



You've probably been wondering how studying at college will compare to your previous studies so we have put together a quick guide and some activities to help you get ready for starting college.

# ACCOUNTING & FINANCIAL STUDIES

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- Accounting and Financial Studies are two separate subjects that you can study at Bury College.
- Accounting (AQA) is assessed through exams at the end of the two years.
- Financial Studies (London Institute of Banking and Finance) is assessed by exams in January and May in both years. A certificate is awarded at the end of the first year and a diploma at the end of the second year.
- Financial Studies is graded the same way as an A-level and therefore carry the same UCAS points.

**Enjoy the taster activities!**

# Accounting course content

## 1st year topics

- 1. An introduction to the role of the accountant in business
- 2. Types of business organisation
- 3. The double entry model
- 4. Verification of accounting records
- 5. Accounting concepts used in the preparation of accounting records
- 6. Preparation of financial statements of sole traders
- 7. Limited company accounts (page 16)
- 8. Analysis and evaluation of financial information
- 9. Budgeting
- 10. Marginal costing

## 2nd year topics

- 11. Standard costing and variance analysis
- 12. Absorption and activity based costing
- 13. Capital investment appraisal
- 14. Accounting for organisations with incomplete records
- 15. Partnership accounts
- 16. Accounting for limited companies
- 17. Interpretation, analysis and communication of accounting information
- 18. The impact of ethical considerations

**Assessment at the end of 2 years:**

- **Paper 1 Financial Accounting x 3hrs**
- **Paper 2 Management Accounting x 3hrs**

# Accounting: Recording Financial Information



- One of the skills you will learn in Accounting is how do companies record the many costs they incur in the business.
- If companies do not record this information, they can not determine whether they have made a profit or loss... and even worse how well the business is doing!
- **Your task=** Think of any business and state some of the costs they would need to record...



# Depreciation

- Depreciation is another cost you will learn about.
- Depreciation is the loss in value of an asset a company owns.
- There are two methods of calculating depreciation.
- **Your task** = work through the following activity to work out depreciation of the car using the two methods





# The Straight-line Depreciation Method

## 1) The Straight-line Depreciation Method

- When using the straight-line method, the scrap value at the end of the useful life reduces the depreciable amount. Assume that Amazon purchases a forklift truck for their warehouse for £30,000. Scrap value is £3,000. The cost of the machine (£30,000) minus its scrap value (£3,000) gives you a depreciable amount of £27,000.
- The expected useful life is five years. So depreciation expense for the forklift truck is  $\text{£}27,000 / 5$ , or £5,400 depreciation expense per year for each of the five years, which Amazon must record.

## 2<sup>nd</sup> year - Diploma

### 1st year – Certificate

#### Unit 1: Financial capability for the immediate and short term (FCIS)

- You will gain an appreciation of why money is important through focusing on what money is, attitudes to it, and how it can affect life choices. The unit introduces you to the financial services industry by focusing on the interaction between money, personal finance and the financial services market place. You will gain an appreciation of the differentiation of financial products for savings and the key features and charges on borrowing.

#### Unit 2: Financial Capability for the Medium and Long Term (FCML)

- You will gain the ability to plan and manage your financial needs in the medium and long term, with particular reference to the importance of the need to budget for future aspirations and life events. You will consider the changing priorities attached to needs, wants and aspirations as individuals progress through the personal life cycle and the role of financial services. You will gain an understanding of the personal approaches that individuals take towards risk and rewards and the impact of foreseen and unforeseen influences on financial budgeting.

#### Unit 3: Sustainability of an Individual's Finances (SIF)

- SIF highlights the importance of financial sustainability for the individual; to enable the development of skills to make sure that an individual's financial capability is sustained over a period of time, taking into consideration the personal and external factors that lead to change. Students will explore how external factors affect the financial services industry's products and services and how these factors can impact upon consumer choice which will enable students to make informed financial judgements within given situations. Learners will gain an understanding of the impact of global events, developments and ethical considerations.

#### Unit 4: Sustainability of the Financial Services System (SFS)

- SFS explores the financial services system and looks at how financial services providers work and compete with one another, their priorities and responses to external influences in maintaining financial sustainability. By studying SFS students will analyse the impact of marketing techniques employed by financial services providers and the impact of changes in the financial services market and the effect this has on consumers. Learners will gain an understanding of how financial services providers use marketing methods and segmentation, and approaches to attract, retain and satisfy their customers.

