



**L-Università
ta' Malta**

**MATSEC
Examinations Board**



SEC 01 Syllabus

Accounting

2025

Updated January 2023

Syllabus Addendum
for 2025 MATSEC Examinations Session

SEC 01 Accounting

Change in Scheme of Assessment	
Paper I – School Based Assessment (30% of the total mark)	The school-based assessment shall be marked out of 100 each year (years 10 and 11 only). The School-Based Assessment for years 10 and 11 will be reported to MATSEC by the school in Year 11.

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Introduction

This syllabus is based on the curriculum principles outlined in *The National Curriculum Framework for All* (NCF) which was translated into law in 2012 and designed using the *Learning Outcomes Framework* that identify what students should know and be able to achieve by the end of their compulsory education.

As a learning outcomes-based syllabus, it addresses the holistic development of all learners and advocates a quality education for all as part of a coherent strategy for lifelong learning. It ensures that all children can obtain the necessary skills and attitudes to be future active citizens and to succeed at work and in society irrespective of socio-economic, cultural, racial, ethnic, religious, gender and sexual status. This syllabus provides equitable opportunities for all learners to achieve educational outcomes at the end of their schooling which will enable them to participate in lifelong and adult learning, reduce the high incidence of early school leaving and ensure that all learners attain key twenty-first century competences.

This programme also embeds learning outcomes related to cross-curricular themes, namely digital literacy; diversity; entrepreneurship creativity and innovation; sustainable development; learning to learn and cooperative learning and literacy. In this way students will be fully equipped with the skills, knowledge, attitudes and values needed to further learning, work, life and citizenship.

Accounting provides information to business organisations and in particular to the providers of capital to assist them in their investment decisions. Business organisations maintain accounting records to facilitate the preparation of financial statements that report on the profitability and the financial position of the business. The financial reports assist management, owners, prospective investors and lenders in making informed decisions. Moreover, accounting is a tool for personal finance and it will enhance the students' financial literacy skills which will prepare them better for the future.

The aims of the syllabus as a course of study are to:

- a) introduce the nature and role of accounting and contribute to financial literacy;
- b) illustrate the function of accounting as a comprehensive and systematic method of recording business transactions.
- c) appreciate the importance of accounting in the appraisal of business performance and financial position, and in assisting management in decision making.

The fast-growing business environment has led to an increased awareness of the role of accounting and its importance in the financial sector and the community. Accounting provides a framework upon which financial statements are prepared to ensure a true and fair view of business performance and financial position. The understanding of the fundamental accounting principles will guide students in their journey of discovering accounting. The benefits of accounting are not limited to business and its management.

Accounting knowledge complements other essential skills for lifelong learning. Its relevance is not solely to undertake a profession in accountancy or to an alternative career path in the financial sector. It will assist citizens in their financial decisions and in their day-to-day financial needs. Accounting encourages students to think critically, analyze situations and evaluate different courses of action in reaching a decision. An extensive baggage of skills will ensure the success of the individual and the society.

At the end of the programme, I can:

1. understand the nature and purpose of accounting.
2. maintain an accounting system.
3. locate and correct accounting errors.
4. prepare a statement of profit or loss and a statement of financial position.
5. analyse and evaluate the performance and financial position of a business.
6. understand cost behaviour and its relevance to decision making.
7. use accounting for personal financial needs.
8. build on excellent foundations for advanced study in accounting.

List of Subject Foci

The learning outcomes are structured into the following subject foci:

1. The nature and purpose of accounting and financial literacy.
2. Recording financial transactions and preparing basic financial statements.
3. Maintaining an accounting system.
4. Two-column cash book and bank reconciliation statement.
5. Accounting for end of period adjustments.
6. The statement of profit or loss and the statement of financial position and the end of period adjustments.
7. Cost classification, break-even and manufacturing accounts.
8. Control accounts and correction of errors.
9. Single entry and incomplete records.
10. Accounting ratios and departmental accounts.

The learning of a theme develops across the whole syllabus and each area of study is not in isolation. Financial literacy and digital accounting are core aspects of each theme. Theme 1, the nature and purpose of accounting is presented as the introductory theme, however, it further develops in all the other areas of study. Spreadsheets are an important accounting tool and are introduced early in the journey of accounting, however, digital accounting is to be envisaged as an underlying element of the syllabus.

List of Learning Outcomes

At the end of the programme, I can:

- LO 1 Be aware of the role of accounting in the business environment and I can evaluate the contribution of accounting to the financial sector, and I understand how it can be of value for my personal financial needs (Paper II).
- LO 2 List and distinguish between the main types of business transactions, record them in an accounting system and prepare the statement of profit or loss and the statement of financial position of a sole proprietor from a trial balance (Paper I & Paper II).
- LO 3 Prepare the main business documents for the different business transactions, maintain books of prime entry and record double entry in the respective ledger (Paper I & Paper II).
- LO 4 Prepare a two-column cash book, reconcile the bank account in the cash book with the bank statement and I can process payroll transactions within the accounting system (Paper I & Paper II).
- LO 5 Apply the accounting concepts to accruals and prepayments, depreciation and allowances for receivables and record the end of period adjustments when preparing the relevant accounts and the financial statements (Paper II).
- LO 6 Prepare the statement of profit or loss and the statement of financial position of a sole proprietor from a trial balance and the end of period adjustments (Paper II).
- LO 7 Classify costs as direct or indirect costs and I can prepare a manufacturing account to calculate the cost of production. I can also classify costs by behaviour into variable and fixed costs in order to calculate the break-even activity level and the contribution and profit for different levels of activity (Paper I & Paper II).
- LO 8 Locate and correct errors in the accounting system (Paper II).
- LO 9 Prepare the financial statements of a sole proprietor from incomplete information, and I can calculate the net profit of a business from a statement of affairs using the accounting equation (Paper II).
- LO 10 Evaluate the business performance and financial position for the various users of financial statements, and I can prepare departmental profit statements (Paper I & Paper II).

