

A LEVEL ACCOUNTING

Summer Independent Learning Task

Year 12 to Year 13



A Level Accounting Summer Independent Learning Activity

The SIL this summer consists of 2 parts.

Part 1: 'Preview Work', which will introduce the topic **3.18 Ethical Considerations in Accounting** – linked to **3.1 The Role of the Accountant**.

Part 2: 'Review Work', which is based on topics completed in Year 12. It will involve:-

- Completing the second half of your progression exam
- Working through a revision booklet with numerous questions covering topic from 3.1 – 3.10

Part 1 – Preview Work

In order to further develop your ability to assess financial data and answer extended structured responses – 6 mark and 25 mark questions, we will be introducing two topics which are assessed regularly by the exam board.

TASK 1

3.1 Role of the Accountant

Complete all reading and activities on pages 2 – 14 as retrieval for 3.1 The role of the accountant and then answer the 25 mark question.

Answers will be shared on teams in **SIL 2026** folder.

A Level Accounting

3.1 The role of the accountant



3.1 An introduction to the role of the accountant in business

Content	Additional information
The responsibilities of the accountant within business.	
The difference between financial accounting and management accounting and the purpose of each.	
The role of the accountant in developing and overseeing accounting information systems to provide reliable and relevant information for both financial and management purposes.	The role of the accountant includes overseeing the work of bookkeepers and ledger clerks.

- Definition of accounting
- The role and responsibilities of the accountant and the book-keeper
- Financial and Management Accounting and the purpose of each.

Notes and Activities

What is accounting?

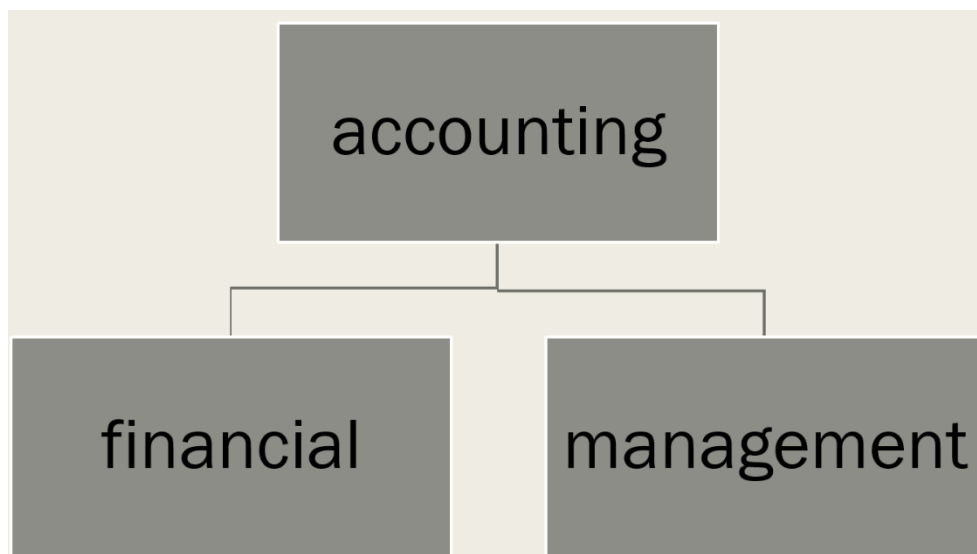
Accounting is the process of **Identifying, Measuring** and **Communicating** economic information about an organisation or other entity, to permit informed judgements by users of the information.

Source: American Accounting Association in 1966

The key aspects of accounting are identifying, collecting, recording, classifying, measuring, summarising and communicating. This is a process of:

- **Identifying** the key financial components of an organisation, such as assets, liabilities, capital, income, expenses, and cash flow and **collecting** and **recording** financial data, e.g., a sale and purchase of goods for a business
- **Measuring** the monetary values of the key financial components in a way which represents a true and fair view of the organisation.
- **Summarising** of business transactions in a formal document (the presentation of financial information)
- **Communicating** the financial information in a way that is useful to the users of that information. For example, the decision-makers who use the information to make planning decisions, for example should Trudi invest in Khan's business, and if so, how much?

The two main branches of Accounting



Within these two main areas there are many specialisms that fall outside of the curriculum coverage.

