



**Cambridge Assessment
International Education**

Skills Exercises

AO1 Knowledge and understanding

Cambridge International AS & A Level Accounting 9706

For examination from 2023



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Introduction

Cambridge International AS & A Level Accounting attracts a variety of learners from many different backgrounds. For some learners Accounting is a new subject and an opportunity to explore an area of study that interests them, while developing a set of transferable skills. Other learners have previously studied Accounting and are looking to continue developing their knowledge of the subject. Either way, the study of Accounting allows learners to experience the diverse and dynamic world within which organisations exist and gain the knowledge needed to understand how organisations operate within real contexts, analyse alternative courses of action and develop the ability to make justified recommendations.

Skills and why they are important?

Skills are the key to success. The performance of candidates in Cambridge International AS & A Level Accounting examinations have shown a range of areas where improvement would be helpful. These areas of improvement tend to centre around the assessment objectives (AOs) of the course and we have addressed these AOs in a series of exercises and activities.

- AO1 Knowledge and understanding
- AO2 Analysis
- AO3 Evaluation

Skills Exercises make use of examination questions and data and include activities and worksheets to help skills development and incorporate suggested teaching approaches, such as group work, discussion, structured support and writing in sequence. They do not attempt to cover all possible aspects of the examinations, only those problem areas which have presented consistently over time.

How will these skills be developed?

Skills Exercises aim to help learners develop skills in:

- applying knowledge and understanding of facts, terms, concepts, policies, procedures and techniques relating to financial and management accounting in a variety of accounting situations and present outcomes in the most appropriate manner.
- developing skills of analysis by selecting, calculating and interpreting financial and management accounting information to communicate outcomes in the most appropriate manner.
- building evaluation skills, including making judgements and drawing conclusions based on financial and non-financial data to make recommendations and decisions.

Skills Exercises provide suggestions so you can have confidence that the materials you prepare and use in the classroom are building skills and resilience in your learners. This document should be used alongside the other teaching and learning resources provided on the [School Support Hub](#).

AO1 Knowledge and understanding

Exercise 1: Answering the question

Learners demonstrate knowledge and understanding of facts, terms, concepts, policies, procedures and techniques relating to financial accounting and cost and management accounting.

Learners will apply this knowledge and understanding to a variety of accounting situations and problems.

The ability to apply knowledge and understanding to these accounting situations and problems is essential to be able to access AO1 Knowledge and understanding marks and to produce good quality analysis and evaluation.

Learners need to:

- Demonstrate knowledge and understanding of facts, terms, concepts, policies, procedures and techniques relating to financial accounting and cost and management accounting.
- Apply this knowledge and understanding to a variety of accounting situations and problems, and present outcomes in the most appropriate form.

Here are some command words that learners might come across to let them know that they need to demonstrate and apply knowledge and understanding:

Command word	What you need to do
Calculate	Work out from given facts, figures or information.
Define	Give precise meaning.
Describe	Name/select/recognise.
Prepare	Present information in a suitable format.
State	Express in clear terms.

Activity 1: How to answer the question

When a learner reads an examination question for knowledge and understanding, they should know whether to demonstrate the knowledge and understanding by stating the terms and facts or apply the knowledge and understanding of accounting concepts, policies, procedures, and techniques.

Provide learners with a series of knowledge and understanding questions from either past examination or specimen papers. Learners will not need the case study or data to work out what is required. The questions on **Worksheet 1: How to answer the question** can be used along with any other knowledge and understanding questions. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Use Worksheet 1: How to answer the question answers and ask learners to peer assess each other's work. Lead a class discussion to ensure understanding. Ensure any misconceptions are addressed.

Exercise 2: Key terms

Cambridge International AS & A Level Accounting has terms that learners need to know and understand so they can interpret what is happening in an organisation, select and analyse data and apply this knowledge as required in the examination.

