

Task 1 - Finding out about accounting roles

Many of you will be interested in pursuing a career in Accounting in the future and all of you will need to know about the different accounting roles for your course. Therefore, the first task requires you to do some research about Accountants.

Click on this [link](#) to access a website to help you with this task. Complete the tasks below using the information in the boxes at the top of the page.

1. Explain the term 'accounts payable'.
2. List the four main tasks undertaken in accounts payable
3. Explain the term 'accounts receivable.'
4. List the four main tasks undertaken in accounts receivable
5. List the six main transactions a cashier processes on a day-to day basis.
6. Explain the role of an external auditor
7. Explain what financial accountants are responsible for
8. Explain what management accountants are responsible for

Make a note below of any questions you have

Task 2 – Finding out about Chartered Accountants

There are millions of accountants in the world, many of whom are studying for qualifications or are already qualified. To become a Chartered Accountant you have to work in an accounting practice or in an accounting department of a business and take a series of professional exams with a professional body.

There are several organisations that are professional membership organisations for accountants. For each organisation listed, use the internet to find out what their initials stand for, how many members they have, and how they describe themselves (Look in the 'about me' sections of their websites.)

	Full name	Members	Description
ICAEW			
ACCA			
CIMA			
CIPFA			
AAT			

For the top five organisations on this list, if you qualify with them, you become a chartered accountant. AAT, however, is a stepping stone to the other qualifications.

After A Levels, you can continue your academic studies at university, or you can apply for apprenticeships.

Apprenticeships are offered by accounting practices or by businesses. You will work and be paid but will also study for your AAT qualification. Once AAT qualified, you can work towards one of the four chartered qualifications. The whole process can take about five years.

If you choose the university route, you would then apply for a traineeship after university. You would not need to do the AAT qualification first and could study immediately for the chartered qualification. This could take about three years.



Task 3 – What is an Income Statement?

Every business, large or small, has to prepare an Income Statement. These are also known as Profit and Loss Accounts.

An Income Statement details income, costs, expenses and profit or loss for the year. It is a key financial document for every business that is prepared by an accountant. During your A level, you will learn how to prepare an Income Statement, how to calculate each number and why we use the methods we do.

Below is an example of an Income Statement:

	£	£
Revenue		400,000
Cost of sales:		
Opening inventory	5,000	
Purchases	167,000	
Closing inventory	(6,000)	
		166,000
Gross Profit		234,000
Other income		2,000
		236,000
Expenses:		
Wages and salaries	120,000	
General expenses	35,000	
Depreciation	29,000	
		184,000
Profit for the year		52,000

You may have notices a number of things:

- There is new terminology – this is true in lots of A Level subjects
- There are two columns of numbers – you have to learn how to present accounting information in a particular format
- There are brackets around some numbers – In accounting we use brackets instead of the minus sign in financial documents

Research a definition for the terms in the table below:

Term	Definition
Revenue	
Inventory	
Gross profit	
Depreciation	

Task 4 – What is the difference between profit and cash?

Accountants work within businesses. We often hear business announcements about profit levels but cash flow is also critical for businesses.

Businesses fail when they run out of cash. Many businesses are currently facing this threat due to COVID19 which is why the government is providing lots of financial support. If a business cannot pay its staff or suppliers, it cannot continue. Current business examples include Debenhams and British Airways.

Most people will assume that the amount of profit a business makes is the same as the amount of cash that is generated but this is not the case.

The 8 minute YouTube video below, explains more. Please click [here](#) to watch the video. It is quite fast so you may want to pause it as you go along. Please do not worry if you don't understand all of it – remember we haven't taught you anything yet! Try to complete the table below



Identify three reasons why cash and profits are not the same:

1	
2	
3	

Task 5 – What is happening in real businesses?

In A Level Accounting you will learn how to account for small sole trader businesses, partnerships and companies.

You will also have to write about businesses and provide analysis and advice. There are two essays in each exam paper and shorter written questions too. In order to help you answer these questions, a good awareness of how real businesses operate, financially, is really important.

Therefore, we expect students to keep up to date with the business news, using quality sources such as Sky News and the BBC. The sooner you start doing this, the better. You can download their apps for free on your phone and select 'Business News' as one of your interests. You should review the key business headlines every day and if you find an interesting story, research it further. Focus on businesses you have heard of as they will be more interesting to you – there are lots of articles, for example, on the finances of football and of different retail companies that you will know of.

Over the next few weeks, review the business news and make some notes below:

	Notes
List specific businesses and industries that are struggling with cash flow due to COVID19	
List specific businesses and industries which have improved cash flow and/or due to COVID19	
Identify reasons why many businesses are currently struggling with cash flow problems due to the COVID19 crisis	
Identify any other business news stories that have interest you	



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Debenhams

