



For Performance Measurement

**ZIMBABWE SCHOOL
EXAMINATIONS COUNCIL
(ZIMSEC)**

ADVANCED LEVEL SYLLABUS

**ACCOUNTING
9197**

EXAMINATION SYLLABUS FOR 2013 - 2016

INTRODUCTION

- 1.1 The aim of this syllabus is to enable Centres to develop Accounting courses that are suitable for Advanced Level candidates.
- 1.2 It is recommended that candidates have prior knowledge and understanding of accounting at IGCSE grade B or Ordinary Level/School Certificate grade B.
- 1.3 The syllabus gives a good foundation for further study of Accountancy at pre-professional and professional levels, as well as forming part of a general education at Advanced Level/HSC. Students wishing to pursue a wide range of Careers in Business Management will find that the Management Accounting Section of the syllabus is particularly applicable.

1 AIMS

- 2.1 The syllabus is intended to: -
 - (a) develop an ability to apply accounting concepts, principles and practices,
 - (b) help candidates understand the role of accounting as an information system for monitoring, problem-solving and decision making and the place of accounting in changing economic, social and technological environments,
 - (c) develop a critical and analytical approach to examining and evaluating accounting policies and practices,
 - (d) inculcate skills of communication, analysis, interpretation and presentation of both qualitative and quantitative accounting information.

2 ASSESSMENT OBJECTIVES

- 3.1 Candidates are expected to:
 - A 1. **Demonstrate knowledge and understanding** of the accounting procedures and practices in the specified content and the principles on which these are based:
 2. **Apply knowledge and understanding** of accounting procedures, practices and principles to familiar and novel situations;
 - B 3. **Select, order, analyse and present** information in an appropriate accounting form;

- C**
4. **Present reasoned explanations**, understand implications and communicate them in a clear and logical manner;
 5. **Make judgements, recommendations and decisions** based on accounting information and principles.

3.2 The Multiple Choice Paper (Paper 1) with four possible options each, will seek to test Assessment Objectives 1, 2 and 3.

The written papers (Papers 2 and 3) will also seek to test mainly Assessment Objectives 1, 2 and 3, and to a lesser extent Assessment Objectives 4 and 5.

3 SCHEME OF ASSESSMENT

ADVANCED LEVEL

Paper	Type	Duration	Number of questions	Maximum mark on paper	Weight (% of total marks for syllabus)
1	Multiple Choice	1¼	40	40	20
2	Structured Questions	1½	4	100	30
3	Case Study Scenario	2½	4	120	50

(i) All papers are compulsory.
(ii) There is no choice of questions.

20 – 25% of the marks will be awarded to questions relating to Cost and Management Accounting Section of the syllabus.

Paper 1 – A multiple-choice test consisting of 40 items with four options each, testing across the whole syllabus.

Paper 2 – A written paper which candidates answer on the question paper, consisting of structured questions testing across the whole syllabus.

Paper 3 – A written paper based on a case study scenario. Questions may test on any area of the syllabus. This paper will contain a question (questions) in which candidates will be tested on their ability to organize and present information, ideas, descriptions and arguments clearly and logically. Candidates must answer this question (or questions) in **continuous prose**, and giving **supporting figures** where relevant.

5. SPECIFICATION GRID

The following grid shows the appropriate weightings of Assessment Objectives to be tested in the three papers. The Assessment objectives are shown as skills A, B, and C.

Skill	A	B	C	Total
Paper 1	55 – 60%	40 – 45%	-	100%
Paper 2	60%	20%	20%	100%
Paper 3	55%	15 – 20%	25 – 30%	100%

CURRICULUM CONTENT

Content

Notes of Amplification

THE ACCOUNTING SYSTEM

A. Recording Financial Information

The recording and processing of accounting data relating to capital and reserve, liabilities, assets, revenues and expenses based on the double-entry system of accounting.

This section includes double-entry book-keeping, accruals, prepayment, provisions and other adjustments, the distinction between capital and revenue expenditure and receipts. The treatment of tangible fixed (non-current) assets, intangible assets (Goodwill), depreciation, current assets, capital reserves, loans and current liabilities.

B. Accounting Principles

The recognition and application of the principles, concepts and conventions which underline the accounting process.

Money Measurement

Going concern, matching and accruals concepts, realisation, consistency and materiality concepts and the importance of prudence and substance over form. The use of the entity, history cost and revaluation, as features of the recording system.

C. Control Systems

Principles of accounting control system including the trial balance, bank reconciliations, suspense and control accounts, debtors (receivables) and creditors (payables) reconciliations.

Correction of errors and consequent adjustments to Profit and Loss Accounts (Income Statement) and Balance Sheets (Statement of Financial position). Adjustments to control and personal accounts as an aid to speeding production and accuracy of control information.

