

# IGCSE

## Accounting

### Teacher's guide

## Edexcel IGCSE in Accounting (4AC0)

First examination 2011



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### *Acknowledgements*

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## Introduction

The Edexcel International General Certificate of Secondary Education (IGCSE) in Accounting is designed for schools and colleges. It is part of a suite of IGCSE qualifications offered by Edexcel.

## About this guide

This guide is for teachers who are delivering or planning to deliver the Edexcel IGCSE in Accounting (4AC0) qualification. The guide supports you in delivering the course content and explains how to raise the achievement of your students. The guide:

- gives an example scheme of work
- gives details of the Assessment Objectives and criteria
- suggests a range of possible textbooks and other resources
- offers advice on how to help students reach their full potential
- shows how to use the assessment criteria throughout the course of study to indicate individual student development and performance.



# Contents

<b>Why choose this qualification?</b>	<b>1</b>
<b>Support from Edexcel</b>	<b>2</b>
<b>Section A: Qualification content</b>	<b>3</b>
Introduction	3
Information for Edexcel centres	3
<b>Section B: Assessment</b>	<b>5</b>
Assessment overview	5
Assessment Objectives and weightings	6
Assessment summary	6
Examination questions	7
Student tips	26
Using the mark scheme	26
<b>Section C: Planning and teaching</b>	<b>27</b>
Course planner	27
Teaching ideas	30
Resources	32



## Why choose this qualification?

The Edexcel IGCSE in Accounting is designed as a two-year course. As students progress through the course they are introduced to new ideas and concepts while continuing to use and reinforce previously learned concepts and skills. Students who follow this course successfully will have a good understanding of accounting and its applications, and will find it easy to make the transition to the study of GCE AS or Advanced Level in Accounting.

The Edexcel IGCSE in Accounting:

- offers a course for students of various ages and from diverse backgrounds in terms of general education and lifelong learning
- offers comprehensive and detailed description of the subject content
- provides assessment opportunities in both January and June examination series
- is 100 per cent examined with a single tier of entry for the whole ability range
- provides a sound foundation for further study of accounting.

Visit [www.edexcel.com/igcse2009](http://www.edexcel.com/igcse2009) for more information about this IGCSE and related resources.

## Support from Edexcel

We are dedicated to giving you exceptional customer service. Details of our main support services are given below. They will all help you to keep up to date with IGCSE 2009.

### Website

Our dedicated microsite [www.edexcel.com/igcse2009](http://www.edexcel.com/igcse2009) is where you will find the resources and information you need to successfully deliver IGCSE qualifications. To stay ahead of all the latest developments visit the microsite and sign up for our email alerts.

### Ask Edexcel

Ask Edexcel is our free, comprehensive online enquiry service. Use Ask Edexcel to get the answer to your queries about the administration of all Edexcel qualifications. To ask a question please go to [www.edexcel.com/ask](http://www.edexcel.com/ask) and fill out the online form.

### Ask the Expert

This free service puts teachers in direct contact with over 200 senior examiners, moderators and external verifiers who will respond to subject-specific queries about IGCSE 2009 and other Edexcel qualifications.

You can contact our experts via email or by completing our online form. Go to [www.edexcel.com/asktheexpert](http://www.edexcel.com/asktheexpert) for contact details.

### Regional offices

If you have any queries about the IGCSE 2009 qualifications, or if you are interested in offering other Edexcel qualifications your Regional Development Manager can help you. Go to [www.edexcel.com/international](http://www.edexcel.com/international) for details of our regional offices.

### Head Office – London

If you have a question about IGCSE 2009 and are not sure who you need to ask email us on [IGCSE2009@edexcel.com](mailto:IGCSE2009@edexcel.com) or call our Customer Services Team on +44 (0) 1204770696.

### Training

A programme of professional development and training courses, covering various aspects of the specification and examination is available. Go to [www.edexcel.com](http://www.edexcel.com) for details.



# Section A: Qualification content

## Introduction

There have been minimal changes from the legacy Edexcel GCE O Level and IGCSE in Accounting to the IGCSE in Accounting (4AC0), the changes are summarised below.

## Information for Edexcel centres

### Changes to content from Edexcel O Level (7011) and IGCSE (4305) to this qualification

The IGCSE in Accounting (4AC0) amalgamates elements from both the legacy Edexcel GCE O Level in Accounting (7011) and the legacy Edexcel IGCSE in Accounting (4305). Much of the content remains unchanged, with the 10 content areas retained, so it should be familiar to centres from either of the legacy qualifications.

