

A Level Accounting Summer Independent Learning Activity

The SIL this summer consists of 2 parts.

'**Preview Work**', which will introduce a new topic 3.18 Ethics - linked to 3.1 the role of the accountant.

'**Review Work**', this is based on Year12 work, covering topics not covered by the Progression exam and revision of 3.1 -3.10.

Preview Work

Task 1 - Complete all reading and activities on pages 2 - 14 as retrieval for 3.1 the role of the accountant.

Answers will be shared on teams in **SIL 2025** folder.

Task 2 - Complete all reading and activities on pages 15 - 20 to introduce a Y13 topic 3.18 Ethics.

Review Work

In Y12 we have covered 3.1 - 3.10 (intro to marginal costing), you need to review your knowledge of each of the specification topics, in order to do this you can use the knowledge checklist for Y12.

This has been place on Teams in the **SIL 2025** folder.

Task 1

Please complete the 1.5 hour exam paper on pages 22 - ??

Task 2 any topics from 3.1 - 3.10 you need to review please use the summer to revise these topics carefully using your notes, revision booklets and there are resources on teams to help you for each of the topic areas if you need any further help.

A Level Accounting

3.1 The role of the accountant



3.1 An introduction to the role of the accountant in business

Content	Additional information
The responsibilities of the accountant within business.	
The difference between financial accounting and management accounting and the purpose of each.	
The role of the accountant in developing and overseeing accounting information systems to provide reliable and relevant information for both financial and management purposes.	The role of the accountant includes overseeing the work of bookkeepers and ledger clerks.

- ☐ Definition of accounting
- ☐ The role and responsibilities of the accountant and the book-keeper
- ☐ Financial and Management Accounting and the purpose of each.

Notes and Activities

What is accounting?

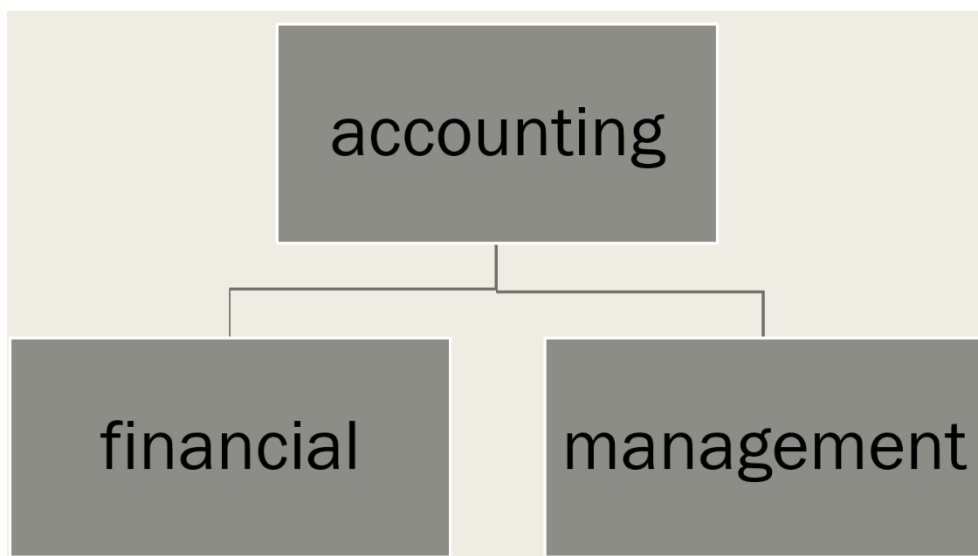
Accounting is the process of **Identifying**, **Measuring** and **Communicating** economic information about an organisation or other entity, to permit informed judgements by users of the information.

Source: American Accounting Association in 1966

The key aspects of accounting are identifying, collecting, recording, classifying, measuring, summarising and communicating. This is a process of:

- **Identifying** the key financial components of an organisation, such as assets, liabilities, capital, income, expenses, and cash flow and **collecting** and **recording** financial data, e.g., a sale and purchase of goods for a business
- **Measuring** the monetary values of the key financial components in a way which represents a true and fair view of the organisation.
- **Summarising** of business transactions in a formal document (the presentation of financial information)
- **Communicating** the financial information in a way that is useful to the users of that information. For example, the decision-makers who use the information to make planning decisions, for example should Trudi invest in Khan's business, and if so, how much?

The two main branches of Accounting



Within these two main areas there are many specialisms that fall outside of the curriculum coverage.

What is Financial Accounting?

Financial accounting is the **main** branch of accounting that is concerned with:

- recording business transactions.
- preparing financial statements that report how an entity (a business, charity, club, society, government department, etc.) has performed.
- reporting on its financial position.

