

**G.C.E. Advanced Level**  
**Grades 12 and 13**

**Accounting**

**Revised Syllabus will be implemented from 2012**  
**(The examination will be held for the first time in year 2012)**



**Department of Business Studies**  
**Faculty of Science and Technology**  
**National Institute of Education.**

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## **1.0 Introduction**

A competency based curriculum has been introduced to the schools system from 2009 onwards for the GCE (A/L) subject streams under the curriculum reforms of the new millennium. Taking into consideration the new trends in the subject area of Accounting in the GCE (A/L) Commerce stream, a competency based curriculum has been introduced to the Accounting syllabus.

This curriculum has been implemented in schools for three (03) years by now. The syllabus of Accounting subject has been again edited in terms of the outcomes of research conducted jointly at National Level, by the Ministry of Education and the National Institute of Education. The syllabus has been prepared, taking into consideration the subject content considered essential for students at GCE (A/L) level and the amount of time the teacher actually spends in the class.

The present syllabus will provide guidance in producing a citizen capable of adjustable to world situations without bears a burden to the society, having benefited one's learning through the changes brought about in the subject content through a pedagogical approach.

## **2.0 Aims of the syllabus**

- Obtain basic understanding of the conceptual framework of accounting.
- Obtain and apply basic knowledge on accounting techniques.
- Produce guidance on new educational opportunities opened through the subject area of accounting for various professional needs.
- Use the knowledge of various vocational needs through the subject of Accounting.
- Acquire management skills effectively require to the socio-economic environment.
- Acquire the ability of maintaining accounting records of various business organizations.
- Contributes in future research and development activities using the practice obtained through the evaluation in clearly subject area.
- Acquire competencies to utilize resources effectively and economically.

### 3.0 Revised subject contents for Competencies and Competency Levels

Competency and Competency Levels	Removals & Limitations
1.1 Analyses the importance of providing accounting information to the stakeholders of a business for decision making.	<ul style="list-style-type: none"> <li>• Accounting will be classified as Financial Accounting and Management accounting. (Classification as cost accounting is removed.)</li> </ul>
1.2 Analyses the changes and trends in accounting based on the changes in accounting environmental factors.	<ul style="list-style-type: none"> <li>• Accounting environment will not be classified as               <ul style="list-style-type: none"> <li>• Internal environment and</li> <li>• External environment</li> </ul> </li> <li>• Discuss the influence of accounting environment on the accounting process.</li> </ul>
2.3 Prepares the balance sheet and income statement using the accounting equation.	<ul style="list-style-type: none"> <li>• Discuss only the identification of cash inflows and cash outflows.</li> <li>• Cash flow statement has been removed.</li> </ul>
3.2 Prepares financial statements using a trial balance.	<ul style="list-style-type: none"> <li>• Cash flow statement has been removed.</li> </ul>
4.11 Prepares financial statements by balancing ledger accounts.	<ul style="list-style-type: none"> <li>• Cash flow statement has been removed.</li> </ul>

<b>Competency and Competency Levels</b>	<b>Removals &amp; Limitations</b>
<p>5.0 Uses accounting concepts by analyzing the basis of financial accounting.</p> <p>6.2 Considers accounting for inventories and other related matters.</p> <p>7.1 Analyses the basic concepts related to property, plant and equipment</p>	<ul style="list-style-type: none"> <li>• Only following adjustments will be discussed using accounting concepts. <ul style="list-style-type: none"> <li>• Drawings</li> <li>• Accrued income and expenses.</li> <li>• Income received in advance and prepaid expenses.</li> <li>• Provision for doubtful debts.</li> <li>• Damaged stock</li> <li>• Provision for depreciation.</li> </ul> </li> <li>• Techniques for measurement of stocks <ul style="list-style-type: none"> <li>• Standard cost method.</li> <li>• Retail method.</li> </ul> <p style="margin-left: 20px;">Above cost methods have been removed.</p> </li> <li>• Recoverable amount has been removed</li> <li>• Impairment loss. (Only an explanation is expected when explains the carrying amount of an asset)</li> </ul>

<b>Competency and Competency Levels</b>	<b>Removals &amp; Limitations</b>
<p>8.1 Prepares income statement balance sheet and cash flow statement of a sole proprietorship.</p> <p>11.4 Prepares the income statement of a partnership and allocates the profit or loss among the partners.</p> <p>11.5 Prepares balance sheet and cash flow statement of a partnership.</p> <p>11.6 Records the transactions and events which relevant is the changes to the partners.</p> <p>12.2 Records and discloses Accounting polices, Changes in Accounting estimates and errors.</p>	<ul style="list-style-type: none"> <li>• Cash flow statement has been removed.</li> <li>• Interest on drawings and</li> <li>• Guarantee of income have been removed.</li> <li>• Cash flow statement has been removed.</li> <li>• Revaluation of assets under the adjustment of unrecorded assets has been removed.</li> <li>• Calculations are done, on the assumption that admission of a new partner or retirement of a partner happens only at the beginning end or of a financial year.</li> <li>• Adjustments of goodwill is done only through partners capital accounts.</li> <li>• Accounting in relation to changes in accounting policies has been removed.</li> <li>• Accounting in relation to prior period errors have been removed.</li> </ul>

<b>Competency and Competency Levels</b>	<b>Removals &amp; Limitations</b>
12.5 Obtains the basic knowledge of accounting for lease.	<ul style="list-style-type: none"> <li>• Discuss only simple calculations of leases in lessee's books.</li> <li>• Interest in suspense account is not discussed.</li> </ul>
12.6 Maintains Accounts and discloses revenue.	<ul style="list-style-type: none"> <li>• SLAS 29 is completely removed.</li> </ul>
12.7 Maintains Accounts and discloses intangible assets.	<ul style="list-style-type: none"> <li>• SLAS 37 is completely removed.</li> </ul>
13.3 Accounts the receipt of the consideration of a share in partpayment basis.	<ul style="list-style-type: none"> <li>• Accounting of the receipt of consideration of a share in part payment basis has been removed.</li> </ul>
13.4 Prepares income statement, statement of changes in equity, Balance sheet and cash flow statement of a limited liability company.	<ul style="list-style-type: none"> <li>• Transactions relevant to reissue of shares in arrears transitions have been removed.</li> </ul>
14.1 Emphasizes the importance of analyzing and interpreting financial statements.	<ul style="list-style-type: none"> <li>• Cash flow ratios have been removed.</li> <li>• Only simple calculations for all ratios will be discussed.</li> <li>• Expects for all ratios calculated data for comparison.</li> </ul>