What is Financial Accounting?

Financial accounting is the **main** branch of accounting that is concerned with:

- recording business transactions.
- preparing financial statements that report how an entity (a business, charity, club, society, government department, etc.) has performed.
- reporting on its financial position.

Financial Accounting is concerned with **external reporting to parties outside the business** such as stakeholders, regulators e.g. trading standards, trade payables, and tax authorities –HM Revenue and Customs.

As a result, financial accountants focus especially on preparing and publishing the businesses financial reports. These include quarterly and annual editions of the following:

- *Income statements*
- *Statement of financial position*
- *Statement of cash flow*
- *Statement of changes in equity*

The purposes of Financial Accounting

1. The primary purpose of financial accounting is to provide information for decision-making. The information is primarily financial.
2. Financial Accounting lets people and entities know:
 - if they are making profit or loss
 - what is the entity worth
 - what a transaction was worth to them
 - how much cash they have
 - how wealthy they are
 - how much was owed
 - how much they owe
 - enough information so that they can keep a financial check on the things they do

What is Management Accounting?

Management accounting:-

- focuses on planning, control and decision making.
- is prepared for internal use within the business, to provide information for internal rather than external stakeholders (e.g., owners and senior employees).

Planning includes the preparation of budgets.

Control includes standard costing and calculating variances between standard costs and actual costs.

Decision-making maybe short term (using marginal costing) or long term (using capital investment appraisal)

Who is involved in accounting and what do they do?

