal teaching strategy. It is used to arouse students' interest, focus their learning, prepare them to acquire new concepts, and help them probe and develop a deeper understanding. Questioning assumes that teachers are interested in what students know and how they think, and that students are interested in what others know and how they think. Good questions help develop students' thinking and correct their misconceptions.

## Processing

Students need to process, practise and apply their learning to different contexts to gain a deeper understanding and develop competency. Processing is not about rote learning or memorising procedures. Through demonstration and modelling, the emphasis is on making clear the thinking behind the procedures – the whys and why nots – not completing the procedures themselves. During the process, feedback is provided.

## Connecting

Connecting entails relating to students' prior life experiences, or providing the necessary life experiences, to help students create personal meaning in what they are learning. In addition to achieving cognitive clarity and developing a schema of learning, connecting also involves relating learning to the real world so that learning is seen as part and parcel of living, or preparing for life and work.

## Reflecting

Students who are reflective become conscious of their thinking and are better able to direct their

efforts towards purposeful learning. Reflection promotes integration of learning. Students should be offered opportunities to discuss and defend what they have learned so that they can reflect on their mental models, discover their misconceptions and correct them. Engaging in such mental activities will increase cognitive flexibility and improve retention of information.

## Using Scenarios in Teaching

Students gain a deeper understanding through working on a case study than reading a book or listening to lectures passively. Case studies were first introduced at business schools and their use has an established history.

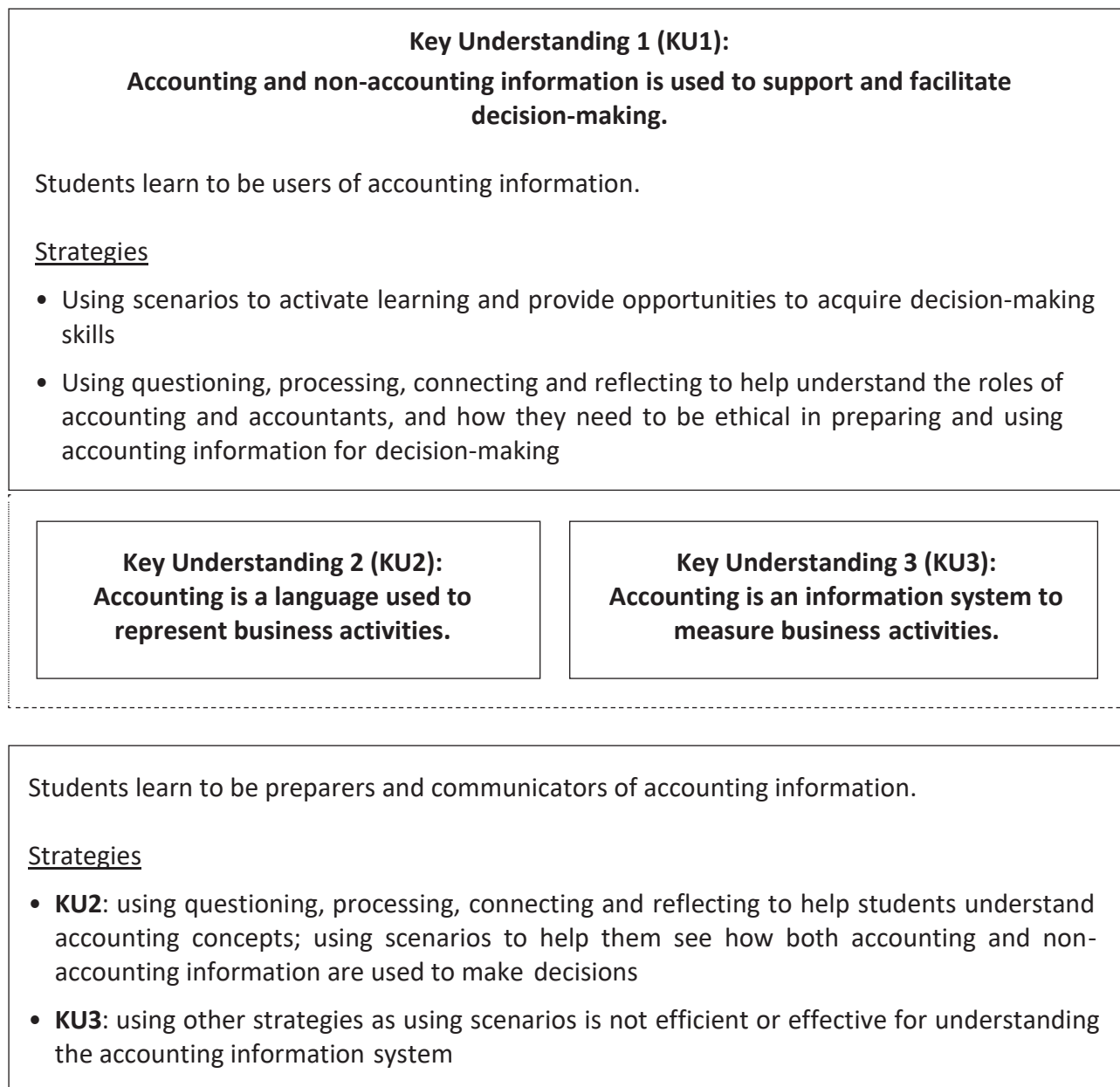
A case is a story with a hidden message centred on making a decision or solving a problem. It is a story about a situation that an individual or a group must resolve. It usually involves one of the following types of situations: a problem, a decision, an evaluation, or rules to be analysed and applied.

