

# Syllabus

Cambridge IGCSE Accounting

Syllabus code 0452

For examination in June and November 2013



UNIVERSITY *of* CAMBRIDGE  
International Examinations



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# 1. Introduction

## 1.1 Why choose Cambridge?

University of Cambridge International Examinations (CIE) is the world's largest provider of international qualifications. Around 1.5 million students from 150 countries enter Cambridge examinations every year. What makes educators around the world choose Cambridge?

### Recognition

Cambridge IGCSE is internationally recognised by schools, universities and employers as equivalent to UK GCSE. Cambridge IGCSE is excellent preparation for A/AS Level, the Advanced International Certificate of Education (AICE), US Advanced Placement Programme and the International Baccalaureate (IB) Diploma. Learn more at [www.cie.org.uk/recognition](http://www.cie.org.uk/recognition).

### Support

CIE provides a world-class support service for teachers and exams officers. We offer a wide range of teacher materials to Centres, plus teacher training (online and face-to-face) and student support materials. Exams officers can trust in reliable, efficient administration of exams entry and excellent, personal support from CIE Customer Services. Learn more at [www.cie.org.uk/teachers](http://www.cie.org.uk/teachers).

### Excellence in education

Cambridge qualifications develop successful students. They build not only understanding and knowledge required for progression, but also learning and thinking skills that help students become independent learners and equip them for life.

### Not-for-profit, part of the University of Cambridge

CIE is part of Cambridge Assessment, a not-for-profit organisation and part of the University of Cambridge. The needs of teachers and learners are at the core of what we do. CIE invests constantly in improving its qualifications and services. We draw upon education research in developing our qualifications.

# 1. Introduction

## 1.2 Why choose Cambridge IGCSE Accounting?

Cambridge IGCSE Accounting is accepted by universities and employers as proof of an understanding of the theory and concepts of accounting, and the ways in which accounting is used in a variety of modern economic and business contexts.

Candidates focus on the skills of recording, reporting, presenting and interpreting financial information, form an ideal foundation for further study, and for a future career within the profession.

## 1.3 Cambridge International Certificate of Education (ICE)

Cambridge ICE is the group award of the International General Certificate of Secondary Education (IGCSE). It requires the study of subjects drawn from the five different IGCSE subject groups. It gives schools the opportunity to benefit from offering a broad and balanced curriculum by recognising the achievements of students who pass examinations in at least seven subjects, including two languages, and one subject from each of the other subject groups.

The Cambridge portfolio of IGCSE qualifications provides a solid foundation for higher level courses such as GCE A and AS Levels and the International Baccalaureate Diploma as well as excellent preparation for employment.

A wide range of IGCSE subjects is available and these are grouped into five curriculum areas. Accounting (0452) falls into Group V, Creative, Technical and Vocational.

Learn more about ICE at [www.cie.org.uk/qualifications/academic/middlesec/ice](http://www.cie.org.uk/qualifications/academic/middlesec/ice).

## 1.4 How can I find out more?

### If you are already a Cambridge Centre

You can make entries for this qualification through your usual channels, e.g. CIE Direct. If you have any queries, please contact us at [international@cie.org.uk](mailto:international@cie.org.uk).

### If you are not a Cambridge Centre

You can find out how your organisation can become a Cambridge Centre. Email us at [international@cie.org.uk](mailto:international@cie.org.uk). Learn more about the benefits of becoming a Cambridge Centre at [www.cie.org.uk](http://www.cie.org.uk).

# 2. Assessment at a glance

## Cambridge IGCSE Accounting Syllabus code 0452

There are two compulsory papers, Paper 1 and Paper 2. Both papers contain questions based on the whole syllabus. Candidates receive grades from A to G.