Programme Level Descriptors

This syllabus sets out the content and assessment arrangements for the award of Secondary Education Certificate in Accounting at Level 1, 2 or 3. First teaching of this programme begins in September 2022. First award certificates will be issued in 2025.

The following levels refer to the qualification levels that can be obtained by candidates sitting for SEC examinations. These are generic statements that describe the depth and complexity of each level of study required to achieve an award at Level 1, 2 or 3 in accounting (level 1 being the lowest and level 3 the highest).

Level 1: At the end of the programme the candidate will have obtained basic knowledge, skills and competences in the subject such as basic repetitive communication skills and the ability to follow basic, simple instructions to complete tasks. Support is embedded within the task.

Level 2: At the end of the programme the candidate will have obtained good knowledge, skills and competence in the subject such as the interpretation of given information and ideas. The candidate will have developed the ability to carry out complex tasks. Limited support may be embedded within the task.

Level 3: At the end of the programme the candidate will autonomously apply knowledge and skills to a variety of complex tasks. Candidate will utilise critical thinking skills to analyse, evaluate and reflect upon their own work and that of others. Problem solving tasks may be part of the assessment process.

Learning Outcomes and Assessment Criteria

Subject Focus 1:	The nature and purpose of accounting and financial literacy
Learning Outcome 1: (Paper II)	<p>I am aware of the role of accounting in the business environment and I can evaluate the contribution of accounting to the financial sector, and I understand how it can be of value for financial needs.</p> <p><i>The importance of maintaining financial records for internal and external use; describe the type of accounting records that a business should maintain and the main uses of the financial statements; the users of accounting information mainly the providers of capital, their specific interest and the reason why they need such information.</i></p> <p><i>Users – owners and shareholders, potential investors, lenders and other creditors, suppliers, customers, government, employees and management. Employment in the field of accounting and finance; accounting as a tool for financial literacy.</i></p>

Assessment Criteria (LEVEL 1)	Assessment Criteria (LEVEL 2)	Assessment Criteria (LEVEL 3)
1.1a Define the purpose of accounting.	1.2a Explain the role of the accountant in a business organization.	1.3a Evaluate the benefits of an accountant to a business.
1.1b List the users of accounting information. <i>Owners; potential investors; lenders; supplier; customers; government; employees; workers' representatives; management.</i>	1.2b Distinguish between primary and secondary users. <i>Primary users: owners; potential investors; lenders. Secondary users: suppliers; customers; government; employees; workers' representatives; management.</i>	1.3b Explain why users need accounting information.
1.1c Identify the different categories of employment in the financial and accounting sectors. <i>Accounting; banking and finance; insurance; public policy; management.</i>	1.2c Differentiate between the various sectors of employment in the field of accounting and finance. <i>Accounting; banking and finance; insurance; public policy; management.</i>	1.3c Analyse the roles and/or responsibilities of working in the accounting and finance sectors. <i>Record; analyse; decision making; ethics; legal.</i>

1.1d List the main characteristics of accounting information. <i>Understandability; verifiability; timeliness; comparability; consistency.</i>	1.2d Explain the main characteristics of accounting information. <i>Understandability; verifiability; timeliness; comparability; consistency.</i>	1.3d Evaluate the importance of the different characteristics of accounting information. <i>Trade-off between understandability; verifiability; timeliness; comparability; consistency.</i>
1.1e List the main accounting records a business should maintain. <i>Recording transactions using double entry principles; balancing off accounts; the ledger.</i>	1.2e Explain the reasons for maintaining proper accounting records.	1.3e Distinguish between the different uses of accounting records. <i>Internal and external use.</i>
1.1f List the main financial statements. <i>Statement of profit or loss; Statement of financial position.</i>	1.2f Explain the purpose of the financial statements. <i>Statement of profit or loss; Statement of financial position.</i>	1.3f Explain the main underlying assumptions followed when preparing financial statements. <i>Business entity concept; going concern concept; the money measurement concept.</i>
1.1g List accounting documents which can be used for personal finance. <i>Pay slip; Bank Statement.</i>	1.2g Describe the information provided in the accounting documents. <i>Pay slip; Bank Statement.</i>	1.3g Explain how the accounting documents can help in preparing a simple personal budget.
1.1h Name the different forms of recording accounting information. <i>Manual and digital accounting.</i>	1.2h Outline the benefits of using digital technology and/or accounting software to record financial information.	
1.1i List area/s of accounting within a business organization. <i>Financial accounting; cost and management accounting.</i>	1.2i Explain the main purpose of financial accounting and/or cost & management accounting.	1.3i Evaluate the importance of financial accounting and/or cost & management accounting to the internal and/or external users of accounting information.

Subject Focus 2: Learning Outcome 2: (Paper I & Paper II)	Recording financial transactions and preparing basic financial statements I can list and distinguish between the main types of business transactions, record them in an accounting system and prepare the statement of profit or loss and the statement of financial position of a sole proprietor from a trial balance. <i>The principles of double entry; recording financial transactions using the double entry system; recording financial transactions in the ledger using the traditional 'T' form accounts; balancing the accounts and interpret the balances; the extraction of a trial balance; definition of a trial balance and its purpose; relevant accounting concepts namely the dual concept, the business entity concept, the money measurement concept and the historical cost concept; the preparation of the statement of profit or loss distinguishing between the trading account and the profit & loss account; the purpose of the trading account and the profit & loss account calculating gross profit and net profit or loss respectively, and the end of year transfers from the ledger accounts; the preparation of the statement of financial position.</i> Recording financial transactions using spreadsheets.
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Assessment Criteria (LEVEL 1)	Assessment Criteria (LEVEL 2)	Assessment Criteria (LEVEL 3)
2.1a Identify the two records of a financial transaction.	2.2a Apply the dual concept.	2.3a Interpret the effect of a transaction on the financial position of a business.
2.1b Record a financial transaction using the traditional 'T' form accounts.	2.2b Analyse the accounting records of a financial transaction.	2.3b Appraise how the accounting equation relates to the double entry book-keeping system.
2.1c Recognise the different types of accounts. <i>Assets; liabilities; capital; purchases; sales; returns; revenue; expenditure.</i>	2.2c Distinguish between cash and credit transactions.	2.3c Assess how business transactions affect the financial position of the business.
2.1d Distinguish between a business transaction and a private transaction.	2.2d Apply the business entity concept for the proprietor's private drawings.	2.3d Justify the need of the business entity concept.
2.1e Balance the 'T' accounts.	2.2e Open accounts from a given balance.	2.3e Interpret the balance of an account.
2.1f Identify the purpose of a trial balance.	2.2f Extract a trial balance from the ledger accounts, and/or from a given list of balances.	2.3f Evaluate the importance of a trial balance and/or its limitations.

