PRINCIPLES OF ACCOUNTS
TEACHING AND LEARNING SYLLABUS
Upper Secondary
Express Course
Normal (Academic) Course

Implementation starting with
2020 Secondary Three Cohort

Ministry of Education
SINGAPORE

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1. INTRODUCTION

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. The accounting information is then used 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. Students will also learn to be organised and structured when they consolidate information into financial statements used by stakeholders for decision-making[1]. In addition, students 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. We hope that students learning Principles of Accounts will develop these attributes, which will serve them well in the future.

[1] 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, Workforce Singapore and in consultation with Singapore Accountancy Commission. More information can be found on www.skillsfuture.sg.

21st Century Competencies

Accounting helps students develop 21st century competencies (Figure 1) especially critical thinking and communication skills when they analyse information, make decisions based on it and present their decisions. Accounting also allows students to understand the importance of a common standard for accounting in the face of different cultural needs, global challenges and technological advancements in order to communicate results and make decisions.

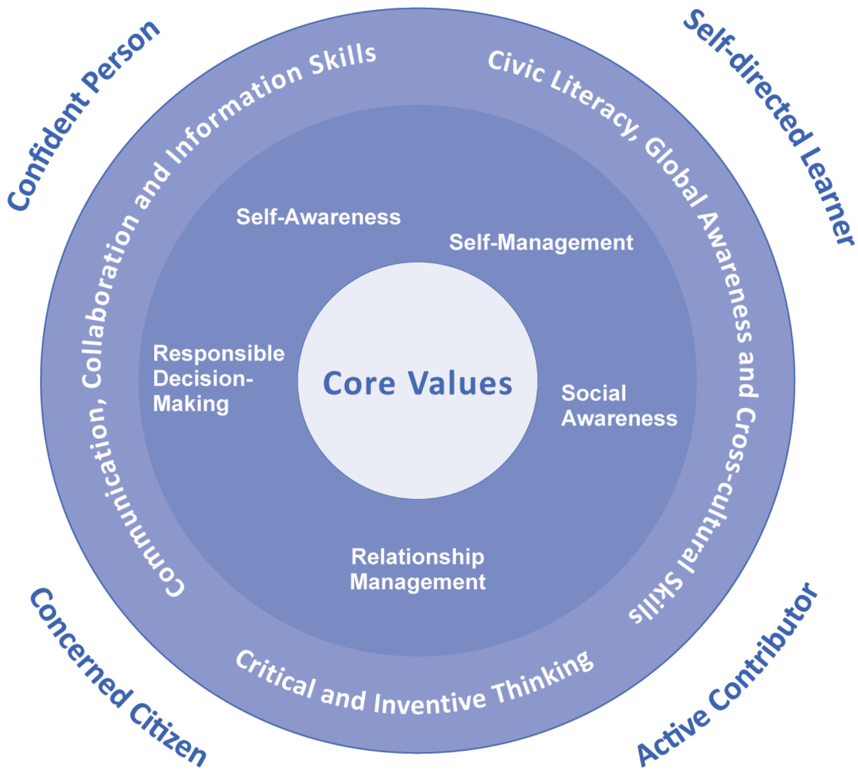


Figure 1: 21st Century Competencies Framework

National Education

While the focus of Principles of Accounts is largely on the acquisition of the procedural knowledge of accounting due to age-appropriateness of content, there are opportunities for teachers to explore and deepen the National Education dispositions for citizenship. With the introduction of using scenarios to teach in class, teachers can weave in stories of local businesses to help students acquire a sense of reality, belonging and hope. Understanding the development of the accounting industry also helps students understand the impact of technological advancement on accounting and in Singapore and the less predictable world we are currently in. Sharing snippets of such business stories illustrating Singapore's economic challenges from the past and present, contributes to students' ability to engage with Singapore's present and future issues with confidence, optimism and resilience.

See **Section 2** for more details on the opportunities afforded for National Education through the syllabuses.

Desired Outcomes of Education

Every Principles of Accounts student can then embody the Desired Outcomes of Education as:

- a **confident person** who has a strong sense of right and wrong, is adaptable and resilient, knows him/herself, is discerning in judgment, thinks independently and critically, and communicates effectively;
- a **self-directed learner** who takes responsibility for his/her own learning, who questions, reflects and perseveres in the pursuit of learning;
- an **active contributor** who is able to work effectively in teams, exercises initiative, takes calculated risks, is innovative and strives for excellence; and
- a **concerned citizen** rooted in Singapore, has a strong civic consciousness, is informed, and takes an active part in bettering the lives of others around him/her.

SECTION 2: CONTENT

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

2. CONTENT

Design Considerations of Principles of Accounts

There are two broad approaches to accounting education: the user and the 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 field, 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 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 if the syllabuses were to adopt either a wholly user or preparer 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 them in a useful manner that can be understood by others.

By learning to become users of information, students understand:

- what business decisions are;
- how decisions are made using accounting information;
- the limitations of relying only on accounting information; and
- the consideration of non-accounting information.

Knowledge, Skills, Values and Attitudes

Table 1: Knowledge and understanding of Principles of Accounts

Express	Normal (Academic)
The syllabus intends for students to develop knowledge and understanding of: • the purpose of accounting as providing accounting information to support and facilitate decision-making; • the consideration of accounting and non-accounting information in decision-making; • the role of accountants and their ethical values; • the use of financial ratios to evaluate the profitability, liquidity and efficiency of inventory management and trade receivables management; • the basic forms of business entities; • the elements of financial statements that represent business activities and how they are presented in financial statements; • the principles underlying accounting as a measurement system; • the accounting information system and accounting cycle, and the double-entry method of recording business activities and • the internal controls to ensure accuracy of information.	The syllabus intends for students to develop knowledge and understanding of: • the purpose of accounting as providing accounting information to support and facilitate decision-making; • the consideration of accounting and non-accounting information in decision-making; • the role of accountants and their ethical values; • the elements of financial statements that represent business activities and how they are presented in financial statements; • the principles underlying accounting as a measurement system; • the accounting information system and accounting cycle, and the double-entry method of recording business activities and; • the internal controls to ensure accuracy of information.

Table 2: Skills developed through Principles of Accounts

Express	Normal (Academic)
The syllabus intends for students to develop the skills of: • applying the double entry system of recording business transactions; • preparing accounting information in a suitable form; • interpreting financial statements and analysing the effects of business transactions and accounting adjustments on financial statements; • evaluating businesses for their profitability, liquidity and efficiency of inventory management and trade receivables management; • evaluating choices using both accounting and non-accounting information.	The syllabus intends for students to develop the skills of: • applying the double entry system of recording business transactions; • preparing accounting information in a suitable form; • interpreting financial statements and analysing the effects of business transactions and accounting adjustments on financial statements; and • evaluating choices using both accounting and non-accounting information.

Table 3: Values and attitudes developed through Principles of Accounts

Express	Normal (Academic)
The syllabus intends for students to develop the values and attitudes of: • integrity and objectivity; • social responsibility, in the context of accounting and how it can affect users of accounting information; and • being logical, methodical, consistent and accurate.	The syllabus intends for students to develop the values and attitudes of: • integrity and objectivity; • social responsibility, in the context of accounting and how it can affect users of accounting information; and • being logical, methodical, consistent and accurate.

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.

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 affect the business and its activities.

Accounting information serves specific needs. ↑ ↓ Accounting practice changes as information needs change.

Key Understandings 2 and 3 define the accounting constructs.

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.

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.

Core Idea:
Financial numbers are meaningfully related to underlying business activities and to each other.

Figure 2: Conceptual Frame for key understandings

Content Outline

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

This key understanding focuses on the relationship between business activities 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 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 N(A) 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 N(A) 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 **(N(A) 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 **(N(A) 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 **(N(A) syllabus excludes calculation of interest)**

2.9 Equities
- 2.9.1 Capital and share capital **(N(A) syllabus excludes share capital)**
- 2.9.2 Drawings
- 2.9.3 Transfer of profit or loss for the year and retained earnings **(N(A) 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 looks into how business activities and the physical flow of resources are quantified and measured in monetary value. When business activities and the flow of resources are expressed in a numerical form, it facilitates comparisons to be done, performance to be tracked and evaluations to be made. A reliable measurement system must be supported by an information system, that systematically collects, records and organises business economic activities into information.

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 MOE Initiatives

The teaching and learning of 21st Century Competencies and National Education will take place through the total curriculum. However, do note that not all subjects and programmes are well suited to this purpose. In Principles of Accounts, certain topics in Key Understandings 1 and 2 lend themselves better to the teaching of 21st Century Competencies and National Education than those in Key Understanding 3. These topics are highlighted in the table below.

Table 4: Principles of Accounts and MOE initiatives

Key Understanding	Knowledge, Skills and Values	21st Century Competencies	National Education	Learning Experience
Key Understanding 1: Accounting and non-accounting information is used to support and facilitate decision-making.	**Knowledge** • the use of financial ratios to evaluate profitability, liquidity and efficiency of inventory management and trade receivables management **Skill** • evaluating businesses for their profitability, liquidity and efficiency of inventory and trade receivables management **Values** • integrity and objectivity	**Civic Literacy, Global Awareness and Cross Cultural Skills** **Learning Outcome:** Actively contributes to the community and nation, possesses an awareness of and the ability to analyse global issues and trends, and displays socio-cultural and religious sensitivity and awareness. **CGC 2** Aware of global issues and trends 2.1d The student is able to demonstrate awareness of how global issues impact relations between various countries. **CGC 3** Displays socio-cultural and religious sensitivity and awareness 3.1d The student is able to	*Students develop:* *A **sense of reality** when they* • show awareness of and understanding of Singapore's constraints, and vulnerabilities in the past; and • make connections with the contemporary realities that confront us as a country against the backdrop of a less predictable world. A ***sense of belonging*** when they • develop an attitude of openness to accept others different from them and • proactively contribute and work on improving our lives and the lives of others around them. A ***sense of hope*** when they • display confidence and optimism in Singapore's	Students understand the impact of global issues and trends on a business through the consideration of non-accounting information that can affect its performance and decisions. For instance, when introducing the non-accounting information related to the economy of the country the business is in, teachers can bring in Singapore's past and present economic conditions and how it affected businesses and their decisions. Through discussions about real business scenarios in class, students become aware of the challenges that businesses face both in and out of Singapore. Students learn how these businesses overcome their challenges. Sharing how local businesses
Key Understanding 2: Accounting is a language used to represent business activities.	**Knowledge** • the consideration of accounting and non-accounting information in decision-making; and • the elements of financial statements that represent business activities and how they are presented			

Key Understanding	Knowledge, Skills and Values	21st Century Competencies	National Education	Learning Experience
	Skill • preparing accounting information in a suitable form; and • evaluating choices using both accounting and non-accounting information **Values** • integrity and objectivity	demonstrate appropriate socio-cultural skills and behaviour to work together with others from diverse socio-cultural groups within Singapore and beyond. **Critical and Inventive Thinking** **Learning Outcome:** Individually and collaboratively generates novel and useful ideas to address issues; exercises sound reasoning, and metacognition to make good decisions; and manages complexities and ambiguities. **CIT 1** Explores possibilities and generates ideas. 1.1d The student is able to generate ideas and explore different pathways that lead to solutions. **CIT 2** Exercises sound reasoning and decision-making. 2.1d The student is able to use evidence and adopt different viewpoints to explain his/ her reasoning and decisions, having considered the implications of the relationship among different viewpoints.	future, and resilience to face the challenges ahead; • embrace the principles we value as Singaporeans (e.g, self-determination, multi-racialism); and • feel empowered to seek opportunities in challenges, believing that Singapore is their home, regardless of where they may live	overcome their challenges increases students' awareness of the challenges Singapore faces and builds their resilience in facing the future. Students will also learn the importance of seeking opportunities to overcome challenges by studying how these local businesses innovate and seize opportunities to do better. Students learn to be sensitive towards classmates from different socio-cultural and racial backgrounds, and to work with them during group discussions and tasks. This experience will encourage them to embrace multi-racialism. They learn to communicate their perspectives and be open to those different from their own when they have to come to a consensus. They also learn to consider other people's opinions and reassess their own perspectives. When students weigh the options open to a business, they learn to reason and make decisions based on both accounting and

Key Understanding	Knowledge, Skills and Values	21st Century Competencies	National Education	Learning Experience
		2.2d The student is able to suspend judgment, reassess conclusions and consider alternatives to refine his/ her thoughts, attitudes, behaviour and actions. **Communication, Collaboration and Information Skills** **Learning Outcome:** Communicates information and ideas clearly and collaborates effectively; manages, creates and shares information thoughtfully, ethically and responsibly. **CCI 2** Manages, creates and shares digital information thoughtfully, ethically and responsibly 2.1d The student is able to integrate information from a variety of sources to complete a task. 2.2c The student is able to explain/provide the rationale for the ethical use of information and make informed choices/ a stand for himself/herself on the ethical handling and use of information.		non-accounting information. In the process, they understand that decision-making is complex and learn to explore possibilities and generate ideas. Students learn the importance of integrity and objectivity when preparing accounting information. They also understand the importance of objectivity when using both accounting and non-accounting information in decision-making.