<b>Competency and Competency Levels</b>	<b>Removals &amp; Limitations</b>
14.2 Calculates and interprets profitability ratios.	<ul style="list-style-type: none"> <li>• Following ratios have been removed.               <ul style="list-style-type: none"> <li>• Earnings per share</li> <li>• Price earnings ratio</li> <li>• Earnings yield ratio.</li> <li>• Dividend yield ratio</li> <li>• Dividend pay out ratio</li> </ul> </li> <li>• Comparison of ratios with industry data has been removed.</li> </ul>
14.3 Calculates and interprets the liquidity ratios.	<ul style="list-style-type: none"> <li>• Following have been removed.               <ul style="list-style-type: none"> <li>• Operating cycle and</li> <li>• Cash cycle</li> </ul> </li> <li>• Comparison of ratios with industry data has been removed.</li> </ul>
14.4 Calculates and interprets financial stability ratios	<ul style="list-style-type: none"> <li>• Comparison of ratios with industry data has been removed.</li> </ul>
14.5 Calculates and interprets cash flow ratios.	<ul style="list-style-type: none"> <li>• All cash flow ratios have been removed.</li> </ul>



<b>Competency and Competency Levels</b>	<b>Removals &amp; Limitations</b>
<p>15.0 Evaluates basic concepts of cost and management accounting</p> <p>15.3 Uses the procedures of material control</p> <p>15.7 Absorbs overhead cost to a product.</p> <p>17.2 Makes investment decisions using different capital investment decision methods</p>	<ul style="list-style-type: none"> <li>• Classification as cost and management accounting has been removed. It will be identified only as management accounting.</li> <li>• Material recording methods.</li> <li>• An introduction to periodic inventory system and perpetual inventory system will only be discussed. Calculations are excluded.</li> <li>• ABC analysis is only introduced. <ul style="list-style-type: none"> <li>• Only simple calculations for economic order quantity.</li> <li>• Only introduction and simple calculations for stock levels (Re-order level and minimum stock level)</li> <li>• Only introduction and simple calculations for maximum stock level and average stock level.</li> </ul> </li> <li>• Only simple calculations for secondary distribution with single service department. If there are several departments (Two or three), calculations should be made on the basis that there are no internal service transfers.</li> <li>• Actual overhead absorption ratios have been removed.</li> <li>• Calculation of over absorption and under overhead cost absorption has been removed.</li> <li>• Only simple calculations relative to time value of money.</li> </ul>

#### 4.0 Allocated Periods for Competency Levels

No.	Competency	Allocated Peiods	Periods for contents	Periods for Activities
(1)	Analyses the Accounting and its purpose	05	03	02
(2)	Presents transactions and events of a business through the accounting equation.	30	20	10
(3)	Records business transactions and events based on the double entry system.	32	25	07
(4)	Posts transactions to the ledger using primary entry books.	64	54	10
(5)	Uses accounting concepts by analyzing the basis of financial accounting	50	35	15
(6)	Maintains accounts for inventories	12	10	02
(7)	Maintains accounts for property plant and equipment.	15	10	05
(8)	Prepares financial statements of a sole proprietorship	25	16	09
(9)	Reveals the financial performance and financial position of a business through the incomplete records.	10	06	04
(10)	Prepares financial statements of a not - for - profit organization.	12	08	04

No.	Competency	Allocated Peiods	Periods for contents	Periods for Activities
(11)	Prepares the income statement and the balance sheet in order to reveal the financial performance and financial position of a partnership.	55	40	15
(12)	Uses Sri Lanka accounting standards in preparing and presenting financial statements	20	12	08
(13)	Ascertains financial performance, financial position and cash flows of a Limited liability company.	90	65	25
(14)	Contributes to managerial decisions by analyzing and interpreting financial statement through accounting ratios.	40	30	10
(15)	Evaluates basic concepts of management accounting	90	80	10
(16)	Contributes the managerial decision making process through the analysis of cost behaviour and cost volume profit	30	25	05
(17)	Contributes to capital investment decisions	20	15	05
		600	454	146

## 5.0 Revised Syllabus

Competency	Competency Level	Content	No. of Periods
<p><b>1. Evaluates Accounting and its purpose</b></p>	<p>1.1 Evaluates the importance of providing accounting information to the Stakeholders of a business, for decision making</p> <p>1.2 Analyses the changes and trends in accounting based on the changes in accounting environmental factors.</p>	<ul style="list-style-type: none"> <li>• Accounting and its purpose</li> <li>• Classification of Accounting and its functions.               <ul style="list-style-type: none"> <li>• Financial Accounting</li> <li>• Management Accounting</li> </ul> </li> <li>• Stakeholders of a business and importance of information to each stakeholder group.</li> <li>• Characteristics of accounting information.</li>   <li>• Accounting environment and its impact on accounting process.</li> </ul>	<p>05</p>

Competency	Competency Level	Content	No. of Periods
<p><b>2. Presents transactions and events of a business through accounting equation.</b></p>	<p>2.1 Evaluates how total assets agrees with its total of liabilities and equity.</p>	<ul style="list-style-type: none"> <li>• Business entity concept</li> <li>• Accounting inputs, outputs, process, transactions and events.</li> <li>• Total equity and total liabilities of a business is equal to the total assets.</li> <li>• Accounting equation and Its elements               <ul style="list-style-type: none"> <li>• Assests</li> <li>• Liabilities</li> <li>• Capital/ Equity.</li> </ul> </li> <li>• Transaction and events which effect on assests, liabilities and equity</li> </ul>	<p><b>30</b></p>