There have been no major changes to the subject content with only minor changes to the ordering of the content, as shown below.

Legacy Edexcel O Level content order		This qualification content order	
1	Books of original entry	1	Books of original entry
2	The ledger	2	The ledger
3	Trading account, profit and loss account, balance sheet of a sole trader	3	Trading account, profit and loss account, balance sheet of a sole trader
4	Adjustments	4	Adjustments
5	Partnerships	5	Incomplete records
6	Non-profit-making organisations	6	Non-profit-making organisations
7	Manufacturing accounts	7	Manufacturing accounts
8	Incomplete records	8	Partnerships
9	Limited companies	9	Limited companies
10	Analysis and interpretation of accounts	10	Analysis and interpretation of accounts

### Changes to assessment from Edexcel O Level (7011) and IGCSE (4305) to this qualification

The examination structure has been simplified with the removal of the optional computerised paper, meaning that all students sit one written paper – available in both June and January examination series.



## Section B: Assessment

### Assessment overview

This qualification is assessed through a 2-hour and 30-minute examination paper, set and marked by Edexcel. The paper will be a question and answer booklet and all questions are compulsory.

The table below gives an overview of the assessment for this course. We recommend that you make this information available to students so that they are fully prepared and know exactly what to expect in each assessment.

Paper 1	Percentage	Marks	Availability
<b>Section A</b> This section comprises 10 multiple-choice questions, drawn from all sections of the subject content.	10	10	The first assessment opportunity for Paper 1 of this qualification will take place in the June 2011 series and in each following January and June series for the lifetime of the qualification.
<b>Section B</b> This section comprises five questions, drawn from all sections of the subject content.  There will be a range of question types, including the preparation of ledger accounts and sets of final accounts for different types of business organisations. Questions requiring narrative responses and the use of formulae will also be included.	90	90	

## Assessment Objectives and weightings

	% in IGCSE
<b>AO1:</b> demonstrate a knowledge and understanding of accounting terminology, principles, procedures and techniques	30%
<b>AO2:</b> apply accounting knowledge and understanding to assemble and classify accounting data in a variety of situations	30%
<b>AO3:</b> select, organise, interpret and use information to analyse problems and issues	30%
<b>AO4:</b> evaluate accounting information to make reasoned judgements and present conclusions accurately, logically and appropriately	10%
<b>Total</b>	<b>100%</b>

## Assessment summary

Description	Knowledge and skills
<p>Both sections will contain compulsory questions based on all sections of the specification content.</p> <p>In Section A questions will be set to cover a wide range of abilities including those requiring some calculation.</p> <p>In Section B it is expected that questions requiring the preparation of a full set of final accounts will regularly be set. Additionally, questions covering the principles of bookkeeping will be included in several questions.</p> <p>It is expected that students will also be required to provide an evaluation of a business's accounts and be expected to produce several written answers.</p> <p>Students may use a calculator in the examination.</p>	<p>All of the Assessment Objectives (AOs) covered in this assessment.</p> <p>Details of these, and their weightings are given in the table above. The percentages are not intended to provide a precise statement of the number of marks allocated to each Assessment Objective.</p> <p>No prior level of attainment is necessary for students to undertake a course of study based on this syllabus. In order to achieve a pass grade in this paper students will be required to clearly demonstrate:</p> <ul style="list-style-type: none"> <li>• <b>numeracy</b> skills in the context of a business's accounts</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>• <b>literacy</b> skills through description and explanation.</li> </ul>

## Examination questions

The exam paper consists of two sections:

- **Section A** – This section comprises 10 multiple-choice questions, drawn from all sections of the specification content.
- **Section B** – This section comprises five questions, drawn from all sections of the specification content.

### Example of the range of questions to be included in Section A

For each question, choose the best answer **A**, **B**, **C** or **D** (the correct answer is highlighted). In the examination students will be expected to put a cross in the box to mark their answer – further examples can be seen in the sample assessment materials (SAMs) available on the Edexcel website.

(a) Which business document is issued when goods are sold to another business?

- A invoice**
- B credit note
- C purchase order
- D debit note

(b) In which book would a credit note sent to a customer be recorded?

