



IGCSE

Accounting

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General Introduction

Welcome to your IGCSE Accounting course. Accounting has become an essential part of business life, and the knowledge and skills that you will learn in your studies will give you a broader and more experienced view of business life.

The Course

The course has been written to match the Edexcel IGCSE specification 4ACO, examined for the first time in 2011. The Edexcel IGCSE syllabus does not require coursework. Full details are given below.

Although this course has been specifically written for students studying Accounting for IGCSE, the course can also be seen as a general introduction to Accounting. It can, therefore, be studied with advantage by students who are interested in obtaining a grounding in Accounting but who do not wish to take an examination.

Note

This Introduction gives advice and guidance on many aspects of your studies, and you should keep it beside you for reference whenever you are working on the course.



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Studying the Course

The first few lessons concentrate on the book-keeping aspects of Accountancy, although it must be remembered that these are becoming less important compared to the accounting aspects as more and more companies use computers for their book-keeping. However, no accountant can hope to be good unless he has a firm understanding of the underlying principles and consequently these early lessons are of importance and must be studied in depth.

There has been some change of emphasis in recent examinations and examiners as well as requiring the production of standard accounts now expect students to show an awareness of the information contained in these accounts. Correction of errors and interpretation of accounts now form an important area of study even at this stage — understanding of what you are doing is therefore vital.

Currency figures in the course are all quoted in United Kingdom currency. The numbers have been kept deliberately simple, perhaps at the loss of being completely realistic in some places. This has been done in order to keep the mathematics and arithmetic as simple as possible. Hence the price of a new car might be quoted as being £10,000, whereas a more realistic price would be £9,995! Although this might make the accounts seem a little artificial, it does mean that the student will not be confused by too many figures.

The primary aim of this course, therefore, is to enable all students to obtain a thorough understanding of the principles of accounts and to enable those students working for an examination to pass it.

Course Development and Assessment

The course must be viewed as a complete entity of which the Self-Assessment Tests and Tutor-marked Assignments form an integral part:

Self-Assessment Tests

At the end of each lesson, you will normally find a Self-Assessment (or 'practice') Test. As far as possible you should attempt these tests without referring to the lesson notes or textbooks, but when you find a question very difficult then make use of the lesson notes, books, etc., before referring to the specimen answers. A vital aspect of your studies is understanding the material. Never leave a lesson part understood — accountancy is a developing subject and lack of understanding will handicap your progress.

Your answers to the Self-Assessment Tests should NOT be sent to your tutor for assessment. They are to enable you to judge whether you have fully understood each lesson. If you find the Self-Assessment Test for any lesson impossible to complete, or you find that your answers bear little or no resemblance to those given, it is a sign that you have not understood that lesson. When this happens, you need to go through that lesson again, rereading any relevant sections from the textbook.

Tutor-Marked Assignments

At the end of each module, you will find a Tutor-Marked Assignment. Your answers to these tests should be sent to your tutor. These tests are the 'lettered' tests A-I. You should treat the tests as 'Mock Examinations' and tackle them without reference to lesson notes, books, etc., and endeavour to complete each test in the time prescribed. Each of the early test is set on the contents of its module. The later tests cover the entire course so far so it may be necessary to revise earlier sections in order to answer them successfully.

The aim of the tests is to give you practice at working under examination conditions and to allow your tutor to make his own assessment of your progress. Specimen answers will be sent to you with your marked work. (If you are not working with a tutor you will find the specimen answers on the blue pages at the back of the course.)

If you should encounter particular problems when studying a lesson then make use of your tutor. It is most important for you to include your workings in any enquiry that you send to your tutor as he will then be able to see the nature of your difficulty.

Textbooks

It is essential that you acquire the following textbook, before you begin the course:

Frank Wood & Alan Sangster, *Business Accounting Volume 1* FT Prentice Hall Pub. (11th edition; ISBN: 978-0273712121)

One easy way to purchase supporting texts is through the OOL website (www.ool.co.uk).

When you find Frank Wood's book you should ensure that you obtain the latest edition. This book is one of the most up-to-date books on accounting suitable for IGCSE and contains a number of useful test questions on the lines of those now set by examiners. There are online resources for this book at www.booksites.net.

The course does not exactly parallel the order of subjects in the textbooks as each author prefers to take some topics at different stages. Where a question in the textbook requires knowledge from a chapter not yet covered the question should be omitted until later in the course.

It is, of course, recognised that you may be in possession of other textbooks on elementary book-keeping and may wish to use one of them — in which case you must use the table of contents and index to trace the parts relevant to each lesson of this course.