2.1g Define the money measurement concept.	2.2g Explain the importance of the money measurement concept.	2.3g Argue why the money measurement concept is essential for good accounting practice.
2.1h Define the historical cost concept.	2.2h Explain the importance of the historical cost concept.	2.3h Relate the historical cost concept to the money measurement concept.
2.1i Complete a basic Statement of profit or loss in a given pro-forma (excluding year-end adjustments).	2.2i Differentiate between the trading account and the profit and loss account.	2.3i Prepare a basic Statement of profit or loss (excluding year-end adjustments).
2.1j Complete a basic Statement of financial position in a given pro-forma (excluding year-end adjustments).	2.2j Differentiate between the Statement of profit or loss and the Statement of financial position.	2.3j Prepare a basic Statement of financial position (excluding year-end adjustments).
2.1k Identify the importance of a spreadsheet in accounting.	<p>2.2k Create spreadsheets to maintain accounting records.</p> <p><i>Double-entry using running balance; extraction of trial balance; statement of profit or loss; statement of financial position.</i></p>	<p>2.3k Use formulae in a spreadsheet containing multiple worksheets and/or link cells from different worksheets and/or print the selected output.</p> <p><i>SUM; IF; \$; AVERAGE; ROUND; COUNT.</i></p>
	<p>2.2l Use the SUM function in a spreadsheet.</p> <p><i>Double-entry using running balance; extraction of trial balance; statement of profit or loss; statement of financial position.</i></p>	<p>2.3l Use formulae in a spreadsheet.</p> <p><i>Double-entry using running balance; extraction of trial balance; statement of profit or loss; statement of financial position.</i></p> <p><i>IF; \$; AVERAGE; ROUND; COUNT.</i></p>

Subject Focus 3: Learning Outcome 3: (Paper I & Paper II)	Maintaining an accounting system I can prepare the main business documents for the different business transactions, maintain books of prime entry and record double entry in the respective ledger. <i>Types of business documentation; distinguish between credit and cash transactions including the use of cash, cheques, debit cards for receipts and payments, and credit cards; distinction between trade and cash discounts, and the relevant accounting treatment; the preparation of the day books inclusive of VAT (excluding the journal which is assessed in LO 8); the preparation of the VAT account.</i> <i>Subdivision of the ledger – accounts receivable ledger (sales ledger), accounts payable ledger (purchases ledger), and general ledger. (The cash book is assessed in LO 4).</i> Maintaining an accounting system using spreadsheets.
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Assessment Criteria (LEVEL 1)	Assessment Criteria (LEVEL 2)	Assessment Criteria (LEVEL 3)
3.1a List types of source documentations. <i>Invoice; credit note; statement of account; cash sale receipt; remittance advice.</i>	3.2a Prepare the source documents for different business transactions and/or users. <i>Manual; digital.</i>	3.3a Evaluate the importance of source documents to a business.
3.1b Identify the need of source documents.	3.2b Explain the use of source documents to prepare day books.	3.3b Evaluate the implications of the absence of source documents.
3.1c Name the day books.	3.2c Prepare day books including and/or excluding Value Added Tax (VAT). <i>Manual; digital.</i>	3.3c Record the transfers from the day books to the general ledger and/or the entries in the personal ledgers. <i>Manual; digital.</i>
3.1d Define Value Added Tax (VAT).	3.2d Compute the VAT account. <i>VAT on purchases; sales; returns; balancing off.</i>	3.3d Interpret the closing balance of the VAT account.

3.1e Describe the methods of payment.	3.2e Differentiate between cash and credit transactions.	3.3e Evaluate the implications of cash and credit transactions.
3.1f Compute trade and/or cash discounts.	3.2f Explain the purpose of a cash and/or trade discount. 3.2g Use the SUM function in a spreadsheet. <i>Preparing the source documents; preparing day books; computing VAT.</i>	3.3f Differentiate between the accounting treatment of trade and cash discounts. 3.3g Use formulae in a spreadsheet. <i>Preparing the source documents; preparing day books; computing VAT. \$; ROUND.</i>