Table 5: Content Amplification and Learning Outcomes for Express 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 (Express)	Learning Outcomes Students will be able to:
1.1 Roles of accounting and accountants			
1) What is accounting? 2) What are the roles of accounting and accountants? 3) How do accountants fulfil their roles?	<u>Contextual</u> • Business environment	<u>Role of accounting</u> • Accounting provides accounting information for decision-making by business owners and other stakeholders <u>Role of accountants</u> • Through providing accounting information for stakeholders' decision-making, accountants act as <u>stewards of businesses</u> • 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 • They <u>think critically, solve problems, adapt and meet the need for</u>	• state the role of accounting • state the role of accountants • define integrity and objectivity • explain the importance of having integrity and objectivity in preparing and presenting accounting information

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		sophisticated accounting and business information • In the face of an evolving business environment and rapid technological advancement, accountants have to 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 • Stakeholders place trust in the information provided by accountants who must adhere to professional ethics, uphold integrity and be objective ***(1)(2)*** - integrity is being straightforward and honest in all professional and business relationships - objectivity is not letting bias, conflict of interest or undue influence of others to override professional judgment ***Notes*** *(1) **Includes only** the effects of unethical behaviour on decisions made by stakeholders; the legal consequences of unethical behaviour are **not** required* *(2) In the Institute of Singapore Chartered Accountants' Code of Professional Conduct and Ethics, the first two principles are integrity and objectivity*	

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
1.2 Stakeholders and their decision-making needs			
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> • Business environment <u>Conceptual</u> • Relevance of information • Accounting and non-accounting information	<u>Stakeholders</u> • Users of accounting and non-accounting information of a business for decision making <u>Accounting and non-accounting information</u> • 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 - <u>accounting information</u> refers to information usually generated by the accounting information system and is largely extracted from journals, ledger accounts and financial statements (including financial ratios) - <u>non-accounting information</u> <u>***(3)***</u> refers to the information about the operation of a business not found in journals, ledger accounts or financial statements <u>***Notes***</u> *(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*	• state the stakeholders who are interested in the affairs of the business and make use of the accounting information for decision-making • state examples of accounting information needed by stakeholders of a business for decision-making • state examples of non-accounting information needed by owners and managers of a business for decision-making • explain why stakeholders of a business are interested in accounting information • explain why owners and managers of a business are interested in non-accounting information

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
1.3 Financial statements analysis 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.			
1.3.1 Profitability			
1) What is financial statements analysis? 2) How does a business measure and analyse its ability to earn profits?	<u>Contextual</u> Businesses need to assess performance <u>Conceptual</u> • Profitability • Trend of values over time • Comparison of values against one other business • Relevance of information <u>Procedural</u> Computation of profitability ratios	• Measures the ability of a business to earn revenue and manage expenses • Importance of being profitable in its trading activities • Importance of being profitable as a whole business • Consequences of not being profitable in its trading activities • Consequences of not being profitable as a whole business <u>Analysis of absolute values</u> ***<u>(4)</u>*** • Analysing the components of gross profit/loss such as net sales revenue and cost of sales • Analysing the components of profit/loss for the year such as net sales revenue, service fee revenue, cost of sales, gross profit and expenses • Comparing sales revenue, service fee revenue, cost of sales, gross profit/loss, expenses and profit/loss for the year across a maximum of three financial years	• explain the importance of being profitable <u>Analysis of absolute values</u> • analyse the gross profit/loss and profit/loss for the year • interpret sales revenue, cost of sales, gross profit/loss and profit/loss for the year across a maximum of three financial years • 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 • recommend means to improve gross profit/loss and profit/loss for the year <u>Analysis of ratios</u> • state and calculate the profitability ratios • interpret profitability ratios across a

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		• Analysing the trend of financial figures across time with respect to the given scenario and their implications for the business • 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 • Improving gross profit/loss and/or profit/loss for the year with respect to the given scenario • May include presentation of figures in, or in an extract of, the Statement of Financial Performance <u>Analysis of ratios</u> • Understanding and computing the profitability ratios: (i) gross profit margin (ii) mark-up on cost (iii) profit margin (iv) return on equity • Understanding the relationship between gross profit margin and profit margin. • Comparing profitability ratios across a maximum of three financial years or against one other business • Analysing the trend of ratios across time and against one other business with respect to the given scenario and their implications for the business	maximum of three financial years or against one other business • evaluate the profitability of businesses from the trend of profitability ratios across a maximum of three financial years or against one other business • recommend means to improve profitability ratios

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		• Analysing the probable reasons for changes in ratios and the implications of such changes for the business • Improving the profitability ratios with respect to the given scenario ***Notes*** *(4) Analysis at the unit cost level is **not** required*	
		1.3.2 Liquidity	
1) How does a business measure and analyse its ability to meet current liabilities?	Contextual Businesses need to assess liquidity Conceptual • Liquidity • Trend of values over time • Comparison of values against one other business • Relevance of information Procedural Computation of liquidity ratios	• Liquidity measures the ability of a business to meet its short-term financial obligations • Importance of being liquid • Consequences of not being liquid • Differences between liquidity and profitability Analysis of absolute values • Understanding and computing working capital • Analysing the components of working capital and means of improvement • Comparing working capital, total current assets or its components, and total current liabilities or its components across a maximum of three financial years • Analysing the trend of financial figures across time with respect to the given	• explain the importance of being liquid • state and explain the differences between liquidity and profitability Analysis of absolute values • state and calculate working capital • analyse the components of total current assets and total current liabilities • interpret current asset items and current liability items across a maximum of three financial years • evaluate the liquidity of businesses from the trend of working capital, current asset items and current liability items across a maximum of three financial years • recommend means to improve liquidity

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		scenario and their implications for the business • Analysing the probable reasons for change in working capital, current assets and current liabilities and the implications of such changes for the business • Improving liquidity for the year with respect to the given scenario • May include presentation of figures in, or in an extract of, the Statement of Financial Position <u>Analysis of ratios</u> • Understanding and computing liquidity ratios: (i) current ratio (ii) quick ratio • Understanding the difference between current ratio and quick ratio, and why quick ratio is a better indicator of liquidity than current ratio • Comparing liquidity ratios across a maximum of three financial years or against one other business • Analysing the trend of ratios across time and against one other business with respect to the given scenario • Analysing probable reasons for changes in ratios and the implications of such changes for the business	<u>Analysis of ratios</u> • state and calculate liquidity ratios • interpret liquidity ratios across a maximum of three financial years or against one other business • evaluate the liquidity of businesses from the trend of liquidity ratios across a maximum of three financial years or against one other business • recommend means to improve liquidity ratios

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		• Improving the liquidity ratios with respect to the given scenario	
		1.3.3 Efficiency	
1) How does a business measure and analyse its ability to manage inventory and trade receivables?	<u>Contextual</u> Businesses need to manage inventory and trade receivables <u>Conceptual</u> • Inventory management • Trade receivables management • Trend of values over time • Comparison of values against one other business • Relevance of Information <u>Procedural</u> Computation of efficiency ratios	<u>Inventory management</u> • Efficiency of inventory management measures the ability of a business to manage its inventory to meet customer demand • Importance of a trading business being able to manage its inventory through monitoring the rate of inventory turnover • Consequences of not being able to manage inventory efficiently <u>Trade receivables management</u> • Efficiency of trade receivables management measures the ability of a business to collect its debts quickly • Importance of managing its trade receivables through monitoring the rate of trade receivables turnover • Consequences of not being able to manage trade receivables efficiently <u>Analysis of absolute values</u> • Comparing inventory balances, cost of sales, net credit sales, credit service fee revenue and trade receivables balances across a maximum of three financial years	• explain the importance of being able to manage inventory and trade receivables efficiently <u>Analysis of absolute values</u> • 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 • 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 • 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 <u>Analysis of ratios</u> • state and calculate the rate of inventory turnover (times) and days sales in inventory (days)

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		• Analysing the trend of financial figures across time with respect to the given scenario and their implications for the business • 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 • 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 <u>Analysis of ratios</u> • Understanding and computing the efficiency ratios: (i) rate of inventory turnover (times) (ii) days sales in inventory (days) (iii) rate of trade receivables turnover (times) (iv) trade receivables collection period (days) • 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	• state and calculate the rate of trade receivables turnover (times) and trade receivables collection period(days) • 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 • interpret the rate of trade receivables turnover (times) and trade receivables collection period(days) across a maximum of three financial years or against one other business • 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 • 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 • recommend means to improve the rate of inventory turnover (times) or days sales in inventory (days)

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		• Analysing the trend of ratios across time and against one other business with respect to the given scenario and their implication for the business • Analysing the probable reasons for changes in ratios and the implications of such changes for the business • 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	• recommend means to improve the rate of trade receivables turnover (times) and trade receivables 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 (Express)	Learning Outcomes Students will be able to:
		2.1 Types of businesses	
1) What are the different types of profit-making businesses and how do their financial statements differ?	Contextual Types of businesses Conceptual • Trading businesses • Service businesses	• Main business activities of profit-making businesses: trading and service • Difference between the business activities of trading and service businesses as seen in the Statement of Financial Position and Statement of Financial Performance	• explain the differences between trading and service businesses • distinguish between financial statements of businesses in trading and services
		2.2 Forms of business ownerships	
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?	Contextual Different forms of business ownerships Conceptual • Sole proprietorship • Limited liability partnership • Private Limited companies	• Forms of entities: sole proprietorship, limited liability partnership and private limited company • Distinguish the features of different forms of entities: sole proprietorship, limited liability partnership and private limited company • Differences in terms of capital structure, access to funds, extent of liability, level of control desired, lifespan and transferability of ownership for sole proprietorship, limited liability partnership and private limited company ***(5)***	• explain the features of a sole proprietorship, limited liability partnership and private limited company • distinguish between the financial statements of a sole proprietorship and private limited company • 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

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		• Differences in the Statement of Financial Position and Statement of Financial Performance for **only** 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>Notes</u>*** *(5) **Excludes** the legal formations of business entities and knowledge of Board of Directors and Annual General Meeting*	
		2.3 Elements of financial statements	
1) How are business activities measured and presented in financial statements?	<u>Contextual</u> Business activities <u>Conceptual</u> • Asset	• All business activities are represented by these elements: asset, liability, equity, income and expense • Examples of assets, liabilities, equity, income and expenses	• define asset, liability, equity, income and expense • give examples of assets, liabilities, equity, income and expenses for a specific business

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
	• Liability • Equity • Income • Expense	• Understand how the trade of the business and the use of the items affect how they are classified	• classify items as assets, liabilities, equity, income and expenses for a specific business
2.4 Accounting equation			
1) What is the relationship between asset, liability and equity?	<u>Conceptual</u> Accounting equation <u>Procedural</u> Analyse the effects of transactions on the accounting equation	• Basic accounting equation of assets = equity + liabilities, and its expansion to include income and expenses • The basic accounting equation is the basis of the Statement of Financial Position	• state the basic accounting equation and its expansion • calculate the values of assets, liabilities and equity using the accounting equation • apply the accounting equation to the Statement of Financial Position • analyse the effects of business transactions on the accounting equation
2.5 Financial statements 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.			
2.5.1 Statement of Financial Position			
1) What are financial statements and their purposes? 2) What is a Statement of Financial Position?	<u>Contextual</u> Communication of the list of assets, liabilities, and equity of a business	<u>Purpose of Statement of Financial Position</u> • Statement of Financial Position lists the assets, liabilities and equity of a business at a point in time ***(6)(7)*** • Represents the accounting equation	• define and distinguish between non-current and current assets • define and distinguish between non-current and current liabilities

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
3) How is information shown in the Statement of Financial Position?	<u>Conceptual</u> • Amounts reported are at a point in time • Accounting equation • Current assets • Non-current assets • Current liabilities • Non-current liabilities • Equity • Retained earnings • Valuation of assets • Relevant accounting theories <u>Procedural</u> • Prepare the Statement of Financial Position • Analyse the effects of business transactions and accounting adjustments on the Statement of Financial Position	<u>Items in the Statement of Financial Position</u> • Classification of items as non-current assets, current assets, non-current liabilities, current liabilities and equity • Examples of non-current assets, current assets, non-current liabilities, current liabilities and equity • Owner's equity for a sole proprietor and shareholders' equity for a private limited company ***(8)*** <u>Valuation methods</u> • Accounting theories that apply to each valuation method • Valuation methods used for assets: - non-current assets at net book value, i.e., cost less accumulated depreciation - inventory values at the lower of cost and net realisable value - trade receivables at trade receivables less allowance for impairment of trade receivables	• define net assets, equity and working capital • calculate net assets, equity and working capital • 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 • prepare a Statement of Financial Position with end-of-financial-period accounting adjustments for a sole proprietorship or private limited company • prepare a Statement of Financial Position with end-of-financial-period accounting adjustments for a trading or service business

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		<u>Presentation of the Statement of Financial Position</u> • Narrative format of Statement of Financial Position • Presentation details to show: - non-current and current assets (current assets are **not required** to be listed in order of liquidity) - non-current and current liabilities - capital of the sole proprietor or share capital and retained earnings of a private limited company • Accounting adjustments can be done at the end of a period or financial year, and they **include only:** - declared dividends (private limited company) - depreciation of non-current assets, with or without beginning accumulated depreciation - impairment loss on inventory - impairment loss on trade receivables arising during the financial period, with or without beginning allowance for impairment of trade receivables - prepaid expenses, expenses payable, service fee received in advance, income receivable and income received in advance	

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		- re-classification of current portion of non-current liability - correction of errors not revealed by the Trial Balance • Basic interpretation and significance of relationships of financial figures in the Statement of Financial Position ***(9)***; understanding the relationship of financial figures in the Statement of Financial Position will aid in understanding Section 1.3 ***<u>Notes</u>*** *(6) The Statement of Financial Position is to be prepared from a list of account balances or a trial balance* *(7) The Statement of Financial Position **includes only** that for* *(i) trading and service businesses* *(ii) sole proprietorships and private limited companies* *(8) The terms net worth and capital owned are **not** used* *(9) **Includes only** the following:* *(i) how resources are obtained and used*	

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		(ii) current assets, current liabilities and working capital (current assets – current liabilities) *(iii) equity and net assets (total assets – total liabilities)* *(iv) changes in net assets between two points in time and the profit for the period*	
		2.5.2 Statement of Financial Performance	
1) What is a Statement of Financial Performance? 2) How is information shown in the Statement of Financial Performance?	<u>Contextual</u> Communication of business performance <u>Conceptual</u> • Amounts reported are for a period of time • Expanded accounting equation • Income • Expenses • Profits • Relevant accounting theories <u>Procedural</u> • Prepare the Statement	<u>Purpose of the Statement of Financial Performance</u> • The Statement of Financial Performance shows the income and expenses of a business for a period of time ***(10)*** • Shows the profit for the period, i.e., the excess of income over expenses for a period of time <u>Items in the Statement of Financial Performance</u> • For a trading business, the perpetual inventory recording method is adopted • The following details are shown in the trading portion of the Statement of Financial Performance: - net sales revenue (sales revenue – sales returns) - cost of sales	• define and distinguish gross profit/loss and profit/loss for the financial period • explain the purposes of the trading portion, and profit and loss portion of the Statement of Financial Performance • calculate net sales revenue, service fee revenue, gross profit/loss and profit/loss for the period • prepare a Statement of Financial Performance with end-of-financial-period accounting adjustments for a sole proprietorship or private limited company • prepare a Statement of Financial Performance with end-of-financial-period accounting adjustments for a trading or service business