Cases could range from short and simple ones, such as news clips or news articles, to long and complex ones, such as those centred on a single business. They could be based on real-world events or fictitious but realistic situations. There is no limit to how case studies are to be used; they can be creatively adapted for teaching and learning in a variety of ways.

For the purposes of Principles of Accounts at the G2 and G3 levels, scenarios (mini-case studies) can be used to provide context and scope for students to acquire decision-making skills. These scenarios could be real or fictitious, and involve situations where students are expected to gather information, exercise reasoning, evaluate choices and justify their decisions. Using such scenarios in teaching would help develop students' inquiry and decision-making skills.

## Recommended Strategies for Each Key Understanding

Pedagogical knowledge is closely related to content knowledge for creating an effective and engaging learning environment. Figure 4 summarises how the suggested strategies could be used to deliver content knowledge in Principles of Accounts.



**Figure 4:** Suggested strategies to deliver content knowledge in Principles of Accounts

## References

Francis, M. C., Mulder, T. C., & Stark, J. S. (1995). *Intentional learning: A process for learning to learn in the accounting curriculum*. Accounting Education Change Commission and American Accounting Association.

Smith, G. (1987). The use and effectiveness of the case study method in management education – A Critical Review. *Management Learning*, 18(1), 51–61.

Smith, P. L., & Ragan, T. J. (2005). *Instructional design* (3rd ed.). John Wiley & Sons.

Weil, S., Oyelere, P., Yeoh, J., & Firer, C. (2001). A study of students' perceptions of the usefulness of case studies for the development of finance and accounting-related skills and knowledge. *Accounting Education*, 10(2), 123–146.

# SECTION 4: ASSESSMENT

- Purpose
  - Assessment Objectives
- Assessment Specification Grid
  - Scheme of Assessment

## 4. ASSESSMENT

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### Purpose

Assessment is the process of gathering and analysing evidence about students' learning and development for making appropriate instructional decisions and enhancing learning. Assessment plays an integral role in teaching and learning Principles of Accounts. This belief coheres with the SCP, which envisions that learning flourishes when assessment is used to address students' learning gaps and helps students become self-directed learners. It is thus essential for assessment to have a clear purpose: to facilitate meaningful learning and support students in developing 21st century competencies.

