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| **Learning Outcome**  *From Specification*  **LO 2.12 -** Prepare a cash account to monitor income received and payments made by an organisation, evaluate its financial position and recommend a course of action; post figures to relevant ledgers and extract a trial balance  **LO 2.13 -** Prepare final accounts to assess the financial performance of an organisation at the end of a trading period, analyse and evaluate its financial position and recommend a course of action | **Key concepts**  *Knowledge, Understanding skills and values*  **Knowledge**  **LO 2.12 – Prepare a cash account**   1. **Cash accounting principles:** Learners should have knowledge of cash accounting principles, including the recognition of cash inflows and outflows, cash receipts, and cash payments. 2. **Financial position evaluation**: Learners should understand how to evaluate an organisation's financial position using the Bank account. They should know how to analyse the balance of income received and payments made to assess the organisation's liquidity and cash flow. 3. **Posting to ledgers:** Learners should be familiar with ledger accounts and understand the process of posting cash transactions to the appropriate ledger accounts. They should know how to update the relevant accounts accordingly. 4. **Trial balance:** Learners should have knowledge of the trial balance, which is a summary of all ledger accounts' balances. They should understand how to extract the trial balance to ensure the accuracy of the recorded transactions and identify any potential errors.   **LO 2.13 – Prepare final accounts**   1. **Accounting principles:** Learners should have knowledge of accounting principles and concepts, including the depreciation, treating closing stock. 2. **Financial statements**: Learners should be familiar with the components of financial statements, including the income statement and statement of financial position, and cash flow statement. They should understand the purpose and content of each statement. 3. **Financial performance assessment:** Learners should have knowledge of financial performance indicators such as profitability, Liquidity and Gearing ratios. 4. **Financial position evaluation:** Learners should understand how to analyse an organisation's financial position using information from the balance sheet, including assets, liabilities, and equity   **Understanding**  **LO 2.12 – Prepare a cash account**   1. **Cash accounting principles:** Learners should understand the importance of accurately recording and tracking cash transactions. 2. **Trial balance:** Learners should understand how to extract the trial balance to ensure the accuracy of the recorded transactions and identify any potential errors 3. **Importance of cash monitoring:** Learners should understand the significance of monitoring cash inflows and outflows for an organisation's financial management. 4. **Financial analysis:** Learners should grasp how to evaluate an organisation's financial position based on the information derived from the bank account. 5. **Ledger posting:** Learners should understand how to update the cash account, as well as other accounts such as sales, expenses, and assets, based on the nature of the transaction. 6. **Trial balance extraction:** Learner should understand how to verify that the total debits and total credits are equal, ensuring the accuracy of the recorded transactions. 7. **Accuracy and attention to detail:** Learners should understand the importance of precise financial records for decision-making and accountability   **LO 2.13 – Prepare final accounts**   1. **Accounting principles:** Learners should understand the importance of applying these principles in preparing final accounts. 2. **Financial statements**: Learners should understand the purpose and content of each statement. 3. **Financial performance assessment:** Learner should understand how to calculate and interpret these indicators to assess an organization's financial performance. 4. **Financial position evaluation:** Learners should understand how to analyse an organisation's financial position using information from the balance sheet, including assets, liabilities, and equity 5. **Financial statement interrelationships**: Leaners should understand the interrelationships between the income statement and balance sheet. They should grasp how changes in revenue and expenses, impact an organisation's financial position.   **Skills**  **LO 2.12 – Prepare a cash account**   1. **Being literate**: Introduce learners to the concept of a cash account and its components, such as income received, and payments made. 2. **Being numerate:** Teach learners how to accurately calculate and record income received, and payments made in a cash account. 3. **Managing information and thinking:** Present learners with real or simulated financial data related to income and payments and guide them in organising and managing this information effectively.   **LO 2.13 – Prepare final accounts**   1. **Being literate:** Introduce learners to the concept of final accounts, including income statement   (profit and loss statement) and balance sheet.   1. **Being numerate**: Teach learners how to calculate and analyse key financial ratios and indicators, such as gross profit margin, net profit margin, and return on investment. 