Candidates take:	
<b>Paper 1</b>	1¾ hours
This is a structured question paper with 8–12 multiple choice items and short-answer questions. There are usually between 4 and 5 questions based on topics from the whole of the syllabus. All questions are compulsory, and candidates answer on the question paper. There are 120 marks for this paper.	
50% of total marks	

and	
<b>Paper 2</b>	1¾ hours
This is a structured question paper. There are usually 4 to 6 questions based on topics from the whole of the syllabus. All questions are compulsory, and candidates answer on the question paper. There are 120 marks for this paper.	
50% of total marks	

### Availability

This syllabus is examined in the May/June examination session and the October/November examination session.

This syllabus is available to private candidates.

Centres in the UK that receive government funding are advised to consult the CIE website [www.cie.org.uk](http://www.cie.org.uk) for the latest information before beginning to teach this syllabus.

# 2. Assessment at a glance

## Combining this with other syllabuses

Candidates can combine this syllabus in an examination session with any other CIE syllabus, except:

- syllabuses with the same title at the same level
- 0614 Accounting (Botswana)
- 4345 Accounting (Namibia)
- 6896 Accounting (Swaziland)
- 7091 Principles of Accounts (Singapore)
- 7092 Principles of Accounts (Singapore)
- 7110 Principles of Accounts

Please note that IGCSE, Cambridge International Level 1/Level 2 Certificates and O Level syllabuses are at the same level.

# 3. Aims and objectives

## 3.1 Aims

The aims of the Cambridge IGCSE Accounting syllabus are to enable students to develop:

- knowledge and understanding of the principles and purposes of accounting for individuals, businesses, non-trading organisations and society as a whole
- an understanding of accounting principles, policies, techniques, procedures and terminology
- improved skills of numeracy, literacy, communication, enquiry, presentation and interpretation
- improved accuracy, orderliness and the ability to think logically
- an excellent foundation for advanced study.

## 3.2 Assessment objectives and their weighting in the exam papers

There are three separate assessment objectives: knowledge with understanding, analysis and evaluation.

### A Knowledge with understanding

To pass Cambridge IGCSE Accounting, candidates should be able to:

- demonstrate knowledge and understanding of facts, terms, principles, policies, procedures and techniques that are in the syllabus
- demonstrate understanding of knowledge through numeracy, literacy, presentation and interpretation
- apply knowledge and information to various accounting situations and problems.

Questions testing this assessment objective often begin with words like *define, list, outline, write up, record, calculate* and *explain*.

### B Analysis

To pass Cambridge IGCSE Accounting, candidates should be able to:

- select data which is relevant to identified needs of business
- order, analyse and present information in an appropriate accounting form.

Questions testing these skills often begin with words like *select, prepare* and *draw up*.

# 3. Aims and objectives

## C Evaluation

To pass Cambridge IGCSE Accounting, candidates should be able to:

- develop an ability to interpret and evaluate accounting information and to draw reasoned conclusions.

Questions testing these skills often require written answers and may begin with words like *explain*, *suggest*, *advise*, *comment on*, *discuss* and *compare*.

Paper	A Knowledge with Understanding	B Analysis	C Evaluation
1 (% of marks)	70%	20%	10%
2 (% of marks)	45%	30%	25%

# 4. Curriculum content

## 1 The purpose of accounting

Candidates should be able to:

- understand and explain the difference between book-keeping and accounting
- state the purposes of measuring business profit and loss
- explain the role of accounting in providing information for monitoring progress and decision-making.

## 2 Sources and recording of data

### 2.1 The double entry system of book-keeping

Candidates should be able to:

- explain the meaning of assets, liabilities and owner's equity (capital)
- explain and apply the accounting equation
- outline the double entry system of book-keeping
- process accounting data using the double entry system
- recognise the division of the ledger into the sales ledger, the purchases ledger and the nominal (general ledger).

### 2.2 Business documents

Candidates should be able to:

- recognise and understand the following business documents: invoice, credit note, debit note, statement of account
- complete proforma business documents
- understand the use of business documents as sources of information.

Candidates do **not** need to know about document details.