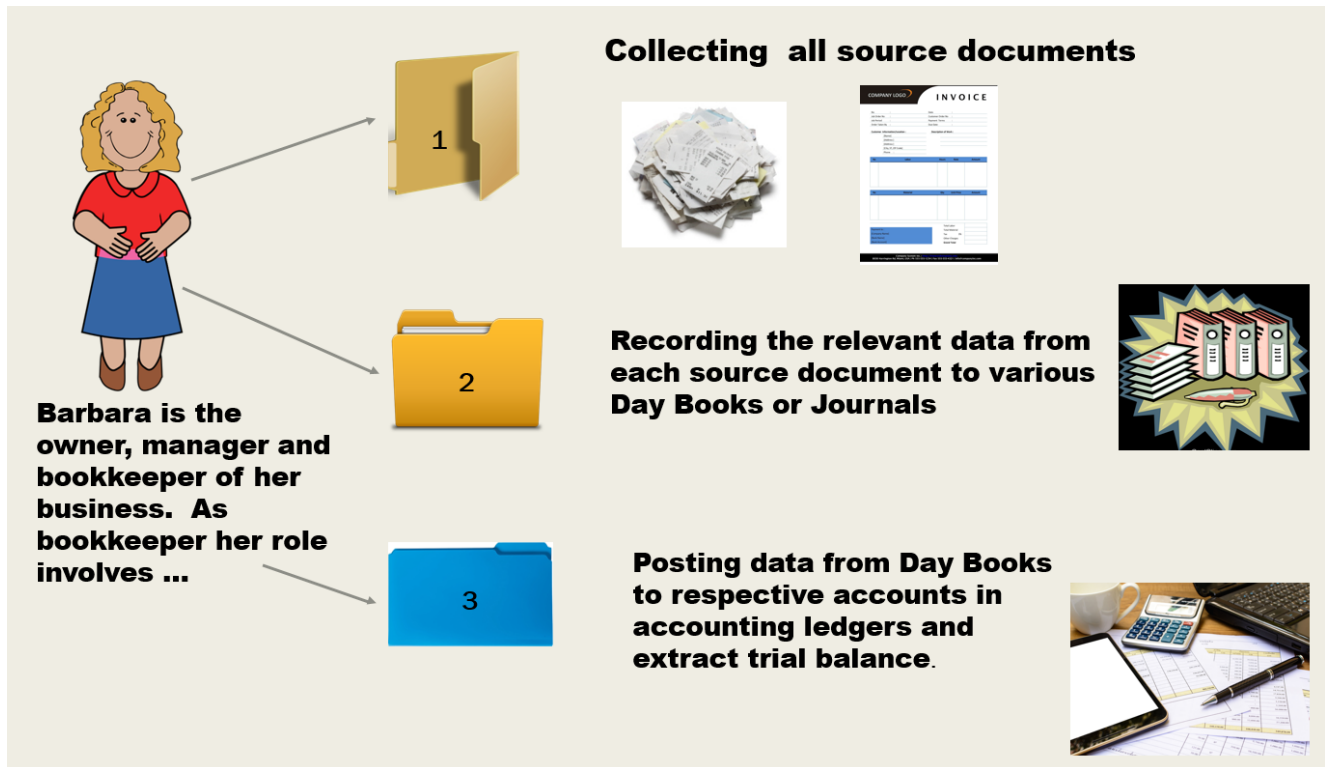
Bookkeepers

- **Bookkeepers** keeps the books of the business (keep records of all business transactions). These records are made up from bank statements, receipts, invoices, cheques, cheque stubs etc.
- Their job duties often include writing up sales invoices, sending out bills for their company's products or services, recording payments received, entering bills from suppliers, paying those bills, and processing their company's payroll amongst other tasks.
- **Bookkeepers** are responsible for dealing with a company's day-to-day financial details.

They are expected to accurately enter a company's financial information into the systems set up by accountants, but they are not asked to interpret that information. Any organisation, even a **charity**, which records financial information must have a bookkeeper. The process is called **Bookkeeping**.

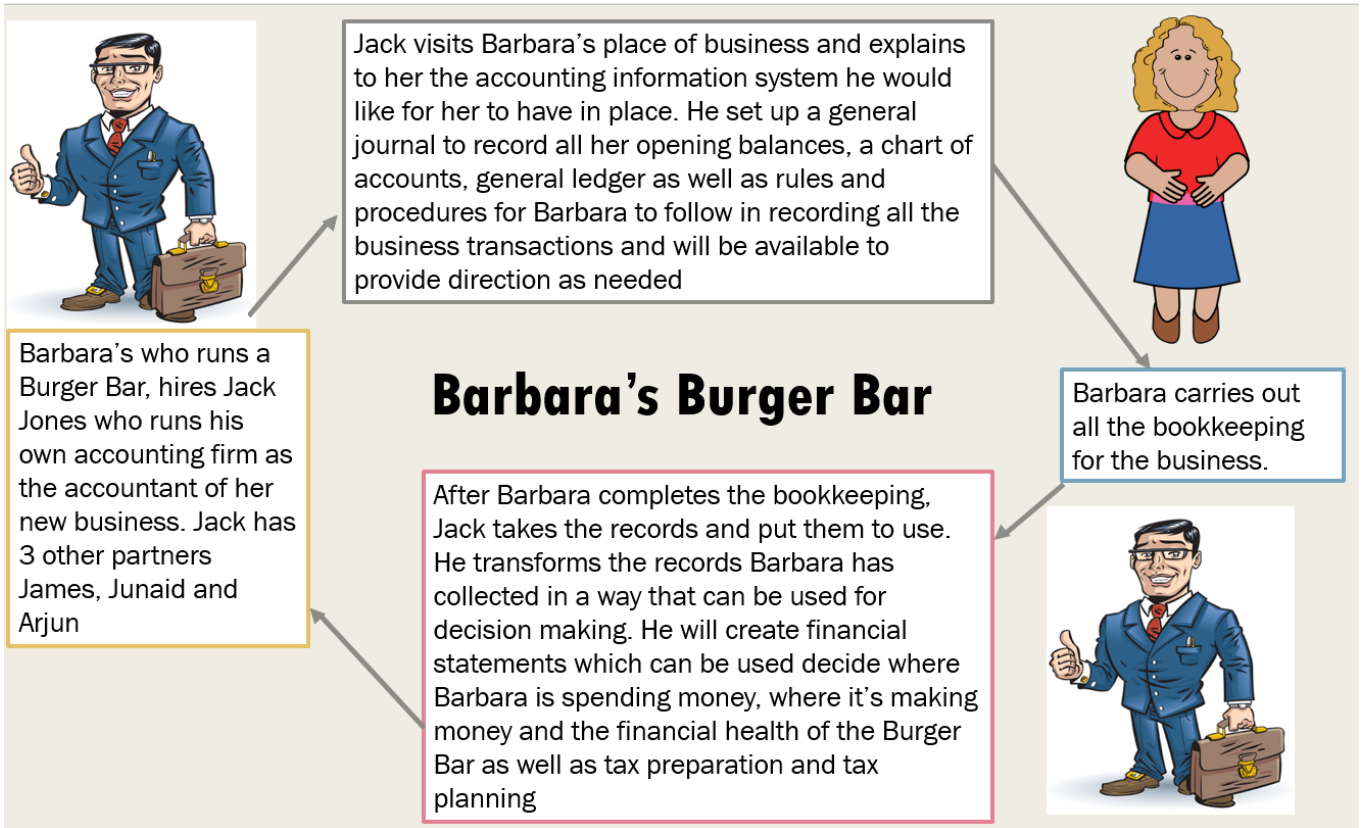
What is bookkeeping?