Competency	Competency Level	Content	No. of Periods
	<p>2.2 Discloses the changes in equity by transactions and events of a business.</p> <p>2.3 Prepares the Balance sheet and Income statement using accounting equation.</p>	<ul style="list-style-type: none"> <li>• Income</li> <li>• Expenditure</li> <li>• Profit or loss</li> <li>• Drawings</li> <li>• Contribution of additional capital</li> <li>• Changes in equity               <ul style="list-style-type: none"> <li>• Increase in equity due to income or profit</li> <li>• Decrease in equity due to expenses or loss.</li> <li>• Decrease in equity due to drawings of the owner</li> <li>• Increase in equity due to introduction of additional capital.</li> </ul> </li> <li>• Analysis of transactions and events using accounting equation.</li> <li>• Assets of a business as at a particular date and method of financiers of these assets.</li> </ul>	

Competency	Competency Level	Content	No. of Periods
	2.4 Calculates profit or loss by using net assests	<ul style="list-style-type: none"> <li>• Balance sheet depicts the financial position of a business at a specific point in time.</li> <li>• Depicts the balance sheet by using accounting equation.</li> <li>• Income statement</li> <li>• Prepare income statement for a specific time period.</li> <li>• Establish relationship between income statement and balance sheet.</li> <li>• Identity cash inflows and cash outflows of the business.</li>   <li>• Equity / Net assets is the difference between total assests and total liabilities.</li> <li>• Net assests are equal to equity.</li> <li>• Calculates profit for the year by adjusting the following               <ul style="list-style-type: none"> <li>• Drawings</li> <li>• Additional capital</li> </ul> </li> </ul>	

Competency	Competency Level	Content	No. of Periods
<b>3.0 Records business transactions and events based on the double entry system.</b>	3.1 Records transactions and events of a business.  3.2 Prepares financial statements using a trial balance	<ul style="list-style-type: none"> <li>• Double entry system</li> <li>• Dual aspect of a transaction</li> <li>• Account and its format and the ledger.</li> <li>• Double entry of a transaction               <ul style="list-style-type: none"> <li>• Debit entry</li> <li>• Credit entry</li> </ul> </li> <li>• Type of ledger accounts               <ul style="list-style-type: none"> <li>• Assets</li> <li>• Liabilities</li> <li>• Capital/ Equity</li> <li>• Income</li> <li>• Expense</li> </ul> </li>   <li>• Balancing ledger accounts</li> <li>• Trial balance</li> <li>• Income statement</li> <li>• Balance sheet</li> </ul>	32



Competency	Competency Level	Content	No. of Periods
<b>4.0 Posts transactions to the ledger using primary entry books.</b>	4.1 Ensures the importance of maintaining primary entry books.  4.2 Records cash receipts and cash payments.  4.3 Records transactions carried out through the current account maintained at a bank.	<ul style="list-style-type: none"> <li>• Primary entry books</li> <li>• Purpose</li> <li>• Source documents</li> <li>• Relationship between source documents and primary entry books.</li>   <li>• Dual role of the cash book               <ul style="list-style-type: none"> <li>• Use as a primary entry book</li> <li>• Use as a ledger account</li> </ul> </li> <li>• Format of the cash book</li> <li>• Source documents</li> <li>• Cash inflows and cash outflows of a business</li> <li>• Record transactions               <ul style="list-style-type: none"> <li>• Cash receipts</li> <li>• Cash payments</li> </ul> </li> <li>• Balancing the cash book</li> <li>• Posting to the ledger</li>   <li>• Format of the bank account               <ul style="list-style-type: none"> <li>• Source documents</li> </ul> </li> <li>• Record transactions               <ul style="list-style-type: none"> <li>• Deposit of cash and cheques</li> <li>• Issuing cheques for the payments</li> <li>• Dis- honoured cheques                   <ul style="list-style-type: none"> <li>• Deposited</li> <li>• Issued</li> </ul> </li> </ul> </li> <li>• Bank balance               <ul style="list-style-type: none"> <li>• Favourable</li> <li>• Unfavourable</li> </ul> </li> <li>• Posting to the ledger</li> </ul>	<b>64</b>

Competency	Competency Level	Content	No. of Periods
	<p>4.4 Maintains the bank account/ cash book transactions with cash discount.</p> <p>4.5 Maintains the cash book with analysis columns</p> <p>4.6 Prepares bank reconciliation statement</p>	<ul style="list-style-type: none"> <li>• Cash discount               <ul style="list-style-type: none"> <li>• Discount allowed</li> <li>• Discount received</li> </ul> </li> <li>• Posting to the ledger</li> </ul> <ul style="list-style-type: none"> <li>• Purpose</li> <li>• Receipts cash book</li> <li>• Payment cash book</li> <li>• Posting to the ledger</li> </ul> <ul style="list-style-type: none"> <li>• Purpose</li> <li>• Bank statement</li> <li>• Identify the differences through reconciliation of Bank Account and Bank Statement</li> <li>• Adjust the balance of bank account in cash book.</li> <li>• Prepare the bank reconciliation statement               <ul style="list-style-type: none"> <li>• When there is a favourable balance</li> <li>• When there is a overdraft.</li> </ul> </li> </ul>	

Competency	Competency Level	Content	No. of Periods
	<p>4.7 Maintains the petty cash book to record petty cash expenses</p> <p>4.8 Maintains information of credit purchases.</p>	<ul style="list-style-type: none"> <li>• Purpose of the petty cash book.</li> <li>• Petty cash transactions</li> <li>• Source documents for petty cash transactions.</li> <li>• Define the petty cash imprest</li> <li>• Format of the petty cash book</li> <li>• Recording systems               <ul style="list-style-type: none"> <li>• Obtains the petty cash imprest from the main cashier</li> <li>• Records petty cash transactions</li> <li>• Calculates the petty cash balance</li> <li>• Reimbursing the petty cash imprest</li> <li>• Totaling of the analysis columns and posting to the ledger</li> </ul> </li> <li>• Purchase journal               <ul style="list-style-type: none"> <li>• Format</li> <li>• Source document</li> <li>• Recording method</li> <li>• Posting to the general ledger                   <ul style="list-style-type: none"> <li>• Purchase account</li> <li>• Creditors account</li> </ul> </li> </ul> </li> <li>• Purchase return journal</li> </ul>	