# 4. Curriculum content

## 2.3 Books of prime (original) entry

Candidates should be able to:

- explain the advantage of using various books of prime entry
- explain the use of, and process, accounting data in the books of prime (original) entry – cash book, petty cash book, sales journal, purchases journal, sales returns journal, purchases returns journal and the journal
- post the ledger entries from the books of prime (original) entry
- distinguish between and account for trade discount and cash discounts
- explain the dual function of the cash book as a book of prime (original) entry and as a ledger account for bank and cash
- explain and apply the imprest system of petty cash.

## 2.4 The ledger

Candidates should be able to:

- prepare ledger accounts in either “T” account format or running balance format
- post transactions to the ledger accounts
- balance ledger accounts as required and make transfers to final accounts
- interpret ledger accounts and their balances.

Candidates do **not** need to explain or use folio columns.

# 3 Verification of accounting records

## 3.1 The trial balance

Candidates should be able to:

- understand that a trial balance is a statement of ledger balances on a particular date
- outline the uses and limitations of a trial balance
- prepare a trial balance from a given list of balances and amend a trial balance which contains errors
- identify and explain those errors which do not affect the trial balance – commission, compensating, complete reversal, omission, original entry, principle.

# 4. Curriculum content

## 3.2 Correction of errors

Candidates should be able to:

- correct errors by means of journal entries
- correct errors by means of suspense accounts
- adjust the profit or loss for an accounting period after the correction of errors
- understand the effect of correction of errors on a balance sheet.

## 3.3 Bank reconciliation

Candidates should be able to:

- understand the use and purpose of a bank statement
- update the cash book for bank charges, bank interest paid and received, correction of errors, credit transfers, direct debits, dividends, and standing orders
- understand the purpose of, and prepare, a bank reconciliation statement to include bank errors, uncredited deposits and unrepresented cheques.

## 3.4 Control accounts

Candidates should be able to:

- understand the purposes of purchases ledger and sales ledger control accounts
- identify the books of prime (original) entry as sources of information for the control account entries
- prepare purchases ledger and sales ledger control accounts to include credit purchases and sales, receipts and payments, cash discounts, returns, bad debts, dishonoured cheques, interest on overdue accounts, contra entries, refunds, opening and closing balances (debit and credit within each account).

# 4 Accounting procedures

## 4.1 Capital and revenue expenditure and receipts

Candidates should be able to:

- distinguish between and account for capital expenditure and revenue expenditure
- distinguish between and account for capital receipts and revenue receipts
- calculate and comment on the effect on profit of incorrect treatment
- calculate and comment on the effect on asset valuations of incorrect treatment.

# 4. Curriculum content

## 4.2 Accounting for depreciation and disposal of non-current assets

Candidates should be able to:

- define depreciation
- explain the reasons for accounting for depreciation
- name and describe the straight line (equal instalment), reducing (diminishing) balance and revaluation methods of depreciation
- prepare ledger accounts and journal entries for the provision of depreciation
- prepare ledger accounts and journal entries to record the sale of non-current assets, including the use of disposal accounts.

## 4.3 Other payables and Other receivables

Candidates should be able to:

- recognise the importance of matching costs and revenues
- prepare ledger accounts and journal entries to record accrued and prepaid expenses
- prepare ledger accounts and journal entries to record accrued and prepaid incomes.

## 4.4 Bad debts and provision for doubtful debts

Candidates should be able to:

- understand the meaning of bad debts and bad debts recovered
- prepare ledger accounts and journal entries to record bad debts written off
- prepare ledger accounts and journal entries to record bad debts recovered
- explain the reasons for maintaining a provision for doubtful debts
- prepare ledger accounts and journal entries to record the creation of, and adjustments to, a provision for doubtful debts.

## 4.5 Valuation of inventory

Candidates should be able to:

- understand the basis of the valuation of inventory at the lower of cost and net realisable value
- prepare simple inventory valuation statements.

# 4. Curriculum content

## 5 Principles of financial statements

### 5.1 Income statements

Candidates should be able to:

- calculate the gross and net profits or losses based on accounting principles, for a specified period
- recognise that net profit (or loss) is the increase (or decrease) in the net assets during that period.