- A purchases returns day book
- B sales day book
- C sales returns day book**
- D general journal

(c) An error of principle is made if

- A a total has been wrongly cast
- B an entry is made in the wrong account within the correct class
- C a transaction has been entered on the wrong side of an account
- D an entry is made in the wrong class of account**

(d) The turnover of a business is the

- A rate of stock turnover
- B sales less returns inwards**
- C purchases less returns outwards
- D net sales less bad debts

## Example of the range of questions to be included in Section B

The following question is an example of a typical final accounts question covering Section 3 of the specification. Another example can be found in the SAMs (question 13) available on the Edexcel website.

### Question 1

The following trial balance of Sanjoy Patel, a shopkeeper, has been extracted from his books of account on 30 April 2008 **after** the preparation of his trading account for the year ended 30 April 2008.

Account	Debit £	Credit £
Gross Profit		185652
Wages and Salaries	77000	
Rent and Rates	10974	
Postage and Telephone	2798	
Advertising	1782	
Sundry Expenses	13950	
Motor Vehicles (Cost)	20000	
Provision for Depreciation (Motor Vehicles)		5000
Fixtures and Fittings (Cost)	50000	
Provision for Depreciation (Fixtures and Fittings)		25000
Profit on Disposal of Motor Vehicle		500
Closing Stock	17480	
Debtors	4260	
Bad Debts	250	
Provision for Doubtful Debts		185
Creditors		17492
Cash at Bank	19302	
Bank Loan		15000
Loan Interest	1250	
Cash in Hand	1124	
Capital		28224
Drawings	56883	
	<b>277053</b>	<b>277053</b>

The following additional information is available on 30 April 2008 and is to be taken into account.

- The figure shown for wages and salaries covers the 11 months to 31 March 2008. Salaries for April 2008 are due and unpaid. There have been no salary increases or changes in staff over the past 12 months.
- The loan commenced on 1 May 2006 with a fixed interest rate of 10% per annum. The loan is due for repayment in 2010.
- Motor Vehicles are to be depreciated by 25% using the reducing balance method.
- Fixtures and Fittings are to be depreciated by 20% using the straight line method.
- During the year ended 30 April 2008, Sanjoy paid £1500 for a personal holiday. This has been paid from the business bank account and is included in sundry expenses.
- The provision for doubtful debts is to be maintained at 5% of closing debtors.
- A debt of £1250 owed by Amit Shah, written off as a bad debt by Sanjoy in the year ended 30 April 2006, was recovered in full on 23 April 2008. No entries to record the recovery of the bad debt have been made. Sanjoy still has the cash received from Amit in a drawer at his home.

(a) Prepare the profit and loss account for the year ended 30 April 2008.

**(12 marks)**

(b) Prepare the balance sheet (with relevant sub-headings) at 30 April 2008.

**(13 marks)**

**Model answers to this question are shown below.**

**Question 1(a)**

Sanjoy Patel – Profit and Loss Account – For Year Ended 30 April 2008

	£	£	£
Gross Profit			185652 ✓
Bad Debt Recovered			1250 ✓
Profit on Disposal			500 ✓
			187402
<u>Running Expenses</u>			
Wages (77000 + 7000)		84000 ✓ ✓ ✓	
Rent & Rates		10974 ✓	
Postage and Telephone		2798 ✓	
Advertising		1782 ✓	
Sundry Expenses (13950 1500)		12450 ✓ ✓	
Loan Interest (1250 + 250)		1500 ✓ ✓ ✓	
Bad Debts		250 ✓	
Provision for Doubtful Debts		28 ✓ ✓	
Depreciation Motor Vehicles		3750 ✓ ✓	
Fixtures and Fittings		10000 ✓ ✓	
			127532 ✓ O/F
<b>Net Profit ✓</b>			<b>59870 ✓ O/F</b>

24 x ✓ = 13 marks



**Question 1(b)**

Sanjoy Patel – Balance Sheet – as at 30 April 2008

<b>Fixed Assets</b> ✓	£	£	£
Motor Vehicles	20000 ✓	8750 ✓ ✓ O/F	11250 ✓
Fixtures and Fittings	50000 ✓	35000 ✓ ✓ O/F	15000 ✓
	<b>70000</b>	<b>43750</b>	<b>26250</b>
<b>Current Assets</b> ✓			
Stock	17480 ✓		
Debtors (4260 213)	4047 ✓ ✓		
Cash at Bank	19302 ✓		
Cash in Hand (1124 +1250)	2374 ✓ ✓		
		<b>43203</b>	
<b>Current Liabilities</b> ✓			
Creditors	17492 ✓		
Wages and Salaries Accrued	7000 ✓ O/F		
Loan Interest Owing	250 ✓ O/F		
		<b>24742</b>	
<b>Working Capital</b> ✓			<b>18461</b> ✓ O/F
			44711
<b>Long Term Liabilities</b> ✓			
Bank Loan			15000 ✓
			<b>29711</b>
<b>Financed by:</b>			
Capital		28224 ✓	
Net Profit		59870 ✓ O/F	
		88094	
Drawings (56883 + 1500)		58383 ✓ ✓	
<b>Owner's Capital</b>			<b>29711</b> ✓ O/F