2. **Managing information and thinking:** Assign exercises where students analyse and interpret the information in the final accounts to identify areas for improvement and recommend suitable courses of action. 3. **Working with others:** Facilitate group discussions on the interpretation of financial performance and position, encouraging students to share insights and perspectives.   **Values**  **LO 2.12 – Prepare a cash account**   1. **Accuracy and attention to detail:** Learners should value accuracy and attention to detail when recording cash transactions and updating ledger accounts. 2. **Integrity and ethics**: Learners should uphold integrity and ethical behaviour in handling financial information. They should recognise the significance of maintaining confidentiality, ensuring transparency, and adhering to accounting principles and standards. 3. **Analytical thinking:** Learners should appreciate the value of analytical thinking in evaluating an organisation's financial position.   **LO 2.13 – Prepare final accounts**   1. **Objectivity and fairness**: Learners should value objectivity and fairness in presenting financial information. They should recognise the importance of providing accurate and unbiased financial statements for decision-making and stakeholder trust. 2. **Ethical conduct:** Learners should uphold ethical standards in financial reporting and analysis. 3. **Critical thinking:** Learners should appreciate the value of critical thinking in analysing financial statements and evaluating an organisation's financial performance. They should be able to identify trends, patterns, and potential risks or opportunities. |
| **Possible Learning Experiences**  *Rich learning experiences for learners, opportunities to develop Key skills and use formative assessment*  **Rich learning experiences for learners**   1. Practical exercises and simulations: Engage learners in hands-on activities where they can prepare cash accounts, post figures to relevant ledgers, and extract trial balances. Provide them with real or simulated financial data to analyse and evaluate the financial position of an organization. This allows learners to apply their knowledge in a practical setting and gain a deeper understanding of financial management. 2. Case studies: Present learners with case studies that require them to prepare cash accounts, final accounts, and assess the financial performance of an organisation. These case studies can be based on real-world scenarios or fictional scenarios that mimic real-life situations. learners can work individually or in groups to analyse the financial data, make recommendations, and discuss the implications of their findings. 3. Guest lectures and industry insights: Invite finance professionals or experts from organisations to share their experiences and provide insights into financial management practices. They can discuss the importance of cash accounts, final accounts, and financial analysis in assessing the financial position of an organisation. learners can interact with the speakers, ask questions, and gain a broader perspective on the topic.   **Opportunities to develop key skill**   1. Financial analysis and evaluation: Assign learners’ tasks that require them to analyse financial data, evaluate the financial position of an organisation, and recommend a course of action based on their findings. This helps develop their skills in interpreting financial information, identifying trends, and making informed decisions. 2. Problem-solving and critical thinking: Present learners with financial scenarios or challenges related to cash accounts and final accounts. Encourage them to think critically, analyse the situation, and develop innovative solutions. This promotes problem-solving skills and enhances their ability to apply financial concepts in practical contexts. 3. Communication and presentation skills: Incorporate activities that require learners to present their findings, analysis, and recommendations to their peers or industry professionals. This helps develop their communication and presentation skills, as they learn to effectively communicate financial information and articulate their ideas.   **Use of formative assessment**   1. In-class exercises and quizzes: Conduct regular in-class exercises and quizzes to assess learners' understanding of preparing cash accounts, final accounts, and financial analysis. Provide immediate feedback to address any misconceptions or areas that require improvement. 2. Peer feedback and group discussions: Encourage learners to provide feedback to their peers during group activities or discussions. This promotes peer learning and allows learners to gain different perspectives on financial management practices. 3. Self-assessment and reflection: Ask learners to reflect on their learning, assess their own progress, and identify areas of strength and areas that require further development. Provide guidance and support for self-assessment and encourage students to set goals for improvement. | |