- Bookkeeping is basically recordkeeping. This is the process of keeping record of all business transactions that takes place.
- Bookkeeping is the process of recording data relating to accounting transactions in the accounting books.



Accountant

- An accountant is a **qualified person** who is trained in **bookkeeping** and in the **preparation, audit and analysis** of accounts.
- An accountant is a practitioner of accounting or accountancy.
- Accountants use the information produced by bookkeepers to prepare **Financial Statements** at regular intervals, usually yearly for a business. These STATEMENTS are called: Income Statements and Statements of Financial Position.
- Accountants prepare annual reports and financial statements for planning and decision making and **advise** on tax laws and investment opportunities.
- Accountants are primarily responsible for managing, updating, correcting, and reporting the organisation's accounts. The accountant, therefore, is literally the "keeper of the accounts," hence the name of the profession.



How useful is this information to Barbara?

- The owner needs to know whether they are making a **PROFIT or a LOSS**.
- A profit enables them to make a Return on investment (***return on the money they have invested in the business***) and hopefully create more wealth in the future.
- A **persistent loss**, however, could result in the business closing down because there are insufficient funds to keep it going on a day-to-day basis.
- The owner also wants to know how **stable or secure** the business is and this is why the accountant produces a **STATEMENT OF FINANCIAL POSITION**– what the business OWNS (**Assets**), what it OWES (**Liabilities**) and what it's WORTH TO THE OWNER (**Capital or Equity**).
- All the above information can be used to compare with last year and similar businesses; it can also be used to monitor progress and help in producing plans (**strategy**) for the future.
- On the basis of the financial statements, the accountant can also make decisions about how to **improve profit or reduce a loss**. This is because the statements give information about **Income and Expenses**. If income is better than expected, we want to continue with good practice; if expenses or revenue/income are worse than expected, then we want to find out why and rectify the situation. Decision-making is therefore improved.

Difference between the accountant and the bookkeeper

- The Accountant relies on the meticulous records maintained by bookkeepers to provide them with the raw data they need to fuel their **analytical evaluations** and **interpretations**. Without accurate data, they would be unable to use their training to offer helpful recommendations to their clients.
- Bookkeepers depend on the systems established by accountants to provide them with both a clear idea of what information must be logged and the proper structure for their recordkeeping. Large companies often have both accountants and bookkeepers on staff. Small businesses may lack the resources to enlist a full-time accountant and will only have a bookkeeper or the owner may do the recordkeeping himself.

Activities

Activity 1: List four responsibilities of an accountant.



Activity 2: Describe the nature of management accounting.

Match the fields of accounting in **List A** with the appropriate definitions from **List B**. Write the number of the definition next to the field of accounting.

List A	List B
Financial Accountant	
Treasurer	
Auditor	
Bookkeeper	
Management Accounting	

List B

- a. Person who calculates all **costs** of a product or service and helps **managers** to run the business more effectively. This person produces **budgets**, which help when a business has to make major decisions.
- b. A suitably qualified person who **independently examines** the accounting records and reports on whether or not the financial statements show a **true and fair view** of the business.
- c. A person connected with the preparation of past **financial** accounting information for members of the public and business people and offers advice to these clients.
- d. A person who records all financial data methodically and makes sure this is **recorded accurately** in the business **books**
- e. A person connected with the preparation of accounting records for **clubs and societies**.