29 x ✓ = 13 marks

**Examiner's comments**

The model answers for both parts of the question show the marking points and what is required to achieve full marks in this question. In marking this type of question, examiners are looking for both neatness and accuracy. Students should be aware that a common inaccuracy in this type of question often stems from errors made in dealing with the adjustments.

The following question is an example of a typical double entry bookkeeping question which covers Sections 1 and 2 of the specification. This question is designed primarily to test the student's knowledge of a bookkeeping system and the correct postings to the nominal ledger and subsidiary (sales and purchases) ledgers. The example is taken from the SAMs (question 12).

However, centres should note that while the format of this question may alter in different exam sessions, the skills and knowledge assessed will be the same. For example, students may be asked to complete the postings from the cash book to the ledgers in addition to the other tasks. An example of this style has been given in question 3.

## **Question 2**

The question begins on the next page. The mark scheme in the SAM gives the correct answers. Throughout the question assume a VAT amount of 10%.

12. Steven Brock is a wholesaler of electrical goods. He buys and sells mainly on credit terms. Currently none of his suppliers offer cash discount.

On the 1 April 2008 his purchases ledger contained the following credit balances.

T Farmer	£1 500
D Poynter	£4 500
H Judd	£6 000
D Jones	£3 000

The following are extracts from his books for April 2008.

#### Purchases Journal

Date	Narration	Goods	VAT	Total
		£	£	£
April 1	T Farmer	1 250	125	1 375
April 5	H Judd	2 000	200	2 200
April 13	D Poynter	500	50	550
April 21	T Farmer	2 750	275	3 025
April 28	D Jones	750	75	825
	Totals for Month	7 250	725	7 975

#### Returns Outwards Journal

Date	Narration	Goods	VAT	Total
		£	£	£
April 3	T Farmer	200	20	220
April 8	D Poynter	50	5	55
April 18	D Jones	140	14	154
April 29	H Judd	70	7	77
	Totals for Month	460	46	506

**Cash Book (Credit Side)**  
**Bank Column**

Date	Narration	Bank
		£
April 1	Balance b/d	3 500
April 3	Purchases (including VAT)	240
April 5	T Farmer	1 500
April 8	D Jones	3 000
April 15	Purchases (including VAT)	600
April 21	H Judd	6 000
April 30	Wages	1 500
April 30	Stationery (including VAT)	120

**The Journal**

Date	Narration	Debit	Credit
		£	£
April 21	T Farmer (Purchases Ledger)	500	
	T Farmer (Sales Ledger)		500
	Being transfer of balance in sales ledger offset against balance in purchases ledger		

- (a) Prepare the account of T Farmer in Steven Brock's purchases ledger. Balance the account on 30 April 2008 and bring the balance down.

**T Farmer Account**

<b>Date</b>	<b>Narration</b>	<b>£</b>	<b>Date</b>	<b>Narration</b>	<b>£</b>

(6)

- (b) Prepare the total creditors account for the month of April 2008. Balance the account on 30 April 2008 and bring the balance down.

**Purchase Ledger Control Account**

<b>Date</b>	<b>Narration</b>	<b>£</b>	<b>Date</b>	<b>Narration</b>	<b>£</b>

(6)

(c) Explain **two** ways in which Steven might find the total creditors account useful in the running of the business.

(i) .....

.....

.....

.....

**(2)**

(ii) .....

.....

.....

.....

**(2)**

At the end of April, Steven is advised that one of his debtors, A Carter, is unable to pay his outstanding amount of £500. Steven decides to write this off as a bad debt.

(d) Set out the journal entry for this transaction.

**The Journal**

Date	Narration	Debit	Credit
		£	£

**(3)**

Steven has experienced problems in the past year in collecting payments from credit customers. He has been advised by his accountant to introduce a provision for doubtful debts at the end of the accounting period.