### 5.2 Balance sheets

Candidates should be able to:

- recognise that they are statements of balances of assets and liabilities on a specified date
- recognise and define non-current assets (fixed assets), intangible assets, current assets, current liabilities (creditors: amounts due within 12 months), long-term liabilities (creditors: amounts due after more than one year), working capital, capital employed and capital owned
- comment on the inter-relationship of balance sheet items.

## 6 Preparation of financial statements

### 6.1 Sole traders

Candidates should be able to:

- explain the difference between a trading business and a service business
- prepare income statements and balance sheets for trading businesses in either horizontal or vertical form
- prepare income statements and balance sheets for service businesses in either horizontal or vertical form
- make adjustments for provision for depreciation using the straight line (equal instalment), diminishing (reducing) balance and revaluation methods
- make adjustments for accrued and prepaid expenses and accrued and prepaid income
- make adjustments for bad debts and provisions for doubtful debts
- make adjustments for goods taken by the owner for own use.

# 4. Curriculum content

## 6.2 Partnerships

Candidates should be able to:

- explain the advantages and disadvantages of forming a partnership
- outline the importance and contents of a partnership agreement
- explain the purpose of an appropriation account
- prepare income statements, appropriation accounts and balance sheets in either horizontal or vertical form
- show the treatment of interest on partners' loans, interest on capital, interest on drawings, partners' salaries and the division of the balance of profit or loss
- make adjustments to financial statements as detailed in 6.1
- explain the uses of, and differences between, capital and current accounts
- draw up partners' capital and current accounts in ledger account form and as part of a balance sheet presentation.

There will be **no** questions on the admission of a new partner or on the dissolution of a partnership.

## 6.3 Limited liability companies

Candidates should be able to:

- understand the meaning of the term limited liability
- prepare simple appropriation accounts in either horizontal or vertical form
- understand and distinguish between authorised, called-up, paid-up share capital
- understand and distinguish between share capital (preference shares and ordinary shares) and loan capital (debentures)
- understand the capital structure of a limited company comprising preference share capital, ordinary share capital, general reserve and retained profits (profit and loss account)
- prepare appropriation accounts in either horizontal or vertical format
- prepare balance sheets in either horizontal or vertical form.

Candidates do **not** need to know about cumulative and non-cumulative preference shares, deferred and founders' shares, participating shares, redeemable shares, rights issues, share premium or capital redemption reserve.

Candidates do **not** need to record the issue of shares, make entries for corporation tax, or know about the accounting requirements of the Companies Acts.

# 4. Curriculum content

## 6.4 Clubs and societies

Candidates should be able to:

- distinguish between receipts and payments accounts and income and expenditure accounts
- prepare receipts and payments accounts
- prepare accounts for revenue-generating activities, e.g. refreshments, subscriptions
- prepare income and expenditure accounts and balance sheets
- make adjustments as detailed in 6.1 as appropriate
- calculate the accumulated fund.

## 6.5 Manufacturing accounts

Candidates should be able to:

- distinguish between direct and indirect costs
- distinguish between direct material, direct labour, prime cost and factory overheads
- understand and make adjustments for work in progress
- calculate factory cost of production
- prepare manufacturing financial statements: income statements and balance sheets
- make adjustments to financial statements as detailed in 6.1.

## 6.6 Incomplete records

Candidates should be able to:

- prepare opening and closing statements of affairs
- calculate net profit or loss from changes in capital over time
- calculate sales, purchases, gross profit, trade receivables and trade payables and other figures from incomplete information
- prepare income statements and balance sheets
- make adjustments to financial statements as detailed in 6.1
- apply the techniques of mark-up, margin and inventory turnover to arrive at missing figures.

# 4. Curriculum content

## 7 Analysis and interpretation

### 7.1 Accounting ratios

Candidates should be able to compute and explain the following ratios:

- percentage of gross profit to sales (gross profit margin)
- return on capital employed (ROCE)
- quick ratio (acid test ratio)
- trade receivables collection period
- percentage of net profit to sales (net profit margin)
- current ratio
- rate of stock turnover
- trade payables payment period.

