

Open Awards Qualification Unit



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1 Unit Details

Unit Title:	Accounting Principles
Unit Reference Number:	H/507/4997
Level:	Level 2
Credit Value:	10
Minimum GLH:	50

2 Learning Outcomes and Criteria

Learning Outcome (The Learner will):	Assessment Criterion (The Learner can):
1. Understand accounting principles, the reasons for keeping accounts and the documents involved in financial transactions	1.1 Describe the reasons for keeping accounts
	1.2 Explain the accounting equation in various forms
	1.3 Describe how the dual aspect concept underpins double entry book keeping
	1.4 Apply the rules of double entry book keeping, using a continuous balance format
	1.5 Calculate and correctly account for VAT on purchases, sales, returns and expenses
	1.6 Describe the importance of the cash book, and make the necessary entries in the cash book and appropriate ledger accounts
2. Understand how a trail balance and adjustments are used to prepare a trading and profit and loss account and a balance sheet	2.1 Construct a simple trial balance from given information
	2.2 Construct simple final accounts for sole trader businesses, using the vertical format
	2.3 Describe the methods of calculating depreciation
	2.4 Explain accounting concepts: going concern, accruals, and consistency

	2.5	Prepare a simple profit and loss account and a balance sheet including both accruals and prepayments
3. Use a trial balance to prepare management accounts for limited companies	3.1	Construct simple management accounts for limited companies, using the vertical format
	3.2	Describe the format used in the preparation of statutory accounts for limited companies using the correct terminology
4. Understand the roles of internal and external audits	4.1	Describe the roles of internal and external auditors
5. Explain how an organisation should manage its fixed and working capital and the implications of failing to do so effectively	5.1	Describe the types and sources of finance available to businesses
	5.2	Explain the importance of working capital and calculate the cash operating cycle for a business
	5.3	Explain the reasons for, and describe the process of budgetary control
6. Using ratios, analyse the financial statements of a given organisation and evaluate their reliability as a key indicator of performance	6.1	Describe how ratios can be used to review business performance