Financial Accounting is concerned with **external reporting to parties outside the business** such as stakeholders, regulators e.g. trading standards, trade payables, and tax authorities -HM Revenue and Customs.

As a result, financial accountants focus especially on preparing and publishing the businesses financial reports. These include quarterly and annual editions of the following:

- *Income statements*
- *Statement of financial position*
- *Statement of cash flow*
- *Statement of changes in equity*

The purposes of Financial Accounting

1. The primary purpose of financial accounting is to provide information for decision-making. The information is primarily financial.
2. Financial Accounting lets people and entities know:
 - if they are making profit or loss
 - what is the entity worth
 - what a transaction was worth to them
 - how much cash they have
 - how wealthy they are
 - how much was owed
 - how much they owe
 - enough information so that they can keep a financial check on the things they do

What is Management Accounting?

Management accounting:-

- focuses on planning, control and decision making.
- is prepared for internal use within the business, to provide information for internal rather than external stakeholders (e.g., owners and senior employees).

Planning includes the preparation of budgets.

Control includes standard costing and calculating variances between standard costs and actual costs.

Decision-making maybe short term (using marginal costing) or long term (using capital investment appraisal)

Who is involved in accounting and what do they do?

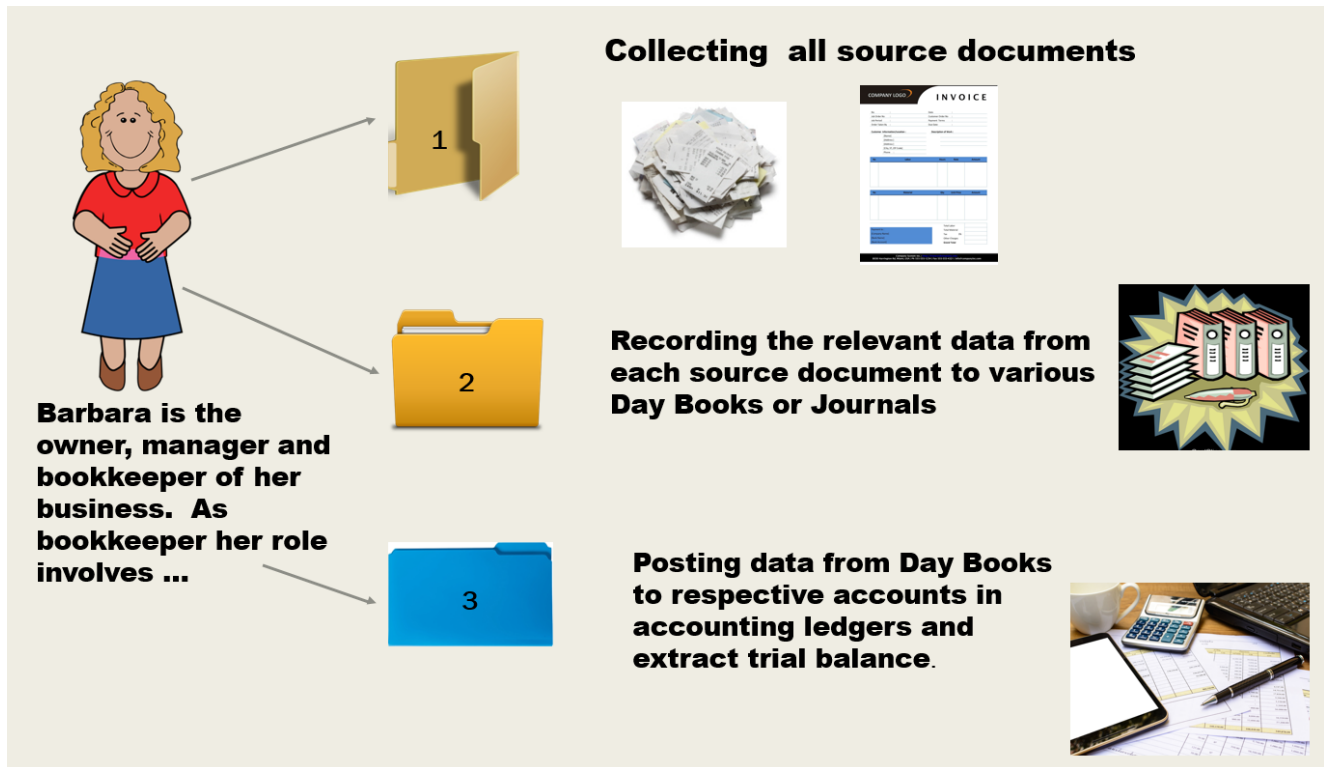
Bookkeepers

- **Bookkeepers** keeps the books of the business (keep records of all business transactions). These records are made up from bank statements, receipts, invoices, cheques, cheque stubs etc.
- Their job duties often include writing up sales invoices, sending out bills for their company's products or services, recording payments received, entering bills from suppliers, paying those bills, and processing their company's payroll amongst other tasks.
- **Bookkeepers** are responsible for dealing with a company's day-to-day financial details.