Activity 9: What are the types of financial information that might be required by a **Management Accountant** working in PIZZA HUT. **List** answers below:

Example answer:

- The Accountant will want to know the cost of electricity used in running the business

Activity 10: Fill in the blanks from the following list of terms below:

Forecast legal stakeholders control communicate measure
present owner

The purpose of accounting is...

- to c_____ financial information (for example explaining increasing sales to owners).
- to p_____ accounts in a meaningful way so that you can m_____ the success of a business.
- to provide information to the _____ of the business and to other interested parties (_____) about what has happened in the past to monitor and _____ the business.
- to help you to _____ what might happen in future so it will help in business decision making (to invest or not).

Activity 11:

Paul Frazer is starting a business selling computer games
Explain **three** reasons for keeping accounting records

Reason 1

Reason 2

Reason 3

Activity 12:

Identify **three important** things we would like to know about a business before we invest in it, **but we can't put a monetary value** on?

1. _____
2. _____
3. _____

Activity 13: 25 Mark Question

Khan Engineering is a small business that manufactures and installs metal security gates for domestic and commercial customers. The business was started by Mr Khan, but it is now run by his daughter Sarah and his nephew Lee.

Mr Khan still oversees the accounting records. He uses a manual system to maintain a cash book and prepares invoices using basic spreadsheet software. He is paid a salary of **£15 000 per year**.

Sarah is concerned that the current accounting system is no longer suitable as the business has expanded significantly.

She has identified the following issues:

- The business currently pays an external firm of accountants **£6 000 per year** to prepare financial statements. Sarah believes that this fee is high due to errors and incomplete records.
- In the last financial year, **irrecoverable debts totalled £8 000**.
- Sarah thinks that some installation projects are under-priced due to a lack of accurate cost information. She estimates this has resulted in losses of **£4 500**.
- Lee has identified that inaccurate pricing may have caused the business to lose potential contracts, which could have generated **£12 000 in additional profit**.
Sarah is considering whether to employ a bookkeeper or an accountant.
- A **bookkeeper** would maintain a double entry bookkeeping system and prepare draft financial statements. These would then be sent to the external accountant for final accounts preparation.
 - Cost: **£28 000 per year**
 - External accountant fees would fall to **£1 500 per year**
- An **accountant** would introduce accounting information systems and provide both financial accounting and management information.
 - Cost: **£55 000 per year**

Lee is reluctant to change the current system as he values Mr Khan's involvement in the business and believes change may affect staff morale.

Advise Sarah and Lee whether they should:

1. keep the current system
2. employ a bookkeeper
3. employ an accountant

Consider **both financial and non-financial considerations**.

[25 marks]

(Answer on lined paper)

TASK 2

3.18 Ethical considerations

Complete all reading and activities on pages 16 – 22 to introduce the topic 3.18 Ethical Considerations in Year 13.



3.18 The impact of ethical considerations

3.18 The impact of ethical considerations

Content	Additional information
The fundamental principles of ethical behaviour.	The fundamental principles are: <ul style="list-style-type: none">• integrity• objectivity• professional competence and due care• confidentiality• professional behaviour.
How the principles of ethical behaviour impact the behaviour of accounting professionals and organisations.	Impacts on: <ul style="list-style-type: none">• the role of the accountant in business• the role of the accountant in public practice• the role and composition of board of directors• the role of auditors and the audit report• the role and composition of remittance committee• corporate governance• corporate social responsibility.

Activity 1

What are the 5 principles of ethics?



Watch these short videos that introduce the principles briefly:

https://www.youtube.com/watch?v=wM_zKiU995k

<https://www.youtube.com/watch?v=TGSb1nSxZsQ>

Activity 2: Research Task:- Using your notes from **3.1 Role of the accountant**, conduct internet search of the role of the following professionals that are linked to the role of accounting. Use your research to complete the table below.

Role	Description
Accountant	
Bookkeeper	
Auditor	
Director	
Non-executive director	

ACTIVITY 3: Using the table below, for each of the 5 ethical principles, explain in your own words how you think the principles would affect the role of an accountant, board of directors and an auditor. Use your research of these roles in the table above to help inform your answer.