Subject Focus 4: Learning Outcome 4: (Paper I & Paper II)	Two-column cash book and bank reconciliation statement I can prepare a two-column cash book and reconcile the bank account in the cash book with the bank statement, and I can process payroll transactions within the accounting system. <i>The preparation of a two-column cash book; the understanding of a bank statement, calculating the bank statement balances and familiarity with the bank statement format and the following terms – overdrawn balance, overdraft facility, credit transfer, direct debit, standing order, dishonoured cheque, bank deposits, unpresented cheques, bank charges and bank interest; the purpose of reconciling the bank account in the cash book with the bank statement; identifying timing differences; updating and correcting the bank account in the cash book; prepare a bank reconciliation statement.</i> <i>The calculation of a basic wage for employees; accounting for payroll costs and national insurance and income tax deductions.</i> <i>Preparing two-column cash book, bank reconciliation statement and payroll using spreadsheet.</i>
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Assessment Criteria (LEVEL 1)	Assessment Criteria (LEVEL 2)	Assessment Criteria (LEVEL 3)
4.1a Identify the use of the cash book.	4.2a Prepare a two-column cash book. <i>Manual; digital.</i>	4.3a Explain the benefits of keeping a cash book.
4.1b Define the purpose of a bank statement.	4.2b Explain items that feature in a bank statement. <i>Balance; credit transfer; direct debit; standing order; dishonoured cheque; bank charges; bank interest.</i>	4.3b Analyse the effect of items that feature in a bank statement on the bank balance. <i>Credit transfer; direct debit; standing order; dishonoured cheque; bank charges; bank interest.</i>
4.1c List items that may be included in a bank statement.	4.2c Explain the purpose and/or benefits of reconciling the bank balance as per bank account in the cash book to the bank balance as per bank statement.	4.3c Analyse the effect of unpresented cheques and/or deposits not yet cleared by bank on the bank statement balance.
4.1d Calculate the bank statement balance. <i>Manual; digital.</i>	4.2d Update the bank account in the cash book. <i>Manual; digital.</i>	4.3d Prepare a bank reconciliation statement. <i>Manual; digital.</i>

4.1e Define overdraft.	4.2e Distinguish between a bank loan and a bank overdraft.	4.3e Evaluate the opportunities and/or threats arising from borrowing from the bank.
4.1f Define terminology related to payroll. <i>Payroll; basic wage; gross wage; net wage; salaries; National Insurance; Income Tax.</i>	4.2f Compute the payroll. <i>Basic wage; gross wage; net wage; salaries; National Insurance; Income Tax.</i> <i>Manual; digital.</i> <i>N.B. Any computations will be based on a flat rate for both National Insurance and Income Tax.</i> <i>The employer's National Insurance contribution is not examinable.</i>	
	4.2g Record the payroll in the ledger accounts. <i>Wages account; National Insurance and Income Tax account.</i> <i>Manual; digital.</i> <i>N.B. Any computations will be based on a flat rate for both National Insurance and Income Tax.</i> <i>The employer's National Insurance contribution is not examinable.</i>	4.3g Evaluate the difference between the gross and net wage/salary.

	<p>4.2h Use the SUM function in a spreadsheet.</p> <p><i>Preparing a two-column cash book; calculating bank statement balance; updating the bank account in the cash book; preparing a bank reconciliation statement; recording the payroll in ledger accounts.</i></p>	<p>4.3h Use formulae in a spreadsheet.</p> <p><i>Preparing a two-column cash book; calculating bank statement balance; updating the bank account in the cash book; preparing a bank reconciliation statement; recording the payroll in ledger accounts.</i></p> <p>);\$; ROUND.</p>
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Subject Focus 5: Learning Outcome 5: (Paper II)	Accounting for end of period adjustments
	<p>I can apply the accounting concepts to accruals and prepayments, depreciation and allowances for receivables and record the end of period adjustments when preparing the relevant accounts and the financial statements.</p> <p><i>The need for the accounting for accruals and prepayments in compliance with the accruals concept; accounting and computations for accruals and prepayments both for expense and revenue accounts; illustrate the process of adjusting for accruals and prepayments in the preparation of financial statements; identify the impact of accruals and prepayments on profit, assets and liabilities.</i></p> <p><i>The need to allow for depreciation and the application of the accruals concept in accounting for depreciation; an awareness of the causes of depreciation; the calculation of depreciation using the straight line method and the reducing balance method (the reducing balance method is limited to only full year basis of depreciation for a financial year that is the same as the calendar year); the allowance for depreciation account; the asset disposal account (excluding part exchange); depreciation postings in the financial statements and the impact of depreciation on the statement of profit or loss and the statement of financial position; the relevance of the consistency concept, prudence concept, going concern concept and historical cost concept in the accounting for depreciation; classify expenditure as capital or revenue expenditure.</i></p> <p><i>The distinction between an irrecoverable debt and a doubtful debt; writing off irrecoverable debts; accounting for recovered debts; the need to maintain an allowance for receivables; the application of the prudence concept in the creation of an allowance for receivables and the accruals concept in the annual adjustment of the allowance for receivables; the distinction between a specific and a general allowance for doubtful debts (the calculation of the allowance either as a specific allowance or as a general allowance and not a combination of both); the preparation of all relevant accounts and postings in the statement of profit or loss and statement of financial position.</i></p>

Assessment Criteria (LEVEL 1)	Assessment Criteria (LEVEL 2)	Assessment Criteria (LEVEL 3)
5.1a Define the accruals concept.	5.2a Differentiate between expenses paid and incurred and/or between revenues received and earned.	5.3a Establish whether a particular expense incurred and/or revenue earned has been paid in full, or is accrued and/or prepaid.

5.1b Define accruals and/or prepayments.	5.2b Complete a template of an expense and/or revenue account excluding opening balances. <i>Showing payments/receipts during a financial period; end of year accruals and/or prepayments; the transfer to the profit and loss account.</i>	5.3b Complete a template of an expense and/or revenue account including opening balances. <i>Showing accruals and/or prepayments at the beginning and/or end of the financial year; payments/receipts during the financial period; the transfer to the profit and loss account.</i>
5.1c Identify accruals and/or prepayments from a given account.	5.2c Compute the amount for an expense incurred and/or revenue earned from a given set of figures.	5.3c Prepare extracts of the Statement of the profit or loss and/or the Statement of financial position in relation to accruals and/or prepayments.
5.1d Prepare an expense and/or revenue account. <i>Figures for payments/receipts; end of year transfers to the profit and loss account.</i>	5.2d Prepare an expense and/or revenue account from a given set of figures. <i>Figures for opening balances; payments/receipts; end of year transfers; closing balances.</i>	5.3d Construct an expense and/or revenue account from a given set of figures including adequate information to calculate any missing figure/s.
5.1e Classify amounts accrued and/or prepaid as assets and/or liabilities.	5.2e Explain the entries in the Statement of profit or loss and/or in the Statement of financial position.	5.3e Assess the effect on the Financial Statements in the case of an error in accounting for an accrual and/or prepayment. <i>Profit; assets; liabilities.</i>
5.1f Define cash based accounting and/or accrual based accounting.	5.2f Differentiate between cash based accounting and accrual based accounting.	5.3f Evaluate the importance of the accruals concept.
5.1g Define capital expenditure and/or revenue expenditure.	5.2g Explain the difference between capital and revenue expenditure.	5.3g Differentiate between the accounting treatment of capital and revenue expenditure.
5.1h Classify items of expenditure as capital and/or revenue expenditure.	5.2h Calculate the value of a non-current asset.	5.3h Show the effect of error/s in the incorrect classification of expenditure on the Financial Statements.