They are expected to accurately enter a company's financial information into the systems set up by accountants, but they are not asked to interpret that information. Any organisation, even a **charity**, which records financial information must have a bookkeeper. The process is called **Bookkeeping**.

What is bookkeeping?

- Bookkeeping is basically recordkeeping. This is the process of keeping record of all business transactions that takes place.
- Bookkeeping is the process of recording data relating to accounting transactions in the accounting books.



Accountant

- An accountant is a **qualified person** who is trained in **bookkeeping** and in the **preparation, audit and analysis** of accounts.
- An accountant is a practitioner of accounting or accountancy.
- Accountants use the information produced by bookkeepers to prepare **Financial Statements** at regular intervals, usually yearly for a business. These STATEMENTS are called: Income Statements and Statements of Financial Position.
- Accountants prepare annual reports and financial statements for planning and decision making and **advise** on tax laws and investment opportunities.
- Accountants are primarily responsible for managing, updating, correcting, and reporting the organisation's accounts. The accountant, therefore, is literally the "keeper of the accounts," hence the name of the profession.



Jack visits Barbara's place of business and explains to her the accounting information system he would like for her to have in place. He set up a general journal to record all her opening balances, a chart of accounts, general ledger as well as rules and procedures for Barbara to follow in recording all the business transactions and will be available to provide direction as needed



Barbara's who runs a Burger Bar, hires Jack Jones who runs his own accounting firm as the accountant of her new business. Jack has 3 other partners James, Junaid and Arjun

Barbara's Burger Bar

After Barbara completes the bookkeeping, Jack takes the records and put them to use. He transforms the records Barbara has collected in a way that can be used for decision making. He will create financial statements which can be used decide where Barbara is spending money, where it's making money and the financial health of the Burger Bar as well as tax preparation and tax planning

Barbara carries out all the bookkeeping for the business.



How useful is this information to Barbara?

- The owner needs to know whether they are making a **PROFIT** or a **LOSS**.
- A profit enables them to make a Return on investment (*return on the money they have invested in the business*) and hopefully create more wealth in the future.
- A **persistent loss**, however, could result in the business closing down because there are insufficient funds to keep it going on a day-to-day basis.
- The owner also wants to know how **Stable** or **Secure** the business is and this is why the Accountant produces a **STATEMENT OF FINANCIAL POSITION**- what the business **OWNS (Assets)**, what it **OWES (Liabilities)** and what it's **WORTH TO THE OWNER (Capital or Equity)**.
- All the above information can be used to compare with last year and similar businesses; it can also be used to monitor progress and help in producing plans (**strategy**) for the future.
- On the basis of the financial statements, the accountant can also make decisions about how to **improve profit or reduce a loss**. This is because the statements give information about **Income and Expenses**. If income is better than expected, we want to continue with good practice; if expenses or revenue/income are worse than expected, then we want to find out why and rectify the situation. Decision-making is therefore improved.

Difference between the accountant and the bookkeeper

- The Accountant relies on the meticulous records maintained by bookkeepers to provide them with the raw data they need to fuel their **analytical evaluations** and **interpretations**. Without accurate data, they would be unable to use their training to offer helpful recommendations to their clients.
- Bookkeepers depend on the systems established by accountants to provide them with both a clear idea of what information must be logged and the proper structure for their recordkeeping. Large companies often have both accountants and bookkeepers on staff. Small businesses may lack the resources to enlist a full-time accountant and will only have a bookkeeper or the owner may do the recordkeeping himself.

Activities



1. List four responsibilities of an accountant.

2. Describe the nature of management accounting.

3. Describe the nature of financial accounting.

4. Describe the role of a bookkeeper.

5. Explain using examples, the differences between the role of the accountant and the role of the bookkeeper in the preparation of financial statements.

FURTHER ACTIVITIES

Task 1

Fill in the gaps in the sentence

Accounting is the process of: _____, (this means finding out what information is needed) _____, Collecting and recording financial data, classifying and the summarising of business transactions in a formal document (the presentation of financial information) which is then reported to interested users.

Task 2

Identify one interested user of accounting information.

Task 3 part 1

There are many different **types of accountants/record keepers**, involved in different areas of a business.

Match the fields of accounting in **List A** with the appropriate definitions from **List B**.