- (e) State the double entry required to create the provision for doubtful debts at the end of the accounting period.

.....  
.....  
**(1)**

- (f) Using the provision for doubtful debts as an example, evaluate the importance of the prudence concept to the preparation of the trading and profit and loss account and the balance sheet.

.....  
.....  
.....  
.....  
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.....  
.....  
.....  
.....  
**(5)**

**(Total 25 marks)**

---

### Question 3

Throughout this question, assume the rate of VAT is 10%.

Mihai Shah's business sells computer supplies.

On 1 April 2008 he had the following balances in his General Ledger.

<b>Account</b>	<b>£</b>
Purchases	80000
Purchases Returns	2000
Purchase Ledger Control Account	30000
VAT (Credit Balance)	5000
Rent	3000
Stationery	2500
Bank Loan	10000

(a) Enter these opening balances into the accounts under the General (Main) Ledger.

**(4 marks)**

On that date he also had the following balances in his Creditors (Purchases) Ledger.

<b>Account</b>	<b>£</b>
Allen & Co	4000
H Ball	8000
R Charles Ltd	6000
B Davies	12000

(b) Enter these opening balances into the accounts under the Creditors (Purchases) Ledger.

**(2 marks)**



During the month of April 2008 the following transactions took place and have been entered into the relevant books of original entry as shown below.

#### Purchases Day Book

Date	Narration	Invoice Number	Goods	VAT	Total
			£	£	£
April 10	Allen & Co	P 18976	1000	100	1100
April 12	R Charles Ltd	C 9786	400	40	440
April 17	H Ball	B 54290	3000	300	3300
April 23	Allen & Co	P 19231	2000	200	2200
April 28	B Davies	D 43234	6000	600	6600
	<b>Totals for Month</b>		<b>12400</b>	<b>1240</b>	<b>13640</b>

#### Purchases Returns Day Book

Date	Narration	Credit Note Number	Goods	VAT	Total
			£	£	£
April 10	Allen & Co	C 1253	200	20	220
April 12	R Charles Ltd	V 321	50	5	55
	<b>Totals for Month</b>		<b>250</b>	<b>25</b>	<b>275</b>

#### Cash Book

Date	Narration	VAT	Bank	Date	Narration	VAT	Bank
		£	£			£	£
April 1	Balance b/f		5000	April 2	Rent		250
April 4	Cash Sales	75	825	April 5	Allen & Co		4000
April 11	Cash Banked	60	660	April 10	Stationery	15	165
April 18	B Jones		475	April 22	Loan Payment		250
April 25	Cash Banked	85	935	April 30	Balance c/d		3230
	Totals	220	<u>7895</u>		Totals	<u>15</u>	<u>7895</u>
May 1	Balance b/d		3230				

(c) From the day books and cash book shown above, make the appropriate entries in the accounts in the General (Main) Ledger and Creditors (Purchases) Ledger.

**(14 marks)**

## General (Main) Ledger

### Purchases Account

Date	Narration	£	Date	Narration	£

### Purchases Returns Account

Date	Narration	£	Date	Narration	£

### Purchase Ledger Control Account

Date	Narration	£	Date	Narration	£

**VAT Account**

Date	Narration	£	Date	Narration	£

**Rent Account**

Date	Narration	£	Date	Narration	£

**Stationery Account**

Date	Narration	£	Date	Narration	£

**Bank Loan Account**

Date	Narration	£	Date	Narration	£

## Creditors (Purchases) Ledger

### Allen & Co Account

Date	Narration	£	Date	Narration	£

### H Ball Account

Date	Narration	£	Date	Narration	£

### R Charles Ltd Account

Date	Narration	£	Date	Narration	£

### B Davies Account

Date	Narration	£	Date	Narration	£

(d) (i) Balance the VAT account showing clearly the balance carried down at 30 April 2008 and the balance brought down on 1 May 2008.

(1 mark)

(ii) Explain fully what the balance of the VAT account represents.

(3 marks)

(iii) In which of the final accounts will this figure be shown?