### 7.2 Interpretation of accounting ratios

Candidates should be able to:

- prepare and comment on simple statements showing comparison of results for different years
- make recommendations and suggestions for improving profitability and working capital
- understand the significance of the difference between the gross profit percentage and the net profit percentage as an indicator of a business's efficiency.

### 7.3 Inter-firm comparison

Candidates should be able to:

- understand the problems of inter-firm comparison due to factors such as differing accounting policies
- apply accounting ratios to inter-firm comparison.

### 7.4 Interested parties

Candidates should be able to discuss the uses of accounting by the following interested parties for decision-making:

- owners
- trade payables
- investors
- other interested parties such as governments, tax authorities, etc.
- managers
- bank
- club members

### 7.5 Limitations of accounting statements

Candidates should be able to recognise the limitations of accounting statements due to such factors as:

- historic cost
- difficulties of definition
- non-financial aspects.

# 4. Curriculum content

## 8 Accounting principles and policies

### 8.1 Accounting principles

Candidates should be able to show understanding of the following accounting principles:

- accruals (matching): understand that costs must be matched against related income
- business entity and ownership: know that a distinction is made between the financial transactions of a business and those of its owner(s)
- consistency: understand that the same accounting treatment should be applied to similar items at all times
- duality: understand the two-fold aspect of every transaction
- going concern: understand that accounting assumes that a business will continue to operate indefinitely
- money measurement: know that transactions must be expressed in monetary terms
- prudence: know that profit should not be overstated by ignoring foreseeable losses or that revenue should not be recorded before it is earned
- realisation: know that revenue is recognised as being earned when legal liability to pay is incurred by the customer (i.e. when ownership of goods passes to the customer).

### 8.2 Accounting policies

Candidates should be able to:

- recognise the influence of international accounting standards and understand the following objectives in selecting accounting policies:
- comparability: recognise that a financial report can only be compared with reports for other periods if similarities and differences can be identified
- relevance: understand that financial information is relevant only if it affects the business decisions
- reliability: understand that financial information is reliable only if it can be depended upon to represent actual events and is free from error and bias
- understandability: recognise that a financial report must be capable of being understood by the users of that report.

There will be no questions on specific international standards.

# 5. Appendix

## 5.1 Grade descriptions

The following grade descriptions give a general indication of the standards of achievement that candidates awarded particular grades are likely to show:

### Grade A

To achieve an A grade, a candidate has the following abilities:

- an excellent ability to identify detailed facts, principles and techniques in relation to the content of the syllabus
- a thorough ability to define the main principles and themes of the syllabus
- an excellent ability to classify and comment on information presented in various forms
- an excellent ability to select and use appropriate data
- a thorough ability to interpret and evaluate accounting information and draw reasoned conclusions.

### Grade C

To achieve a C grade, a candidate has the following abilities:

- a sound ability to identify facts, principles and techniques in relation to the content of the syllabus
- a sound ability to define the main principles and themes of the syllabus
- a good ability to use and comment on information presented in a non-verbal as well as a verbal manner
- a sound ability to select and use appropriate data
- an ability to interpret and evaluate accounting information and draw reasoned conclusions.

### Grade F

To achieve an F grade, a candidate has the following abilities:

- some ability to identify specific facts, principles or techniques in relation to the content of the syllabus
- some familiarity with definitions of the main principles of the syllabus
- some ability to classify and present data in a simple way and some ability to select relevant information from a set of data
- some ability to select and use appropriate data
- a rudimentary ability to gather information relating to a particular topic, present it in an ordered manner and draw some basic conclusions.

# 5. Appendix

## 5.2 Resource list

This is a range of texts which teachers may like to select from. Information available locally from industry, commerce, banks, the accounting profession and Government can also be used to provide exemplar material and background.