	Integrity	Objectivity	Professional Competence and due care	Confidentiality	Professional behaviour
Explanation	Being straight forward and honest in all professional and business relationships	Not allowing bias, conflict of interest or the undue influence of others to override professional or business judgements.	An accountant should maintain professional knowledge and skill at a level required to ensure that an employer or client receives a competent professional service.	Information acquired as a result of professional and business relationships should not be disclosed to 3 rd parties except when <ul style="list-style-type: none"> • Proper and specific authority is given • Legal or professional right to disclose • Professional Duty • Actual or suspected money laundering or terrorist financing – MLRO and National Crime Agency 	Avoid bringing the accountancy profession into disrepute. Ensure behaviour complies with relevant laws and regulations.
Impact on the role of an accountant					

<p>Role of the Board of Directors</p> <p>Appointed or elected by shareholders. Subject to re-election at regular intervals usually at the AGM. Their role is to ensure the long-term success of the business.</p> <p>Composition of the Board of Directors of a large PLC will comprise a chairman, executive directors and non-executive directors</p>					
<p>Role of Auditors</p> <p>External auditors are independent of the company being audited and are appointed by the shareholders at the AGM.</p> <p>A large company will have internal auditors, nature of the work means they should have a degree of independence in the company.</p>					

ACTIVITY 4

Use the article links below to review what happened to the following businesses that found themselves in an ethical dilemma. Write a short summary of what has happened to this business and identify which of the 5 ethical principles is being threatened in each situation.

Business case study	Summary of article	Link to ethical principles
Toshiba	https://www.theguardian.com/world/2015/jul/21/toshiba-boss-quits-hisao-tanaka-accounting-scandal	
Eddie Stobart	https://www.accountancyage.com/2019/08/27/eddie-stobart-suspends-trading-after-2m-accounting-error/	
Tesco	https://www.theguardian.com/business/2017/mar/28/tesco-agrees-fine-serious-fraud-office-accounting-scandal	
Rolls Royce	https://www.theguardian.com/business/2017/jan/16/rolls-royce-to-pay-671m-over-bribery-claims	
Thomas Cook	https://www.accountancyage.com/2019/10/21/pwc-bosses-to-face-questions-from-mps-over-thomas-cook/ https://www.accountancyage.com/2019/10/01/frc-launches-investigation-into-eyes-thomas-cook-auditing/	

Part 2 – Review Work

TASK 3

3.5 Accounting Concepts

BrightTech Ltd is a small business that sells electronic accessories. The business has experienced rapid growth over the past two years, but recently has begun to face cash flow difficulties due to increased competition.

The following situations occurred during the year ended 31 March 2026:

1. BrightTech Ltd paid £6,000 for rent covering the period from 1 January 2026 to 30 June 2026. The accountant recorded the full amount as an expense in the current year.
2. The business has several customers who owe money, including one customer who owes £2,500 and has recently been declared bankrupt. The accountant has decided not to make any adjustment yet, as they are hoping to recover some of the debt.
3. BrightTech Ltd has used the same method of inventory valuation (FIFO) for many years. This year, the accountant is considering switching to another method to improve reported profits.
4. The owner has taken £3,000 from the business bank account for personal use, and this has been recorded as a business expense.
5. Due to ongoing losses and increasing debts, there is uncertainty about whether BrightTech Ltd will be able to continue trading for the next 12 months.

Required:

(a) Identify and explain the accounting concept relevant to each of the situations above.

[10 marks]

TASK 4

- Complete the End of Year Revision Booklet. Digital version can be found on Teams SIL 2026 folder.
- Do each question without looking at the answer or using your notes. It is important that you strengthen your memory.
- Assess / mark your work after completing each question. The answer booklet is in the SIL 2026 folder.
- If you do not remember the topic for a question, before attempting to do it, review your notes and booklets first then test yourself by doing the question and not looking at your notes.
- Check your understanding by marking your own work and making note of areas for development.
- Try again and if you have any topic that you are struggling with, take these to your first lesson in September with the attempted working that you did.
- Use the knowledge checklist in the SIL folder to Rag rate your understanding of the topics you have revised.