(1 mark)

(Total for Question 3: 25 marks)

**Model answers to questions (a), (b), (c) and (d) (i)**

**General (Main) Ledger**

**Purchases Account**

Date	Narration	£	Date	Narration	£
Apr 1	Balance b/f	80000 ✓			
Apr 30	Sundry Creditors ✓	12400 ✓			

**Purchases Returns Account**

Date	Narration	£	Date	Narration	£
			Apr 1	Balance b/f	2000 ✓
			Apr 30	Sundry Creditors ✓	250 ✓

**Purchase Ledger Control Account**

Date	Narration	£	Date	Narration	£
Apr 30	Purchase Returns ✓	275 ✓	Apr 1	Balance b/f	30000 ✓
Apr 5	Bank (Cash Book) ✓	4000 ✓	Apr 30	Purchases ✓	13640 ✓

### VAT Account

Date	Narration	£	Date	Narration	£
Apr 30	Sundry Creditors ✓	1240 ✓	Apr 1	Balance b/f	5000 ✓
Apr 10	Bank (Cash Book) ✓	15 ✓	Apr 30	Sundry Creditors ✓	25 ✓
Apr 30	Balance c/d	3990 ✓ C	Apr 30	Bank (Cash Book) ✓	220 ✓
		<u>5245</u>			<u>5245</u>
			May 1	Balance b/d	3990 ✓ O/F

### Rent Account

Date	Narration	£	Date	Narration	£
Apr 1	Balance b/f	3000 ✓			
Apr 2	Bank (Cash Book)	250 ✓			

### Stationery Account

Date	Narration	£	Date	Narration	£
Apr 1	Balance b/f	2000 ✓			
Apr 10	Bank (Cash Book)	150 ✓			

### Bank Loan Account

Date	Narration	£	Date	Narration	£
Apr 22	Bank (Cash Book)	250 ✓	Apr 1	Balance b/f	10000 ✓

+ 1 x ✓ for correct opening narratives

## Creditors (Purchases) Ledger

### Allen & Co Account

Date	Narration	£	Date	Narration	£
Apr 10	Purchase Returns	220 ✓	Apr 1	Balance b/f	4000 ✓
Apr 5	Bank (Cash Book)	4000 ✓	Apr 10	Purchases	1100 ✓
			Apr 23	Purchases	2200 ✓

### H Ball Account

Date	Narration	£	Date	Narration	£
			Apr 1	Balance b/f	8000 ✓
			Apr 17	Purchases	3300 ✓

### R Charles Ltd Account

Date	Narration	£	Date	Narration	£
Apr 12	Purchase Returns	55 ✓	Apr 1	Balance b/f	6000 ✓
			Apr 12	Purchases	440 ✓

### B Davies Account

Date	Narration	£	Date	Narration	£
			Apr 1	Balance b/f	12000 ✓
			Apr 28	Purchases	6600 ✓

42 x ✓ = 21 marks

### Model answers to questions (d)(ii) and (d)(ii)

Question number	Answer	Mark
2(d)(ii)	Mihai Shah owes ✓ ✓ the government ✓ ✓ £3990 ✓ ✓	(3)

Question number	Answer	Mark
2(d)(iii)	The figure would be shown as a current liability ✓ ✓	(1)

8 x ✓ = 4 marks

### Examiner's comments

This model answer represents an answer which may be provided by an 'A' grade student. A 'C' grade student should be able to obtain around 18 of the available marks and may have made some errors in dealing with the entries from the cash book, or inappropriate narratives. In marking this type of question, examiners are looking for entries on the correct side, the correct use of narratives and the correct procedure for balancing off if required by the question.

For further guidance, centres can refer to sample assessment materials and to previous examination series papers and mark schemes as they become available.

### Student tips

In order to achieve the best possible grade students should take account of the following tips.

- 1 Be extremely neat. If you have made a mistake do not scribble over it to delete it. Instead, put a line through it.
- 2 Do not omit any question.
- 3 Show all your workings.
- 4 Always mention the formula used, if you have used one.
- 5 In the case of ratios, for example, you must be accurate when giving your final answer. Make it clear whether the answer is a percentage, for example, or a number of times, a number of days, units or something.
- 6 When showing an account, a balance occurring in the account should be brought down. A mark may be sacrificed if this is not done.
- 7 Do not worry if your balance sheet does not balance. Leave it alone and get on with the rest of your paper and if you have time go back to it. Students have been known to get 23 marks out of a possible 25 even though their balance sheet did not balance. The error may have been a very minor one.

### Using the mark scheme

The mark scheme gives the responses we expect from students. Indicative answers are given but during the standardisation of examiners process the mark scheme is updated and expanded to cover unexpected, correct student responses.



## Section C: Planning and teaching

### Course planner

The following is a suggested order for delivery, but centres can choose to deliver the topics in any order. The programme assumes a 30-week teaching year and that the qualification is taught over two years.