Competency	Competency Level	Content	No. of Periods
	4.9 Maintains information of credit sales	<ul style="list-style-type: none"> <li>• Format</li> <li>• Source document</li> <li>• Trade discount</li> <li>• Recording method</li> <li>• Posting to the General ledger               <ul style="list-style-type: none"> <li>• Purchases return account</li> <li>• Creditors account</li> </ul> </li> <li>• Sales journal               <ul style="list-style-type: none"> <li>• Format</li> <li>• Source document</li> <li>• Recording method</li> <li>• Posting to the General ledger                   <ul style="list-style-type: none"> <li>• Debtors account</li> <li>• Sales account</li> </ul> </li> </ul> </li> <li>• Sales return journal               <ul style="list-style-type: none"> <li>• Format</li> <li>• Source document</li> <li>• Recording method</li> <li>• Posting to the general ledger                   <ul style="list-style-type: none"> <li>• Sales return account</li> <li>• Debtors account</li> </ul> </li> </ul> </li> </ul>	



Competency	Competency Level	Content	No. of Periods
	4.12 Rectifies the errors occurred in recording transactions  4.13 Maintains subsidiary ledgers	<ul style="list-style-type: none"> <li>• Errors occur in recording transactions               <ul style="list-style-type: none"> <li>• Errors which are revealed from the trial balance.</li> <li>• Errors which are not revealed from the trial balance</li> </ul> </li> <li>• Corrects errors</li> <li>• Impact on profit and adjusting the profit</li> <li>• Purpose</li> <li>• Subsidiary ledgers (Personal ledgers)               <ul style="list-style-type: none"> <li>• Debtors ledger/ Sales ledger</li> <li>• Creditors ledger/ Purchase ledger</li> </ul> </li> <li>• Control accounts               <ul style="list-style-type: none"> <li>• Debtors ledger control account / sales ledger control accounts</li> <li>• Creditors ledger control accounts/ purchase ledger control account</li> </ul> </li> <li>• Reconciles control account balance and list of balances of subsidiary ledger and rectifies errors.</li> </ul>	

Competency	Competency Level	Content	No. of Periods
<b>5. Uses accounting concepts by analyzing the basis of financial accounting</b>	5.1 Analyses the term accounting entity.	<ul style="list-style-type: none"> <li>• Business entity concept</li> <li>• Introduction and purpose</li> </ul>	50
	5.2 Analyses the conceptual framework of financial accounting.	<ul style="list-style-type: none"> <li>• Introduction and purpose</li> <li>• Framework for preparation and presentation of financial statement.</li> <li>• Financial statements               <ul style="list-style-type: none"> <li>• General purpose of financial statements</li> <li>• Specific purpose of financial statements</li> </ul> </li> <li>• Elements of financial statements and users</li> <li>• Components of the conceptual framework               <ul style="list-style-type: none"> <li>• Objectives of financial statements</li> <li>• Qualitative characteristic of financial statements</li> <li>• Elements of financial statements</li> <li>• Definition of elements</li> <li>• Recognition of elements</li> <li>• Measurement of the element                   <ul style="list-style-type: none"> <li>• Fair value</li> <li>• Historical cost</li> </ul> </li> </ul> </li> <li>• Introduce the accounting concepts and Accounting standards.</li> </ul>	
	5.3 Applies Going Concern Concept	<ul style="list-style-type: none"> <li>• Introduction and purpose</li> <li>• Applying the concept               <ul style="list-style-type: none"> <li>• Classification of assets</li> <li>• Classification of liabilities</li> <li>• Depreciation of assets</li> </ul> </li> </ul>	
	5.4 Applies the Periodic concept	<ul style="list-style-type: none"> <li>• Introduction and purpose</li> <li>• Applying the concept of the balance as at a specific date.               <ul style="list-style-type: none"> <li>• Preparation of income statement of a specific period</li> <li>• Recognize income of the period.</li> <li>• Recognize expenses of the period.</li> </ul> </li> </ul>	

<b>Competency</b>	<b>Competency Level</b>	<b>Content</b>	<b>No. of Periods</b>
	5.5 Applies the money measurement concept	<ul style="list-style-type: none"> <li>• Introduction and purpose</li> <li>• Uses the concept               <ul style="list-style-type: none"> <li>• Recognition of transactions and events measured in monetary terms.</li> <li>• Indicating monetary value of each element.</li> <li>• Indicating monetary value of each element of balancesheet</li> </ul> </li> </ul>	
	5.6 Applies the accrual concept	<ul style="list-style-type: none"> <li>• Introduction and purpose</li> <li>• Applying the concept               <ul style="list-style-type: none"> <li>• Recognition of expenses payable</li> <li>• Recognition of prepayments</li> <li>• Recognition of accrued income</li> <li>• Recognition of income received in advance</li> <li>• Occurrence of debtors and creditors.</li> </ul> </li> </ul>	
	5.7 Applies the substance over form concept.	<ul style="list-style-type: none"> <li>• Introduction and purpose</li> <li>• Applying the concept</li> </ul>	
	5.8 Applies the matching concept.	<ul style="list-style-type: none"> <li>• Introduction and purpose               <ul style="list-style-type: none"> <li>• Applying the concept</li> <li>• Matching the expenditure over income</li> <li>• All expenses incurred in generating the income should be considered in calculating the profit</li> </ul> </li> </ul>	



Competency	Competency Level	Content	No. of Periods
	5.9 Applies the consistency concept.	<ul style="list-style-type: none"> <li>• Introduction and purpose</li> <li>• Consistency of using the selected accounting policies</li> <li>• Applying the concept</li> </ul>	
	5.10 Applies the Realization concept.	<ul style="list-style-type: none"> <li>• Introduction and purpose</li> <li>• Income should be earned               <ul style="list-style-type: none"> <li>• Sales of goods</li> <li>• Supply of services</li> <li>• Interest income</li> <li>• Royalty</li> <li>• Dividends</li> </ul> </li> </ul>	
	5.11 Applies the prudence concept	<ul style="list-style-type: none"> <li>• Introduction and purpose</li> <li>• Applying the concept               <ul style="list-style-type: none"> <li>• Stocks should be measured at lower of cost and net realizable value.</li> <li>• Making provision for future losses.</li> </ul> </li> </ul>	

