

Unit Title:	Understanding the principles of accounting
OCR unit number:	1
Credit value:	9
Level:	4
Guided learning hours:	84
Unit reference number:	Y/504/1320

Unit aim and purpose

By completing this unit the learner will have a sound understanding of the techniques of double entry accounting and can apply its principles in accounting for transactions, adjusting accounting records and financial statements, and preparing financial statements, for entities including sole traders, partnerships and limited liability companies.

Learning Outcomes	Assessment Criteria
<p>The Learner will:</p> <p>1 Be able to maintain financial records</p>	<p>The Learner can:</p> <p>1.1 Explain why an entity maintains financial records, prepares financial statements and the uses of trial balances</p> <p>1.2 Identify the sources of information for the preparation of accounting records and financial statements</p> <p>1.3 Account for transactions and events resulting in income, expenses, assets, liabilities and equity in accordance with the appropriate basis of accounting and the laws, regulations and accounting standards applicable to the financial statements</p> <p>1.4 Account for changes in the ownership structure and ownership interests in an entity</p> <p>1.5 Prepare a trial balance from accounting records</p>
<p>2 Be able to make adjustments to accounting records and financial statements</p>	<p>2.1 Identify omissions and errors in accounting records and financial statements and the impact of the required adjustments on profits and/or losses</p> <p>2.2 Correct omissions and errors in accounting records and financial statements using control account reconciliations and suspense accounts</p> <p>2.3 Prepare an extended trial balance</p> <p>2.4 Prepare journals for nominal ledger entry and to correct errors in draft financial statements</p>

Learning Outcomes	Assessment Criteria
3 Be able to prepare financial statements for sole traders, partnerships and limited companies	3.1 Explain the components of a set of financial statements, their purpose and interrelationship 3.2 Explain the key aspects of the accrual basis of accounting, cash accounting and break-up basis of accounting 3.3 Prepare a statement of financial position, income statement and statement of cash flows (or extracts therefrom) from the accounting records and trial balance in a format which satisfies the information requirements of the entity

Assessment

Assessment for this unit is through examinations set by the Institute of Chartered Accountants England and Wales (ICAEW).

Candidates can only claim this qualification after they have achieved the Institute of Chartered Accountants in England and Wales' (ICAEW) Certificate in Finance, Accounting and Business qualification; which is assessed by examination, subject to ICAEW conditions.

Evidence requirements

Candidates are required to submit a digital copy of their achievement which will be confirmed by ICAEW.

Additional information

For further information regarding administration for this qualification, please refer to the OCR document '*Admin Guide: Vocational Qualifications*' (A850) on the OCR website www.ocr.org.uk .