<b>Week number</b>	<b>Content</b> <b>Year One</b>
1	Introduction to accounting – basic terminology – the accounting equation Introduction to the basic accounting concepts
2	Double entry bookkeeping for cash transactions
3	Double entry bookkeeping for credit transactions
4	Balancing of accounts and the preparation of a trial balance
5	Consolidation and revision
6	The concept of VAT and the preparation of the VAT account. The calculation of VAT inclusive and exclusive figures. The significance of the balance in the VAT account
7	Use and preparation of business documents including invoices, credit notes etc
8	The nature and calculation of trade and cash discount. Introduction to the division of the ledger and books of original entry
9	The preparation of the two- and three-column cash book. The preparation of a bank reconciliation statement and the link to the cash book
10	The use and preparation of the petty cash book, using the imprest system
11	The recording of sales, purchases and returns in the appropriate books including VAT
12	The posting of entries from the books of original entry to the ledgers
13	Introduction to the uses of the journal and the type of transactions entered therein
14	The identification and correction of errors in a trial balance, through the journal and ledger
15	The establishment, maintenance and clearing of a suspense account from a trial balance
16	Consolidation and revision
17	The preparation of sales and purchase ledger control accounts
18	The reconciliation of control account balances with the sales and purchase ledger
19	The preparation of simple profit and loss accounts and balance sheets for a sole trader using a vertical layout

<b>Week number</b>	<b>Content</b>
20	The preparation of more complex profit and loss accounts and balance sheets for a sole trader to include the correct treatment of returns and carriage
21	Outline the reasons for adjustments in final accounts. Introduce the concept of depreciation of fixed assets. The use of a provision for depreciation account
22	Record the disposal of a fixed asset using a disposal account. Explain the treatment of the balance in the disposal account
23	The nature, purpose and recording of bad debts and provision for bad debts account, to include bad debts recovered
24	The nature, purpose and recording of accruals and prepayments
25	Consolidation and revision
26	Introduction of the concept of 'incomplete records'. The calculation of capital using the 'net worth' method
27	The calculation of sales and purchases using control accounts
28	The preparation of a full set of final accounts of a sole trader from incomplete records
29	Consolidation and revision
30	Review of Year One and test
<b>Year Two</b>	
31	Outline the nature of accounting for 'non-profit-making' organisations. The preparation of a receipts and payments account
32	The calculation and preparation of a subscriptions account to include subscriptions due and those paid in advance
33	The preparation of the income and expenditure account
34	The preparation of a balance sheet for a non-profit-making organisation to include the calculation of the 'accumulated fund'
35	Consolidation and revision
36	Explain the nature of partnerships and the accounting requirements, including the need to produce a partnership agreement
37	The preparation of the profit and loss appropriation account
38	The preparation of the partner's current and capital accounts. The preparation of the partnership balance sheet
39	Explain the nature of limited companies and the accounting requirements
40	Alternative classes of shares and the calculation of dividends
41	The preparation of the profit and loss appropriation account
42	The preparation of the balance sheet

<b>Week number</b>	<b>Content</b>
43	Consolidation and revision
44	The principles of report writing
45	The calculation and interpretation of accounting ratios
46	The preparation of simple accounting reports to assess the viability of a business
47	Introduction of cost and management accounting – define the terms direct and indirect costs
48	The calculation of prime cost and production cost
49	The preparation of simple manufacturing accounts
50	The uses of new technology in accounting and business
51	Revision of double entry bookkeeping
52	Revision of the books of original entry
53	Revision of the correction of errors and the use of the suspense account
54	Revision of the preparation of control accounts
55	Revision of the final accounts of sole traders
56	Revision of the preparation of final accounts from incomplete records
57-60	Completion of past papers and preparation for final assessment

## Teaching ideas

The nature of the Edexcel IGCSE in Accounting (4AC0) necessitates a practical approach to the delivery of the subject content. The following are ideas of how some of the content sections could be delivered.

### Books of original entry and the ledger

In delivering this section of the specification, centres should aim to provide students with a broad range of practical experience of preparing books of original entry, including the use of documentation where appropriate. All the day books should be included, together with the journal.

### Trading account, profit and loss account, balance sheet of a sole trader and adjustments

The concept of final accounts will be new to most students and it is appropriate to build up their confidence by using short examples and then adding extra items as they gain more experience in the preparation of the final accounts. Centres may benefit from providing students with a pro-forma layout for the final accounts which they could then use as a guideline when completing their questions. By linking this topic with adjustments, students can develop their skills and see the link between the preparation of basic final accounts and more complex examples which they are likely to encounter in the final examination.