An application of the use of computers as an aid to ensuring accuracy of control information.

'Hands-on' experience of computers in **not** required.

FINANCIAL ACCOUNTING

D. Preparation of Financial Statements

The periodic determination of profit (or earnings) and overall financial position based on historical cost data and generally accepted accounting principles and policies, conventions and practices which relate to:

- (a) business entities, including sole-traders, partnerships and limited companies;
- (b) accounts prepared from incomplete

This section covers the preparation of final accounts, namely: manufacturing, trading, profit and loss accounts (income statements), appropriation accounts, balance sheets (statements of financial position) and cash flow statements according to Generally Accepted Accounting Practice.

Measurement of revenue and expenses and of

Content

- records, or where financial records are deficient or erroneous;
- (c) non-profit making organizations (clubs and societies);
- (d) sections of business enterprises (department and/or divisions);

Notes of Amplification

gains and losses, realized and unrealized.

Adjustments needed to reflect a true and fair value. Stock (inventory) Valuation, (FIFO, LIFO, AVCO: Weighted Average Cost and Simple Average Cost). Depreciation methods and policies, and their effects on the determination of income. Goodwill and its accounting treatment. Revaluation of assets and liabilities.

Changes in partnership, including the admission and retirement of a partner, changes in profit-sharing ratios, dissolutions and their effects on asset revaluations and Goodwill. Goodwill adjustments in partners' capital accounts (i) with the introduction of a Goodwill account in the firm's books, and (ii) when no Goodwill account is to be introduced.

A general knowledge and understanding of the accepted principles and application of the following topics:

accounting policies
stock (inventory) valuation
depreciation
Goodwill
revaluation of fixed (non-current) assets.

Knowledge of taxation is **not** required, although candidates may be required to provide for taxation in company accounts.

Questions will **not** be set on any aspects of brand names, container accounts; joint ventures; royalties; investments accounts involving the apportionment of income and capital; piecemeal dissolution of partnership, or the rule in *Garner* versus *Murray*; bills of exchange; and Group or Consolidated accounts. Hire purchase accounts or branch and consignment are also excluded.

E. Capital

The raising of capital by means of shares and loans.

Main types of shares (ordinary; preference; redeemable) and loan capital (debentures). The effect on the Balance Sheet (Statement of financial position) of bonus and rights issues.

Question will not be set on forfeiture of shares.

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Repayment of capital.

Redemption and purchase of own shares.

Repayment of debentures.

Convertible loans stock.

F. Business Purchase

The purchase of unincorporated business by a limited company and the purchase of assets, and the assumption of liabilities of one business by another, or by a new company which buys one or more existing businesses. Evaluating a business with a view to acquiring it.

Notes of Amplification

The effect on the Balance Sheet (Statement of Financial Position) of the redemption of shares, capital reductions and reconstructions.

Questions will **not** be set involving the detailed procedure or book-keeping entries for share issues, capital reductions and reconstructions.

An appreciation of return on investments; calculation of goodwill, purchase by issue of shares, debentures, and by cash. Accounting entries for recording goodwill and negative goodwill.

FINANCIAL REPORTING AND INTERPRETATION

G. Published Company Accounts

Principles governing the disclosure requirements of company annual reports covering:

- (a) the Directors' Report
- (b) the Profit and Loss Account (income statement)
- (c) the Balance Sheet (statement of financial position)
- (d) the Cash Flow Statement

The main disclosure requirements relating to the published corporate reports as set out in Part 1 of the 7th Schedule of the Companies Act and in compliance with International Accounting Standards. Disclosure of accounting policies. Familiarization with the requirements to disclose details concerning fixed (non-current) assets, depreciation, directors' remuneration and auditors' remuneration. Paid loan interest.

Questions which rely wholly or mainly on the Companies Act concerning the format of published accounts will not be set.

H. Interpretation and Analysis

Users of financial statements and their information needs in decision making and for reviewing past and future performance. Interpretation by means of ratio analysis, cash flow analysis and other performance indicators. Preparation of Financial Statements and reports in relation to give accounting information.

Ratios to aid the appraisal of: return on capital employed; profitability; financial solvency; working capital and management; gearing financial structures.