Formative assessment, or assessment for learning, takes place during teaching and aims to help students improve their learning. It provides teachers with information on their students' progress and valuable feedback on the effectiveness of their lessons. Using this information, teachers scaffold lessons to ensure progression in their students' learning. Assessment for learning can also help students develop positive habits of, and skills related to, reflection and self-directed learning through peer and self-assessment.

Summative assessment, or assessment of learning, takes place at the end of a unit or term for the purpose of giving information on students' mastery of knowledge and skills, assigning grades, or certifying student proficiency. It plays a critical role in assessing students' knowledge and understanding of the subject. It yields information on mastery and attainment and provides a means to determine the ability of students to progress to the next level.

### Assessment Objectives

#### **AO1: Knowledge and Comprehension**

Identify and comprehend accounting knowledge appropriate to the syllabus.

#### **AO2: Application**

Select and apply accounting knowledge to various accounting situations.

#### **AO3: Analysis and Synthesis**

Analyse, interpret, organise and synthesise accounting information.

#### **AO4: Evaluation**

Interpret and evaluate accounting information to make judgements and recommendations.

## Assessment Specification Grid

The following assessment objective weightings give an indication of their relative importance. They are not intended to provide a precise allocation of marks to each assessment objective.

**Table 10:** Assessment Specification Grid

G3-level	AO 1	AO2	AO3	AO4	Total
Paper 1	15%	10%	10%	5%	40%
Paper 2	10%	15%	20%	15%	60%
Total	25%	25%	30%	20%	100%

G2-level	AO 1	AO2	AO3	AO4	Total
Paper 1	20%	15%	5%	0%	40%
Paper 2	10%	25%	20%	5%	60%
Total	30%	40%	25%	5%	100%

## Scheme of Assessment

There are two compulsory papers.

**Table 11:** Scheme of Assessment for G3-level

G3-level	Details	Weighting	Duration
Paper 1	Answer three to four compulsory structured questions (40 marks)	40%	1 hour
Paper 2	<p>Answer four compulsory structured questions. (60 marks)</p> <p>(i) One question requires the preparation of financial statements for a business for one financial year (20 marks)</p> <p>(ii) A scenario-based question (7 marks) will be part of one of the three remaining questions</p>	60%	2 hours

**Table 12:** Scheme of Assessment for G2-level

G2-level	Details	Weighting	Duration
Paper 1	Answer three to four compulsory structured questions (40 marks)	40%	1 hour
Paper 2	<p>Answer four compulsory structured questions (60 marks)</p> <p>(i) One question requires the preparation of financial statements for a business for one financial year (20 marks)</p> <p>(ii) A scenario-based question (5 marks) will be part of one of the three remaining questions</p>	60%	2 hours

### Scenario-based Question

The scenario-based question requires students to decide between two possible choices in the context of a fictitious business. Each scenario will include both accounting and non-accounting information that students are expected to use to support their decision.

## LIST OF FORMULAE

### Profitability Ratios

$$(i) \text{ Gross profit margin (\%)} = \frac{\text{Gross profit}}{\text{Net sales revenue}} \times 100$$

$$(ii) \text{ Mark-up on cost (\%)} = \frac{\text{Gross profit}}{\text{Cost of sales}} \times 100$$

$$(iii) \text{ Profit margin (\%)} = \frac{\text{Profit for the period}}{\text{Net sales revenue}} \times 100$$

$$(iv) \text{ Return on equity (\%)} = \frac{\text{Profit for the period}}{\text{Average equity}} \times 100$$

where Average equity = (Total equity at the beginning of the financial period + Total equity at the end of the financial period) / 2

For a sole proprietor, total equity is the owner's equity, which comprises the capital amount after profit/loss and drawings.

For a private limited company, total equity is the shareholders' equity, which comprises share capital and retained earnings.