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
	of Financial Performance	- gross profit/loss • For a service business, service fee revenue is shown as a line item, separate from other income <u>Presentation of the Statement of Financial Performance</u> • Narrative format of Statement of Financial Performance • Presentation of sales revenue, sales returns and cost of sales on the Statement of Financial Performance for a trading business • Presentation of service fee revenue on the Statement of Financial Performance for a service business • Other expenses in the profit and loss portion of the Statement of Financial Performance **are not required** to be classified by function. • Accounting adjustments can be done at the end of a period or financial year, and they **include only:** - depreciation of non-current assets, with or without beginning accumulated depreciation	

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		- impairment loss on inventory - impairment loss on trade receivables arising during the financial period, with or without beginning allowance for impairment of trade receivables - service fee revenue received in advance, prepaid expenses, expenses payable, other income receivables and income received in advance - correction of any errors not revealed by the Trial Balance • Basic interpretation and significance of relationships of financial figures in the Statement of Financial Performance ***(11)***; understanding the relationships of financial figures in the Statement of Financial Performance will aid in understanding Section 1.3 ***<u>Notes</u>*** *(10) Statement of Financial Performance is to be prepared from a list of account balances or a trial balance and **includes only** that for* *(i) trading and service businesses* *(ii) sole proprietorships and private limited companies*	

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		(11) ***Includes only*** *the following relationships between:* *(i) sales revenue, cost of sales and gross profit/loss* *(ii) gross profit/loss, other income, other expenses and profit/loss for the period* *(iii) sales revenue, cost of sales, other income, other expenses and profit/loss for the period*	
2.6 Income and expenses This section looks into 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.			
2.6.1 Revenue and other income			
1) What are the transactions for revenue and other income? 2) How are revenue and other income presented in the financial statements? 3) How are adjustments for revenue and other income made?	<u>Contextual</u> • Trading and service business • How the dates for receipt of income can differ with the period they are reported as income <u>Conceptual</u> • Amounts reported are for a period of time • Sales revenue • Service fee revenue • Service fee revenue received in advance	<u>Accounting theories</u> • Revenue recognition theory • Accrual basis of accounting theory <u>Accounting for transactions</u> • Accounting for: (i) sale of goods on cash and credit basis (ii) provision of services on cash and credit basis (iii) returns of goods (iv) service fee revenue received in advance (v) other income ***(12)*** (vi) income receivable ***(12)*** (vii) income received in advance ***(12)***	<u>Accounting theories</u> • 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 <u>Accounting for transactions</u> • calculate the sales revenue adjusted for sales return • calculate the service fee revenue adjusted for service fee revenue received in advance

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
	• Other income • Income receivable • Income received in advance • Revenue recognition theory • Accrual basis of accounting Procedural • Record sales revenue, service fee revenue and income in the journal, ledger accounts and financial statements • Record service fee revenue received in advance, income receivable and income received in advance in the journal and financial statements	• Calculation of service fee revenue received in advance, income receivables and income received in advance • Amounts received are recorded as income at the points of receipt, and any unearned or not received portions are adjusted at the end of the financial period • 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 • 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) Presentation • Presentation of sales revenue, sales returns, service fee revenue and other income in the Statement of Financial Performance • Presentation of income receivable in the Statement of Financial Position	• calculate other income adjusted for income receivable and income received in advance • 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 • prepare the sales revenue, sales returns, service fee revenue and other income ledger accounts **without** adjustments for service fee revenue received in advance, income receivable and income received in advance • interpret the sales revenue, sales returns, service fee revenue, other income ledger accounts **with** adjustments for service fee revenue received in advance, income receivable and income received in advance • analyse the effects of service fee revenue received in advance, income receivables and income received in advance on current liabilities, current assets and profit/loss for the period

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		• Presentation of service fee revenue received in advance and income received in advance in the Statement of Financial Position • Income receivable is shown as current assets in the Statement of Financial Position • Service fee revenue received in advance and income received in advance are shown as current liabilities in the Statement of Financial Position ***Notes*** *(12)* ***Excludes*** *the following:* *(i) dividend income* *(ii) preparation of income receivable and income received in advance ledger accounts*	Presentation • prepare an extract of the Statement of Financial Performance showing the presentation of sales revenue, sales returns, and other income for a trading business • prepare an extract of the Statement of Financial Performance showing the presentation of service fee revenue and other income for a service business • prepare an extract of the Statement of Financial Position showing the presentation of service fee revenue received in advance for a service business • 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
		2.6.2 Cost of sales and other expenses	
1) What are the transactions for cost of sales and other expenses?	Contextual How the dates of payments of expenses can differ with the period they are reported as other expenses	Accounting theories • Matching theory • Accrual basis of accounting theory Accounting for transactions • Accounting for:	Accounting theories • explain the accounting of cost of sales and other expenses and adjustments for prepaid expenses and expenses payable in relation to relevant accounting theories

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
2) How are cost of sales and other expenses presented in financial statements? 3) How are adjustments for other expenses made	<u>Conceptual</u> • Amounts reported are for a period of time • Prepayments • Expenses payable • Accrual basis of accounting • Matching theory <u>Procedural</u> • Record cost of sales, and other expenses in the journal, ledger accounts and financial statements • Record prepaid expenses and expenses payable in the journal and financial statements	(i) cost of sales (ii) other expenses paid by cash/cheque (iii) expenses incurred but not paid (expenses payable) ***(13)*** (iv) expenses not incurred but paid (prepaid expenses) ***(13)*** • Calculation of cost of sales and other expenses, prepaid expenses and expenses payable • Amounts paid are recorded as other expenses at the points of payments, and any unused or outstanding portions are adjusted at the end of the financial period • Adjustments at end of period are to be made against separate prepaid expenses and expenses payable ledger accounts • Closing of all cost of sales and expenses accounts are performed only at the end of the financial year and amounts are transferred to income summary (for periods in between the financial year, there will be balances in these accounts) <u>Presentation</u> • Presentation of cost of sales and other expenses in the Statement of Financial Performance	<u>Accounting for transactions</u> • calculate the cost of sales • calculate other expenses adjusted for prepaid expenses and expenses payable • prepare the journal entries affecting cost of sales, other expenses, prepaid expenses and expenses payable • prepare the cost of sales and other expenses ledger accounts **without** adjustments for prepaid expenses and expenses payable • interpret the cost of sales and other expenses ledger accounts **with** adjustments for prepaid expenses and expenses payable • analyse the effects of prepaid expenses and expenses payable on current liabilities, current assets and profit/loss for the period <u>Presentation</u> • prepare an extract of the Statement of Financial Performance showing the presentation of cost of sales and other expenses for a trading business

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		• Presentation of prepaid expenses and expenses payable in the Statement of Financial Position • Prepaid expenses are shown as current assets in the Statement of Financial Position • Expenses payables are shown as current liabilities in the Statement of Financial Position ***Note*** *(13)* ***Excludes*** *the preparation of prepaid expenses and expenses payables ledger accounts*	• prepare an extract of the Statement of Financial Performance showing the presentation of other expenses for a service business • 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
2.7 Assets This section looks into 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.			
2.7.1 Cash in hand and cash at bank			
1) How do businesses manage cash? 2) What are the transactions involving cash?	Contextual Receipts and payments Conceptual Assets versus liabilities	Cash management • Understand why businesses need to keep cash for operational needs • Understand how businesses manage cash in hand, cash at bank, cash in transit, cash receipts and cash payments ***(14)***	Accounting for transactions • prepare the journal entries related to receipts and payments • state the causes of dishonoured cheque • prepare the journal entries for dishonoured cheque

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
3) How is cash presented in financial statements?	<u>Procedural</u> Record cash receipts, cash payments and bank-related transactions in the journal, ledger accounts and financial statements	<u>Accounting for transactions</u> • Accounting for receipts and payments - cash at bank account reflects the amount deposited in the bank for safe-keeping - the use of cheques and how dishonoured cheques happen - accounting for dishonoured cheques, with and without cash discount previously provided/received <u>Presentation</u> • Presentation of cash in hand, cash at bank and bank overdraft in the Statement of Financial Position. ***<u>Note</u>*** *(14) The internal control of cash is covered in section 3.4*	• prepare the cash in hand and cash at bank ledger accounts • interpret the cash in hand and cash at bank ledger accounts <u>Presentation</u> • prepare an extract of the Statement of Financial Position showing the presentation of cash at bank, bank overdraft and cash in hand
		2.7.2 Inventories	
1) Why do businesses keep inventories? 2) How do businesses manage inventories?	<u>Contextual</u> Inventory management <u>Conceptual</u> • Accounting and	<u>Inventory management</u> • Understand why businesses keep inventories to avoid out-of-stock situations	<u>Inventory management</u> • explain why businesses keep inventories • describe how businesses manage inventories

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
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?	non-accounting information • Relevance of information • Prudence theory • Valuation of inventory – at the lower of cost and net realisable value • Adjustments – to recognise impairment loss on inventory Procedural Record purchases and sales of inventory, other related inventory transactions and any adjustments for inventory in the journal, ledger accounts and financial statements	• Understand how businesses manage inventories by - keeping proper records to track inventory - keeping physical inventory in the warehouse - buying insurance to insure the inventory • Understand how businesses manage and make decisions about types of inventory to buy by considering both accounting and non-accounting information - accounting information: cost of inventory, storage cost, gross profit margin, rate of inventory turnover(times) or days sales in inventory(days) - non-accounting information **includes only** (i) types of storage (ii) nature of product (iii) consumer preference Accounting theories • Prudence theory	• analyse, evaluate and make decisions about the purchase of inventory by considering accounting and non-accounting information Accounting theories • explain the valuation of inventory in relation to relevant accounting theories Accounting for transactions • identify the costs of purchases • calculate the cost of sales and ending inventory • calculate the impairment loss on inventory adjusted for insurance claims if any • prepare the journal entries on inventory at points of purchases and cost of sales at points of sales • prepare the journal entry to record impairment loss on inventory • prepare the inventory ledger account **without** adjustments for impairment loss on inventory

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		<u>Accounting for transactions</u> • Accounting for purchases of inventory, return of inventory, sales of inventory and sales returns for a trading business - perpetual inventory recording method ***(15)*** - goods are inventoried at the points of purchases and expensed as cost of sales at the points of sales - costs of purchases inventoried include the purchase price and costs to bring in inventory less returns ***(16)*** • Accounting for cost of sales - calculation of cost of sales and ending inventory using the FIFO method ***(17)*** <u>Valuation</u> • Valuation of ending inventory ***(18)*** - Singapore's Financial Reporting Standards (FRS) 2 states that "inventories shall be measured at the lower of cost and net realisable value" - accounting for impairment loss on inventory when the net realisable value of inventory is lower than book value of inventory at the end of the financial period ***(19)***	• interpret the inventory ledger account **with** adjustments for impairment loss on inventory and/or insurance claims • analyse the effects of understatement or overstatement of inventory on gross profit/loss and profit/loss for the period for the **current financial period** <u>Valuation</u> • state the valuation method for inventory in the Statement of Financial Position <u>Presentation</u> • 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

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		<u>Presentation</u> • Presentation of inventory, cost of sales and impairment loss on inventory in the Statement of Financial Position and Statement of Financial Performance ***<u>Notes</u>*** *(15) Adjustment for differences between ending inventory values derived from perpetual inventory recording method and physical inventory count is **not required.*** *(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." Prepaid expenses or expenses payable on purchase are **excluded.** In addition, adjustments to costs of purchases that will affect cost of sales and ending inventory are **excluded.** Adjustment to inventory value **includes only** impairment loss on inventory.*	

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		(17) Scenarios to ***exclude:*** *(i) more than one financial period,* *(ii) beginning inventory comprising more than one batch of goods,* *(iii) a batch of goods with only value or quantity* *(iv) cost of sales measured by other methods besides FIFO to an entire batch or batches of goods, with partial apportionment of any batch* *(18) Calculating unit cost, deriving inventory value from unit cost and quantity, and recording in stock cards are* ***not*** *required, and goods returned from customers will not lead to return of the same goods to the supplier* *(19) Preparation of impairment loss in the inventory ledger account is* ***not*** *required*	
		2.7.3 Trade receivables	
1) Why do businesses grant credit to customers? 2) How do businesses manage trade receivables?	Contextual Trade receivables management	Trade receivables management • Understand why businesses give credit to customers to increase revenue • Understand how businesses manage and make decisions about trade receivables through considering the credit worthiness	Trade receivables management • analyse, evaluate and make decisions about the credit worthiness of existing and new customers/trade receivables by considering both accounting and non-accounting information

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
3) What are the transactions involving trade receivables? 4) How are trade receivables presented in financial statements?	Conceptual • Accounting and non-accounting information • Relevance of information • Estimated loss vs actual loss • Matching theory • Prudence theory • Valuation of assets – general provision for allowance for impairment of trade receivables • Impairment loss on trade receivables Procedural Record transactions related to trade receivables and any adjustments on trade receivables in the journal, ledger accounts and financial statements	of existing and new customers/ trade receivables by considering both accounting and non-accounting information - accounting information: 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) - non-accounting information **includes only *(20)*** the following: (i) economic outlook (ii) specific industry outlook (iii) reputation of customers (e.g. socially responsible, history of the business) (iv) customers' history of repayment Accounting theories • Matching theory • Prudence theory Accounting for transactions • Accounting for transactions affecting trade receivables of a trading business: - credit sales and sales returns	Accounting theories • explain the accounting of impairment loss on trade receivables in relation to relevant accounting theories Accounting for transactions • define trade discount • explain why a trade discount is given • define cash discount • explain why a cash discount is given • distinguish between trade and cash discounts • calculate the trade discount at the sale of and return of goods • calculate the cash discount • prepare the journal entries to record transactions affecting trade receivables • prepare the journal entries on allowance for impairment of trade receivables • prepare a trade receivable ledger account