5.1i Define depreciation.	5.2i Explain the main causes of depreciation.	5.3i Evaluate the purpose of depreciation.
5.1j Identify that the accruals concept is the main concept applicable to the accounting of depreciation.	5.2j Explain the importance of the accruals concept in the measurement of profit.	5.3j Apply the accruals concept in the computation of the annual depreciation charge taking into account the factors of depreciation. <i>Cost of the non-current assets; estimated useful life; estimated residual value.</i>
5.1k Identify the other accounting concepts applicable to non-current assets. <i>Consistency; going concern; historical cost; prudence concept.</i>	5.2k Illustrate how these concepts apply to the valuation of non-current assets. <i>Consistency; going concern; historical cost; prudence concept.</i>	5.3k Evaluate the application of accounting concept/s to given situations. <i>Consistency; going concern; historical cost; prudence concept.</i>
5.1l Describe the straight line method of depreciation.	5.2l Calculate depreciation charge for the year using the straight line method.	5.3l Compute depreciation using the straight line method for one or more non-current assets and/or for one or more financial years. <i>Applying a depreciation policy of a full depreciation charge in the year of purchase and/or for each month of ownership</i>
5.1m Describe the reducing balance method of depreciation.	5.2m Calculate depreciation charge for the year using the reducing balance method.	5.3m Compute depreciation using the reducing balance method for one or more non-current assets and/or for one or more financial years that is the same as the calendar year. <i>Applying a depreciation policy of a full depreciation charge in the year of purchase and nil in the year of disposal.</i>

5.1n Describe the use of an allowance for depreciation account.	5.2n Complete an allowance for depreciation account in a given template from a given set of figures.	5.3n Construct an allowance for depreciation account using the straight line and/or the reducing balance method.
5.1o Identify the factor/s applicable when disposing a non-current asset. <i>Original cost; accumulated depreciation; proceeds from disposal.</i> <i>N.B. Disposal of non-current assets is to exclude part-exchange.</i>	5.2o Complete an asset disposal account in a given template from a given set of figures showing the resultant profit or loss on disposal. <i>N.B. Disposal of non-current assets is to exclude part-exchange.</i>	5.3o Construct an asset disposal account. <i>N.B. Disposal of non-current assets is to exclude part-exchange.</i>
5.1p Complete a given template for extracts from the Financial Statements. <i>Annual depreciation; accumulated depreciation.</i>	5.2p Prepare appropriate extracts in the Financial Statements. <i>Annual depreciation; accumulated depreciation; profit/loss on disposal in the Statement for Profit or Loss; the Statement of Financial Position.</i>	5.3p Interpret the accounting entries in the Financial Statements.
5.1q Define irrecoverable debts.	5.2q Account for irrecoverable debts.	5.3q Investigate recommended measures to avoid irrecoverable debts.
5.1r Define a doubtful debt.	5.2r Distinguish between an irrecoverable debt and a doubtful debt.	5.3r Assess the implications of doubtful debts on the profitability and/or financial position of the business.
5.1s Define an allowance for trade receivables.	5.2s Create an allowance for trade receivables.	5.3s Examine the purpose of an allowance for receivables.
5.1t Define a specific and/or a general allowance for receivables.	5.2t Account for adjustments to allowances for trade receivables. <i>The calculation of an allowance either as a specific allowance or as a general allowance.</i>	5.3t Justify the need for a specific and/or a general allowance for receivables.

5.1u Identify the accounting concept/s applied in accounting for allowances for receivables. <i>Prudence concept; accruals concept.</i>	5.2u Explain the accounting concept/s relevant to the allowance for receivables. <i>Prudence concept; accruals concept.</i>	5.3u Appraise the importance of accounting concepts in allowing for receivables. <i>Prudence concept; accruals concept.</i>
5.1v Define a recovered debt.	5.2v Account for recovered debts.	5.3v Analyse the effect of recoverable debts on profitability and/or financial position of the business.