List A	List B
Financial Accountant	
Treasurer	
Auditor	
Bookkeeper	
Management Accounting	

List B

1. Person who calculates all **costs** of a product or service and helps **managers** to run the business more effectively. This person produces **budgets**, which help when a business has to make major decisions.
2. A suitably qualified person who **independently examines** the accounting records and reports on whether or not the financial statements show a **true and fair view** of the business.
3. A person connected with the preparation of past **financial** accounting information for members of the public and business people and offers advice to these clients.
4. A person who records all financial data methodically and makes sure this is **recorded accurately** in the business **books**
5. A person connected with the preparation of accounting records for **clubs and societies**.

Task 3 Part 2

Type of financial information

Discuss the **type of financial information** that might be required by a **Management Accountant** working in PIZZA HUT. **List** answers here:

Example answer:

- The Accountant will want to know the cost of electricity used in running the business

Task 4

Fill in the blanks from the following list:

Forecast, legal, stakeholders, control, communicate, measure, present, owner.

The purpose of accounting

- To c_____ financial information (for example explaining increasing sales to owners).
- To p_____ accounts in a meaningful way so that you can m_____ the success of a business.
- To provide information to the _____ of the business and to other interested parties (_____) about what has happened in the past to monitor and _____ the business.
- To help you to _____ what might happen in future so it will help in business decision making (to invest or not).

Task 5

Paul Frazer is starting a business selling computer games
Explain **three** reasons for keeping accounting records

Reason 1

.....

.....

Reason 2

.....

.....

Reason 3

.....

.....

Task 6:

Identify **three important** things we would like to know about a business before we invest in it, **but we can't put a monetary value** on?

1. _____

2. _____

3. _____

3.18 The impact of ethical considerations

3.18 The impact of ethical considerations

Content	Additional information
The fundamental principles of ethical behaviour.	<p>The fundamental principles are:</p> <ul style="list-style-type: none"> • integrity • objectivity • professional competence and due care • confidentiality • professional behaviour.
How the principles of ethical behaviour impact the behaviour of accounting professionals and organisations.	<p>Impacts on:</p> <ul style="list-style-type: none"> • the role of the accountant in business • the role of the accountant in public practice • the role and composition of board of directors • the role of auditors and the audit report • the role and composition of remittance committee • corporate governance • corporate social responsibility.

What are the 5 principles of ethics?



Watch these short videos that introduce the principles briefly:

https://www.youtube.com/watch?v=wM_zKiU995k

<https://www.youtube.com/watch?v=TGSb1nSxZsQ>

There are different roles in accounting that you need to be aware of:

- What is the role?
- What are their main duties in relation to accounting?

Based on your notes from 3.1 and internet research, complete the table below:

Some links to help:

Auditor = <https://www.iod.com/resources/company-structure/what-is-an-auditor/>

Director = what does the Companies Act 2006 say a Director's duties are

<https://www.iod.com/resources/company-structure/directors-duties-and-responsibilities/>

Non-executive director = <https://www.investopedia.com/terms/n/non-executive-director.asp#:~:text=the%20executive%20team.-,What%20Is%20a%20Non%2DExecutive%20Director%3F,day%20management%20of%20the%20organization.>

Role	Description
Accountant	
Bookkeeper	
Auditor	
Director	

Non-executive director	
------------------------	--

On the next 2 pages there is a table to complete - for each of the 5 ethical principles how do you think this affects the role of an accountant, the board of directors and an auditor - note down your ideas.

	Integrity	Objectivity	Professional Competence and due care	Confidentiality	Professional behaviour
Explanation	Being straight forward and honest in all professional and business relationships	Not allowing bias, conflict of interest or the undue influence of others to override professional or business judgements.	An accountant should maintain professional knowledge and skill at a level required to ensure that an employer or client receives a competent professional service.	Information acquired as a result of professional and business relationships should not be disclosed to 3 rd parties except when <ul style="list-style-type: none"> • Proper and specific authority is given • Legal or professional right to disclose • Professional Duty • Actual or suspected money laundering or terrorist financing – MLRO and National Crime Agency 	Avoid bringing the accountancy profession into disrepute. Ensure behaviour complies with relevant laws and regulations.
Impact on the role of an accountant					

<p>Role of the Board of Directors</p> <p>Appointed or elected by shareholders. Subject to re-election at regular intervals usually at the AGM. Their role is to ensure the long-term success of the business.</p> <p>Composition of the Board of Directors of a large PLC will comprise a chairman, executive directors and non-executive directors</p>					
<p>Role of Auditors</p> <p>External auditors are independent of the company being audited and are appointed by the shareholders at the AGM. A large company will have internal auditors, nature of the work means they should have a degree of independence in the company.</p>					

The final task in this section is to review the article links below, write a short summary of what has happened to this business and identify which of the 5 ethical principles are being threatened by this situation.