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		- cash discounts and trade discounts, including their purposes and calculations - write-off of full or partial amount of debt - receipts in full or partial amount of debt owed - dishonoured cheques • Accounting for transactions affecting trade receivables of a <u>service business:</u> - services provided on credit - cash discounts and trade discounts, including their purposes and calculations - write-off of full or partial amount of debt - receipts in or partial amount of debt owed - dishonoured cheques <u>Valuation</u> • Valuation of trade receivables ***(21)*** - trade receivables represent the collections in the immediate future - allowance for impairment of trade receivables is an estimate of the value of debts that may be uncollectible in the future ***(22)***	• interpret the (i) trade receivables, (ii) allowance for impairment of trade receivables, (iii) impairment loss on trade receivables ledger accounts • analyse the effects of cash discount on profit for the period and trade receivables • analyse the effects of changes in allowance for impairment of trade receivables and impairment loss on trade receivables on the profit/loss for the period and trade receivables <u>Valuation</u> • state the valuation method for trade receivables in the Statement of Financial Position <u>Presentation</u> • 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

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		- calculation and accounting of allowance for impairment of trade receivables - a decrease in allowance is treated as a reduction against expenses in the Statement of Financial Performance <u>Presentation</u> • 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 ***<u>Notes</u>*** *(20) 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)* *(21) Scenarios to* ***include only:*** *(i) providing allowance for the first time,* *(ii) increase in allowance over prior year, and* *(iii) decrease in allowance over prior year*	

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		(22) 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 ***expected life of the financial instrument*** *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. The preparation of allowance for impairment of trade receivables and impairment loss on trade receivables ledger accounts are* ***not required***	
		2.7.4 Non-current assets	
1) What is the difference between capital and revenue expenditure? 2) How do businesses manage the buying (what to buy) of non-current assets?	<u>Contextual</u> • Managing buying or renting non-current assets • Managing buying of non-current assets • Sale of non-current assets	<u>Non-current assets management</u> • Understand the types of expenditure that businesses can capitalise • Understand how businesses make decisions about <u>buying or renting non-current assets</u> by considering both accounting and non-accounting information - <u>accounting information:</u> (i) current financial situation of the business	<u>Non-current assets management</u> • analyse, evaluate and make decisions about whether to buy or rent non-current assets by considering both accounting and non-accounting information • analyse, evaluate and make decisions about the buying of non-current assets by considering both accounting and non-accounting information

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
3) What are the transactions involving non-current assets? 4) How are non-current assets presented in financial statements?	<u>Conceptual</u> • Capital vs revenue expenditure • Relevance of information • Materiality theory • Matching theory • Consistency theory • Prudence theory • Valuation of non-current assets – at cost less accumulated depreciation • Gain/loss on sale of non-current asset = Sale proceeds - Net Book value <u>Procedural</u> • Record transactions related to non-current assets and any adjustments for non-current assets	(ii) cost of ownership versus renting - <u>non-accounting information</u> **includes only:** advantages or disadvantages of buying or renting • Understand how businesses manage and make decisions about the <u>acquisition of non-currents assets</u> (what to buy) by considering both accounting and non-accounting information - <u>accounting information:</u> price of non-current assets, installation cost, cost of maintaining the non-current assets, and related repair cost - <u>non-accounting information</u> **includes only** the following: (i) purpose of the non-current asset (ii) features of the non-current asset ***(23)*** (iii) customer reviews of the non-current assets (iv) warranty <u>Accounting theories</u> • Matching theory	<u>Accounting theories</u> • explain the application of the materiality theory on the treatment of capital and revenue expenditure • explain the need to charge depreciation in relation to relevant accounting theories • explain the presentation of net book value in relation to relevant accounting theories <u>Accounting for transactions</u> <u>Capital and revenue expenditure</u> • define capital and revenue expenditure • distinguish between capital and revenue expenditure • classify accounting transactions as capital and revenue expenditure • analyse the effects of differences in classification and treatment of capital and revenue expenditure on financial statements

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
	in the journal, ledger accounts and financial statements • Record transactions related to the sale of non-current assets in the journal and financial statements	• Consistency theory • Materiality theory • Prudence theory <u>Accounting for transactions</u> • Accounting for revenue versus capital expenditure - 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 - examples of capital and revenue expenditure - expenditure on non-current assets subsequent to acquisition can only be capitalised if it increases the capacity and useful life of the non-current assets and improves their function - effects of erroneous classification and treatment of expenditure on financial statements • Accounting for purchase of non-current assets ***(24)*** - cost of non-current assets comprising	<u>Purchase of non-current assets</u> • prepare the journal entries on purchases of non-current assets • prepare the non-current asset ledger account to show the purchase and sale of non-current assets • interpret the non-current asset ledger account <u>Depreciation and accumulated depreciation</u> • define depreciation and accumulated depreciation • state the causes of depreciation • state and distinguish the depreciation methods of (i) straight-line and (ii) reducing-balance methods • explain the suitability of selected depreciation methods for different types of non-current assets • calculate depreciation and accumulated depreciation according to the (i) straight-line and (ii) reducing-balance methods • calculate the rate of depreciation, length of useful life, annual depreciation,

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		purchase prices and the costs of bringing the non-current assets to operating condition • Accounting for depreciation and accumulated depreciation (depreciation to date) ***(25)*** - causes of depreciation - methods of depreciation o straight line o reducing balance - suitability of depreciation methods for different classes of non-current assets - net book value represents the estimated future economic value of a non-current asset - accumulated depreciation is an approximation of the reduction in economic value of a non-current asset • Accounting for the sale of non-current assets ***(26)*** Valuation • Valuation of non-current assets - at cost less accumulated depreciation	accumulated depreciation and net book value or cost of non-current assets • prepare the journal entries on depreciation and accumulated depreciation • analyse the effects of different depreciation methods on profit/loss for the period and net book value of non-current assets • interpret the (i) depreciation and (ii) accumulated depreciation ledger accounts Sale of non-current assets • calculate the gain or loss on the sale of non-current assets • prepare the journal entries on the sale of non-current assets • interpret the sale of non-current asset ledger account Valuation • state the valuation method for non-current assets in the Statement of Financial Position

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		<u>Presentation</u> • Presentation of non-current assets at net book value (cost less accumulated depreciation) in the Statement of Financial Position • Presentation of depreciation and gain/loss on the sale of non-current assets in the Statement of Financial Performance ***<u>Notes</u>*** *(23) The features of the non-current assets to be considered during purchase refers to possible product specifications such as efficiency of the product.* *(24) Scenario to **include only:** purchases of non-current assets by cash and on credit, and contribution of non-current assets by the owner* *(25) Scenarios to **include only:** partial (by whole month) or full year of depreciation in the year of acquisition. The preparation of accumulated depreciation and depreciation ledger accounts are **not required.***	<u>Presentation</u> • prepare an extract of Statement of Financial Position and Statement of Financial Performance showing the presentation of net book value, accumulated depreciation and depreciation • prepare an extract of the Statement of Financial Performance showing the presentation of gain or loss on the sale of non-current assets

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		(26) The preparation of the sale of non-current asset ledger account is not required and only the following scenarios are ***included:*** *(i) starting from purchase of one non-current asset that is subsequently sold, with or without replacement* *(ii) starting from purchase of two or more non-current assets and subsequently sold one of them, with or without replacement* *(iii) 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* *(iv) partial (by whole month) or full year of depreciation in the year of purchase but no depreciation in the year of sale* *(v) either the straight-line or reducing-balance depreciation methods*	

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
2.8 Liabilities This section looks into 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.			
2.8.1 Trade payables			
1) How do businesses manage trade payables? 2) What are the transactions involving trade payables? 3) How are trade payables presented in financial statements?	Contextual Managing suppliers and purchasing on credit Conceptual Liabilities Procedural Record transactions related to trade payables in the journal, ledger accounts and financial statements	Supplier management • Understand why businesses buy on credit instead of paying cash • Understand how businesses manage suppliers and decide which supplier to buy from by considering both accounting and non-accounting information. - accounting information: 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) - non-accounting information **includes only** the following: (i) local or overseas supplier (ii) after-sales service (iii) return policy (iv) online vs brick-and-mortar supplier (v) reputation of supplier (e.g., socially responsible, history of the business)	Supplier management • analyse, evaluate and make decisions about which supplier to buy from by considering both accounting and non-accounting information Accounting for transactions • define trade discount • explain why a trade discount is received • define cash discount • explain why a cash discount is received • distinguish between trade and cash discounts • calculate the trade discount at the purchase and return of goods • calculate the cash discount at payment • prepare the journal entries to record transactions affecting trade payables

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		(vi) warranty <u>Accounting for transactions</u> • Accounting for transactions affecting the credit purchase of goods and services and non-current assets: - credit purchases of goods and services - credit purchases of non-current assets - returns of goods - cash discounts and trade discounts, including their purposes and calculations - full or partial payments - freight charges <u>Presentation</u> • Presentation of trade payables in the Statement of Financial Position	• prepare a trade payable ledger account • interpret a trade payable ledger account • analyse the effects of cash discount on profit/loss for the period and trade payables <u>Presentation</u> • prepare an extract of the Statement of Financial Performance showing the presentation of discount received • prepare an extract of the Statement of Financial Position showing the presentation of trade payables
		2.8.2 Long-term borrowings	
1) What are the transactions for long-term borrowings?	<u>Contextual</u> Obtaining loans for business use	<u>Long-term borrowings management</u> • Understand why businesses obtain loans to finance its business operations	<u>Accounting theories</u> • explain the accounting of long-term borrowings interest expense in relation to relevant accounting theories

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
2) How are long-term borrowings presented in financial statements?	<u>Conceptual</u> • Current vs non-current liabilities • Matching theory • Accrual basis of accounting <u>Procedural</u> Record transactions related to loans and loan interests in the journal, ledger accounts and financial statements	<u>Accounting theories</u> • Matching theory • Accrual basis of accounting <u>Accounting for transactions</u> • Accounting for new loan and loan repayment ***(27)*** • Reclassify portion of liability payable within the next financial year as current liability • Accounting for interest expense and interest expense payable ***(27)*** <u>Presentation</u> • Presentation of long-term borrowings, interest expense and interest expense payable in the Statement of Financial Performance and Statement of Financial Position ***<u>Notes</u>*** *(27) 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*	<u>Accounting for transactions</u> • distinguish between bank loan and bank overdraft • calculate interest expense and interest expense payable • prepare the journal entries on new loan, loan repayment, interest expense and interest expense payable • prepare and interpret long-term borrowings ledger account • interpret the interest expense ledger accounts with adjustments for interest expense payable <u>Presentation</u> • 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

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		be repaid in equal instalments over the loan tenure. This syllabus does not include loans borrowed on a short-term basis.	
2.9 Equities This section looks into the equity items of both 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.			
2.9.1 Capital and share capital			
1) How are the sole proprietor's and shareholders' interests in the business presented in financial statements?	<u>Contextual</u> • Sole proprietorship • Private limited company <u>Conceptual</u> • Amounts reported are as at a point in time • Accounting entity theory <u>Procedural</u> Record transactions related to the sole proprietor's and shareholders' interests in the journal, ledger accounts and financial statements	<u>Accounting theories</u> • Accounting entity theory <u>Accounting for transactions</u> • Accounting for transactions affecting the sole proprietor's interest (owner's equity) ***(28)*** • Accounting for transactions affecting the shareholders' interests (shareholders' equity) ***(29):*** - Issuance of capital **only** <u>Presentation</u> • Presentation of capital and share capital in the Statement of Financial Position	<u>Accounting theories</u> • explain the accounting of capital and share capital in relation to relevant accounting theories <u>Accounting for transactions</u> • calculate share capital • prepare the journal entries on capital contributed and share capital • prepare the capital and share capital ledger accounts • Interpret the capital and share capital ledger accounts • analyse the changes in the owner's and shareholders' equity to identify the reasons for the changes

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		Notes *(28) Scenarios to include only contribution of capital in cash or in kind* *(29) Shareholders' interests include only the following* *(i) ordinary shares as the unit of ownership in the company* *(ii) issuance of ordinary shares fully paid up* *(iii) calculation of share capital based on unit issue price and quantity issued*	Presentation • 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
		2.9.2 Drawings	
1) How do businesses record withdrawals by sole proprietors?	Contextual Owner withdraws assets from business for own use Conceptual • Amounts reported are as at a point in time • Accounting entity theory Procedural Record transactions related to drawings	Accounting theories • Accounting entity theory Accounting for transactions • Drawings in cash or in kinds would reduce the sole proprietor's equity in the Statement of Financial Position • Closing of the drawings ledger account to the capital ledger account at the end of the financial year Presentation • Presentation of drawings in the capital account	Accounting theories • explain the accounting of drawings in relation to relevant accounting theories Accounting for transactions • define drawings • prepare the journal entries related to drawings and the transfer of drawings to the capital account • prepare the drawings ledger account • interpret the drawings ledger account • analyse the impact of drawings on the sole proprietor's equity

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
	in the journal, ledger accounts and financial statements		<u>Presentation</u> • prepare an extract of the Statement of Financial Position showing the presentation of capital less drawings as a single line item
2.9.3 Transfer of profit/loss for the year and retained earnings			
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> • Transfer of profits • Declaration of dividends <u>Conceptual</u> • Amounts reported as at a point in time <u>Procedural</u> Record transfer of profits and dividends in the journal, ledger accounts and financial statements	<u>Accounting for transactions</u> • Sole proprietorship - profit/loss for the period is added/ deducted to/from the capital - transfer of profit/loss for the year to the sole proprietor's capital ledger account at the end of the financial year • Private limited company - retained earnings/accumulated losses: accumulation of past profit/loss less declared dividends o transfer of profit/loss for the financial year to the retained earnings ledger account at the end of the financial year o movements in retained earnings to include only profit/loss for the year and dividends declared during the financial year	<u>Accounting for transactions</u> • define dividends and retained earnings • calculate the ending retained earnings after adjusting for profit/loss for the year and declared dividend • prepare the journal entries on the transfer of profit/loss for the year to the sole proprietor's capital account • prepare the journal entries on 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 • prepare the capital ledger account showing the transfer of profits/loss • prepare the retained earnings ledger account