Subject Focus 6: Learning Outcome 6: (Paper II)	The statement of profit or loss and the statement of financial position and the end of period adjustments I can prepare the statement of profit or loss and the statement of financial position of a sole proprietor from a trial balance and the end of period adjustments. <i>The preparation of the statement of profit or loss and the statement of financial position from a trial balance and the end of period adjustments; the application and the importance of the accruals concept in the measure of profit; the application and the importance of the prudence, going concern and materiality concepts in the preparation of the financial statements; the application of accounting concepts to provide a basic framework for financial reporting as to ensure that the users of financial information are not misled; the calculation and the significance of working capital (net current assets) and capital employed (total assets less current liabilities).</i>
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Assessment Criteria (LEVEL 1)	Assessment Criteria (LEVEL 2)	Assessment Criteria (LEVEL 3)
6.1a State the effect of accruals and/or prepayments on profitability.	6.2a Account for accruals and/or prepayments in the financial statements.	6.3a Appraise the importance of accounting for accruals and/or prepayments in the measurement of profit and/or financial position.
6.1b State the effect of depreciation on profitability.	6.2b Account for depreciation and/or asset disposal in the financial statements and/or in the respective accounts.	6.3b Appraise the importance of accounting for depreciation in the measurement of profit and/or financial position.
6.1c State the effect of an allowance for receivables on profitability.	6.2c Account for the creation or maintenance of an allowance for trade receivables in the financial statements.	6.3c Appraise the importance of accounting for receivables in the measurement of profit and/or financial position.
6.1d Name the main end-of-year adjustments. <i>Closing inventory; accruals and prepayments; depreciation; asset disposal; irrecoverable debts; allowances for trade receivables; recovered debts.</i>	6.2d Complete a pro forma statement of profit or loss, and/or statement of financial position, taking into account end-of-year adjustments. <i>Closing inventory; accruals and prepayments; depreciation; asset disposal; irrecoverable debts; allowances for trade receivables; recovered debts.</i>	6.3d Prepare the statement of profit or loss, and/or the statement of financial position taking into account end-of-year adjustments. <i>Closing inventory; accruals and prepayments; depreciation; asset disposal; irrecoverable debts; allowances for trade receivables; recovered debts.</i>

<p>6.1e List the accounting concepts applied in the measurement of profit. <i>Accruals; consistency; materiality; prudence.</i></p>	<p>6.2e Explain the accounting concepts. <i>Accruals; consistency; cost; going concern; materiality; prudence concepts.</i></p>	<p>6.3e Evaluate the application of the accounting concepts on profitability and/or financial position. <i>Accruals; consistency; cost; going concern; materiality; prudence concepts.</i></p>
<p>6.1f Define working capital and/or capital employed.</p>	<p>6.2f Calculate working capital and/or capital employed.</p>	<p>6.3f Examine the importance of working capital and/or capital employed.</p>

Subject Focus 7:	Cost classification, break-even and manufacturing accounts
Learning Outcome 7: (Paper I & Paper II)	<p>I can classify costs as direct or indirect costs and I can prepare a manufacturing account to calculate the cost of production. I can also classify costs by behaviour into variable and fixed costs in order to calculate the break-even activity level and the contribution and profit for different levels of activity.</p> <p><i>The distinction between direct and indirect costs of production; the distinction between production costs, administrative expenses, selling & distribution expenses and financial charges; the purpose of preparing a manufacturing account clearly identifying the different elements of cost, namely direct materials, direct labour, direct expenses and production overheads; the manufacturing account showing clearly the cost of raw materials used, prime cost and the cost of production; the calculation of the cost per unit produced and the calculation of the value of closing inventory of finished goods; the preparation of the financial statements.</i></p> <p><i>Understand the behaviour of costs for a change in output; explain and illustrate the concept of contribution; understand the relationship between costs-volume-profit; the calculation of the break-even activity level and its implications; the calculation of contribution and profit for different levels of output (excluding inventories).</i></p>

Assessment Criteria (LEVEL 1)	Assessment Criteria (LEVEL 2)	Assessment Criteria (LEVEL 3)
7.1a Define a direct cost and/or an indirect cost.	7.2a Distinguish between direct and indirect costs.	7.3a Appraise the need of cost classification into direct and indirect.
7.1b Classify cost items into direct and indirect costs.	7.2b Distinguish between production costs (direct costs, indirect costs) and non-production costs (administrative expenses, selling and distribution expenses, finance costs).	7.3b Allocate and/or apportion expenses between production and non-production costs.
7.1c Calculate the prime cost.	7.2c Explain prime cost and/or factory overheads.	7.3c Examine the difference between: direct material and indirect material; and/or direct labour and indirect labour; and/or direct expenses and indirect expenses.

7.1d Identify the purpose of the manufacturing account.	7.2d Prepare the manufacturing account or extracts of the manufacturing account excluding end-of-year adjustments. <i>Cost of raw materials used; prime cost; cost of production.</i>	7.3d Prepare the manufacturing account or extracts of the manufacturing account including end-of-year adjustments. <i>Cost of raw materials used; prime cost; cost of production.</i>
7.1e Define product cost.		7.3e Calculate the cost per unit produced and/or the value of closing inventory of finished goods.
7.1f Name the different types of inventory. <i>Raw material; work-in-progress; finished goods.</i>	7.2f Prepare a statement of profit or loss and/or a statement of financial position of a manufacturing business excluding end-of-year adjustments.	7.3f Prepare a statement of profit or loss and/or a statement of financial position of a manufacturing business including end-of-year adjustments.
7.1g Define variable costs and/or fixed costs.	7.2g Distinguish between variable and fixed costs.	7.3g Appraise the importance of understanding the behaviour of cost and revenue for different levels of output (cost-volume-profit analysis).
7.1h Classify cost items into variable and fixed costs.	7.2h Distinguish between variable and fixed costs of production, and/or variable and fixed selling and distribution expenses.	7.3h Prepare profit statements for different levels of activity showing the contribution and/or the profit/loss for each activity level (excluding inventories).
7.1i Calculate the fixed costs for different levels of activity.	7.2i Calculate the variable cost and/or total costs for different levels of activity.	
7.1j Define break-even and/or contribution.	7.2j Calculate the break-even point (in units and/or €).	7.3j Evaluate the benefits and/or limitations of break-even analysis.