Activity 1: Using accounting terms

Give learners two similar statements using different accounting terms. Use the phrases in **Worksheet 2: Using accounting terms** or examples from other areas of the syllabus. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Use **Worksheet 2: Using accounting answers** and ask learners to peer assess each other's work. Lead a class discussion about how each term changes the nature of the phrase. Ensure any misconceptions are addressed.

Activity 2: Key term meanings

Many terms in accounting can mean the same thing. It is important that learners understand these terms and what they mean.

Provide learners with a list of key terms, some of which have the same meaning. The list in **Worksheet 3: Key term meanings** can be used as a basis for some of these.

Learners find the odd one out which has a completely different meaning to the other terms and explain why. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Use **Worksheet 3: Key term meanings answers** and ask learners to peer assess each other's work. Lead a class discussion about how and why the odd one out has a different meaning. Ensure any misconceptions are addressed.

Activity 3: Stating different examples

An examination question can have a simple topic at its core but require different examples to be given to allow a full answer.

Learners need to be able to link these different types together so they can choose the most important or most relevant ones to use in an answer.

Give learners a topic area from the syllabus. The topics in **Worksheet 4: Stating different examples** can be used as a basis for these terms or any other topic from the syllabus could be used.

Learners create a mind-map using different examples that link to the specific topic. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Use **Worksheet 4: Stating different examples answers** and ask learners to peer assess each other's work. Lead a class discussion and share each group's ideas. Where a group has added an example that no-one else has, ask for an explanation as to why/how it links to the topic.

Extension activity: discuss which example might be most relevant when answering different examination questions.

Activity 4: Key term definitions

Learners should have access to a set of definitions for as many key terms as possible. Most of the key terms are found in the syllabus and in a good textbook or on the internet.

Provide pairs of learners with a different topic from the syllabus. For example, the AS Level subject content (Topics 1.1–2.2 can be split into the following topics depending on how many learners you have)

AS Level topics	Sub topics
Financial accounting	1.1 Types of business entity 1.2 The accounting system 1.3 Accounting for non-current assets 1.4 Reconciliation and verification 1.5 Preparation of financial statements 1.6 Analysis and communication of accounting information
Cost and Management accounting	2.1 Costs and cost behaviour 2.2 Traditional costing methods

Learners list every key term they can find in their topic from the syllabus.

Learners then find a definition for that key term and record it. When completed, discuss and fill in any gaps so learners have a complete definition list.

Alternatively, it is possible to build a vocabulary list while teaching the syllabus. As each topic of the syllabus is taught, give learners the correct definitions.

Exercise 3: Calculations

The ability to use numbers is an essential skill in Cambridge International AS & A Level Accounting. However, many calculations are based on a formula which must be known and understood.

Activity 1: Formulae

In addition to formulae for specific ratios in the syllabus, give learners a list of the most common formulae which are listed on **Worksheet 5: Formulae**. Alternatively, add to this to create a complete list for the course. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Use **Worksheet 5: Formulae answers** and ask learners to peer assess each other's work. Lead a class discussion about the information that each formula shows and how useful it may be to the business. Ensure any misconceptions are addressed.

Exercise 4: Accounting standards

The Cambridge International AS & A Level Accounting syllabus includes the accounting standards that need to be known and understood. The basic elements of each accounting standard can be summarised so they can be easily recalled by learners.

Activity 1: Matching accounting standards

Provide learners with a list of accounting standard numbers and their names/description. **Worksheet 6: Matching accounting standards** can be used or adapted to include different topics and their contents. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Use **Worksheet 6: Matching accounting standards answers** and ask learners to peer assess each other's work. Lead a class discussion about what topic of the syllabus the accounting standard relates to. Ensure any misconceptions are addressed.

Exercise 5: Accounting concepts

Accounting concepts are an important foundation for gaining knowledge and understanding of the subject. Learners need to understand how each concept can be used to help with the higher level skills of analysis and evaluation.

Activity 1: Complete the concepts

Learners should develop a comprehensive knowledge of all the accounting concepts included in the syllabus.