Competency	Competency Level	Content	No. of Periods
	5.12 Applies the materiality concept  5.13 Applies the concept of historical cost.  5.14 Analyses the relationship among accounting concepts.	<ul style="list-style-type: none"> <li>• Introduction and purpose</li> <li>• Using the concept</li>   <li>• Introduction and purpose</li> <li>• Applying the concept</li> <li>• Increasing the reliability</li> <li>• Instances of deviations from the historical cost concept.               <ul style="list-style-type: none"> <li>• Revaluation of assets</li> <li>• Valuation of stocks at net realizable value.</li> </ul> </li>   <li>• Going concern concept</li> <li>• Explains the relationship among accounting concepts</li> </ul>	

Competency	Competency Level	Content	No. of Periods
<b>6. Maintains accounts for inventories</b>	<p>6.1 Analyses basic concepts of the inventory.</p> <p>6.2 Considers accounting for inventories and other related matters.</p>	<ul style="list-style-type: none"> <li>• Definitions, according to Sri Lanka accounting standards for inventories               <ul style="list-style-type: none"> <li>• Inventories</li> <li>• Cost of the inventory</li> <li>• Net realizable value of the inventories</li> </ul> </li>   <li>• Cost formulas               <ul style="list-style-type: none"> <li>• Valuing the inventories by identifying the specific cost elements relating to the activities a good</li> <li>• First in First out (FIFO)</li> <li>• Weighted Average Cost (WAC)</li> </ul> </li> <li>• Recognizing the inventory as an expense.</li> </ul>	<p>12</p>

Competency	Competency Level	Content	No. of Periods
7. Maintains accounts for property plant and equipment.	<p>7.1 Analyses the basic concepts related to property, plant and equipment</p> <p>7.2 Maintains accounts and make disclosures for the property, plant and equipment.</p>	<ul style="list-style-type: none"> <li>• Sri Lanka accounting standard for property, plant and equipment and definition.</li> <li>• Property, plant and equipment <ul style="list-style-type: none"> <li>• Cost</li> <li>• Depreciation</li> <li>• Depreciable amount</li> <li>• Carrying amount</li> <li>• Fair value</li> <li>• Residual value</li> <li>• Economic useful life</li> </ul> </li> <li>• Recognition of property, plant and equipment.</li> <li>• Subsequent cost</li> <li>• Measurement at recognition</li> <li>• Elements of cost</li> <li>• Measurement of cost</li> <li>• Measurement after recognition <ul style="list-style-type: none"> <li>• Cost model</li> <li>• Revaluation model</li> </ul> </li> <li>• Elimination of accumulated depreciation against the gross carrying amount of the asset and not amount restated to the revalued amount of the asset.</li> </ul>	15

Competency	Competency Level	Content	No. of Periods
8. Prepares financial statement of a sole proprietorship	8.1 Prepares income statement and balance sheet of a sole proprietorship	<ul style="list-style-type: none"> <li>• Methods of depreciation               <ul style="list-style-type: none"> <li>• Straight line method</li> <li>• Reducing balance method</li> </ul> </li> <li>• De- recognition</li>   <li>• Financial statements               <ul style="list-style-type: none"> <li>• Income statement</li> <li>• Balance sheet</li> </ul> </li> <li>• Format               <ul style="list-style-type: none"> <li>• Income statement</li> <li>• Balance sheet</li> </ul> </li> </ul>	25

<b>Competency</b>	<b>Competency Level</b>	<b>Content</b>	<b>No. of Periods</b>
	8.2 Prepares manufacturing account of a manufacturing business	<ul style="list-style-type: none"> <li>• Purpose of preparing manufacturing accounts.</li> <li>• Elements of manufacturing cost <ul style="list-style-type: none"> <li>• Prime cost <ul style="list-style-type: none"> <li>• Direct material cost</li> <li>• Direct labour cost</li> <li>• Other direct expenses</li> </ul> </li> </ul> </li> <li>• Manufacturing overhead</li> <li>• Inventories of a manufacturing business <ul style="list-style-type: none"> <li>• Raw material</li> <li>• Work in progress (Valued at prime cost or manufacturing cost)</li> <li>• Finished goods</li> </ul> </li> <li>• Format of manufacturing account</li> <li>• Transferring manufacturing cost to income statement</li> </ul>	
	8.3 Prepares income statement with a manufacturing account.	<ul style="list-style-type: none"> <li>• Manufacturing account</li> <li>• Income statement</li> </ul>	

<b>Competency</b>	<b>Competency Level</b>	<b>Content</b>	<b>No. of Periods</b>
<b>9. Reveals the financial performance and financial position of a business using the incomplete records.</b>	9.1 Computes the operational performance using net assets.	<ul style="list-style-type: none"> <li>• Purpose</li> <li>• Net profit using - net assests</li> </ul>	<b>10</b>
	9.2 Prepares the financial statements and converting incomplete records to double entries.	<ul style="list-style-type: none"> <li>• Required Prime entry books and ledger accounts</li> <li>• Preparation of financial statements</li> </ul>	
<b>10. Prepares financial statements of a not for- profit making organization.</b>	10.1 Reveals the cash receipts and cash payments of a not- for- profit making organization.	<ul style="list-style-type: none"> <li>• Not - for -profit making organizations</li> <li>• Receipts and payments account</li> </ul>	<b>12</b>

<b>Competency</b>	<b>Competency Level</b>	<b>Content</b>	<b>No. of Periods</b>
<p><b>11. Prepares the income statement and the balance sheet in order to reveal the financial performance and financial position of a partnership.</b></p>	<p>10.2 Concerns the operational performance and financial position of a not- for-profit making organization</p> <p>11.1 Uses the relevant sources for accounting for partnership.</p>	<ul style="list-style-type: none"> <li>• Financial statements of a not- for- profit making organization.               <ul style="list-style-type: none"> <li>• Income and expenditure account.</li> <li>• Balance sheet</li> </ul> </li> <li>• Receipts and payments account</li> <li>• Differences between the financial statements of a trading business and a not- for- profit making organization</li> <li>• Member fee/ Subscription of members</li> <li>• Life membership fee</li> </ul> <ul style="list-style-type: none"> <li>• Definition of a partnership</li> <li>• Partnership agreement</li> <li>• Rules and regulations</li> <li>• Partnership ordinance of 1890               <ul style="list-style-type: none"> <li>• Section 24</li> <li>• Section 42</li> </ul> </li> <li>• Section 519 of companies act no. 07 of 2007</li> </ul>	<p style="text-align: center;">55</p>