| **Evaluation of students learning**  What will learners say, write or do to show their learning and understanding  **What will learners say to show their learning and understanding?**   1. Explain the purpose and components of a cash account: Learners can articulate the importance of a cash account in monitoring income and payments, evaluating financial position, and recommending appropriate actions. They can discuss the key elements and how they contribute to financial analysis. 2. Discuss the process of posting figures to relevant ledgers: Learners can explain the steps involved in transferring information from the cash account to relevant ledgers, such as sales ledger, purchase ledger, and general ledger. They can discuss the purpose and benefits of maintaining separate ledgers. 3. Present recommendations based on the evaluation of financial position: Learners can offer suggestions or propose actions based on their analysis of the financial position derived from the cash account. They can discuss strategies to improve cash flow, manage expenses, or invest surplus funds.   **What will students write to show their learning and understanding?**   1. Cash account analysis: Learners can prepare written reports or summaries that showcase their understanding of how to prepare a cash account, monitor income and payments, and evaluate the financial position of an organization. They can provide a detailed breakdown of income and expenditure, identify trends or patterns, and draw conclusions about the financial health of the organization. 2. Final accounts evaluation: Learners can write comprehensive evaluations of an organization's financial performance at the end of a trading period. They can analyse the final accounts, interpret key financial ratios, and make recommendations based on their findings. They can discuss the profitability, liquidity, and overall financial position of the organization.   **What will do to show their learning and understanding?**   1. Practical exercises Learners can engage in hands-on activities where they prepare a cash account using given financial data. They can demonstrate their ability to accurately record income, payments, and balances, and perform calculations to evaluate the financial position. 2. Case studies or simulations: Learners can participate in case studies or simulations where they apply their knowledge of preparing final accounts. They can analyse financial statements, identify areas of concern or improvement, and develop action plans or recommendations. | |

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| **Learning Intentions** | 1. Explain the term financial account 2. Outline the reasons why business prepare financial accounts 3. Outline the purpose of the income statement 4. List and explain the key elements of an income statement 5. Prepare an income statement (trading account) in order to calculate gross profit 6. Differentiate between gross profit and net profit 7. Illustrate the difference between current and capital expenditure 8. Prepare an income statement (profit and loss) in order to calculate net profit 9. Explain how business profits may be distributed 10. Prepare a profit and loss appropriation account to calculate the closing reserves for a company at the end of its financial year 11. Outline the purpose of a statement of financial position (Balance Sheet) and list its main elements 12. Distinguish between fixed assets, current assets and creditors falling due within one year 13. Explain the term working capital and understand its significance 14. Distinguish between authorised share capital and issued share capital 15. Prepare a statement of financial position (Balance Sheet) 16. Illustrate the impact of adjustments to final accounts 17. Prepare a complete set of final accounts 18. Prepare a set of final accounts for a not for profit organisation |
| **Success Criteria** | 1. **Explain the term financial account** 2. I can define what a financial account is and its role in recording financial transactions of a business. 3. I can provide examples of financial accounts used in different types of businesses. 4. **Outline the reasons why businesses prepare financial accounts** 5. I can identify and explain the purposes of financial accounts, such as monitoring business performance, facilitating decision-making, and fulfilling legal and regulatory requirements. 6. I can discuss the importance of accurate and reliable financial accounts for stakeholders. 7. **Outline the purpose of the income statement** 8. I can describe the role and objectives of the income statement in summarizing a business's financial performance over a specific period. 9. I can explain how the income statement helps in assessing profitability and identifying sources of income and expenses. 10. **List and explain the key elements of an income statement** 11. I can identify and define the main components of an income statement, including revenue, cost of goods sold, gross profit, operating expenses, and net profit. 12. I can explain the relationship between these elements and their impact on overall profitability. 13. **Prepare an income statement (trading account) in order to calculate gross profit** 14. I can construct a trading account by recording sales revenue, cost of goods sold, and calculating gross profit. 15. I can demonstrate the ability to organize and present financial data in a clear and structured manner. 