Subject Focus 8: Learning Outcome 8: (Paper II)	Control accounts and correction of errors I can locate and correct errors in the accounting system. <i>The purpose of control accounts; the preparation of the receivables control account and the payables control account; the source of entries for the compilation of control accounts; the reconciliation of the list of accounts receivable and accounts payable with the receivables control account and payables control account respectively; the use and the preparation of the journal (general journal); distinguish between errors detected by a trial balance and those that are not detected by a trial balance; identify the limitations of a trial balance; the purpose of, and reasons for creating a suspense account and its preparation; journal entries for the correction of errors; redrafting a corrected trial balance; a statement to correct net profit and the correction of the statement of financial position.</i>
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Assessment Criteria (LEVEL 1)	Assessment Criteria (LEVEL 2)	Assessment Criteria (LEVEL 3)
8.1a Define the purpose of control accounts.	8.2a Differentiate between the control accounts. <i>Trade receivables; trade payables control accounts.</i>	8.3a Prepare the control accounts. <i>Trade receivables; trade payables control accounts.</i>
8.1b List the sources of information for the compilation of control accounts. <i>Books of original entry.</i>	8.2b Reconcile the Trade Receivables and/or the Trade Payables Lists to the control accounts.	8.3b Interpret entries and/or balances in the control accounts. <i>Trade receivables; trade payables control accounts.</i>
8.1c Identify the use of the Journal.	8.2c Describe the transactions recorded in the Journal. <i>To correct errors; to write off irrecoverable debts; to record the credit purchase/sale of a non-current asset; to transfer amounts to the statement of profit/loss including depreciation charges; allowance for trade receivables.</i>	8.3c Post transactions from the Journal to the appropriate accounts in the ledgers.
8.1d Identify the limitations of the Trial Balance.	8.2d Explain the purpose of a suspense account.	

8.1e Identify errors that affect the agreement of the Trial balance and/or errors that do not affect the agreement of the Trial Balance.	8.2e Record journal entries for the correction of errors that do not affect the Trial balance. <i>Error of omission; error of commission; error of principle; error of original entry; transposition error; compensating errors; complete reversal of entries.</i>	8.3e Record journal entries for the correction of errors and/or including the preparation of a suspense account.
8.1f Identify errors that affect Net Profit.	8.2f Prepare a corrected Trial Balance.	8.3f Prepare a statement of corrected Net Profit and/or correction of Statement of Financial Position.

Subject Focus 9:	Single entry and incomplete records
Learning Outcome 9: (Paper II)	<p>I can prepare the financial statements of a sole proprietor from incomplete information, and I can calculate the net profit of a business from a statement of affairs using the accounting equation.</p> <p><i>The calculation of capital at the beginning of the financial year and the calculation of net profit for the year by preparing a statement of affairs at the beginning and end of the financial year respectively; the use of control accounts to derive credit sales and credit purchases; the use of the cash account in incomplete records; financial statements from incomplete information.</i></p>

Assessment Criteria (LEVEL 1)	Assessment Criteria (LEVEL 2)	Assessment Criteria (LEVEL 3)
9.1a Describe single entry and/or incomplete records.	9.2a Differentiate between single entry and double entry.	9.3a Evaluate the limitations of single entry and/or the benefits of double entry.
9.1b Define a statement of affairs.	9.2b Calculate the value of capital at the beginning of the year.	9.3b Formulate a statement of affairs at the end of the financial year to find the net profit for the period.
9.1c Recognise credit sales and/or receipts from trade receivables in a receivables control account.	9.2c Calculate credit sales from a control account.	9.3c Analyse the accruals concept in the estimation of credit sales from a receivables control account.
9.1d Recognise credit purchases and/or payments to trade payables in a payables control account.	9.2d Calculate credit purchases from a control account.	9.3d Analyse the accruals concept in the estimation of credit purchases from a payables control account.
9.1e Identify cash sales and/or cash purchases in cash and/or bank accounts.	9.2e Derive the total sales and /or total purchases for a financial period when cash sales and cash purchases are provided.	9.3e Prepare the cash account to find cash sales/purchases and/or receipts from trade receivables/payments to trade payables.
	9.2f Calculate depreciation from non-current asset book value balances at the beginning and end of financial year.	
	9.2g Calculate the increase or decrease in the allowance for receivables from given balances;	

	<p>9.2h Apply the accruals concept to calculate expenses and/or revenue for the year.</p>	<p>9.3h Prepare a statement of profit or loss and/or a statement of financial position from incomplete records.</p>
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Subject Focus 10:	Accounting ratios and departmental accounts
Learning Outcome 10: (Paper I & Paper II)	<p>I can evaluate the business performance and financial position for the various users of financial statements, and I can prepare departmental profit statements.</p> <p><i>Departmental statement of profit or loss (limited to two departments only) and the need for the calculation of the profit or loss of each department; the allocation and apportionment of costs and expenses.</i></p> <p><i>The purpose of accounting ratios, and their use in assessing performance and financial position; profitability, liquidity ratios, and their interpretation; calculation of the following ratios – return on capital employed (ROCE), gross profit margin, gross profit mark-up, net profit margin, current ratio, quick ratio (acid test), communicating important information to the providers of capital and other users.</i></p>

Assessment Criteria (LEVEL 1)	Assessment Criteria (LEVEL 2)	Assessment Criteria (LEVEL 3)
	10.2a Suggest appropriate basis of apportionment for different expenses.	10.3a Assess the benefits and/or limitations of departmental profit statements.
10.1b List examples of items of expenditure that are directly allocated to departments and/or apportioned between the departments.		
10.1c Prepare departmental profit statements up to gross profit/ loss for two departments.	10.2c Prepare departmental profit statements allocating and apportioning cost of sales and/or expenses to specific departments (for two departments only and excluding end-of-year adjustments).	10.3c Prepare departmental profit statements allocating and apportioning cost of sales and expenses to specific departments and/ or for the business as a whole (for two departments only and including end-of-year adjustments).

10.1d Identify the purpose of accounting ratios.	10.2d Classify accounting ratios into profitability ratios and liquidity ratios. <i>The return on capital employed; gross profit margin; gross profit mark-up; net profit margin; current ratio; quick ratio/acid-test.</i>	10.3d Evaluate the benefits and/or limitations of accounting ratios.
10.1e Compute ratios from given formulae. <i>The return on capital employed; gross profit margin; gross profit mark-up; net profit margin; current ratio; quick ratio/acid-test.</i>	10.2e Calculate accounting ratios. <i>The return on capital employed; gross profit margin; gross profit mark-up; net profit margin; current ratio; quick ratio/acid-test.</i>	10.3e Assess the performance and/or the financial position of the business from the results of accounting ratios.