Business case study	Summary of article	Link to ethical principles
Toshiba	https://www.theguardian.com/world/2015/jul/21/toshiba-boss-quits-hisao-tanaka-accounting-scandal	
Eddie Stobart	https://www.accountancyage.com/2019/08/27/eddie-stobart-suspends-trading-after-2m-accounting-error/	
Tesco	https://www.theguardian.com/business/2017/mar/28/tesco-agrees-fine-serious-fraud-office-accounting-scandal	
Rolls Royce	https://www.theguardian.com/business/2017/jan/16/rolls-royce-to-pay-671m-over-bribery-claims	
Thomas Cook	https://www.accountancyage.com/2019/10/21/pwc-bosses-to-face-questions-from-mps-over-thomas-cook/ https://www.accountancyage.com/2019/10/01/frc-launches-investigation-into-ey-thomas-cook-auditing/	

Review Work

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Task 1

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Please write clearly in block capitals.

Surname _____

Forename(s) _____

Candidate signature _____

I declare this is my own work.

Year 12

ACCOUNTING PROGRESSION EXAM 2025

Part 2

Financial Accounting

Summer 2025

Time Allowed: 1hour 30 minutes

Materials

For this paper you must have:

- a calculator.

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided.
- Do not write outside the box around each page or on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Draw rough work in this answer book. Cross through any work you do not want to be marked.

For Examiner's Use	
Section	Marks
A	
B	
C	
TOTAL	60

Information

- The marks for each question are shown in brackets.
- The maximum mark for this paper is **60**.

Section A

Answer **all** questions in this section.

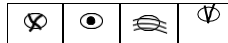
Only **one** answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD



WRONG METHODS



If you want to change your answer you must cross out your original answer as shown.



If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.



0 1

A successful sole trader feels that her skills and ability are of great value to the business and that this value should be shown on the statement of financial position.

Her accountant has said that she cannot do this.

Which accounting concept is the accountant applying?

[1 mark]

[
1

A Business entity

☐

B Materiality

☐

C Objectivity

☐

D Realisation

☐

0 2

The accountant of a business is considering changing its depreciation method from 25% straight line to 40% reducing balance.

Which accounting concept would this conflict with

[1 mark]

A Accruals

☐

B Consistency

☐

C Money measurement

☐

D Prudence

☐

0 3

A book-keeper recorded the payment of a cheque for rent payable for £50 by debiting the bank account with £50 and crediting the rent payable account with £50.

Which of the following entries would correct this error?

[1 mark]

A

Debit	Credit
Bank £50	Rent payable £50
Bank £100	Rent payable £100
Rent payable £50	Bank £50
Rent payable £100	Bank £100

☐

B

☐

C

☐

D

☐

Questions 04 and 05 are based on the following information.

The following balances have been taken from the financial statements.

	£
Credit purchases	100 000
Credit sales	300 000
Trade payables	12 000
Trade receivables	18 000

0 4 Which is the trade receivable days ratio?

[1 mark]

- A** 6 days ☐
- B** 18 days ☐
- C** 22 days ☐
- D** 66 days ☐

0 5 Which is the trade payable days ratio?

[1 mark]

- A** 4 days ☐
- B** 12 days ☐
- C** 15 days ☐
- D** 44 days ☐

James is a sole trader. His bookkeeper has not fully completed all of the ledger entries to close the books of account for the year ended 30 April 2019. An extract from the Statement of Financial Position at 30 April 2019 is shown below:

	Cost	Accumulated Depreciation	Net Book Value
	£	£	£
Fixtures and Fittings	80 000	48 000	32 000

On 30 April 2019 James sold some fixtures and fittings for £14 000 for which he received a cheque. These fixtures and fittings had originally cost £24 000 and had a net book value of £14 400 at the date of disposal.

Prepare the Fixture and Fittings at Cost Account and The Fixtures and Fittings Disposal account for the year ended 30 April 2019. Bring any balances down on 1 May 2019.

[7 marks]

Dr			Fixtures and Fittings at cost			Cr		
Date	Details	£	Date	Details	£			

Question 6 continues on the next page

Cr

[illegible]

A bookkeeper received a purchase invoice that has not been recorded in the accounts. Explain why this error might not be discovered.

[illegible]

Section B

Answer **all** questions in this section.

0	7
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Peter's draft trial balance at 31 October 2020 did not balance.