### Students' textbooks

Author	Title	Publisher	ISBN
Coucom, Catherine	<i>IGCSE Accounting</i> <i>*Endorsed Textbook*</i>	Cambridge University Press	0 521 89346 1
Coucom, Catherine	<i>IGCSE and O Level Accounting</i> <i>*Endorsed Textbook*</i>	Cambridge University Press – India	978 0521 72001 4
Coucom, Catherine	<i>IGCSE and O Level Accounting</i> <i>*Endorsed Workbook*</i>	Cambridge University Press – India	978 0521 14415 5

### Recommended textbooks

Author	Title	Publisher	ISBN
Dellow, Eric	<i>(H)IGCSE Accounting Book 1</i>	Cambridge University Press	0 521 78710 6
Coucom, Catherine	<i>(H)IGCSE Accounting Book 2</i>	Cambridge University Press	0 521 78711 4
Dellow, Eric	<i>(H)IGCSE Accounting Book 3</i>	Cambridge University Press	0 521 78712 2
Cox, David	<i>Business Accounts</i>	Osborne Books	1 87296 258 0
Cox, David	<i>Success in Book-keeping and Accounts</i>	John Murray	0 7195 4194 8
Cox, David, Farndon, Michael and Portsmouth, Douglas	<i>Business Record Keeping</i> <i>(Osborne Financial Series)</i>	Osborne Books	1 87296 233 5
Marshall, Peter	<i>Mastering Book-keeping</i>	How To Books	1 85703 752 9
Nicholson, Margaret	<i>Mastering Accounting Skills</i>	Palgrave	0 333 91991 2
Whitehead, Geoffrey	<i>Book-keeping Made Simple</i>	Butterworth	0 7506 3651 3

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Whitehead, Geoffrey	<i>Success in Principles of Accounting</i>	John Murray	0 7195 7212 6
Wood, Frank and Robinson, Sheila	<i>Frank Wood's Book-keeping and Accounts</i>	FT Prentice Hall	0 273 64619 2

## Teachers' resources

<b>Author</b>	<b>Title</b>	<b>Publisher</b>	<b>ISBN</b>
Coucom, Catherine	<i>Professional Development for Teachers: Teaching and Assessing Skills in Accounting</i>	Cambridge University Press	0 521 54367 3
Harrison, Ian	<i>The Complete A-Z Accounting</i>	Hodder & Stoughton	0 340 87266 7
Wood, Frank and Sangster, Alan	<i>Business Accounting 1 (Edition 10, 2005)</i>	Prentice Hall	0 273 68149 4
Wood, Frank and Sangster, Alan	<i>Business Accounting 2 (Edition 10, 2005)</i>	Prentice Hall	0 273 69310 7

# 5. Appendix

## Online resources:

<http://www.accaglobal.com/publications/studentaccountant/technician/> (ACCA Student Accountant site with some relevant articles)

<http://accounting10.tripod.com/content.htm>

<http://accountingeducation.com/links/index.cfm> (Useful to focus searching to relevant areas)

<http://www.askltd.com/askjava/Intro.htm>

<http://www.bbc.co.uk/schools/gcsebitesize/business/finance/index.shtml> (Aspects of the syllabus)

<http://www.bized.ac.uk/compact/ratios/>

<http://www.bized.ac.uk/stafsup/options/accounting/index.htm>

<http://www.business-studies.co.uk/accounts.htm> (Business Studies but relevant resources for Accounting)

<http://www.carolworld.com/> (Company Annual Reports Online site; commercial final accounts)

<http://www.dineshbakshi.com>

<http://www.learnicie.org.uk/Login.aspx?ReturnUrl=%2fDefault.aspx> (Business Studies but relevant resources for Accounting)

[http://www.osbornebooks.co.uk/pdf/resources\\_accounting.pdf](http://www.osbornebooks.co.uk/pdf/resources_accounting.pdf) (If you experience problems with this site, select <http://www.osbornebooks.co.uk/resources.html> then select Student Resources, Select Accounting and Finance and the Select Accounting Documents.pdf)

<http://www.staffs.ac.uk/schools/business/bsadmin/staff/s5/mscproj/defn.htm>

[http://www.tutor2u.net/revision\\_notes\\_accounting.asp](http://www.tutor2u.net/revision_notes_accounting.asp) (Business Studies but relevant resources for Accounting)

[http://en.wikipedia.org/wiki/Main\\_Page](http://en.wikipedia.org/wiki/Main_Page) (Use the search facility on the left-hand side of the page to find accounting information and links. This is the English language version – scroll down the page to find the links to pages in other languages.)