### Incomplete records

When delivering incomplete records, centres need to ensure full coverage of all aspects of this topic and should ensure that students are given an opportunity to gain experience of all the alternative ways of calculating the items which make up the profit and loss account and the balance sheet. It is important that they understand how to calculate cash drawings from given data.

### Non-profit-making organisations

This section of the specification is best delivered using examples with which the students may be familiar, for example sports clubs or school societies that they may belong to. By adopting this practical approach, students will be able to relate their studies to their personal experience and make this difficult topic more understandable.

### Manufacturing accounts

As this will be the only opportunity for students to gain knowledge of cost and management accounting prior to their A Level studies it is important to ensure that students understand the basic terminology before attempting to complete the manufacturing account. When delivering this topic centres may find it useful to use an actual product which the students can see, such as a table or a chair, to aid their understanding of different cost components.

## **Partnerships**

When delivering this topic it is important to remember that we are looking at an introductory level of study which students will develop if they opt to study A Level accounting. It is recommended that centres avoid using examples with too many partners or situations where there is a change in partnership details during the financial year.

## **Limited companies**

As with partnerships, this should be used as an introduction to the topic which will be developed further in advanced studies. However, there is a need to use a more traditional approach to the delivery of this part of the specification as most students will not be familiar with this type of business structure. As with the delivery of the final accounts of sole traders it is recommended that centres provide a pro forma set of accounts which students can use when completing their own examples.

## **Analysis and interpretation of accounts**

This topic is best delivered at the end of Year Two as students will be more familiar with final accounts and therefore able to extract the figures necessary for their calculations much more readily. Centres should ensure, that in addition to the calculation of ratios, students are able to produce a coherent and well-supported statement of their findings. This might best be achieved through an examination of published reports and accounts for major companies often available on the internet.

## Resources

Please note that while resources are correct at the time of publication, they may be updated or withdrawn from circulation. Website addresses may change at any time.

### Textbooks

- Barrow P — *Bookkeeping for Dummies* (John Wiley, 2007) ISBN 0470058153
- Cox D — *Business Accounts (Volume 3)* (Osborne Books, 2004) ISBN 9781872962634
- Hedges R — *Bookkeeping Made Easy* (Lawpack Publishing, 2006) ISBN 9781905261420
- Jones R — *Business Accounting* (Causeway Press, 2004) ISBN 1902796411
- Wood F — *Business Accounting (Volume 1)* (FT Prentice Hall, 2005) ISBN 9780273681496
- Wood F and Robinson S — *Book-keeping and Accounts 6th edition* (FT Prentice Hall, 2004) ISBN 9780273685487

### Websites

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| <a href="http://www.aat.org.uk">www.aat.org.uk</a>   | Association of Accounting Technicians (AAT). Contains information on membership, approved assessment centres and course outlines.   |
| <a href="http://www.accaglobal.com">www.accaglobal.com</a>   | Association of Chartered Certified Accountants (ACCA) which, in addition to information about the Association, has comprehensive student and teacher support for its examinations. Includes articles covering most bookkeeping and accounting topics. |
| <a href="http://www.bbc.co.uk/schools/gcsebitesize/business/finance">www.bbc.co.uk/schools/gcsebitesize/business/finance</a> | General revision site with options on accounting.   |
| <a href="http://www.bized.co.uk">www.bized.co.uk</a>   | General business site with options on accounting.   |
| <a href="http://www.cimaglobal.com">www.cimaglobal.com</a>   | Chartered Institute of Management Accountants (CIMA). Contains information on membership, CIMA qualifications and professional development.   |
| <a href="http://www.cipfa.org.uk">www.cipfa.org.uk</a>   | Chartered Institute of Public Finance and Accountancy. (CIPFA). Contains information about membership and qualifications related to accountancy in the public sector.   |
| <a href="http://www.cleveraccountant.com">www.cleveraccountant.com</a>   | Website offering practical and accessible accounting downloads.   |
| <a href="http://www.triplelearning.co.uk">www.triplelearning.co.uk</a>   | Provider of online materials for teachers and students. Materials cover International Baccalaureate (IB), A Level and GCSE.   |
| <a href="http://www.tutor2u.net">www.tutor2u.net</a>   | Online resource for business, economics, politics and related subjects.   |

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