Upon investigation the following were identified:

1. An invoice totalling £53 600 posted to motor vehicles account included £3 500 which related to vehicle maintenance charges. (Ignore depreciation.)
2. The sales account was undercast by £1 575.
3. A cash purchase for £560 was posted to the purchases account as £650. All other entries are correct.
4. Peter rents storage space for personal and business use. His drawings account has been debited with £2 500 which represents 25% private usage of the storage rental cost.

After discussion with his accountant the private element of storage rental cost is to be reduced to 20%.

5. In September 2020, 1 400 tyres were purchased from Kaplinson Ltd at a cost price of £35 each, less a trade discount of 6%. This transaction has been correctly posted to the ledgers.

In October 2020, 35% of the tyres purchased were returned to the supplier and the credit note received was debited to both the returns inwards account and Kaplinson Ltd account.

6. In September 2020, goods totalling £15 000 were supplied on credit to Optical. This transaction has been correctly posted to the ledgers.

In October 2020, 60% of the goods were paid for by Optical less 2% cash discount. This receipt has not been posted.

[illegible]

0	7.	2
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Assess whether Peter's view is correct.

[6 marks]

[illegible]

Turn over ►

Section C

Answer all questions in this section

0 8

The directors of Cass Ltd have become increasingly concerned about the liquidity position of the company.

In order to assess the performance of the business, the accountant has calculated ratios for the current year together with those of the previous three years. These are shown below.

Ratio	Year ended 31 December			
	2021	2020	2019	2018
Gross profit %	35%	33%	30%	28%
Profit in relation to revenue %	10%	12%	14%	14%
Current ratio	1.2:1	1.5:1	2:1	2.4:1
Liquid capital ratio	0.4:1	0.8:1	1.4:1	1.9:1
Trade receivable days	62	56	45	45
Trade payable days	30	35	40	45

Additional information

The company offers its customers 30 days credit.

The company is given 30 days credit by its suppliers.

The directors have identified that there will be a problem with the company's overdraft. The company has an agreed overdraft facility of £80 000 and the bank is unwilling to increase this. The forecast bank balance on 30 June 2022 is £85 000 overdrawn.

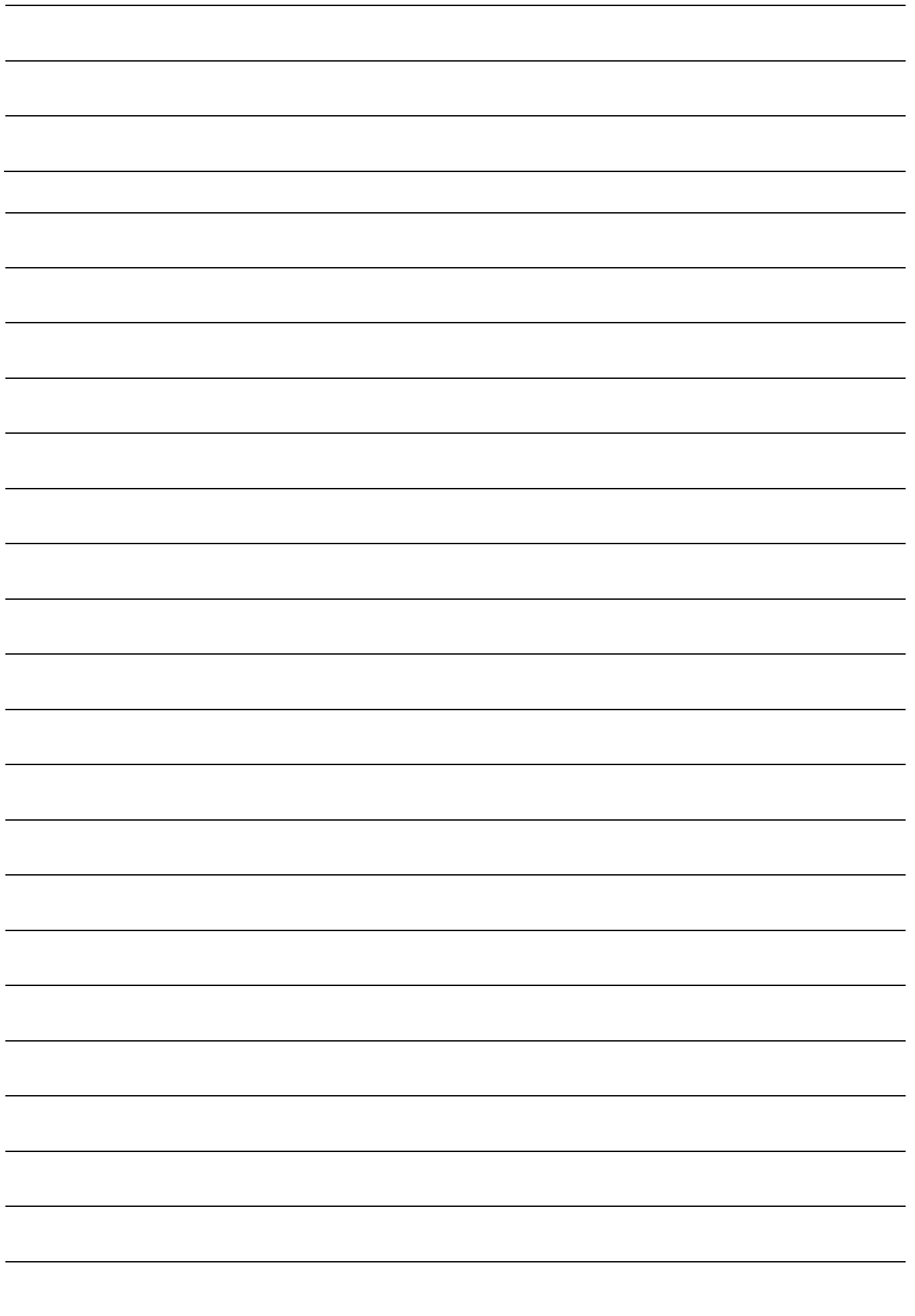
The directors' believe that the problem of the bank overdraft will be temporary as they have signed a contract which will increase sales by 20%. The contract will commence on 1 September 2022.

