

## UNIT 1 Sources and Recording of Data

**Recommended Prior Knowledge:** An awareness that businesses survive through buying and selling goods and services and that records must be maintained of all this activity.

Students should have competent numeracy skills.

**Context:** Any business, however small it may be, needs to maintain records of all the transactions it makes. The records that are produced from these documents form the basis on which the owner can successfully run his business. Without maintaining the balance on a customer's account the owner will be in a weak position in obtaining what is due to him.

**Outline:** The first unit takes students through the rudimentary process of recording data into the books of prime (original) entry, the double entry system and balancing the accounts.

	Learning Outcomes	Suggested Teaching Activities	Online Resources	Other resources
3.1	<p>To understand and use original business documents (invoices, credit/debit notes, statements)</p> <p>To understand the terms: Debtor, Creditor, Cash Transaction, Cheque Transaction</p>	<ul style="list-style-type: none"> <li>As an introduction students may be asked to identify as many methods of recording buying/selling transactions as possible. e.g. shop receipts( manually written, from an electronic till or a computerised till), invoices, utility bills, cheques, repair bills, restaurant bills.</li> <li>Students should be asked to list all the businesses in the high street, retail park, shopping centre and local manufacturing businesses in order to illustrate the need for all businesses to maintain books and records.</li> <li>In groups students could be asked to prepare a bank of 50 sales and purchases invoices with/without trade discount. A theme could be introduced for a hypothetical business. Accuracy of all the information on the invoices must be encouraged.</li> </ul>	<p><a href="http://www.bized.ac.uk/stafsup/pizza/stuone.htm">www.bized.ac.uk/stafsup/pizza/stuone.htm</a></p>	<ul style="list-style-type: none"> <li>A variety of actual business.</li> <li>Students to be asked to try and collect as many receipts/bills a possible.</li> <li><i>IGCSE Accounting</i> chapter 6</li> <li><i>Business Record Keeping</i> chapter 2</li> <li><i>Business Accounts</i> chapter 6</li> <li>Frank Wood chapter 19</li> <li>Past Examination Papers: 0452/01 June 2003 Q11 0452/01 November 2002 Q10</li> </ul>

		<ul style="list-style-type: none"> <li>• Students to know the difference between cash, cheque and credit transactions and the differing treatments of each</li> </ul>		
3.2	<p>To understand trade and cash discounts and process accounting data in the books of prime (original) entry: Cash book (with discount, cash and bank columns) Petty cash book Sales and Purchases Journal Sales and Purchases Returns Journal</p> <ul style="list-style-type: none"> <li>• <b>explain the advantage of using various books of prime entry.</b></li> </ul> <p>To learn the meaning of: Debit, Credit and the rules of double entry book keeping.</p> <p>To Understand: trade/cash discounts, how to calculate them and differentiate between them; also Discounts received /allowed.</p> <p>To process accounting data in the books of Prime entry (original) entry: Cash books (with discount and Bank columns) Petty cash books Sales and Purchases Journals Sales and Purchases Returns Journals</p> <p>To enumerate the advantages of using the various book of prime entry.</p>	<ul style="list-style-type: none"> <li>• Use the invoices prepared in 3.1 to make entries in the relevant books of prime entry. The teacher may select appropriate invoices to be paid through the cash book or petty cash book.</li> <li>• Some invoices or receipts may be paid net of cash discount and some receipts for invoices may have cash discount taken off.</li> </ul>		<ul style="list-style-type: none"> <li>• Pre-prepared sales/purchases journals with headings.</li> <li>• <i>IGCSE Accounting</i> chapter 6 Q1c of particular note as students get very confused with trade and cash discount.</li> <li>• <i>Business Record Keeping</i> chapter 4</li> <li>• Frank Wood chapters 16/19</li> <li>• 0452/01 November 2002 Q17</li> <li>• 0452/01 June 2003 Q13</li> <li>• 0452/02 June 2003 Q4</li> </ul>

	To enumerate the uses and importance of the various books of prime entry			
3.3	<p>To carry out double-entry book-keeping procedures, including posting entries to ledger accounts from the books of prime entry: the ledger accounts either in running balance format or 'T' format</p> <p>To maintain ledger accounts either in 'T' format or in Running Balance format</p> <p>To know how to 'balance off' accounts</p> <p>To interpret balances c/d or b/d</p> <ul style="list-style-type: none"> <li>• <b>to interpret ledger accounts and their balances</b></li> </ul>	<ul style="list-style-type: none"> <li>• Involve students in posting debit/credit entries with red/blue markers. Often 'fun' to invite two students to take part.</li> <li>• Stress the need for suitable annotation, dates and folio ref.</li> <li>• Peer examination can also be employed to check balances and brought down figures.</li> </ul>		<ul style="list-style-type: none"> <li>• Pre-prepared double entry sheets - possibly 6 accounts per A4 paper.</li> <li>• Individual wipe clean boards and markers.</li> <li>• <i>IGCSE Accounting</i> chapters 2, 4, 5 and 6</li> <li>• <i>Business Record Keeping</i> chapter 5</li> <li>• Frank Wood chapters 3/4/5</li> <li>• <i>Business Accounts</i> chapter 2</li> <li>• Red/blue board marker pens.</li> <li>• 0452/01 June 2003 Q15</li> <li>• 0452/01 November 2003 Q13</li> <li>• 0452/03 June 2003 Q4(a)</li> </ul>
3.4	<p>To recognise the division of the ledger into specialist areas: Sales (debtors) ledger Purchases (creditors) ledger Nominal (general) ledger</p>	<ul style="list-style-type: none"> <li>• Segregation of accounts</li> <li>• Roll play with purchase, sales and nominal ledger departments.</li> <li>• Use a few Invoices from 3.1, that were entered in relevant journals and now posted to different ledgers.</li> </ul>		<ul style="list-style-type: none"> <li>• <i>IGCSE Accounting</i> chapter 4</li> <li>• <i>Business Record Keeping</i> chapter 9</li> <li>• <i>Business Accounts</i> chapter 6 Frank Wood chapter 12</li> <li>• 0452/03 June 2003 Q1(a)(b)</li> </ul>