# 5. Appendix

## 5.3 List of accounting ratios

### Summary of commonly used ratios

#### 1. Profitability ratios

$$(i) \text{ Percentage of gross profit to sales (gross profit margin)} = \frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$$

$$\text{Mark up} = \frac{\text{Gross Profit}}{\text{Cost of Sales}} \times 100$$

$$(ii) \text{ Percentage of net profit to sales (net profit margin)} = \frac{\text{Net Profit Before Interest}}{\text{Net Sales}} \times 100$$

$$(iii) \text{ Return on Capital Employed (ROCE)} = \frac{\text{Net Profit Before Interest}}{\text{Capital Employed}} \times 100$$

*[Capital Employed = Owner's capital + long term liabilities]*

#### 2. Liquidity

$$(i) \text{ Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \text{ (also known as working capital ratio)}$$

$$(ii) \text{ Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}} \text{ (also known as 'Acid Test' or 'Liquid ratio')}$$

$$(iii) \text{ Trade Receivables Collection Period} = \frac{\text{Trade Receivables}}{\text{Credit Sales}} \times 365 \text{ days}$$

$$(iv) \text{ Trade Payables Payment Period} = \frac{\text{Trade Payables}}{\text{Credit Purchases}} \times 365 \text{ days}$$

$$(v) \text{ Rate of Inventory Turnover} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}} \text{ (answer given in times)}$$

$$\text{Or Inventory Turnover} = \frac{\text{Average Inventory}}{\text{Cost of Goods Sold}} \times 365 \text{ days}$$

# 5. Appendix

## 5.4 International standards – terminology

The list below is to help Centres become familiar with international terminology which CIE uses in accounting syllabuses. CIE will include well-known standards, which are relevant to the level of study, in question papers, mark schemes and associated documents.

It is recommended that Centres use this terminology in their teaching and learning materials, however, candidates will not lose marks for using different terms.

<b>International usage</b>	<b>Previous CIE/UK usage</b>
Statement of financial position (balance sheet)	<i>Balance sheet</i>
Bank (and other) loans Interest bearing loans and borrowing	<i>Loans repayable after 12 months</i>
Bank overdrafts and loans Interest bearing loans and borrowing	<i>Loans repayable within 12 months</i>
Capital or Equity/Shareholders' Equity	<i>Capital</i>
Cash (and cash equivalents)	<i>Bank and cash</i>
Cost of sales	<i>Cost of goods sold</i>
Current assets	<i>Current assets</i>
Current liabilities	<i>Current liabilities</i> <i>Creditors: amounts due within 12 months</i>
Finance costs	<i>Interest payable</i>
Finance Income/Investment revenues	<i>Interest receivable</i>
Financial Statements	<i>Final accounts</i>
Gross profit	<i>Gross profit</i>
Income statement	<i>Trading and profit &amp; loss account</i>
Intangible assets	<i>Goodwill etc.</i>

# 5. Appendix

Inventory/Inventories (of raw materials and finished goods)	<i>Stock</i>
Investment property	<i>Investments</i>
Non-current assets	<i>Fixed assets</i>
Non-current liabilities	<i>Long term liabilities</i> <i>Creditors: amounts falling due after more than one year</i>
Other operating expenses	<i>Sundry expenses (administration and distribution)</i>
Other operating income	<i>Sundry income</i>
Other payables	<i>Accruals</i>
Other receivables	<i>Prepayments</i>
Plant and equipment	<i>Plant and equipment</i>
Profit (before tax) for the year	<i>Net Profit</i>
Property	<i>Land and buildings</i>
Raw materials Ordinary goods purchased	<i>Purchases</i>
Revenue	<i>Sales</i>
Share capital	<i>Share capital</i>
Trade payables	<i>Creditors</i>
Trade receivables	<i>Debtors</i>
Work in progress	<i>Work in progress</i>

Resources are also listed on CIE's public website at **[www.cie.org.uk](http://www.cie.org.uk)**. Please visit this site on a regular basis as the Resource lists are updated through the year.