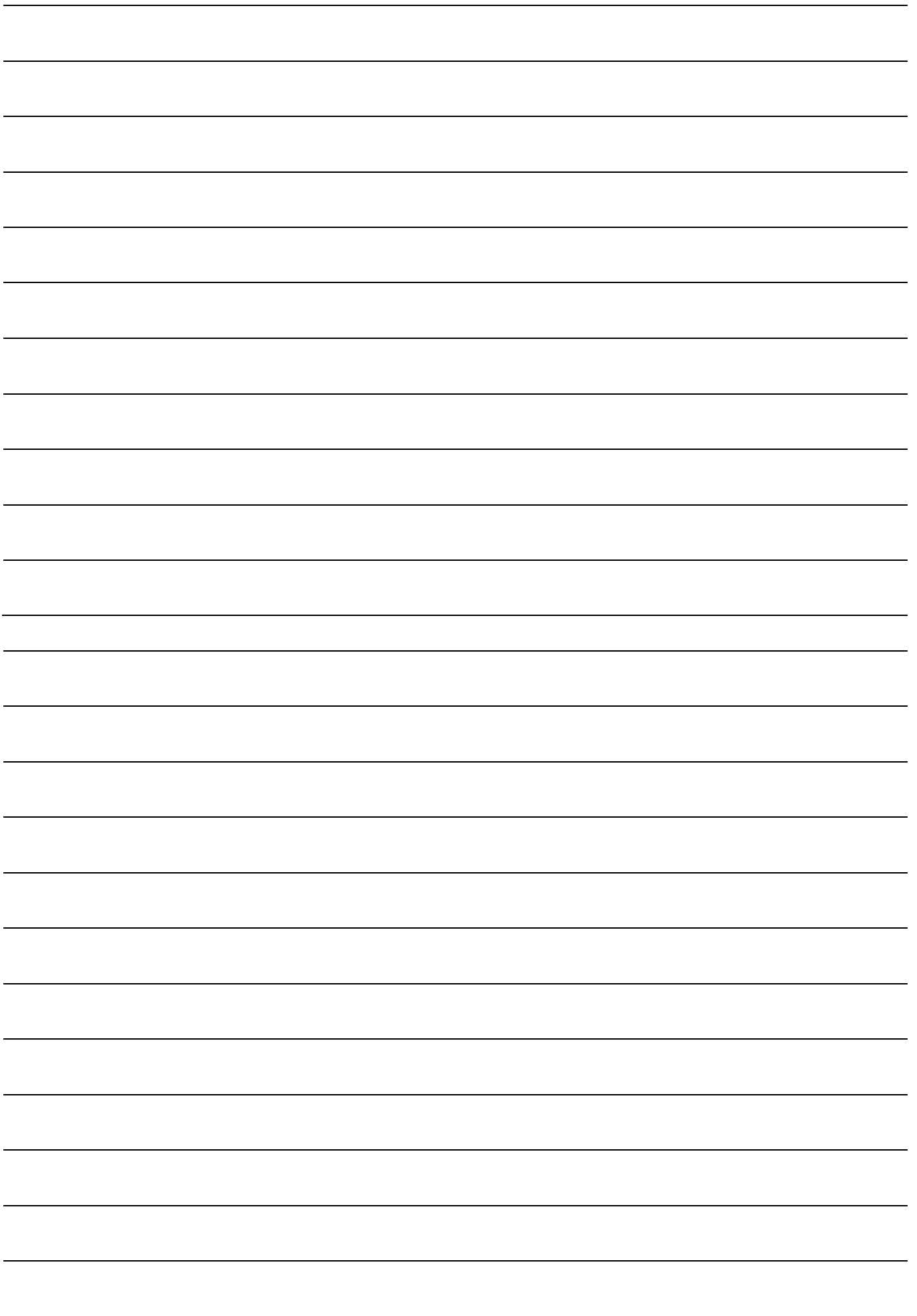
Turn over ►

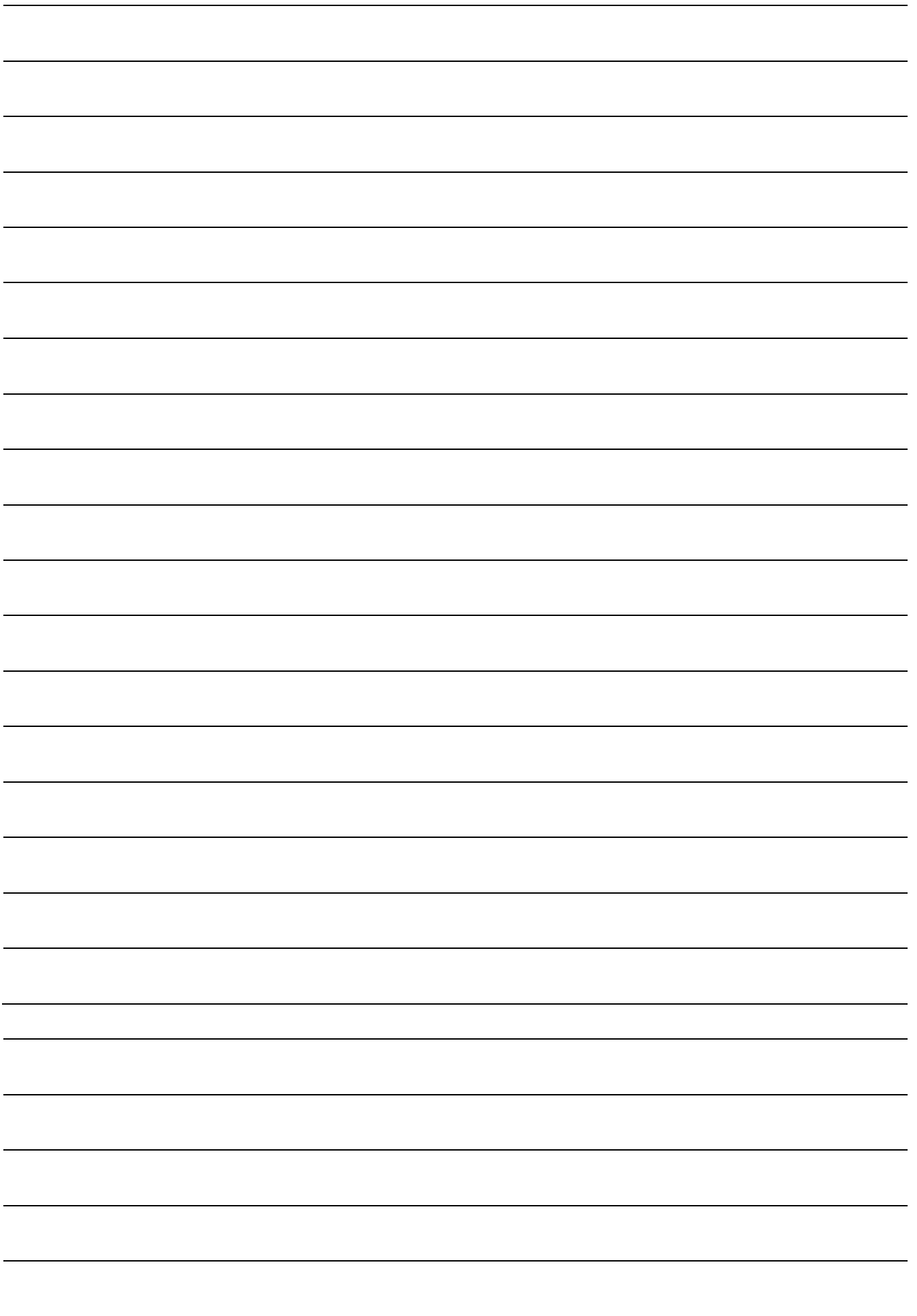
Evaluate the performance of the business in relation to liquidity. Recommend and justify a short-term solution to the problem of the bank overdraft.

[25 marks]

[illegible]







[illegible]

End of Questions