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		- dividends: the return on shareholders' interests in the business ***(30)*** o calculation of declared dividends based on dividend per share and quantity of issued ordinary shares o accounting for declared dividends and payment of dividends <u>Presentation</u> • Presentation of the sole proprietor's capital account (after adding or deducting profit or loss for the year) in the Statement of Financial Position • Presentation of retained earnings or accumulated losses in the Statement of Financial Position ***<u>Note</u>*** *(30) Dividends **includes only** one final dividend paid, and the declared dividend is paid out in full and **excludes** the decision on how the amount of dividend per share is arrived at and the legal procedures for declared dividends.*	• Interpret the retained earnings ledger account • prepare the dividends ledger account • Interpret the dividends ledger account • analyse the impact of profit/loss on the owner's equity • analyse the impact of declared dividends and profit/loss for the year on retained earnings and shareholders' equity <u>Presentation</u> • 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 • prepare an extract of the Statement of Financial Position showing the presentation of retained earnings/ accumulated losses

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		2.10 Correction of errors	
1) How do errors occur? 2) How do errors affect the accounts?	<u>Conceptual</u> Double entry	• Correction of errors not revealed by the Trial Balance • Adjusted Trial Balance and Statement of Financial Position after correction of errors ***(31)*** • Statement to show adjusted profits ***<u>Note</u>*** *(31) This **includes only** one financial period; errors revealed by a Trial Balance are **not** required*	• explain how errors not revealed by a Trial Balance happen • prepare the journal entries to correct errors • analyse the effects of errors on profit/loss for the period and on items in the Statement of Financial Position • analyse the effects of correction of errors on profit/loss for the period and on items in the Statement of Financial Position • prepare an adjusted Trial Balance after correction of errors • prepare a statement of adjusted profits after correction of errors • prepare an adjusted Statement of Financial Position, or an extract of one, after correction of errors

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 (Express)	Learning Outcomes Students will be able to:
		3.1 Accounting theories	
1) What are the accounting theories? 2) How do they affect the preparation and presentation of accounting information?	<u>Conceptual</u> Accounting theories	• Accounting theories and their implications for the preparation and presentation of the Statement of Financial Position and Statement of Financial Performance • The accounting theories are: (i) accounting entity (ii) going concern (iii) monetary (iv) accounting period (v) accrual basis of accounting (vi) objectivity (vii) historical cost (viii) consistency (ix) materiality (x) prudence (xi) revenue recognition (xii) matching • The accounting theories applicable to the financial elements are mainly laid out in Key Understanding 2	• define each accounting theory • identify the accounting theory applied in a given scenario • explain how each accounting theory affects the preparation and presentation of financial statements

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
3.2 Accounting information system and accounting cycle			
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 source documents? 6) What are journal and ledgers? 7) What is recorded in the journal and ledgers? 8) What is a Trial Balance?	Contextual • Business transactions • Impact of technology on accounting Conceptual • Accounting information system • Relevant accounting theories	• The accounting cycle is the processing of accounting transactions through the accounting information system. The stages of accounting cycle are (i) identifying and recording (ii) adjusting (iii) reporting (iv) closing • The closing of accounts is only done at the end of a financial year • A computerised accounting information system generally comprises the following: (i) source documents (ii) journal (iii) ledgers (iv) Trial Balance (v) Statement of Financial Performance (vi) Statement of Financial Position Source documents • Purposes of source documents • Issue and receipt of documents in relation to seller/provider and buyer/consumer of goods/services ***(32)***	• state the order in which each type of transaction is processed through the accounting information system • explain how each type of transaction is processed through the accounting information system • state the purposes of source documents • state the purpose of each type of source document • state the source documents used in the transaction • explain the purpose of the Trial Balance • explain the limitation of the Trial Balance • prepare a Trial Balance

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
9) Why is the Trial Balance not an absolute proof of accuracy?		• Types of transactions and their source documents: - cash purchases and sales: receipts - credit purchases and sales: invoices - receipt of money: remittance advice (credit customer), receipt, bank statement - payment of money: payment voucher, receipt, bank statement - overcharges and returns of inventory: credit notes - undercharges: debit notes <u>Journal</u> • Representation of transactions in journal <u>Ledger account</u> • Representation of transactions in ledger accounts <u>Trial Balance</u> • Format of a Trial Balance • Facilitates the preparation of financial statements and can also be used as a check on arithmetic accuracy • Limitation as an absolute proof of accuracy	

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		Note *(32)* ***Excludes*** *details about the content on source documents*	
3.3 Understanding the double-entry recording system			
1) How are business activities recorded in the accounting information system?	Conceptual Double-entry recording system Procedural Record transactions in the journal and ledger accounts	Method of recording • Double-entry recording method and rules Journal entries • Preparation of journal entries Ledger accounts • Preparation of ledger accounts • Posting of journal entries to ledger accounts ***(33)*** • Analysing the effects of transactions on ledger balances • Understanding that the beginning and ending ledger balances represent the cumulative values to date • 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) ***(34)***	• state the ledger accounts to be debited and credited • prepare the journal entries • prepare the ledger accounts • interpret the transactions recorded and the balances in the ledger accounts

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
		• Closing of the drawings account to the capital account for sole proprietorships ***(34)*** • Closing of the dividends account amount to the retained earnings account for private limited companies ***(34)*** ***<u>Notes</u>*** *(33) **Excludes** the posting of accounting adjustments from the journal to ledgers* *(34) Closing of income and expenses accounts, drawings and dividends accounts will only be done at the end of the financial year*	
3.4 Internal controls			
1) What are internal controls? 2) Why are internal controls important? 3) What are the internal controls over cash?	<u>Contextual</u> • How businesses manage cash • Safeguarding cash <u>Conceptual</u> Internal controls and internal controls over cash	• Purpose of internal controls - safeguard assets of the business - ensure business transactions are recorded accurately - comply with laws and regulations • Internal controls to safeguard cash by having controls over: - cash in hand - cash at bank - cash in transit - cash receipts - cash payments	• explain the purpose of internal controls • explain the ways of internal controls over cash in hand, cash at bank, cash in transit, cash receipts and cash payments • explain the purpose of preparing bank reconciliation • identify the differences between the business cash at bank balance and the balance in the bank statement

Guiding Questions	Knowledge	Content (Express)	Learning Outcomes Students will be able to:
	Procedural Preparation of bank reconciliation statement	• Internal controls over cash - segregation of duties - custody of cash - authorisation - bank reconciliation • Purpose of preparing bank reconciliation: check the cash at bank balance of the business against the bank's record as shown on the bank statement • Reconciliation of differences between the business cash at bank balance and the balance in the bank statement ***(35)*** • Differences are due to the timing of the transactions recorded by the business and the bank, and errors in recording • Types of differences ***(36):*** (i) direct deposits (ii) direct payments (iii) cheques not yet presented (iv) deposits in transit (v) dishonoured cheques (vi) errors made by the business or the bank • Adjusting the cash at bank ledger account • Format of a bank reconciliation statement	• explain the causes of differences between the business cash at bank balance and the balance in the bank statement • prepare an adjusted cash at bank ledger account • prepare the bank reconciliation statement • analyse the effects of adjusting 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 (Express)	Learning Outcomes Students will be able to:
		Notes *(35)* ***Includes only*** *the following scenarios:* *(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 overdraft* *(v) bank reconciliation must be performed by comparing cash at bank ledger account and a bank statement* *(36) 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*	

Table 6: Content Amplification and Learning Outcomes for Normal(Academic) 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 (Normal (Academic))	Learning Outcomes Students will be able to:
1.1 Roles of accounting and accountants			
1) What is accounting? 2) What are the roles of accounting and accountants? 3) How do accountants fulfil their roles?	<u>Contextual</u> • Business environment	<u>Role of accounting</u> • Accounting provides accounting information for decision-making by business owners and other stakeholders <u>Role of accountants</u> • Through providing accounting information for stakeholders' decision-making, accountants act as <u>stewards of businesses</u> • 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. • They <u>think critically, solve problems, adapt and meet the need for sophisticated accounting and business information</u>	• state the role of accounting • state the role of accountants • define integrity and objectivity • explain the importance of having integrity and objectivity in preparing and presenting accounting information

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		• In the face of an evolving business environment and rapid technological advancement, accountants have to 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 • Stakeholders place trust in the information provided by accountants who must adhere to professional ethics, uphold <u>integrity and be objective</u> ***(1)(2)*** - <u>integrity</u> is being straightforward and honest in all professional and business relationships - <u>objectivity</u> is not letting bias, conflict of interest or undue influence of others override professional judgement ***<u>Notes</u>*** *(1) **Includes only** the effects of unethical behaviour on decisions made by stakeholders; the legal consequences of unethical behaviour are **not** required* *(2) In the Institute of Singapore Chartered Accountants' Code of Professional Conduct and Ethics, the first two principles are integrity and objectivity*	

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
1.2 Stakeholders and their decision-making needs			
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> • Business environment <u>Conceptual</u> • Relevance of information • Accounting and non-accounting information	<u>Stakeholders</u> • Users of accounting and non-accounting information of a business for decision-making <u>Accounting and non-accounting information</u> • 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 - <u>accounting information</u> refers to information usually generated by the accounting information system and is largely extracted from journals, ledger accounts and financial statements - <u>non-accounting information</u> ***<u>(3)</u>*** refers to the information about the operation of a business not found in journals, ledger accounts or financial statements. ***<u>Note</u>*** *(3) Refer to sections 2.7.2, 2.7.3, and 2.8.1 for the specific non-accounting information for this syllabus*	• state the stakeholders who are interested in the affairs of the business and make use of the accounting information for decision-making • state examples of accounting information needed by stakeholders of a business for decision-making • state examples of non-accounting information needed by owners and managers of a business for decision-making • explain why stakeholders of a business are interested in accounting information • explain why owners and managers of a business are interested in non-accounting information

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 (Normal (Academic))	Learning Outcomes Students will be able to:
2.1 Types of Businesses			
1) What are the different types of profit-making businesses and how do their financial statements differ?	<u>Contextual</u> Types of businesses <u>Conceptual</u> • Trading businesses • Service businesses	• Main business activities of profit-making businesses: trading and service • Difference between the business activities of trading and service businesses as seen in the Statement of Financial Position and Statement of Financial Performance	• explain the differences between trading and service businesses • distinguish between financial statements of businesses in trading and services
2.3 Elements of financial statements			
1) How are business activities measured and presented in financial statements?	<u>Contextual</u> Business activities <u>Conceptual</u> • Asset • Liability • Equity • Income • Expense	• All business activities are represented by these elements: asset, liability, equity, income and expense • Examples of assets, liabilities, equity, income and expenses • Understand how the trade of the business and the use of the items affect how they are classified	• define asset, liability, equity, income and expenses • give examples of assets, liabilities, equity, income and expenses for a specific business • classify items as assets, liabilities, equity, income and expenses for a specific business

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		2.4 Accounting equation	
1) What is the relationship between asset, liability and equity?	Conceptual Accounting equation Procedural Analyse the effects of transactions on the accounting equation	• Basic accounting equation of assets = equity + liabilities, and its expansion to include income and expenses • The basic accounting equation is the basis of the Statement of Financial Position	• state the basic accounting equation and its expansion • calculate the values of assets, liabilities and equity using the accounting equation • apply the accounting equations to the Statement of Financial Position • analyse the effects of business transactions on the accounting equation
		2.5 Financial statements 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.	
		2.5.1 Statement of Financial Position	
1) What are financial statements and their purposes? 2) What is a Statement of Financial Position? 3) How is information shown in the Statement of Financial Position?	Contextual Communication of the list of assets, liabilities, and equity of a business Conceptual • Amounts reported are at a point in time • Accounting equation • Current assets • Non-current assets	Purpose of the Statement of Financial Position • Statement of Financial Position lists the assets, liabilities and equity of a business at a point in time ***(4)(5)*** • Represents the accounting equation Items in the Statement of Financial Position • Classification of items as non-current assets, current assets, non-current liabilities, current liabilities and equity	• define and distinguish between non-current and current assets • define and distinguish between non-current and current liabilities • define net assets and equity • calculate net assets and equity • analyse the effects of business transactions and accounting adjustments on the owner's equity, non-current

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
	• Current liabilities • Non-current liabilities • Equity • Valuation of assets • Relevant accounting theories <u>Procedural</u> • Prepare the Statement of Financial Position • Analyse the effects of business transactions and accounting adjustments on the Statement of Financial Position	• Examples of non-current assets, current assets, non-current liabilities, current liabilities and equity • Owner's equity for a sole proprietor ***(6)*** <u>Valuation methods</u> • Accounting theories that apply to each valuation method • Valuation methods used for assets: - non-current assets at net book value, i.e., cost less accumulated depreciation - inventory values at the lower of cost and net realisable value - trade receivables at trade receivables less allowance for impairment of trade receivables <u>Presentation of the Statement of Financial Position</u> • Narrative format of Statement of Financial Position • Presentation details to show: - non-current and current assets (current assets are **not required** to be listed in order of liquidity) - non-current and current liabilities - capital of the sole proprietor	assets, current assets, non-current liabilities, current liabilities and net assets • prepare a Statement of Financial Position with end-of-financial-period accounting adjustments for a sole proprietorship • prepare a Statement of Financial Position with end-of-financial-period accounting adjustments for a trading or service business

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		• Accounting adjustments can be done at the end of a period or financial year, and they **include only:** - depreciation of non-current assets, with or without beginning accumulated depreciation - impairment loss on inventory - impairment loss on trade receivables arising during the financial period, with or without beginning allowance for impairment of trade receivables - prepaid expenses, expenses payable, service fee received in advance, income receivable and income received in advance - re-classification of current portion of non-current liability • Basic interpretation and significance of relationships of financial figures in the Statement of Financial Position ***(7)*** ***<u>Notes</u>*** *(4) The Statement of Financial Position is to be prepared from a list of account balances or a trial balance*	