Access to teachers' email discussion groups, suggested schemes of work and regularly updated resource lists may be found on the CIE Teacher Support website at **<http://teachers.cie.org.uk>**. This website is available to teachers at registered CIE Centres.

# 6. Additional information

## 6.1 Guided learning hours

IGCSE syllabuses are designed on the assumption that candidates have about 130 guided learning hours per subject over the duration of the course. ('Guided learning hours' include direct teaching and any other supervised or directed study time. They do not include private study by the candidate.)

However, this figure is for guidance only, and the number of hours required may vary according to local curricular practice and the candidates' prior experience of the subject.

## 6.2 Recommended prior learning

Candidates beginning this course are not expected to have studied Accounting previously.

## 6.3 Progression

IGCSE Certificates are general qualifications that enable candidates to progress either directly to employment, or to proceed to further qualifications.

Candidates who are awarded grades C to A\* in IGCSE Accounting are well prepared to follow courses leading to AS and A Level Accounting, or the equivalent.

## 6.4 Component codes

Because of local variations, in some cases component codes will be different in instructions about making entries for examinations and timetables from those printed in this syllabus, but the component names will be unchanged to make identification straightforward.

## 6.5 Grading and reporting

IGCSE results are shown by one of the grades A\*, A, B, C, D, E, F or G indicating the standard achieved, Grade A\* being the highest and Grade G the lowest. 'Ungraded' indicates that the candidate's performance fell short of the standard required for Grade G. 'Ungraded' will be reported on the statement of results but not on the certificate. For some language syllabuses CIE also reports separate oral endorsement grades on a scale of 1 to 5 (1 being the highest).

# 6. Additional information

Percentage uniform marks are also provided on each candidate's statement of results to supplement their grade for a syllabus. They are determined in this way:

- A candidate who obtains...
  - ... the minimum mark necessary for a Grade A\* obtains a percentage uniform mark of 90%.
  - ... the minimum mark necessary for a Grade A obtains a percentage uniform mark of 80%.
  - ... the minimum mark necessary for a Grade B obtains a percentage uniform mark of 70%.
  - ... the minimum mark necessary for a Grade C obtains a percentage uniform mark of 60%.
  - ... the minimum mark necessary for a Grade D obtains a percentage uniform mark of 50%.
  - ... the minimum mark necessary for a Grade E obtains a percentage uniform mark of 40%.
  - ... the minimum mark necessary for a Grade F obtains a percentage uniform mark of 30%.
  - ... the minimum mark necessary for a Grade G obtains a percentage uniform mark of 20%.
  - ... no marks receives a percentage uniform mark of 0%.

Candidates whose mark is none of the above receive a percentage mark in between those stated according to the position of their mark in relation to the grade 'thresholds' (i.e. the minimum mark for obtaining a grade). For example, a candidate whose mark is halfway between the minimum for a Grade C and the minimum for a Grade D (and whose grade is therefore D) receives a percentage uniform mark of 55%.

The uniform percentage mark is stated at syllabus level only. It is not the same as the 'raw' mark obtained by the candidate, since it depends on the position of the grade thresholds (which may vary from one session to another and from one subject to another) and it has been turned into a percentage.

## 6.6 Resources

Copies of syllabuses, the most recent question papers and Principal Examiners' reports for teachers are available on the Syllabus and Support Materials CD-ROM, which is sent to all CIE Centres.

Resources are also listed on CIE's public website at **[www.cie.org.uk](http://www.cie.org.uk)**. Please visit this site on a regular basis as the Resource lists are updated through the year.

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