Provide learners with a partially completed diagram representing one or more of the accounting concepts from the syllabus. The concepts in **Worksheet 7: Complete the concepts** can be replaced with different ones as required. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Use **Worksheet 7: Complete the concepts answers** and ask learners to peer assess each other's work. Lead a class discussion about when the specific concept might be used. Ensure any misconceptions are addressed.

Activity 2: Accounting techniques/methods presentations

Provide each learner with an accounting technique/method. Depending on the number of learners, you may need to give each learner more than one technique.

Learners prepare a presentation and notes on their accounting technique. Learners give the presentation to the whole group and hand out the notes. After each presentation, learners provide feedback in terms of two things that went well and one that could be improved upon. The most common techniques/methods are shown below.

- Inventory valuation
- Absorption costing
- Marginal costing
- Activity Based Costing (ABC)
- Standard costing
- Budgets and budgetary control – (can be split further)
- International accounting standards – (can be split further)
- Ratio analysis – profitability
- Ratio analysis – liquidity

- Ratio analysis – efficiency
- Ratio analysis – solvency and other ratios
- Ratio analysis – investment ratios
- Investment appraisal – payback period
- Investment appraisal – accounting rate of return (ARR)
- Investment appraisal – net present value (NPV)
- Investment appraisal – internal rate of return (IRR)
- Ethical considerations

Exercise 6: Knowing facts, terms, and concepts

Learners need to demonstrate knowledge and understanding of facts, terms, concepts, policies, procedures, and techniques relating to financial accounting and cost and management accounting.

Learners apply this knowledge and understanding to a variety of accounting situations and problems without any extra data or a case study. These accounting situations and problems are ones that learners are likely to be familiar with and may have encountered during their study.

The ability to apply knowledge and understanding to these accounting situations and problems is essential to be able to access AO1 Knowledge and understanding marks and to produce good quality analysis and evaluation.

Activity 1: Knowing facts, terms, and concepts

Learners need to understand that for facts, terms and concepts, there is only one correct answer.

Give learners different questions with four possible answers A, B, C and D. **Worksheet 8: Knowing facts, terms, and concepts** can be used or replaced with other ones. For each question learners decide which is the correct answer. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Use **Worksheet 8: Knowing facts, terms and concepts answers** and ask learners to peer assess each other's work. Lead a class discussion and ensure any misconceptions are addressed.

Activity 2: Different statements

Learners need to understand how different accounting statements can apply to the context / term / situation / scenario.

Provide learners with a mixture of different accounting statements which may or may not apply to the context / term / situation / scenario provided. The different statements **Worksheet 9: Different statements** can be used or replaced with other accounting statements. Learners identify the correct statements applied to the context / term / situation / scenario. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Use **Worksheet 9: Different statements answers** and ask learners to peer assess each other's work. Lead a class discussion about the different statements and how they apply or do not apply to the provided context / term / situation / scenario. Ensure any misconceptions are addressed.

Activity 3: Use of formats for ledger accounts and financial statements

Learners need to understand and apply the formats for the provided situation to find the required information to answer the multiple-choice questions.

Provide learners with formats to be completed for different ledger accounts and financial statements. The formats for the financial statements can be split into different sections such as current assets section or total equity section, etc.

Worksheet 10: Use of formats for ledger accounts and financial statements can be used or replaced with other accounting formats. Learners complete the formats provided by writing the description/details. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Use **Worksheet 10: Use of formats for ledger accounts and financial statements answers** and ask learners to peer assess each other's work. Lead a class discussion about the completed formats. The finalised format can be circulated as handouts to the class. Ensure any misconceptions are addressed.

Activity 4: Use of formulae

Learners need to understand and apply the formulae for the provided situation to find the required information to answer the multiple-choice questions.

Provide learners with formulae to be completed for different accounting problems. **Worksheet 11: Use of formulae** can be used or replaced with other accounting formulae. Learners complete the formulae sheet by writing the formulae. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Use **Worksheet 11: Use of formulae answers** and ask learners to peer assess each other's work. Lead a class discussion about the completed formulae. The finalised format can be circulated as handouts to the class. Ensure any misconceptions are addressed.

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