<b>Competency</b>	<b>Competency Level</b>	<b>Content</b>	<b>No. of Periods</b>
	<p>11.2 Analyses basic characteristics of a partnership in an accounting aspect.</p> <p>11.3 Reveals the partners' equity</p> <p>11.4 Prepares the income statement of the partnership and allocates the profit or loss among the partners</p>	<ul style="list-style-type: none"> <li>• Participate in the management</li> <li>• Contribution to capital</li> <li>• Risk taking</li>   <li>• Capital account</li> <li>• Current account</li>   <li>• Income statement</li> <li>• Appropriation of profit and loss</li> <li>• Factors considered in appropriation and profit and loss               <ul style="list-style-type: none"> <li>• Net Profit/ loss</li> <li>• Interest on capital</li> <li>• Salaries of partners</li> </ul> </li> <li>• Transfer of appropriations to relevant equity account.</li> </ul>	

Competency	Competency Level	Content	No. of Periods
	11.5 Prepares balance sheet and cash flow statement of the partnership  11.6 Records the transactions and events occur at the admissions and retirement or death of a partner.	<ul style="list-style-type: none"> <li>• Balance sheet of partnership</li> <li>• Balance of capital account</li> <li>• Balance of current account</li>   <li>• Circumstances of making adjustments</li> <li>• Admission of a partner at the beginning or end of the year.</li> <li>• Retirement or Death of a partner at the beginning or end of the year</li> <li>• Adjustments for good will in the capital account</li> </ul>	<b>310</b>

Competency	Competency Level	Content	No. of Periods
<p><b>12.0 Uses Sri Lanka accounting standards in preparing and presenting financial statements</b></p>	<p>12.1 Analyses the legal background of Sri Lanka accounting standards</p> <p>12.2 Records and discloses “Accounting polices, Changes in Accounting estimates and errors.”</p>	<ul style="list-style-type: none"> <li>• Accounting and Auditing Standard Act No. 15. of 1995</li> <li>• Duties of Accounting Standard Committee.</li> <li>• Duties of Accounting and Auditing Standard Monitoring Board.</li> <li>• Duties of the Institute of Chartered Accountants of Sri Lanka.</li> </ul> <ul style="list-style-type: none"> <li>• Sri Lanka accounting standards relatives to accounting policies, accounting estimates and errors.</li> <li>• Selection of accounting policies (Accounting for changes in accounting policies is not expected here)</li> <li>• Changes in accounting estimate</li> <li>• Errors (Accounting for prior period errors are not expected here)</li> </ul>	<p>20</p>

Competency	Competency Level	Content	No. of Periods
	<p>12.3 Records and discloses of “events after the balance sheet date”</p> <p>12.4 Records and discloses of “provisions, contingents liability and contingent assets”.</p> <p>12.5 Obtains the basic understanding of accounting for lease.</p>	<ul style="list-style-type: none"> <li>• Sri Lanka Accounting standard for events after the balance sheet date</li> <li>• Recognition and measurement of events after balance sheet date. <ul style="list-style-type: none"> <li>• Adjusting events</li> <li>• Non-adjusting events</li> <li>• Dividends</li> <li>• Going concern</li> </ul> </li> <li>• Sri Lanka accounting standard for provisions, contingents liability and contingent assets <ul style="list-style-type: none"> <li>• Provisions</li> <li>• Contingent liabilities</li> <li>• Contingent assets</li> </ul> </li> <li>• Definition of operating lease. (Only introduction for operating lease)</li> <li>• Finance lease</li> <li>• Accounting for financial leases in lessees book. (Except interest suspense account method and complex calculations.)</li> </ul>	

Competency	Competency Level	Content	No. of Periods
<b>13 Ascertains financial performance, financial position and cash flows of a Limited liability company.</b>	<p>13.1 Identifies the legal background of a limited liability company.</p> <p>13.2 Records the transactions for the issue of shares when the full consideration received at once</p> <p>13.3 Records the transactions relating to the capitalization of reserves and right issue.</p>	<ul style="list-style-type: none"> <li>• Nature of a limited liability company</li> <li>• Classification of companies</li> <li>• Legal background of company accounting.</li> <li>• Books and records maintained by a company.</li> <li>• Stated capital - Section 58</li> <li>• Types of shares of a limited liability company</li>   <li>• Consideration for issue of shares</li> <li>• Issue of shares</li> <li>• Recording the cash receipts</li>   <li>• Bonus issue of shares.</li> <li>• Right issue</li> </ul>	<b>90</b>

<b>Competency</b>	<b>Competency Level</b>	<b>Content</b>	<b>No. of Periods</b>
<b>14. Contributes to managerial decisions by analyzing and interpreting financial statement through accounting ratios.</b>	13.4 Prepares income statement, statement of changes in equity, balance sheet and cash flow statement of a limited liability company.	<ul style="list-style-type: none"> <li>• Prepare financial statements of internal purpose</li> <li>• Presentation of financial statements according to the relevant Sri Lanka accounting standard.               <ul style="list-style-type: none"> <li>• Preparation of income statement</li> <li>• Preparation of statement of changes in equity</li> <li>• Preparation of the balance sheet</li> </ul> </li> <li>• Preparation of cash flow statement according to the relevant Sri Lanka accounting standard.               <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Investing activities</li> <li>• Financing activities</li> </ul> </li> </ul>	<b>40</b>
	14.1 Analysis the needs and importance of interpreting financial statements.	<ul style="list-style-type: none"> <li>• Objectives of analyzing and interpretation of financial statements</li> <li>• Classification of accounting ratios               <ul style="list-style-type: none"> <li>• Profitability ratios</li> <li>• Liquidity ratios</li> <li>• Financial stability ratios.</li> </ul> </li> </ul>	