Supplementary Reading

While Wood is in general an excellent textbook for this level, there are a number of other text books which are equally good. You may find that a particular author is better for particular topics. Here are some supporting texts recommended by Edexcel:

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

The Arrangement of Lessons

Lesson	Subject	Wood chapters
Module One: Sources and Recording of Data		
1	Introduction: Source Documents	1
2	Books of Original Entry	11-17
3	Double-entry Accounts	2, 4, 5
	Test A	
4	Value-added Tax	19
Module Two: Verification of Accounting Records		
5	The Trial Balance	6-8, 30
	Test B	
6	Correction of Errors	31-32
7	Control Accounts	33
8	Bank Reconciliation Statements	30 (13,5,18)
	Test C	
Module Three: Development of the Accounting Model		
9	Assets and Liabilities	3, 29
10	Capital and Revenue	24
11	Depreciation in the Ledger	26-27
	Test D	
12	Adjustments to Expenses and Income	28
13	Bad Debts and Provision for Doubtful Debts	25
14	Realization of Profit	-
	Test E	

Module Four: Final Accounts

15	Sole Traders	(7-9)
16	Partnerships	41
	Test F	
17	Company Accounts	45
18	Non-profit-making Organisations	36
	Test G	
19	Manufacturing Accounts	37
20	Incomplete Records	35
21	The Analysis and Interpretation of Accounts	34, 47
	Test H	
22	Stakeholders and the Use of Computers in Accounting	22-23

Test I: Practice Examination

The Edexcel IGCSE Syllabus 4AC0

The 4AC0 Scheme of Assessment comprises a single component/exam paper. It is not “tiered”, so candidates of all abilities sit the same paper.

- Externally assessed
- Availability: January and June series
- The total number of marks available is 100.

Overview of Content

There are ten areas of subject content.

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

Assessment Overview

This qualification is assessed through a two-hour and 30-minute examination paper, set and marked by Edexcel.

- Single tier of entry.
- The paper will be a question and answer booklet and all questions are compulsory.
- The paper consists of two sections – Section A and Section B.
- **Section A** (10 marks) comprises 10 multiple-choice questions, drawn from all sections of the subject content.
- **Section B** (90 marks) comprises five questions, drawn from all sections of the subject content. These will include a range of question types – table completion, calculation/formulae and short-medium-answer questions.
- Students may use a calculator in the examination.

Assessment Objectives and Weighting

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

Further Guidance

This course is suitable for students in all schools and colleges which prepare students for the Edexcel IGCSE examination. Other IGCSE syllabuses in this subject are slightly different but most of the OOL study programme would still be relevant. The Edexcel IGCSE specification is also available for private/external candidates.

The Syllabus

This course is mainly linked to the syllabus set by Edexcel, numbered 4AC0. You should be sure to acquire your own copy of the syllabus, either via the Edexcel Publications Dept or from the website:

<http://www.edexcel.com/Pages/Home.aspx>

The syllabus can be purchased from

Publications,
Edexcel,
190, High Holborn,
London
WC1V 7BH

or downloaded from

www.edexcel.com/quals/igcse/igcse09/accounting/Pages/default.aspx

As you approach the examination, it will also be helpful to purchase and tackle past papers from Edexcel.

Edexcel IGCSE Aims

The Edexcel IGCSE in Accounting qualification enables students to:

- understand the nature and purpose of accounting in business and non-profit-making organisations, and the principles on which accounting is based
- understand the use of accounting as an aid to business decision making
- understand the use of accounting as a means of assessing the financial position of an organisation
- develop the abilities to quantify, to judge relevance, and to write clear and concise explanations.

Progression

This course and qualification supports progression to:

- study of GCE AS and Advanced Level in Accounting
- vocationally related and occupational qualifications, such as those of the Association of Accounting Technicians (AAT)
- foundation examinations offered by professional bodies such as the Association of Chartered Certified Accountants (ACCA), the Chartered Institute of Management Accountants (CIMA) and the Chartered Institute of Public Finance and Accountancy (CIPFA).

Using the Internet

All students would benefit from access to the Internet. You will find a wealth of information on all the topics in your course. As well as the Edexcel IGCSE website:

(<http://www.edexcel.com/quals/igcse/igcse09/accounting/Pages/default.aspx>)

You should get into the habit of checking the Oxford Open Learning site (www.ool.co.uk) where you may find news, additional resources and interactive features as time goes by. Put it on your Favourites list now!

A number of useful websites are given at the end of the Edexcel specification.

Ask the Expert

Ask the Expert is Edexcel's online question and answer service. You can access it at

<http://www.edexcel.com/Aboutus/contact-us/ask-expert/Pages/home.aspx>

or by going to the home page of the Edexcel website and selecting Ask the Expert from the menu on the right.

The service allows you to search through a database of thousands of questions and answers on everything Edexcel offers. If you don't find an answer to your question, you can choose to submit it straight to us. One of our customer services team will log your query, find an answer and send it to you. They'll also consider adding it to the database if appropriate. This way the volume of helpful information that can be accessed via the service is growing all the time.

Examzone

Edexcel's Examzone site is aimed at students sitting external examinations and gives information on revision, advice from examiners and guidance on results, including re-marking, re-sitting and progression opportunities. Further services for students — many of which will also be of interest to parents — are promised in the near future. This site can be found at

<http://www.edexcel.com/i-am-a/student/examzone/Pages/home.aspx>

or by entering the term 'examzone' into the search box on Edexcel's homepage.

How to Study

If you have not already done so, you may register for your free copy of *How to Study at Home*, our 200-page guide to home learning, or enrol on further courses.

Good luck!

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