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		(5) The Statement of Financial Position ***includes only*** *that for* *(i) trading and service businesses* *(ii) sole proprietorships* *(6) The terms net worth and capital owned are* ***not*** *used* *(7)* ***Includes only*** *the following:* *(i) how resources are obtained and used* *(ii) equity and net assets (total assets - total liabilities)* *(iii) changes in net assets between two points in time and the profit for the period*	
		2.5.2 Statement of Financial Performance	
1) What is a Statement of Financial Performance? 2) How is information shown in the Statement of Financial Performance?	Contextual Communication of a business performance Conceptual • Amounts reported are for a period of time • Expanded accounting equation • Income • Expenses • Profits	Purpose of the Statement of Financial Performance • The Statement of Financial Performance shows the income and expenses of a business for a period of time ***(8)*** • Shows the profit for the period, i.e., the excess of income over expenses for a period of time Items in the a Statement of Financial Performance • For a trading business, the perpetual inventory recording method is adopted	• define and distinguish gross profit/loss and profit/loss for the financial period • explain the purposes of the trading portion and profit and loss portion of the Statement of Financial Performance • calculate net sales revenue, service fee revenue, gross profit/loss and profit/loss for the period • prepare a Statement of Financial Performance with end-of-financial-period accounting adjustments for a sole proprietorship

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
	• Relevant accounting theories <u>Procedural</u> • Prepare the Statement of Financial Performance	• The following details are shown in the trading portion of the Statement of Financial Performance: - net sales revenue (sales revenue - sales returns) - cost of sales - gross profit/loss • For a service business, service fee revenue is shown as a line item separate from other income <u>Presentation of the Statement of Financial Performance</u> • Narrative format of Statement of Financial Performance • Presentation of sales revenue, sales returns and cost of sales on the Statement of Financial Performance for a trading business • Presentation of service fee revenue on the Statement of Financial Performance for a service business • Other expenses in the profit and loss portion of the Statement of Financial Performance **are not required** to be classified by function	• prepare a Statement of Financial Performance with end-of-financial-period accounting adjustments for trading or service business

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		• Accounting adjustments can be done at the end of a period or financial year, and they **include only:** - depreciation of non-current assets, with or without beginning accumulated depreciation - impairment loss on inventory - impairment loss on trade receivables arising during the financial period, with or without beginning allowance for impairment of trade receivables - service fee revenue received in advance, prepaid expenses, expenses payable, other income receivables and income received in advance • Basic interpretation and significance of relationships of financial figures in the Statement of Financial Performance ***(9)*** ***<u>Notes</u>*** *(8) The Statement of Financial Performance is to be prepared from a list sof account balances or a trial balance and **includes only** that for* *(i) trading and service businesses* *(ii) sole proprietorships*	

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		(9) ***Includes only*** *the following relationships between:* *(i) sales revenue, cost of sales and gross profit/loss* *(ii) gross profit/loss, other income, other expenses and profit/loss for the period* *(iii) sales revenue, cost of sales, other income, other expenses and profit/loss for the period*	
2.6 Income and expenses This section looks into 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.			
2.6.1 Revenue and other income			
1) What are the transactions for revenue and other income? 2) How are revenue and other income presented in financial statements? 3) How are adjustments for revenue and other income made?	<u>Contextual</u> • Trading and service business • How the dates for receipt of income can differ with the period they are reported as income <u>Conceptual</u> • Amounts reported are for a period of time • Sales revenue • Service fee revenue • Service fee revenue	<u>Accounting theories</u> • Revenue recognition theory • Accrual basis of accounting theory <u>Accounting for transactions</u> • Accounting for: (i) sale of goods on cash and credit basis (ii) provision of services on cash and credit basis (iii) returns of goods (iv) service fee revenue received in advance (v) other income ***(10)*** (vi) income receivable ***(10)*** (vii) income received in advance ***(10)***	<u>Accounting theories</u> • 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 <u>Accounting for transactions</u> • calculate the sales revenue adjusted for sales return • calculate the service fee revenue adjusted for service fee revenue received in advance

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
	received in advance • Other income • Income receivable • Income received in advance • Revenue recognition theory • Accrual basis of accounting <u>Procedural</u> • Record sales revenue, service fee revenue and income in the journal, ledger accounts and financial statements • Record service fee revenue received in advance, income receivable and income received in advance in the journal and financial statements	• Calculation of service fee revenue received in advance, income receivables and income received in advance • Amounts received are recorded as income at the points of receipt, and any unearned or not received portions are adjusted at the end of the financial period • 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 • 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) <u>Presentation</u> • Presentation of sales revenue, sales returns, service fee revenue and other income in the Statement of Financial Performance • Presentation of income receivable in the Statement of Financial Position	• calculate other income adjusted for income receivable and income received in advance • 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 • prepare the sales revenue, sales returns, service fee revenue and other income ledger accounts **without** adjustments for service fee revenue received in advance, income receivable and income received in advance • interpret the sales revenue, sales returns, service fee revenue, other income ledger accounts **with** adjustments for service fee revenue received in advance, income receivable and income received in advance • analyse the effects of service fee revenue received in advance, income receivables and income received in advance on current liabilities, current assets and profit/loss for the period

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		• Presentation of service fee revenue received in advance and income received in advance in the Statement of Financial Position • Income receivable is shown as current assets in the Statement of Financial Position • Service fee revenue received in advance and income received in advance are shown as current liabilities in the Statement of Financial Position ***<u>Note</u>*** *(10)* ***Excludes*** *the following* *(i) dividend income* *(ii) preparation of income receivable and income received in advance ledger accounts*	<u>Presentation</u> • prepare an extract of the Statement of Financial Performance showing the presentation of sales revenue, sales returns, and other income for a trading business • prepare an extract of the Statement of Financial Performance showing the presentation of service fee revenue and other income for a service business • prepare an extract of the Statement of Financial Position showing the presentation of service fee revenue received in advance for a service business • 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
		2.6.2 Cost of sales and other expenses	
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?	<u>Contextual</u> How the dates of payments of expenses can differ with the period they are reported as expenses <u>Conceptual</u> • Amounts reported	<u>Accounting theories</u> • Matching theory • Accrual basis of accounting <u>Accounting for transactions</u> • Accounting for: (i) cost of sales (ii) other expenses paid by cash/cheque	<u>Accounting theories</u> • explain the accounting of cost of sales, other expenses, and adjustments for prepaid expenses and expenses payable in relation to relevant accounting theories <u>Accounting for transactions</u> • calculate the cost of sales

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
3) How are adjustments for other expenses made?	are for a period of time • Prepayments • Expenses payable • Accrual basis of accounting • Matching theory <u>Procedural</u> • Record cost of sales, and other expenses in the journal, ledger accounts and financial statements • Record prepaid expenses and expenses payable in the journal and financial statements	(iii) expenses incurred but not paid (expenses payable) ***(11)*** (iv) expenses not incurred but paid (prepaid expenses) ***(11)*** • Calculation of cost of sales and other expenses, prepaid expenses and expenses payable • Amounts paid are recorded as other expenses at the points of payments, and any unused or outstanding portions are adjusted at the end of the financial period • Adjustments at end of period are to be made against separate prepaid expenses and expenses payable ledger accounts • 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 periods in between the financial year, there will be balances in these accounts) <u>Presentation</u> • Presentation of cost of sales and other expenses in the Statement of Financial Performance • Presentation of prepaid expenses and expenses payable in the Statement of Financial Position	• calculate other expenses adjusted for prepaid expenses and expenses payable • prepare the journal entries affecting cost of sales, other expenses, prepaid expenses and expenses payable • prepare the cost of sales and other expenses ledger accounts **without** adjustments for prepaid expenses and expenses payable • interpret the cost of sales and other expenses ledger accounts **with** adjustments for prepaid expenses and expenses payable • analyse the effects of prepaid expenses and expenses payable on current liabilities, current assets and profit/loss for the period <u>Presentation</u> • prepare an extract of the Statement of Financial Performance showing the presentation of cost of sales and other expenses for a trading business • prepare an extract of the Statement of Financial Performance showing the presentation of other expenses for a

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		• Prepaid expenses are shown as current assets in the Statement of Financial Position • Expenses payables are shown as current liabilities in the Statement of Financial Position ***Note*** *(11)* ***Excludes*** *the preparation of prepaid expenses and expenses payables ledger accounts*	service business • 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
2.7 Assets This section looks into 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.			
2.7.1 Cash in hand and cash at bank			
1) How do businesses manage cash? 2) What are the transactions involving cash? 3) How is cash presented in financial statements?	Contextual Receipts and payments Conceptual Assets versus liabilities	Cash management • Understand why businesses need to keep cash for operational needs • Understand how businesses manage cash in hand, cash at bank, cash in transit, cash receipts and cash payments ***(12)*** Accounting for transactions • Accounting for receipts and payments - cash at bank account reflects the amount deposited in the bank for safe-keeping	Accounting for transactions • prepare the journal entries related to receipts and payments • state the causes of dishonoured cheque • prepare the journal entries for dishonoured cheque • prepare the cash in hand and cash at bank ledger accounts • interpret the cash in hand and cash at bank ledger accounts

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
	<u>Procedural</u> Record cash receipts, cash payments and bank-related transactions in the journal, ledger accounts and financial statements	- the use of cheques and how dishonoured cheques happen - accounting for dishonoured cheques, with and without cash discount previously provided/received <u>Presentation</u> • Presentation of cash in hand, cash at bank and bank overdraft in the Statement of Financial Position ***<u>Note</u>*** *(12) The internal control of cash is covered in section 3.4*	<u>Presentation</u> • prepare an extract of the Statement of Financial Position showing the presentation of cash at bank, bank overdraft and cash in hand
		2.7.2 Inventories	
1) Why do businesses keep inventories? 2) How do businesses manage inventories? 3) What are the transactions involving the purchase and sale of inventory?	<u>Contextual</u> Inventory management <u>Conceptual</u> • Accounting and non-accounting information • Relevance of information	<u>Inventory management</u> • Understand why businesses keep inventories to avoid out-of-stock situations • Understand how businesses manage inventories by - keeping proper records to track inventory - keeping physical inventory in the warehouse - buying insurance to insure the inventory	<u>Inventory management</u> • explain why businesses keep inventories • describe how businesses manage inventories • analyse, evaluate and make decisions about the purchase of inventory by considering accounting and non-accounting information

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
4) How is inventory presented in financial statements? 5) How is inventory valued?	• Prudence theory • Valuation of inventory – at the lower of cost and net realisable value • Adjustments – to recognise impairment loss on inventory Procedural Record purchase and sales of inventory, other related inventory transactions and any adjustments for inventory in the journal, ledger accounts and financial statements	• Understand how businesses manage and make decisions about types of inventory to buy by considering both accounting and non-accounting information - accounting information: cost of inventory and storage cost - non-accounting information **includes only** (i) types of storage (ii) nature of product (iii) customer preference Accounting theories • Prudence theory Accounting for transactions • Accounting for purchases of inventory, return of inventory, sales of inventory and sales returns for a trading business - perpetual inventory recording method ***(13)*** - goods are inventoried at the points of purchases and expensed as cost of sales at the points of sales	Accounting theories • explain the valuation of inventory in relation to relevant accounting theories Accounting for transactions • identify the costs of purchases • calculate the cost of sales and ending inventory • calculate the impairment loss on inventory adjusted for insurance claims if any • prepare the journal entries on inventory at points of purchases and cost of sales at points of sales • prepare the journal entry to record impairment loss on inventory • prepare the inventory ledger account **without** adjustments for impairment loss on inventory

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		- costs of purchases inventoried include the purchase price and costs to bring in inventory less returns ***(14)*** • Accounting for cost of sales - calculation of cost of sales and ending inventory using the FIFO method ***(15)*** <u>Valuation</u> • Valuation of ending inventory ***(16)*** - Singapore's Financial Reporting Standards (FRS) 2 states that "inventories shall be measured at the lower of cost and net realisable value" - accounting for impairment loss on inventory when the net realisable value of inventory is lower than book value of inventory at the end of the financial period ***(17)*** <u>Presentation</u> • Presentation of inventory, cost of sales and impairment loss on inventory in the Statement of Financial Position and Statement of Financial Performance	• interpret the inventory ledger account **with** adjustments for impairment loss on inventory and/or insurance claims • analyse the effects of understatement or overstatement of inventory on gross profit/loss and profit for the period/loss for the **current financial period** <u>Valuation</u> • state the valuation method for inventory in the Statement of Financial Position <u>Presentation</u> • 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

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		Notes *(13) Adjustment for differences between ending inventory values derived from perpetual inventory recording method and physical inventory count is **not required.*** *(14) 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 **excluded.** In addition, adjustments to costs of purchases that will affect cost of sales and ending inventory are **excluded.** Adjustment to inventory value **includes only** impairment loss on inventory.* *(15) Scenarios to **exclude:*** *(i) more than one financial period,* *(ii) beginning inventory comprising more than one batch of goods,* *(iii) a batch of goods with only value or quantity*	

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		(iv) cost of sales measured by other methods besides FIFO to an entire batch (or batches) of goods, with partial apportionment of any batch *(16) Calculating unit cost, deriving inventory value from unit cost and quantity, and recording in stock cards are* ***not*** *required, and goods returned from customers will not lead to return of the same goods to the supplier* *(17) Preparation of impairment loss in the inventory ledger account is* ***not*** *required*	
		2.7.3 Trade receivables	
1) Why do businesses grant credit to customers? 2) How do businesses manage trade receivables?	<u>Contextual</u> Trade receivables management <u>Conceptual</u> • Accounting and non-accounting information • Relevance of information	<u>Trade receivables management</u> • Understand why businesses give credit to customers to increase revenue • 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	<u>Trade receivables management</u> • analyse, evaluate and make decisions about the credit worthiness of existing and new customers/trade receivables by considering both accounting and non-accounting information

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
3) What are the transactions involving trade receivables? 4) How are trade receivables presented in financial statements?	• Estimated loss vs actual loss • Matching theory • Prudence theory • Valuation of assets – general provision for allowance for impairment of trade receivables • Impairment loss on trade receivables Procedural Record transactions related to trade receivables and any adjustments on trade receivables in the journal ledger accounts and financial statements	- accounting information: trade receivables balance, credit terms and cash discount, number of days trade receivables are overdue, existing customers' history of repayment - non-accounting information **includes only *(18)*** the following (i) economic outlook (ii) specific industry outlook (iii) reputation of customer (e.g. socially responsible, history of the business) (iv) customers' history of repayment Accounting theories • Matching theory • Prudence theory Accounting for transactions • Accounting for transactions affecting trade receivables of a trading business: - credit sales and sales returns - cash discounts and trade discounts, including their purposes and calculations	Accounting theories • explain the accounting of impairment loss on trade receivables in relation to relevant accounting theories Accounting for transactions • define trade discount • explain why a trade discount is given • define cash discount • explain why a cash discount is given • distinguish between trade and cash discounts • calculate the trade discount at the sale of and return of goods • calculate the cash discount • prepare the journal entries to record transactions affecting trade receivables • prepare the journal entries on allowance for impairment of trade receivables • prepare a trade receivable ledger account