Competency	Competency Level	Content	No. of Periods
	14.2 Calculates and interprets profitability ratios  14.3 Calculates and interprets the liquidity ratios	<ul style="list-style-type: none"> <li>• Gross profit ratio</li> <li>• Net profit ratio</li> <li>• Return on total assets</li> <li>• Return on equity</li> <li>• Comparison of calculated ratios               <ul style="list-style-type: none"> <li>• With previous years data</li> <li>• With budgeted data</li> <li>• With similar data of competitors</li> </ul> </li> <li>• Current ratio</li> <li>• Quick assets ratio</li> <li>• Debtors turnover ratio</li> <li>• Debt collecting period</li> <li>• Stock turnover ratio</li> <li>• Stock obtaining period</li> <li>• Creditors payment period/ obtaining period</li> <li>• Comparison of calculated ratios               <ul style="list-style-type: none"> <li>• With previous years data</li> <li>• With budgeted data</li> <li>• With similar data of competitors</li> </ul> </li> </ul>	

Competency	Competency Level	Content	No. of Periods
<b>15. Evaluates basic concepts of management accounting</b>	14.4 Calculates and interprets financial stability ratios	<ul style="list-style-type: none"> <li>• Debt ratio</li> <li>• Equity ratio</li> <li>• Debt to equity ratio</li> <li>• Interest cover ratio</li> <li>• Assets turnover ratio</li> <li>• Comparison of calculated ratios               <ul style="list-style-type: none"> <li>• With previous years data</li> <li>• With budgeted data</li> <li>• With similar data of competitors</li> </ul> </li> </ul>	<b>90</b>
	15.1 Relates management accounting for decision making process.	<ul style="list-style-type: none"> <li>• Introduction</li> <li>• Decision making process</li> <li>• Definition and classification of cost and cost concepts</li> </ul>	



Competency	Competency Level	Content	No. of Periods
	15.2 Analyses the basic concepts of management accounting           15.3 Uses the procedures of material control	<ul style="list-style-type: none"> <li>• Cost unit</li> <li>• Classifications of cost               <ul style="list-style-type: none"> <li>• For the valuation of inventories                   <ul style="list-style-type: none"> <li>• Manufacturing cost, periodic cost and expenses</li> <li>• Cost, direct cost, indirect cost</li> </ul> </li> </ul> </li> <li>• For the purpose of decision making               <ul style="list-style-type: none"> <li>• Variable and fixed cost</li> <li>• Relevant cost and irrelevant cost</li> <li>• Sunk cost</li> <li>• Opportunity cost</li> </ul> </li> <li>• For the purpose of controlling               <ul style="list-style-type: none"> <li>• Controllable cost and uncontrollable costs</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• Importance of material control</li> <li>• Purchase of material</li> <li>• Documents and books used in stock control</li> <li>• Books and documents               <ul style="list-style-type: none"> <li>• Bincard</li> <li>• Stores ledger</li> <li>• Material requisition note</li> </ul> </li> </ul>	

Competency	Competency Level	Content	No. of Periods
		<ul style="list-style-type: none"> <li>• Price quotation</li> <li>• Purchase order</li> <li>• Goods received note (GRN)</li> <li>• Delivery note</li> <li>• Invoice</li> <li>• Material receipts</li> <li>• Material issues</li> <li>• Introduction of Accounting for inventories               <ul style="list-style-type: none"> <li>• Periodic inventory system</li> <li>• Perpetual inventory system</li> </ul> </li> <li>• Pricing methods use for issuing materials               <ul style="list-style-type: none"> <li>• First In First Out (FIFO)</li> <li>• Weighted Average Cost (WAC)</li> </ul> </li> <li>• Introduction of ABC Analysis</li> <li>• Basic calculations for Economic Order Quantity</li> <li>• Basic calculations for Reorder level</li> <li>• Basic calculations for Minimum stock level</li> <li>• Basic calculations for Maximum stock level</li> <li>• Basic calculations for Average stock level</li> </ul>	

Competency	Competency Level	Content	No. of Periods
	15.4 Records the labour cost  15.5 Calculates salaries based on time and output  15.6 Prepares the paysheet.	<ul style="list-style-type: none"> <li>• Labour cost               <ul style="list-style-type: none"> <li>• Importance of control of labour cost</li> <li>• Recording of labour time</li> </ul> </li>   <li>• Modes of salary payment               <ul style="list-style-type: none"> <li>• Time basis</li> <li>• Output basis</li> </ul> </li> <li>• Overtime</li>   <li>• Pay sheet</li> <li>• Basic salary</li> <li>• Allowances</li> <li>• Consolidated salary</li> <li>• Gross salary</li> <li>• Deductions</li> <li>• Net Salary</li> <li>• Format of the paysheet</li> <li>• Documents use in preparing the paysheet</li> <li>• Accounting of informations in the paysheet</li> </ul>	

Competency	Competency Level	Content	No. of Periods
	<p>15.7 Absorbs overhead cost to a product.</p> <p>15.8 Calculates cost of a product.</p>	<ul style="list-style-type: none"> <li>• Overhead cost <ul style="list-style-type: none"> <li>• Production overhead cost</li> <li>• Non production overhead cost</li> </ul> </li> <li>• Distribution overhead cost <ul style="list-style-type: none"> <li>• Identification and collection of overhead costs.</li> <li>• Allocation</li> <li>• Apportionment / Distribution <ul style="list-style-type: none"> <li>• Primary distribution</li> <li>• Secondary distribution (Only to one service department)</li> </ul> </li> </ul> </li> <li>• Overhead absorption rate (Actual cost based absorption rate is not calculated.)</li> <li>• Direct material cost</li> <li>• Direct labour cost</li> <li>• Other direct cost</li> <li>• Prime cost</li> <li>• Production overhead cost</li> <li>• Production cost</li> <li>• Non production cost</li> <li>• Total cost</li> <li>• Profit margin</li> </ul>	