Scheme of Assessment

School Candidates

The assessment consists of Paper I and Paper II. Paper I consists of unmoderated school-based assessment (SBA) that is to be set and assessed by the school. Paper II consists of a controlled assessment that will take place at the end of the three-year programme.

School-based assessment (SBA): is any type of assessment of a candidate made by the school relevant to the respective SEC syllabus contributing to the final level awarded in the subject.

Controlled assessment: is comprised of a two-hour written exam set at the end of the programme and differentiated between two levels:

- a. Levels 1 and 2;
- b. Levels 2 and 3.

Candidates are to satisfy the examiner in Paper I and Paper II to obtain a level higher than 1

Part I - School Based Assessment (30% of the total mark)

The school-based assessment shall be marked out of 100 each year (9, 10 and 11). The assessment for each year will contribute to 10% of the overall mark and will be reported to MATSEC by the school in Year 11. Therefore, each year will equally contribute to the final mark of the school-based assessment. The school-based assessment shall reflect the MATSEC syllabus covered in Year 9, Year 10 and Year 11.

School-based assessment can be pegged at either of two levels:

- SBA at Level 1-2 must identify assessment criteria from these two levels. It is suggested that assessment criteria are weighted at a ratio of 40% at Level 1 and 60% at Level 2.
- SBA at Level 1-2-3 must identify assessment criteria from each of Levels 1, 2 and 3. It is suggested that assessment criteria are weighted at a ratio of 30% each at Levels 1 and 2, and 40% at Level 3.

The mark for SBA at Level 1-2 presented for a qualification at Level 2-3 will be calculated to 60% of the original mark. The mark stands in all other cases.

Part II – Controlled Assessment (70% of the total mark)

Written Examination (100 marks; 2 hours)

The controlled component of the assessment will consist of **ONE** paper having a two-hour duration which will carry 70% of the final mark and assessed externally. The paper will assess **ALL** Learning Outcomes. The paper will be set in English. Candidates will be required to answer **ALL** questions.

Paper II is differentiated between two Levels. Candidates must choose to sit either the examination paper at Level 1-2 or at Level 2-3.

Paper II (Option Level 1-2 and Level 2-3) will consist of **THREE** sections. **All questions are compulsory.**

Section A totalling 35 marks with compulsory questions that will mainly examine any of LO 2, LO 3, LO 4 and LO 7. Questions may also include assessment criteria from all the syllabus.

Section B totalling 35 marks with **TWO** compulsory questions that will mainly examine LO 5 and LO 6. Questions may also include assessment criteria from all the syllabus.

Section C totalling 30 marks will consist of **THREE** compulsory questions of 10 marks each that will mainly examine any of LO 1, LO 8, LO 9 and LO 10. Questions may also include assessment criteria from all the syllabus.

Levels 1 – 2

The written paper will consist of questions covering assessment criteria from the syllabus in ratio Level 1 40%; Level 2 60%. Questions will consist of various accounting tasks, numerical questions and computations, and may include any of the following type of questions: short-answer questions, multiple choice questions, word bank questions, true/false statements with explanations and short data-response questions (descriptive and/or numerical). The questions set will assess the candidates' knowledge and understanding of the main concepts of the programme as well as the acquisition of the skill of application. All questions are compulsory and need to be answered in the space provided in the exam booklet.

Levels 2 – 3

The written paper will consist of questions covering assessment criteria from the syllabus in ratio Level 2 40%; Level 3 60%. Questions will consist of various accounting tasks, numerical questions and computations, and may include any of the following type of questions: short-answer questions, multiple choice questions, word bank questions, true/false statements with explanations, short data-response questions (descriptive and/or numerical) and discussion questions requiring arguments to support a given statement and/or arguments against and a reasoned judgement or conclusion. The questions set will assess the candidates' knowledge and understanding of the main concepts of the programme as well as the acquisition of the skills of application, analysis and evaluation. All questions are compulsory and need to be answered in the space provided in the exam booklet.

Private Candidates

Private candidates will not be expected to carry out any school-based assessment. Instead, private candidates will sit for another controlled paper (Paper I) as an alternative to the school-based assessment. Private candidates will be assessed through the means of **TWO** Controlled papers, Paper II will be common with school candidates.

Paper I – Controlled Assessment – Private Candidates Only (30% of the total mark)

Written Examination (100 marks; 2 hours)

Paper I for private candidates shall be a controlled assessment assessing Levels 1-2-3 as described in the respective syllabus, which will be set and marked by MATSEC. This paper will have a two-hour duration and will be set in English. **All questions are compulsory.** The paper will assess **ALL** Learning Outcomes earmarked for SBA, and may include assessment criteria from all the syllabus.

This paper will consist of **TWO** sections and will be structured as follows:

SECTION A totalling 55 marks with **TWO** compulsory questions that will mainly examine LO 7 and LO 10. Q1 shall carry 30 marks and Q2 shall carry 25 marks. Questions may also include assessment criteria from all the syllabus.

SECTION B totalling 45 marks will consist of **THREE** compulsory questions of 15 marks each that will mainly examine LO 2, LO 3, and LO 4. Questions may also include assessment criteria from all the syllabus.

Level 1 – 2 – 3

Candidates answer all questions assessing level 1, 2 and 3. The written paper will consist of questions covering assessment criteria from the syllabus in ratio Level 1 30%, Level 2 30%; Level 3 40%. Questions will consist of various accounting tasks, numerical questions and computations and may include any of the following type of questions: short-answer questions, multiple choice questions, word bank questions, true/false statements with explanations, short data-response questions (descriptive and/or numerical) and discussion questions requiring arguments to support a given statement and/or arguments against and a reasoned judgement or conclusion.