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		- write-off of full or partial amount of debt - receipts in full or partial amount of debt owed - dishonoured cheques • <u>Accounting for transactions</u> affecting trade receivables of <u>service business:</u> - services provided on credit - cash discounts and trade discounts, including their purposes and calculations - write-off of full or partial amount of debt - receipts in full or partial amount of debt owed - dishonoured cheques <u>Valuation</u> • Valuation of trade receivables ***(19)*** - trade receivables represent the collections in the immediate future. - allowance for impairment of trade receivables is an estimate of the value of debts that may be uncollectible in the future ***(20)***	• interpret the (i) trade receivables, (ii) allowance for impairment of trade receivables, (iii) impairment loss on trade receivables ledger accounts • analyse the effects of cash discount on profit for the period and trade receivables • analyse the effects of changes in allowance for impairment of trade receivables and impairment loss on trade receivables on the profit/loss for the period and trade receivables <u>Valuation</u> • state the valuation method for trade receivables in the Statement of Financial Position <u>Presentation</u> • 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

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		- calculation and accounting of allowance for impairment of trade receivables - a decrease in allowance is treated as a reduction against expenses in the Statement of Financial Performance <u>Presentation</u> • 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 ***<u>Notes</u>*** *(18) 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)* *(19) Scenarios to **include only**:* *(i) providing allowance for the first time* *(ii) increase in allowance over prior year* *(iii) decrease in allowance over prior year*	

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		(20) 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 ***expected life of the financial instrument*** *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. The preparation of allowance for impairment of trade receivables and impairment loss on trade receivables ledger accounts are* ***not required.***	
		2.7.4 Non-current assets	
1) What is the difference between capital and revenue expenditure? 2) What are the transactions involving non-current assets?	Contextual Buying of non-current assets	Non-current assets management • Understand the types of expenditure that businesses can capitalise Accounting theories • Matching theory • Consistency theory • Materiality theory • Prudence theory	Accounting theories • explain the application of the materiality theory on the treatment of capital and revenue expenditure • explain the need to charge depreciation in relation to relevant accounting theories • explain the presentation of net book value in relation to relevant accounting theories

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
3) How are non-current assets presented in financial statements?	<u>Conceptual</u> • Capital vs revenue expenditure • Materiality theory • Matching theory • Consistency theory • Prudence theory • Valuation of non-current assets – at cost less accumulated depreciation <u>Procedural</u> • Record transactions related to non-current assets and any adjustments for non-current assets in the journal, ledger accounts and financial statements	<u>Accounting for transactions</u> • Accounting for revenue versus capital expenditure - 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 - examples of capital and revenue expenditure - expenditure on non-current assets subsequent to acquisition can only be capitalised if it increases the capacity and useful life of the non-current assets and improves their function - effects of erroneous classification and treatment of expenditure on financial statements • Accounting for purchase of non-current assets ***(21)*** - cost of non-current assets comprising purchase prices and the costs of bringing the non-current assets to operating condition	<u>Accounting for transactions</u> <u>Capital and revenue expenditure</u> • define capital and revenue expenditure • distinguish between capital and revenue expenditure • classify accounting transactions as capital and revenue expenditure • analyse the effects of differences in classification and treatment of capital and revenue expenditure on financial statements <u>Purchase of non-current assets</u> • prepare the journal entries on purchases of non-current assets • prepare the non-current asset ledger account to show the purchase of non-current assets • interpret the non-current asset ledger account <u>Depreciation and accumulated depreciation</u> • define depreciation and accumulated depreciation

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		• Accounting for depreciation and accumulated depreciation (depreciation to date) ***(22)*** - causes of depreciation - methods of depreciation o straight line o reducing balance - suitability of depreciation methods for different classes of non-current assets - net book value represents the estimated future economic value of a non-current asset - accumulated depreciation is an approximation of the reduction in economic value of a non-current asset <u>Valuation</u> • Valuation of non-current assets - at cost less accumulated depreciation <u>Presentation</u> • Presentation of non-current assets at net book value (cost less accumulated depreciation) in the Statement of Financial Position • Presentation of depreciation of non-current asset in the Statement of Financial Performance	• state the causes of depreciation • state and distinguish the depreciation methods of (i) straight-line and (ii) reducing-balance methods • explain the suitability of selected depreciation methods for different types of non-current assets • calculate depreciation and accumulated depreciation according to the (i) straight-line and (ii) reducing-balance methods • calculate the rate of depreciation, length of useful life, annual depreciation, accumulated depreciation and net book value or cost of non-current assets • prepare the journal entries on depreciation and accumulated depreciation • analyse the effects of different depreciation methods on profit/loss for the period and net book value of non-current assets • interpret the (i) depreciation and (ii) accumulated depreciation ledger accounts

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		Notes *(21) Scenario to **include only** purchases of non-current assets by cash and on credit, and contribution of non-current assets by the owner* *(22) Scenarios to **include only** partial (by whole month) or full year of depreciation in the year of acquisition. The preparation of accumulated depreciation and depreciation ledger accounts are **not required.***	Valuation • state the valuation method for non-current assets in the Statement of Financial Position Presentation • 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
2.8 Liabilities This section looks into 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.			
2.8.1 Trade payables			
1) How do businesses manage trade payables? 2) What are the transactions involving trade payables?	Contextual Managing suppliers and purchasing on credit Conceptual Liabilities	Supplier management • Understand why businesses buy on credit instead of paying cash • Understand how businesses manage suppliers and decide which supplier to buy from by considering both accounting and non-accounting information.	Supplier management • analyse, evaluate and make decisions about which supplier to buy from by considering both accounting and non-accounting information Accounting for transactions • define trade discount

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
3) How are trade payables presented in financial statements?	<u>Procedural</u> Record transactions related to trade payables in the journal, ledger accounts and financial statements	- <u>Accounting information:</u> 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) - <u>Non-accounting information</u> **includes only** the following: (i) local or overseas supplier (ii) after-sales service (iii) return policy (iv) online vs brick-and-mortar supplier (v) reputation of supplier (e.g., socially responsible, history of the business) (vi) warranty <u>Accounting for transactions</u> • Accounting for transactions affecting the credit purchase of goods and services and non-current assets: - credit purchases of goods and services - credit purchases of non-current assets - returns of goods - cash discounts and trade discounts, including their purposes and calculations	• explain why a trade discount is received • define cash discount • explain why a cash discount is received • distinguish between trade and cash discounts • calculate the trade discount at the purchase and return of goods • calculate the cash discount at payment • prepare the journal entries to record transactions affecting trade payables • prepare a trade payable ledger account • interpret a trade payable ledger account • analyse the effects of cash discount on profit/loss for the period and trade payables <u>Presentation</u> • prepare an extract of the Statement of Financial Performance showing the presentation of discount received

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		- full or partial payments - freight charges <u>Presentation</u> • Presentation of trade payables in the Statement of Financial Position	• prepare an extract of the Statement of Financial Position showing the presentation of trade payables
		2.8.2 Long-term borrowings	
1) What are the transactions for long-term borrowings? 2) How are long-term borrowings presented in financial statements?	<u>Contextual</u> Obtaining loan for business use <u>Conceptual</u> • Current vs non-current liabilities • Matching theory • Accrual basis of accounting <u>Procedural</u> Record transactions related to loans and loan interests in the journal, ledger accounts and financial statements	<u>Long-term borrowings management</u> • Understand why businesses obtain loans to finance its business operations <u>Accounting theories</u> • Matching theory • Accrual basis of accounting <u>Accounting for transactions</u> • Accounting for new loan and loan repayment ***(23)*** • Reclassify portion of liability payable within the next financial year as current liability • Accounting for interest expense and interest expense payable ***(24)*** <u>Presentation</u> • Presentation of long-term borrowings, interest expense and interest payable in the Statement of Financial Performance and Statement of Financial Position	<u>Accounting theories</u> • explain the accounting of long-term borrowings interest expense in relation to relevant accounting theories <u>Accounting for transactions</u> • distinguish between bank loan and bank overdraft • prepare the journal entries on new loan, loan repayment, interest expense and interest payable • prepare and interpret the long-term borrowings ledger account • interpret the interest expense ledger accounts with adjustment for interest expense payable

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		Notes *(23) 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.* *(24) **Excludes** the calculation of interest expense.*	Presentation • prepare an extract of the Statement of Financial Position and Statement of Financial Performance showing the presentation of loan, interest payable and interest expense
2.9 Equities 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.			
2.9.1 Capital			
1) How is the sole proprietor's interest in the business presented in financial statements?	Contextual Sole proprietorship	Accounting theories • Accounting entity theory Accounting for transactions • Accounting for transactions affecting the sole proprietor's interest (owner's equity) ***(25)***	Accounting theories • explain the accounting of capital in relation to relevant accounting theories

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
	<u>Conceptual</u> • Amounts reported are as at a point in time • Accounting entity theory <u>Procedural</u> Record transactions related to the sole proprietor's interest in the journal, ledger accounts and financial statements	<u>Presentation</u> • Presentation of capital in the Statement of Financial Position ***<u>Note</u>*** *(25) Scenarios to **include only** contribution of capital in cash or in kind*	<u>Accounting for transactions</u> • prepare the journal entries on capital contributed • prepare the capital ledger account • interpret the capital ledger account • analyse the changes in the owner's equity to identify the reasons for the changes <u>Presentation</u> • prepare an extract of the Statement of Financial Position showing the presentation of the sole proprietorship's interest in the business
		2.9.2 Drawings	
1) How do businesses record withdrawals by sole proprietors?	<u>Contextual</u> Owner withdraws assets from business for own use <u>Conceptual</u> • Amounts reported are as at a point in time • Accounting entity theory	<u>Accounting theories</u> • Accounting entity theory <u>Accounting for transactions</u> • Drawings in cash or in kinds would reduce the sole proprietorship equity in the Statement of Financial Position • Closing of the drawings ledger account to the capital ledger account at the end of the financial year	<u>Accounting theories</u> • explain the accounting of drawings in relation to relevant accounting theories <u>Accounting for transactions</u> • define drawings • prepare the journal entries related to drawings and the transfer of drawings to the capital account

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
	<u>Procedural</u> Record transactions related to drawings in the journal, ledger accounts and financial statements	<u>Presentation</u> • Presentation of drawings in the capital account	• prepare the drawings ledger account • interpret the drawings ledger account • analyse the impact of drawings on the sole proprietor's equity <u>Presentation</u> • prepare an extract of the Statement of Financial Position showing the presentation of capital less drawings as a single line item
		2.9.3 Transfer of profit/loss for the year	
How do sole proprietors record the transfer of profit for the period to the capital account?	<u>Contextual</u> • Transfer of profits <u>Conceptual</u> • Amounts reported as at a point in time <u>Procedural</u> Record transfer of profit in the journal, ledger accounts and financial statements	<u>Accounting for transactions</u> • Sole proprietorship - profit/loss for the period is added/deducted to/from the capital - transfer of profit/loss for the year to the sole proprietor's capital ledger account at the end of the financial year <u>Presentation</u> • Presentation of the sole proprietor's capital account (after adding or deducting profit or loss for the period) in the statement of Financial Position	<u>Accounting for transactions</u> • prepare the journal entries on the transfer of profit/loss for the year to the sole proprietor's capital account • prepare the capital ledger account showing the transfer of profit/loss • analyse the impact of profit/loss on the owner's equity <u>Presentation</u> • 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

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		2.10 Correction of errors	
1) How do errors occur? 2) How do errors affect the accounts?	Conceptual Double entry	• Correction of errors not revealed by the Trial Balance • Adjusted Trial Balance after correction of errors ***(26)*** ***Note*** *(26) This **includes only** one financial period; errors revealed by a Trial Balance are **not** required*	• explain how errors not revealed by a Trial Balance happen • prepare the journal entries to correct errors • analyse the effects of errors on profit/loss for the period and on items in the Statement of Financial Position • analyse the effects of correction of errors on profit/loss for the period and in items on the Statement of Financial Position • prepare an adjusted Trial Balance after correction of errors

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 (Normal (Academic))	Learning Outcomes Students will be able to:
		3.1 Accounting theories	
1) What are the accounting theories? 2) How do they affect the preparation and presentation of accounting information?	Conceptual Accounting theories	• Accounting theories and their implications for the preparation and presentation of Statement of Financial Position and Statement of Financial Performance • The accounting theories are: (i) accounting entity (ii) going concern (iii) monetary (iv) accounting period (v) accrual basis of accounting (vi) objectivity (vii) historical cost (viii) consistency (ix) materiality (x) prudence (xi) revenue recognition (xii) matching • The accounting theories applicable to the financial elements are mainly laid out in Key Understanding 2	• define each accounting theory • identify the accounting theory applied in a given scenario • explain how each accounting theory affects the preparation and presentation of financial statements

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		3.2 Accounting information system and accounting cycle	
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 source documents? 6) What are journal and ledgers? 7) What is recorded in the journal and ledgers? 8) What is a Trial Balance?	<u>Contextual</u> • Business transactions • Impact of technology on accounting <u>Conceptual</u> • Accounting information system • Relevant accounting theories	• The accounting cycle is the processing of accounting transactions through the accounting information system. The stages of accounting cycle are (i) identifying and recording (ii) adjusting (iii) reporting (iv) closing • The closing of accounts is only done at the end of a financial year • A computerised accounting information system generally comprises the following: (i) source documents (ii) journal (iii) ledgers (iv) Trial Balance (v) Statement of Financial Performance (vi) Statement of Financial Position <u>Source documents</u> • Purposes of source documents • Issue and receipt of documents in relation to seller/provider and buyer/consumer of goods/services ***(27)*** • Types of transactions and their source documents:	• state the order in which each type of transaction is processed through the accounting information system • explain how each type of transaction is processed through the accounting information system. • state the purposes of source documents • state the purpose of each type of source document • state the source documents used in the transaction • explain the purpose of the Trial Balance • explain the limitation of the Trial Balance • prepare a Trial Balance