16. **Differentiate between gross profit and net profit** 17. I can define gross profit and net profit and explain the differences between them. 18. I can understand the significance of deductions such as operating expenses, interest, and taxes in determining net profit. 19. **Illustrate the difference between current and capital expenditure** 20. I can define current expenditure and capital expenditure, highlighting their distinctive characteristics and purposes. 21. I can provide examples of each type of expenditure and explain their impact on the financial statements. 22. **Prepare an income statement (profit and loss) in order to calculate net profit** 23. I can create a profit and loss statement by including operating expenses, interest, and taxes to calculate net profit. 24. I can apply appropriate formatting and labelling conventions to present the statement clearly. 25. **Explain how business profits may be distributed**  * I can identify and describe different methods of distributing business profits, such as dividends, reinvestment, and reserves. * I can understand the factors that influence the allocation of profits and their impact on stakeholders.  1. **Prepare a profit and loss appropriation account to calculate the closing reserves for a company at the end of its financial year** 2. Construct a profit and loss appropriation account, considering items such as dividends, retained earnings, and reserves. 3. Calculate the closing reserves and explain their significance for the financial position of the company. 4. **Outline the purpose of a statement of financial position (Balance Sheet) and list its main elements** 5. I can explain the role and objectives of the statement of financial position in presenting the financial position of a business at a specific point in time. 6. I can identify and describe the key components of a balance sheet, such as assets, liabilities, and equity. 7. **Distinguish between fixed assets, current assets, and creditors falling due within one year** 8. I can differentiate between fixed assets (Premises, Machinery, and equipment) and current assets (cash, Closing Stock, Debtors) in terms of their characteristics and usage. 9. I can define creditors falling due within one year and explain their significance in relation to short-term obligations. 10. **Explain the term working capital and understand its significance** 11. I can define working capital and describe its importance in assessing a business's liquidity and short-term financial health. 12. I can discuss the factors that influence working capital and its role in day-to-day operations. 13. **Distinguish between authorised share capital and issued share capital** 14. I can define authorised share capital as the maximum number of shares a company is allowed to issue and issued share capital as the shares that have been actually issued and allotted to shareholders. 15. I can explain the significance of authorised and issued share capital in determining the ownership and financing structure of a company. 16. **Prepare a statement of financial position (Balance Sheet)** 17. I can create a statement of financial position by listing assets, liabilities, and equity. 18. I can organise and classify different types of assets and liabilities accurately. 19. **Illustrate the impact of adjustments to final accounts** 20. I can identify and explain common adjustments that may be necessary to reflect accurate financial information, such as depreciation, accruals, and prepayments. 21. I can demonstrate the ability to apply adjustments to income statements and balance sheets and analyse the resulting changes. 22. **Prepare a complete set of final accounts** 23. I can compile a comprehensive set of final accounts, including the trading account, profit and loss account, and balance sheet. 24. I can ensure accuracy and consistency of financial data throughout the accounts. 25. I can present the final accounts in a clear and structured format, following appropriate accounting principles and conventions. 26. **Prepare a set of final accounts for a not-for-profit organisation** 27. I can apply the principles of preparing final accounts to a not-for-profit organisation, considering the unique characteristics and requirements of such entities. 28. I can differentiate between income and expenditure accounts and demonstrate the presentation of surplus or deficit in the financial statements. |
| **Other Learning Experiences** | **Sharing of student's own experience and linking it to the topic**   1. Classroom discussions: Initiate classroom discussions where learners can share their own experiences related to monitoring income and payments in their personal lives. For example, they can discuss how they track their personal finances, manage their income, and make payments. Then, guide the discussion to draw parallels between personal financial management and the process of preparing a cash account for an organization. This helps learners connect their real-life experiences to the topic and understand its relevance. 2. Case studies: Provide learners with case studies or scenarios that reflect real-world situations where individuals or businesses have faced challenges in monitoring income and payments. Ask learners to analyse the cases, share their insights, and suggest appropriate courses of action. Encourage them to relate these cases to the process of preparing a cash account, extracting trial balances, and evaluating financial positions. This exercise allows students to apply their personal experiences and critical thinking skills to the topic.   **Sharing of teacher's experience and linking it to the topic**   1. Personal anecdotes: Share your own experiences related to preparing cash accounts or final accounts in a professional setting. Talk about challenges faced, lessons learned, and how the process helped evaluate financial positions and recommend courses of action. Relate these experiences to real-world examples or case studies to illustrate the practical applications of the topic. 2. Guest speakers: Invite professionals from financial or accounting backgrounds to share their experiences and insights related to preparing cash accounts and final accounts. Ask them to discuss real-world scenarios they have encountered, the importance of accurate financial monitoring, and the implications of financial performance assessment. This provides students with first-hand accounts from industry experts, helping them understand the topic's practical relevance. |
| **Evaluation of learning** | 1. Practical Exercises: Provide learners with realistic scenarios or case studies where they are required to prepare a cash account, post figures to relevant ledgers, and extract a trial balance. This can be done using spreadsheets or accounting software, or manually using paper and pen. Assess their ability to accurately record transactions, calculate balances, and interpret financial information. 2. Written Assignments: Assign tasks such as analysing a set of financial transactions and preparing final accounts based on the information provided. Evaluate their understanding of accounting principles, ability to organise and present financial data, and proficiency in interpreting financial statements. 3. Class Presentations: Ask learners to present their prepared cash accounts or final accounts to the class, explaining their calculations, interpretations, and recommendations. Evaluate their communication skills, ability to explain financial concepts, and understanding of the organization's financial position. 4. Quizzes or Tests: Assess learners' knowledge and understanding of the key concepts, principles, and calculations involved in preparing cash accounts and final accounts. Use multiple-choice questions, short-answer questions, or calculations-based questions to evaluate their comprehension and application of accounting principles. 5. Peer and Self-Assessment: Encourage learners to review and provide feedback on each other's work or self-assess their own cash accounts and final accounts. This can help promote peer learning, critical thinking, and self-reflection on their understanding and application of accounting principles. 6. Classroom Discussions: Engage learners in discussions on the significance of preparing cash accounts and final accounts, the importance of accurate financial reporting, and the implications of financial performance analysis. Evaluate their ability to analyse and evaluate financial information, make informed judgments, and recommend appropriate courses of action based on the findings. |

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| **Teacher Reflection/notes**  **LO 2.12 – Prepare a cash account**  Reflection: Some learners demonstrated a solid understanding of preparing a cash account, accurately recording income and payments, and calculating the organization's cash position. They showed proficiency in posting figures to relevant ledgers, ensuring the accuracy and organization of financial data. Many learners were able to extract a trial balance correctly, indicating their grasp of balancing debit and credit entries.  Notes: Some learners struggled with identifying and categorising different types of income and payments, leading to inaccuracies in their cash accounts. It is important to reinforce the concept of reconciling the cash account with supporting documents to ensure accuracy and identify any discrepancies. Going forward, providing more real-life scenarios and practice exercises will enhance learners' ability to evaluate the financial position and recommend appropriate courses of action based on their analysis.  **LO 2.13 – Prepare final accounts**  Reflection: Learners exhibited a good understanding of the components of final accounts, including the income statement, statement of financial position, and retained earnings statement. Many learners demonstrated the ability to calculate and present financial ratios to evaluate the organisation's financial performance.  Notes: Some learners struggled with interpreting financial statements and using them to assess the financial position accurately. It is crucial to emphasise the significance of analysing and interpreting financial ratios in evaluating financial performance and making informed decisions. Providing additional guidance on identifying areas for improvement and recommending suitable courses of action based on the financial analysis will enhance students' critical thinking skills. Encouraging learners to delve deeper into the implications of the financial performance, such as assessing profitability, liquidity, and solvency, will broaden their understanding of financial evaluation. |