#### Assessment :

There are four units: two in year 1 and two in year 2. Each unit has paper A and paper B.

- Paper A is assessed through multiple choice questions
- Paper B is a case study based exam.

## Reducing Balance Method

### 2) Reducing Balance Method

- In this method, the item (asset) is reduced by a set percentage every year. For example, if 20% is used then Amazon will depreciate the forklift truck by  $20\% \times 30,000 = \text{£}6,000$ . Next year it will be  $20\% \times \text{£}24,000$  (the net value after the first year) =  $\text{£}4,800$ .
- Under this method an item/asset depreciates more in the early years. Whereas in the straight line method it is the same amount year after year.

Watch the video for a detailed understanding:  
<https://www.youtube.com/watch?v=IKihYinXmIlg&feature=youtu.be>



# Financial Studies

## Your task:

- Can you name the companies below?
- What services do the companies you just named offer?



# Financial Studies

- Do you know the difference between a credit card and a debit card?
- Do you know what contactless means?
- Do you know anyone who prefers to pay by Apple pay rather than cash?
- Do you know what direct debit is?

# Major players in our financial and banking system



## DID YOU KNOW?

**Banks, building societies and credit unions are all organisations that provide financial services, including the ability to save, but are structured differently.**

**A bank** is an organisation owned by its shareholders. It aims to maximise profits for its shareholders through its financial activities.

**A building society** is an organisation that is owned by its members, some of whom will be customers who save money with or borrow money from the society. They often offer a range of financial services and are similar to banks.

**Credit unions** are community focused, non-profit making organisations that encourage saving and lend money to members. To use a credit union, you have to become a member.

**Your task:**  
**Please complete the activity on the next slides!**

## Your task:

The following young people are looking to set up a savings account



### GENE

16 YEARS OLD

Gene gets a monthly allowance from his parents but spends all of this on his everyday costs. He also has a Saturday job in a sports store working for 6 hours at a rate of £4.50 per hour.

He is using the money he earns from his Saturday job to save up for a new bike which costs £750, but he can get a 10% staff discount on this.

So far, he has saved £300, but he keeps it in a box in his wardrobe and he's not sure it's safe, so he's looking to open a bank account.





## ADI

15 YEARS OLD

Adi manages his money carefully. He gets a weekly allowance of £12 and prefers to receive monetary gifts for birthdays, etc.

Although he's not saving for anything specific, he knows that having some money put away for when he needs it is a good thing. He tends to think decisions about purchases through carefully, rather than making snap decisions (apart from downloading music).

He thinks he'll probably go to university in a few years' time, but until then he needs a bank account that will suit his current needs.



## NANDITA

17 YEARS OLD

Nandita has a Saturday job, working in her aunt's restaurant. She works for five hours and earns £4.25 per hour and averages an extra £10 each Saturday in tips, but by mid-week there's never much left.

Nandita's aunt wants her to open a bank account so that she can pay her wages directly into an account.

Nandita would love to go on holiday with her friends in 6 months' time – her parents have volunteered to pay for the holiday, but she'll still want to take spending money.



Have a look at the four different savings account options below and choose the most appropriate account for each individual, giving at least two reasons for your decision.

PLUSH ACCOUNT	JUNIOR PLUSH ACCOUNT	PLUSH ONE ACCOUNT	SUPER PLUSH ACCOUNT
<ul style="list-style-type: none"> <li>• 0.5% AER</li> <li>• Open an account with just £5 and receive a free gift</li> <li>• ATM card (age 16+)</li> <li>• Online and telephone banking (age 16+)</li> <li>• Monthly paper statements (with the option to go paperless)</li> </ul>	<ul style="list-style-type: none"> <li>• 2% AER</li> <li>• ATM card</li> <li>• £10 minimum to open an account</li> <li>• Age range: 14-18 years</li> <li>• £25 gift card when you open an account</li> </ul>	<ul style="list-style-type: none"> <li>• 2.25% AER</li> <li>• £75 minimum to open account</li> <li>• 30 days' notice to withdraw money without loss of interest</li> <li>• Minimum age to open account: 16</li> <li>• Internet banking only</li> </ul>	<ul style="list-style-type: none"> <li>• 2.75 % AER</li> <li>• ATM card</li> <li>• £100 minimum to open</li> <li>• Monthly deposit of £50 required</li> <li>• No notice required for withdrawals (up to a limit of £200)</li> </ul>