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
9) Why is the Trial Balance not an absolute proof of accuracy?		- cash purchases and sales: receipts - credit purchases and sales: invoices - receipt of money: remittance advice (credit customer), receipt, bank statement - payment of money: payment voucher, receipt, bank statement - overcharges and returns of inventory: credit notes - undercharges: debit notes Journal • Representation of transactions in the journal *Ledger account* • Representation of transactions in ledger accounts *Trial Balance* • Format of a Trial Balance • Facilitates the preparation of financial statements and can also be used as a check on arithmetic accuracy • Limitation as an absolute proof of accuracy ***Note*** *(27) **Excludes** details about the content of source documents*	

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		3.3 Understanding the double-entry recording system	
1) How are business activities recorded in the accounting information system?	<u>Conceptual</u> Double-entry recording system <u>Procedural</u> Record transactions in the journal and ledger accounts	<u>Method of recording</u> • Double-entry recording method and rules <u>Journal entries</u> • Preparation of journal entries <u>Ledger accounts</u> • Preparation of ledger accounts • Posting of journal entries to ledger accounts ***(28)*** • Analysing the effects of transactions on ledger balances • Understanding that the beginning and ending ledger balances represent the cumulative values to date • 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) ***(28)*** • Closing of the drawings account to the capital account for sole proprietorships ***(29)*** ***<u>Notes</u>*** *(28)* ***Excludes*** *the posting of accounting adjustments from the journal to ledgers* *(29) Closing of income and expenses accounts and drawings will only be done at the end of the financial year.*	• state the ledger accounts to be debited and credited • prepare the journal entries • prepare the ledger accounts • interpret the transactions recorded and the balances in the ledger accounts

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
3.4 Internal controls			
1) What are internal controls? 2) Why are internal controls important? 3) What are the internal controls over cash?	Contextual • How businesses manage cash • Safeguarding cash Conceptual Internal controls and internal controls over cash Procedural Preparation of bank reconciliation statement	• Purpose of internal controls - safeguard assets of the business - ensure business transactions are recorded accurately - comply with laws and regulations • Internal controls to safeguard cash by having controls over: - cash in hand - cash at bank - cash in transit - cash receipts - cash payments • Internal controls over cash - segregation of duties - custody of cash - authorisation - bank reconciliation • Purpose of preparing bank reconciliation: check the cash at bank balance of the business against the bank's record as shown on the bank statement • Reconciliation of differences between the business cash at bank balance and the balance in the bank statement ***(30)***	• explain the purpose of internal controls • explain the ways of internal controls over cash in hand, cash at bank, cash in transit, cash receipts and cash payments • explain the purpose of preparing bank reconciliation • identify the differences between the business cash at bank balance and the balance in the bank statement • explain the causes of differences between the business cash at bank balance and the balance in the bank statement • prepare an adjusted cash at bank ledger account • prepare the bank reconciliation statement • analyse the effects of adjusting 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 (Normal (Academic))	Learning Outcomes Students will be able to:
		• Differences are due to the timing of the transactions recorded by the business and the bank, and errors in recording • Types of differences ***(31):*** (i) direct deposits (ii) direct payments (iii) cheques not yet presented (iv) deposits in transit (v) dishonoured cheques (vi) errors made by the business or the bank • Adjusting the cash at bank ledger account • Format of a bank reconciliation statement **Notes** *(30)* ***Includes only*** *the following scenarios:* *(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*	

Guiding Questions	Knowledge	Content (Normal (Academic))	Learning Outcomes Students will be able to:
		(iv) ending balance in cash at bank and bank statement can either be a positive balance or a bank overdraft *(v) bank reconciliation must be performed by comparing cash at bank ledger account and a bank statement* *(31) 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*	

SECTION 3: PEDAGOGY

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

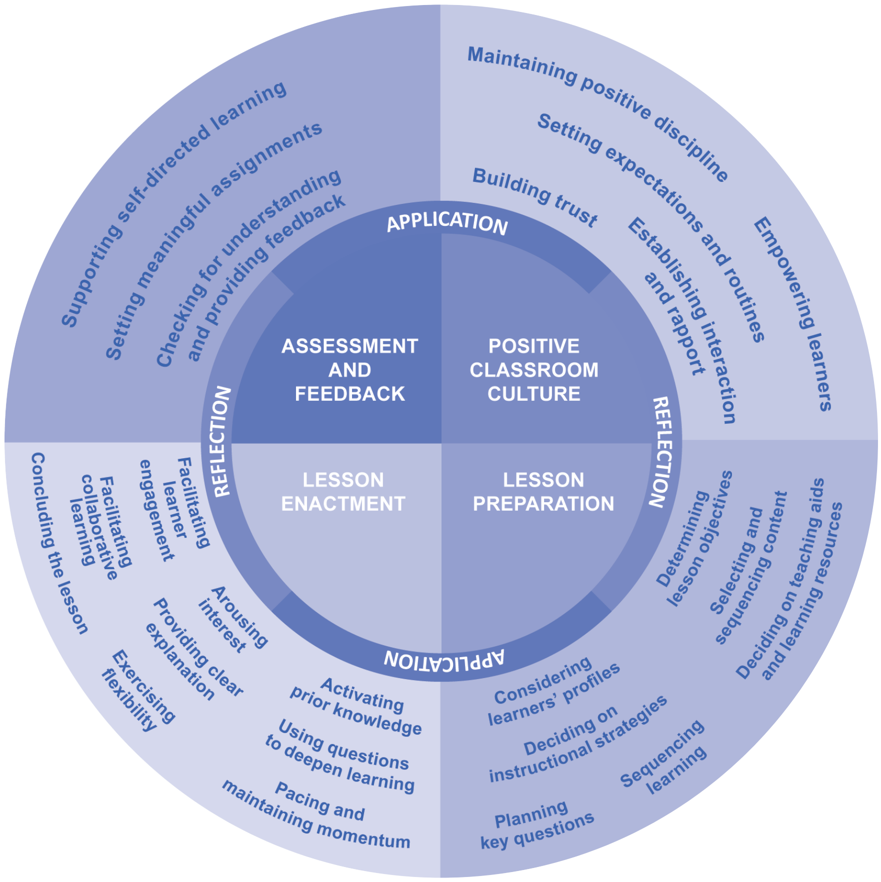
3. PEDAGOGY

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 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 connected to four fundamental teaching processes and the twenty-four Teaching Areas (TA) presented in Figure 3 below:



Pedagogical Practices

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 7 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 7: Summary of accounting knowledge and suggested instructional approaches

Types of Accounting Knowledge	Suggested Instructional Approaches
Contextual Knowledge • the environment that accounting functions in • business objectives and activities • the larger business environment	**Broad Objective** • Connecting what students learn in class with the real business world **Approaches** • Relating to students' prior experiences by framing and evoking their encounters with businesses • Developing relevant business knowledge by using authentic materials and through direct or indirect exposure to real businesses

Types of Accounting Knowledge	Suggested Instructional Approaches
Conceptual Knowledge • how theories and concepts are organised to represent and think about business economic activities • how business economic activities are perceived	**Broad Objectives** • Appreciating the way of representing and organising accounting knowledge • Making meanings and connections • Organising and modelling thinking **Approaches** • Using teaching models of expository, inquiry, self-discovery, etc. • Explicating how experts think through and solve problems • Monitoring how students form understanding
Procedural Knowledge • accounting conventions and terminologies • double-entry rule	**Broad objectives:** • Attaining an acceptable level of proficiency in thinking and executing the double-entry method of recording, • Attaining an acceptable level of thinking through how information flows through the accounting information system **Approach** To have a sound grasp of the procedures until they can read and interpret ledger accounts and financial statements: • Mastery learning through modelling, stepped demonstrations of the procedures, and adequate guided and independent practices. Learning is to be carefully designed from simple to complex, and integrating previously taught procedures and principles.

Strategies for 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 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 8 outlines these strategies.

Table 8: Summary of strategies in class

Strategy	Purpose	Student's Role	Teacher's Role
Questioning	• arouse interest • provide focus for learning • prepare for learning • probe and develop deep understanding	• initiate active questioning	• encourage questioning • guide the discussion
Processing	• process and practise • apply and demonstrate learning	• accomplish learning outcomes	• demonstrate and guide • create opportunities for students to deepen and demonstrate learning • provide feedback
Connecting	• gain deeper understanding • see relevance of learning in authentic contexts	• extract meaningful patterns • discern purposes • detect key conceptual threads • relate learning to real world	• evoke, uncover and guide students to draw connections
Reflecting	• initiate self-directed learning	• be conscious of thinking processes • review and reflect on learning	• encourage, lead and guide

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 so as 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, so as 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 has to resolve. It usually involves one of the following types of situations: a problem, a decision to be made, an evaluation to be made, 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 O and N(A) 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 evaluate choices and justify their decisions. Using such scenarios in teaching would help develop students' 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.

Key Understanding 1 (KU1):
Accounting and non-accounting information are used to support and facilitate decision-making.

Students learn to be users of accounting information.

Strategies
- Using scenarios to activate learning and provide opportunities to acquire decision-making skills
- Using questioning, processing, connecting and reflecting to help understand the roles of accounting and accountants, and how they need to be ethical in preparing and using accounting information for decision-making

Key Understanding 2 (KU2):	Key Understanding 3 (KU3):
Accounting is a language used to represent business activities.	**Accounting is an information system to measure business activities.**

Students learn to be preparers and communicators of accounting information.

Strategies
- KU2: using questioning, processing, connecting and reflecting to help students understand accounting concepts; using scenarios to help them see how both accounting and non-accounting information are used to make decisions
- KU3: using other strategies as using scenarios is not efficient or effective for understanding the accounting information system

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, 51-61.

Smith, P. L., & Ragan, T. J. (2005). Instructional design (3rd ed.). Hoboken, NJ: 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

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 begin with 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 situation.

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 weighting of the assessment objectives gives an indication of their relative importance. They are not intended to provide a precise allocation of marks to each assessment objective.

Table 9: Assessment Specification Grid

Ordinary-Level	AO 1 Knowledge and Comprehension	AO2 Application	AO3 Analysis and Synthesis	AO4 Evaluation	Total
Paper 1	15%	10%	10%	5%	40%
Paper 2	10%	15%	20%	15%	60%
Total	25%	25%	30%	20%	100%

Normal (Academic)-level	AO 1 Knowledge and Comprehension	AO2 Application	AO3 Analysis and Synthesis	AO4 Evaluation	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 10: Scheme of Assessment for Ordinary-level

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

Table 11: Scheme of Assessment for Normal (Academic)-level

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

Scenario-based Question

The scenario-based question requires students to make a decision 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.

Profitability Ratios

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

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

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

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

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) Working capital = Total current assets − Total current liabilities

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

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

Efficiency Ratios

(i) Rate of inventory turnover (times)	=	$\frac{\text{Cost of sales}}{\text{Average inventory}}$ Average inventory = (Inventory at the beginning of the financial period + Inventory at the end of the financial period) / 2
(ii) Days sales in inventory (days)	=	$\frac{\text{Average inventory}}{\text{Cost of sales}} \times 365 \text{ days}$
(iii) Trade receivables collection period (days)	=	$\frac{\text{Average net trade receivables}}{\text{Net credit sales / service fee revenue}} \times 365 \text{ days}$ 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) Rate of trade receivables turn-over (times)	=	$\frac{\text{Net credit sales / service fee revenue}}{\text{Average net trade receivables}}$

Others

(i) Rate of depreciation for straight-line method (%)	=	$\frac{\text{Yearly depreciation}}{\text{Original cost} - \text{Scrap value}} \times 100$
(ii) Owner's Equity	=	Total assets – Total liabilities
(iii) Net sales revenue (for trading business)	=	Sales revenue – Sales returns
(iv) Cost of purchases	=	Purchase price – Returns + Expenses on purchases

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	xxxx	
Net sales revenue		xxxx
less: Cost of sales		xxxx
Gross profit		xxxx
Other income		
Commission income	xxxx	
Discount received	xxxx	
Gain on sale of non-current assets[1]	xxxx	
Rent income	xxxx	xxxx
less: Other expenses [3]		
Impairment loss on trade receivables	xxxx	
Depreciation of fixtures and fittings[2]	xxxx	
Depreciation of office equipment[2]	xxxx	
Depreciation of motor vehicles[2]	xxxx	
Interest	xxxx	
Insurance	xxxx	
Loss on sale of non-current assets[1]	xxxx	
Motor vehicle expenses	xxxx	
Office expenses	xxxx	
Rent and rates	xxxx	
Wages and salaries	xxxx	xxxx
Profit for the year		xxxx

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.

(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[1]	xxxx	
Rent income	xxxx	xxxx
less: Other expenses[3]		
Impairment loss on trade receivables	xxxx	
Depreciation of fixtures and fittings[2]	xxxx	
Depreciation of office equipment[2]	xxxx	
Depreciation of motor vehicles[2]	xxxx	
Interest	xxxx	
Insurance	xxxx	
Loss on sale of non-current assets[1]	xxxx	
Motor vehicle expenses	xxxx	
Office expenses	xxxx	
Rent and rates	xxxx	
Wages and salaries	xxxx	xxxx
Profit for the year		xxxx

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

(B) Sole Proprietorship

Name of Business
Statement of Financial Position as at …

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

* 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 have to be consolidated and represented as office equipment.

(B) Private Limited Company

Name of Business
Statement of Financial Position as at …

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

- 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 have to be consolidated and represented as office equipment.

Ledger Account

Cash at bank account

		Dr $	Cr $	Bal $
Mar 1	Balance b/d			5,100 Dr
5	Tung	2,340		7,440 Dr
8	Gordon		1,630	5,810 Dr
16	Sales revenue	7,300		13,110 Dr
19	Inventory		4,110	9,000 Dr
22	Rental	700		9,700 Dr
26	Insurance		200	9,500 Dr
Apr 1	Balance b/d			9,500 Dr

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