### Liquidity Ratios

$$(i) \text{ Working capital} = \text{Total current assets} - \text{Total current liabilities}$$

$$(ii) \text{ Current ratio} = \frac{\text{Total current assets}}{\text{Total current liabilities}}$$

$$(iii) \text{ Quick ratio} = \frac{\text{Total current assets} - \text{inventory} - \text{prepayments}}{\text{Total current liabilities}}$$

## Efficiency Ratios

$$(i) \text{ Rate of inventory turnover (times)} = \frac{\text{Cost of sales}}{\text{Average inventory}}$$

where Average inventory = (Inventory at the beginning of the financial period + Inventory at the end of the financial period) / 2

$$(ii) \text{ Days sales in inventory (days)} = \frac{\text{Average inventory}}{\text{Cost of sales}} \times 365$$

$$(iii) \text{ Trade receivables collection period (days)} = \frac{\text{Average net trade receivables}}{\text{Net credit sales / service fee revenue}} \times 365$$

where Average net trade receivables = (Net trade receivables at the beginning of the financial period + Net trade receivables at the end of the financial period) / 2

$$(iv) \text{ Rate of trade receivables turnover (times)} = \frac{\text{Net credit sales / service fee revenue}}{\text{Average net trade receivables}}$$

## Others

$$(i) \text{ Rate of depreciation for straight-line method (\%)} = \frac{\text{Yearly depreciation}}{\text{Original cost - Scrap value}} \times 100$$

$$(ii) \text{ Owner's Equity} = \text{Total assets} - \text{Total liabilities}$$

$$(iii) \text{ Net sales revenue (for trading business)} = \text{Sales revenue} - \text{Sales returns}$$

$$(iv) \text{ Cost of purchases} = \text{Purchase price} - \text{Returns} + \text{Expenses on purchases}$$

# FORMATS OF FINANCIAL STATEMENTS

## 1 Statement of Financial Performance

### (A) Trading business

Name of Business		
Statement of Financial Performance for the year ended...		
	\$	\$
Sales revenue	XXXX	
less: Sales returns	<u>XXXX</u>	
Net sales revenue		XXXX
less: Cost of sales		<u>XXXX</u>
Gross profit		XXXX
Other income		
Commission income	XXXX	
Discount received	XXXX	
Gain on sale of non-current assets <sup>1</sup>	XXXX	
Rent income	<u>XXXX</u>	XXXX
less: Other expenses <sup>3</sup>		
Impairment loss on trade receivables	XXXX	
Depreciation of fixtures and fittings <sup>2</sup>	XXXX	
Depreciation of office equipment <sup>2</sup>	XXXX	
Depreciation of motor vehicles <sup>2</sup>	XXXX	
Interest	XXXX	
Insurance	XXXX	
Loss on sale of non-current assets <sup>1</sup>	XXXX	
Motor vehicle expenses	XXXX	
Office expenses	XXXX	
Rent and rates	XXXX	
Wages and salaries	<u>XXXX</u>	<u>XXXX</u>
Profit for the year		<u>XXXX</u>

<sup>1</sup> Either one of these items will appear if only one asset was sold during the year.

<sup>2</sup> The depreciation amounts may be aggregated and presented as one figure.

<sup>3</sup> It is not required to classify expenses by function.

\* The above statement does not show all the income and expense items covered in this syllabus.

**(B) Service Business**

Name of Business		
Statement of Financial Performance for the year ended...		
	\$	\$
Service fee revenue		XXXX
Other income		
Commission income	XXXX	
Discount received	XXXX	
Gain on sale of non-current assets <sup>1</sup>	XXXX	
Rent income	<u>XXXX</u>	XXXX
less: Other expenses <sup>3</sup>		
Impairment loss on trade receivables	XXXX	
Depreciation of fixtures and fittings <sup>2</sup>	XXXX	
Depreciation of office equipment <sup>2</sup>	XXXX	
Depreciation of motor vehicles <sup>2</sup>	XXXX	
Interest	XXXX	
Insurance	XXXX	
Loss on sale of non-current assets <sup>1</sup>	XXXX	
Motor vehicle expenses	XXXX	
Office expenses	XXXX	
Rent and rates	XXXX	
Wages and salaries	<u>XXXX</u>	<u>XXXX</u>
Profit for the year		<u>XXXX</u>