An awareness of the inherent limitations of financial statements as information for

Limitations of ratios	shareholders and interested parties. Ratios affected by quality of source of information, companies' policies, seasonal variations, underlying causes not revealed. Stock Exchange ratios (dividend yield; interest cover; dividend cover; earnings per share; price earnings ratio)
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I. Company Financing

The financing of companies including capital gearing, capital structures including equity capital, preference share capital and loan capital. The bases of modern financial reporting and its limitations. Critical appraisal of accounting reports. The nature of company forecasts.	Rights and bonus issues, distribute and non-distributable reserves. The disclosure standards adopted by quoted companies. An awareness of the inherent limitations of financial statements as information for shareholders and other interested parties.
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COST AND MANAGEMENT ACCOUNTING

J. Costing Principles and Systems

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| (i) Distinction between Cost Accounting and Management Accounting. | The classification of costs by function, behaviour and nature. Cost ascertainment; the elements of costs; unit costs and total costs; fixed and variable costs; cost accumulation, under absorption and over absorption of overheads; cost coding. |
| (ii) Principles of Cost and Management Accounting.

Direct materials and indirect material; direct and indirect overheads, cost unit, cost centre, cost allocation and apportionment to cost centres. Absorption of costs by cost units. Overheads recovery rated and cost coding. | Include situations where production can be increased or decreased, or where alternative possibilities are to be considered.

The strengths and weaknesses of break-even analysis. The preparation, use and limitations of break-even charts. |
| (iii) Costing methods as used for job, unit and batch costing including the calculation of stock values; work in progress.

Absorption costing and its influence on profit determination.

Marginal Costing, Profit/Volume analysis and contribution to sales ratio.

The calculation of work in progress. | Process costing, including by-products and waste products.

The effects of change in sales volume, and price and costs of the break-even point. |
| (iv) Sensitivity analysis. | |

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Notes of Amplification

Limiting factors relating to production and capacity.

Availability of materials and labour.

(v) Accounting for decision-making.

Relevant costs and the preparation of costing reports for use in decision-making circumstances (such as a limiting factor or a make or buy situation). The role of non-accounting factors (such as availability of skilled labour) in the making of simple business decision.

K. Budgeting

Accounting for decision making and forward planning including Budgets and Cash Flow projections.

Advantages and uses of budgets. The preparation of budgets for sales, production and expenses. Cash Budgets. The preparation and use of master budgets (budgeted profit and loss accounts (income statements) and balance sheets (statement of financial position). Principal budget factors and revision of budgets due to changed circumstances. Behavioural aspects of management when preparing budgets.

L. Standard Costing

Establishing costs standards for unit costs and variance analysis involving use and price variances. Unit price.

Types of cost standard. Standard hours and calculation of a standard unit price. Calculation of sales volume and price variances. (Income variances, sales margin volume and sales margin price variance) and cost variance; material usage and price variances; labour efficiency and rate variances.

Interrelationship of variances.

The calculation of overhead and sales mix variance is **not** required. Questions will **not** be set on standard costing involving several processes through which a product may pass.

M. Investment Appraisal

The elements of investment appraisal (Series of funding and cost of funding).

Capital investment appraisal to include ascertainment of future cash flows, payback, accounting rate of return. Discounting methods for calculating the net present value of internal rate of return.

Non-financial factors affecting investment decisions.

Recognition of economic, political, sociological and environmental factors.

Sensitivity analysis.

Critical changes in initial outlay and net receipts.

RESOURCE LIST

This is **NOT** a list of prescribed texts, but merely an attempt to provide a range of alternatives from which teachers may like to choose.

1. Richard and Jerkins Cost & Management Accounting Questions and Answers.

AUTHOR	TITLE	PUBLISHER	ISBN	DATE
David Cox	<i>Business Accounts</i>	Osborne	1872962580	1999
Ian Harrison	<i>The Complete A – Z Accounting Handbook</i>	Hodder And Stoughton	0340691247	1998
Ian Harrison	<i>A-Level Study Guide: Accounting</i>	Letts	1857583906	1996
Riad Izhar	<i>Accounting, Costing And Management</i>	Oxford Up	0918327463	1988
Harold Randall	<i>A-Level Accounting (3rd Edn)</i>	Letts Educational	1850851622	1996
Frank Wood	<i>A-Level Accounting</i>	Financial Times Prentice Hall	0273631616	1998
Frank Wood & Alan Sangster	<i>Business Accounting I</i>	Financial Times Prentice Hall	0273637428	1999
Frank Wood & Alan Sangster	<i>Business Accounting II</i>	Financial Times Prentice Hall	0273637436	1999

- (i) Richard And Jerkins: *Cost & Management Accounting: Questions And Answers*
- (ii) C. Drury: *Cost and Management Accounting.*
- (iii) Johnson 7 Whitman: *A Practical Foundation In Accounting*

Refer to the following International Accounting Standards

- IAS¹ - Presentation of Financial Statements
- IAS² - Inventories/Stocks
- IAS⁴ - Depreciation
- IAS⁷ - Revised: Cash Flow Statements
- IAS¹⁰ - Contingencies and events occurring after Balance Sheet date
- IAS²³ - Earning per share, i.e. Calculation and presentation.

* International Accounting Standards.

* Companies Act.