### Po Leung Kuk 1983 Board of Directors’ College
**Principles of Accounts - Syllabus Outline**

**Year** : 2003-2004  
**Form** : 7  
**# of period per week** : 6  
**Teacher** : Fung Nga Sze, Agnes

<table>
<thead>
<tr>
<th>Week (Date)</th>
<th>Lesson Topic</th>
<th>Subject Matter</th>
<th>Learning Activities/Assignment</th>
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| 1-2 (2/9-11/9) | **THE ACCOUNTING SYSTEM** | Information technology applications in accounting systems  
1. Discuss the advantages and disadvantages of using computers in accounting  
2. Describe the general features of an accounting information system (and as part of a management information system)  
3. Describe how accounting data are captured, validated, stored and backed-up  
4. Describe the importance and desirable features of internal controls  
5. Describe how a typical accounting software package handles accounting data in accordance with a defined chart of accounts and transforms them into accounting information for reporting and/or decision-making purposes | 1. Initial exposure on how information technology is applied in processing accounting information  
Supplementary material |
| 3-4 (15/9-26/9) | **FINANCIAL ACCOUNTING** | Published accounts  
1. Describe the general format of financial statements  
2. Discuss the meaning of ‘true and fair’ view in the context of published accounts of limited companies  
3. Identify some of the disclosure items as required by law, regulations, and professional bodies  
4. Discuss the principal accounting policies of an annual report of a listed company or a public utility  
Cash flow statement  
1. Explain the nature of a cash flow statement and how it relates to the profit and loss account and the balance sheet  
2. Prepare a cash flow statement  
3. Analyze the changes in working capital  
4. Explain the role of depreciation in the cash flow statement  
5. Show how some typical transactions affect income and working capital and how such effects are presented in the cash flow statement  
6. Interpret a cash flow statement |  
- Students are expected to have an understanding of published accounts only  
- A very brief introduction to the Listing Rules  
- Compile a note for a published report on a basket of fixed assets and derive the aggregate value for the balance sheet  
Chapter 8 & Supplementary material  
- The order of permanency or liquidity of various assets and liabilities  
- The importance of working capital in the operation of a business  
- How the operation is financed  
Chapter 9 & Supplementary material |
| 7-8  
(13/10-31/10) | **Types and raising of capital**  
1. Differentiate between the following classes of shares and debentures: ordinary, preference and debenture  
2. Distinguish between authorized, issued, called up and paid-up capital  
3. Distinguish between shareholders’ capital and loan capital  
4. Explain the nature of reserves and provisions and distinguish between the two  
5. Record journal and ledger entries for raising of capital including:
   a) the issue of ordinary and preference shares at par, at discount and at premium  
   b) the issue of debentures at par, at a discount and at a premium  
   c) methods of payment: payable in full  

| 9-10  
(3/11-14/11) | **Consolidated accounts**  
1. Explain the idea of a group of companies.  
2. Prepare the consolidated financial statements of a group of companies consisting of only one subsidiary acquired by the holding company  

| 11-12  
(17/11-28/11) | **AN INTRODUCTION TO MANAGERIAL ACCOUNTING**  
**Costing principles and systems**  
1. State and explain the general nature of managerial accounting  
2. Identify the costs of a product in terms of direct and indirect costs, and factory and administrative overheads  
3. State and explain costing systems such as job, process, and activity-based costing  

|  | **Chapter 1** & Supplementary material  
- Over-subscription and under-subscription  
- Issues payable by instalments and forfeiture of shares are excluded  

|  | **Chapter 3-7** & Supplementary material  
- How one company can invest in another company  
- The difference between a subsidiary and an associated company  
- Goodwill and capital reserve, inter-company trading and borrowing, unrealized profit, minority interests, pre-acquisition and post-acquisition profits  

|  | **Chapter 11**  
Some classificatory frameworks of cost:  
- historical and replacement  
- accounting and economic  
- opportunity cost and sunk cost  
- fixed and variable  
- average, marginal, and total  
- prime, production, and total  
- direct, indirect, and overheads  
- unexpired and expired  

|  | **Chapter 12**  
- Allocation of costs to a single job such as a vehicle repair job  
- Allocation of costs to mass-production goods in accordance with costs accumulated in processing  
- Departments in a certain period, e.g., an oil refinery; equivalent unit of production  
- Allocation of costs to activities leading to the production of products; upstream and downstream activities  

|  | **Chapter 13-15**  

### Course Outline:

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<th>Week</th>
<th>Topic</th>
<th>Notes</th>
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<tr>
<td>13</td>
<td>Compare advantages and disadvantages of adopting marginal and absorption costing</td>
<td>Chapter 16 &amp; Supplementary material</td>
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<td>(1/12-5/12)</td>
<td><strong>Standard costing</strong></td>
<td>the sources of standards</td>
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<td>1. State and explain the need to set and process standard of cost performance for control purposes</td>
<td>Chapter 19 &amp; Supplementary material</td>
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<td>2. Calculate and suggest factors leading to direct costs, sales price and sales volume variances</td>
<td><strong>Budgeting</strong></td>
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<td><strong>Budgeting</strong></td>
<td>- Cost of capital and opportunity cost; compare the accounting and economic rate of return</td>
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<td>1. Discuss the various issues related to the use of a budgetary system</td>
<td>Chapter 18 &amp; Supplementary material</td>
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<td>2. Compare the advantages &amp; disadvantages of using a fixed and flexible budget</td>
<td>Investment appraisal</td>
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<td>3. Identify and explain the factors to consider in setting and revising budgets</td>
<td>- compare the investment decisions for a real capital asset and a financial asset such as bonds and shares</td>
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|       | 4. Prepare a cash budget | - Revenue as:  
|       | 5. Prepare a forecast trading, profit and loss account for a certain period and a balance sheet at end of the period |  - the inflow of assets resulting from the operational activities of the firm  
|       | **Investment appraisal** |  - the creation of goods and services and the transfer of these to third parties  
|       | 1. Discuss the factors affecting a capital investment decision, in particular the financial factors |  - Expense as cost expired in the process of obtaining revenue |
|       | 2. Discuss the risk nature of investment in the future and the needs to ascertain cash in- and out-flows in the future | The measurement and timing problems of revenues and expenses in periodic accounting |
|       | 3. State and explain the criteria for investment decisions such as payback period, net present value and internal rate of return | Treatments of extraordinary gains/losses and prior year adjustments in published accounts |
|       | 4. Calculate payback period and net present value | Vol 1 – Ch. 4 & Supplementary material |
| 14   | Christmas and New Year Holiday | Mock Examination |
| (8/12-12/12) | ACCOUNTING THEORY **Income determination** | |