1 Either one of these items will appear if only one asset was sold during the year.

2 The depreciation amounts may be aggregated and presented as one figure.

3 It is not required to classify expenses by function.

\* The above statement does not show all the income and expense items covered in this syllabus.

## 2 Statement of Financial Position

### (A) Sole Proprietorship

Name of Business Statement of Financial Position as at...			
	\$	\$	\$
<b>Assets</b>			
<u>Non-current assets</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Property	xxxx	xxxx	xxxx
Fixtures and fittings	xxxx	xxxx	xxxx
Office equipment	xxxx	xxxx	xxxx
Motor vehicles	<u>xxxx</u>	<u>xxxx</u>	<u>xxxx</u>
			xxxx
<u>Current assets</u>			
Inventory		xxxx	
Trade receivables	xxxx		
less: Allowance for impairment of trade receivables	<u>xxxx</u>	xxxx	
Other receivables / prepaid expenses / income receivable		xxxx	
Cash at bank		xxxx	
Cash in hand		<u>xxxx</u>	<u>xxxx</u>
Total assets			<u>xxxx</u>
<b>Equity and Liabilities</b>			
<u>Owner's equity</u>			
Capital			xxxx
<u>Non-current liabilities</u>			
Long-term borrowings			xxxx
<u>Current liabilities</u>			
Trade payables		xxxx	
Expenses payable / income received in advance		xxxx	
Current portion of long-term borrowings		<u>xxxx</u>	<u>xxxx</u>
Total equity and liabilities			<u>xxxx</u>

\* It is not required to classify assets and liabilities by order of liquidity.

\* The above statement does not show all the asset and liability items covered in this syllabus.

\* Each line item represents a consolidation of assets or liabilities of a similar nature, e.g., computers, fax machines and printers should be consolidated and represented as office equipment.

**(B) Private Limited Company**

Name of Business			
Statement of Financial Position as at ...			
	\$	\$	\$
<b>Assets</b>			
<u>Non-current assets</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Property	xxxx	xxxx	xxxx
Fixtures and fittings	xxxx	xxxx	xxxx
Office equipment	xxxx	xxxx	xxxx
Motor vehicles	<u>xxxx</u>	<u>xxxx</u>	<u>xxxx</u>
			xxxx
<u>Current assets</u>			
Inventory		xxxx	
Trade receivables	xxxx		
less: Allowance for impairment of trade receivables	<u>xxxx</u>	xxxx	
Other receivables / prepaid expenses / income receivable		xxxx	
Cash at bank		xxxx	
Cash in hand		<u>xxxx</u>	<u>xxxx</u>
Total assets			<u>xxxx</u>
<b>Equity and Liabilities</b>			
<u>Shareholders' equity</u>			
Share capital, xxx ordinary shares		xxxx	
Retained earnings		<u>xxxx</u>	xxxx
<u>Non-current liabilities</u>			
Long-term borrowings			xxxx
<u>Current liabilities</u>			
Trade payables		xxxx	
Expenses payable / income received in advance		xxxx	
Current portion of long-term borrowings		<u>xxxx</u>	<u>xxxx</u>
Total equity and liabilities			<u>xxxx</u>

- The Singapore Companies Act has abolished par value shares and authorised share capital.
- \* It is not required to classify assets and liabilities by order of liquidity.
- \* The above statement does not show all the asset and liability items covered in this syllabus.
- \* Each line item represents a consolidation of assets or liabilities of a similar nature, e.g., computers, fax machines and printers should be consolidated and represented as office equipment.