<b>Competency</b>	<b>Competency Level</b>	<b>Content</b>	<b>No. of Periods</b>
<b>16 Contributes to managerial decision making process through the analysis of the cost behavior and cost volume profit</b>	<p>16.1 Analyses the behavior of cost</p> <p>16.2 Contributes to the decision making using cost volume profit analysis</p>	<ul style="list-style-type: none"> <li>• Fixed cost             <ul style="list-style-type: none"> <li>• Variable cost</li> <li>• Semi variable cost</li> <li>• Semi fixed cost</li> </ul> </li> <li>• Analysis cost behavior through leinear function</li>   <li>• Contribution per unit</li> <li>• Total contribution</li> <li>• Contribution sales ratio/ Profit volume ratio</li> <li>• Break even point</li> <li>• Presents cost volume profit analysis through a graph</li> <li>• Sensitivity analysis (Only simple calculations)             <ul style="list-style-type: none"> <li>• Changes in sales price</li> <li>• Changes in quantity of sales</li> </ul> </li> </ul>	<b>30</b>

Competency	Competency Level	Content	No. of Periods
17. Contributes to capital investment decisions	17.1 Plans long term decision making process	<ul style="list-style-type: none"> <li>• Long term decision making process</li> </ul>	20
	17.2 Makes investment decisions using different capital investment appraisal methods.	<ul style="list-style-type: none"> <li>• Return on investment (ROI)</li> <li>• Advantages and disadvantages of ROI</li> <li>• Pay back period</li> <li>• Advantages and disadvantages of pay back period</li> <li>• Cash flows</li> <li>• Relevant and irrelevant cost</li> <li>• Capital investment theory</li> <li>• Time value of money (Only simple calculations)</li> <li>• Opportunity cost of capital</li> <li>• Advantages and disadvantages of net present value</li> </ul>	
			<b>290</b>

## **6.0 Learning - Teaching Strategies**

- The learning-teaching process has been planned in terms of an activity-based approach.
- Planning of a student-centered learning-teaching process is more appropriate since learning outcome relevant to all competencies have been suggested.
- It is expected to implement the learning-teaching methodology in terms of the transformation role of the teacher as far as possible. A few selected activities, based on the 5E Model, for the implementation of the teacher's transformation role in the classroom, are given in the Teacher Instructional Manual.
- The achievement of concepts, principles and theories are mostly expected through the suggested activities, according to the new approach.
- The implementation of a single activity at classroom level will take over one period on the time table. Therefore the management of the school should, in drawing up the timetable, ensure that, where possible, the adjoining periods, could be utilized.
- Arrangement for the presentation of the outcome of a particular activity on the today following the exploration, instead of implementing it through several periods, provides room in making student experiences more effective.
- Directing students to collect their creations of a particular location, before presenting the findings of their exploration and seating the exploration team so that they are scattered about the room, will make them involve themselves in the elaboration and expansion with greater sensitivity.

## **7.0 Organization of School Policies and Programs**

- Ten periods per week have been assigned for G.C.E. (A/L) Accounting according to the proposed curriculum reforms.
- The teacher's task will be made more convenient and effective if principals with the support of sectional heads, conduct a workshop for the relevant subject teachers during the holidays, close to the commencement of the terms, to revise activity plans to suit the school so as to facilitate use of existing resources and enclose the quality inputs required for each activity in separate containers to form a resource. Further, in the curriculum revision of 2011, the 600 periods assigned for both years were divided so as to provide 454 periods for subject content and 156 periods for activities. It is important that this is discussed with the teachers.
- It is more suitable if leadership of the school management is assumed and where necessary, the co-operation of the community is also canvassed in the preparation of quality inputs.
- By having the exploration leaflets and reading materials laminated they can be used for several years.
- It is essential that, apart from the suggested activities, co-curricular activities including.
  - Debates
  - Wall newspapers
  - Magazines
  - School Business Studies Societies/ Associations
  - Commerce Days
  - Commerce Exhibitions etc.will contribute in broadening the studies of the students.



Various programmes need to be implemented within the school in order to provide experiences regarding the practical application of subject matter learned theoretically in order to develop the expected comprehensive effectively and inculcate a love for the subject in the student.

For the implementation of this program, it is important the classes in the school should be arranged, similarly, it is best that the activities that can be implemented according to these principles, are included in the annual programmes of the school.

- Commencement of commercial project, setting up of suitable enterprises for the purpose and the maintenance of reports of transactions.
- Conduct a Commerce Day.
- Planning of a particular business and its implementation with the co-operation of financial institutions and maintenance of transaction records.
- Making a study of the transactions taking place in the school canteen and making arrangements for the maintenance of records.
- Preparation of a Reconciliation Report of the school bank with the co-operation of a teacher.
- Maintenance of a commerce library in the classroom
- Encouraging students to maintain their own library at home.

**How community relations are implemented**

- Making arrangements for the invitation of resource persons who can form the basis of the development of the selected competencies, to the school and interact with the students.

### **Matters that need to be emphasized in school supervision**

- Planned modern creative activities
- Whether the learning - teaching process is implemented in the school according to new learning- teaching methodologies so as to suit the needs of the school in the use of learning - teaching instruments prepared by the teachers.
- Teacher- student discussions based on activities.
- Provision of opportunities for the expression of views regarding the experiences of students
- Use of quality inputs.
- Assignment process

### **Problems that arise in the implementation and suggestions in their regard**

- Pay attention to the problems that arise in the implementation of learning - teaching matters regarding subjects during each school term.
- First of all have discuss with various parties in the school and take action to find solutions  
*e.g.* Classroom problems. Lack of necessary materials, problems related to the assignment of time.
- Second taking action to direct these problems to the ISAs and other relevant individuals plus institutions in order to find solutions

### **8.0 Assessment and Evaluation**

The preparation of creative instruments of evaluation for each term under the school- based program of evaluation so as to cover the required competencies and competency levels of the learning- teaching process is expected.

This syllabus is recommended for the G.C.E (A/L) examination conducted at national level evaluation at the end of grade 13. The national level examination conducted by the Examinations Department of Sri Lanka **will be held for the first time in 2012**. The structure and nature of question papers of this examination will be provided by the Department of Examination.