

INTERNATIONAL ADVANCED LEVEL

ACCOUNTING

SPECIFICATION

Pearson Edexcel International Advanced Subsidiary in Accounting (XAC11)

Pearson Edexcel International Advanced Level in Accounting (YAC11)

First teaching September 2015

First examination from June 2016

First certification from August 2016 (International Advanced Subsidiary) and

August 2017 (International Advanced Level)

Issue 2



Edexcel, BTEC and LCCI qualifications

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Acknowledgements

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Summary of Pearson Edexcel International Advanced Subsidiary/Advanced Level in Accounting Specification Issue 2 changes

Summary of changes made between previous issue and this current issue	Page number
The 'About this specification' section has been corrected to show that assessment opportunities are January, June and October	2
The 'Content and assessment overview' section has been updated to show the assessment opportunities are January, June and October	8, 9
Content in Unit 1: 1.3 Financial statements of organisations has been updated for 1.3.1, 1.3.7, 1.3.8 and 1.3.9 to say 'Statements of profit or loss and other comprehensive income...' rather than 'Statements of comprehensive income...'.	13, 14
Assessment objective weightings have been amended	23
Resitting of units section has been updated to reflect the correct rules	25
Appendix 6: Glossary of International Accounting Standards (IAS) terminology has been updated to use the correct terminology. These changes have been reflected in the content for Unit 1 and Unit 2.	38, 39 and 40
In Appendix 7: Formulae the first formula has been amended to say '1 Gross Profit as a Percentage of revenue (sales margin) = (Gross Profit/Revenue) x 100' rather than 'Gross Profit as a Percentage of revenue = (Gross Profit/Revenue) x 100'.	41

If you need further information on these changes or what they mean, contact us via our website at: qualifications.pearson.com/en/support/contact-us.html.

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About this specification

The Pearson Edexcel International Advanced Subsidiary in Accounting and the Pearson Edexcel International Advanced Level in Accounting are part of a suite of International Advanced Level qualifications offered by Pearson.

These qualifications are not accredited or regulated by any UK regulatory body.

Key features

This specification includes the following key features.

Structure

The Pearson Edexcel International Advanced Level in Accounting is a modular qualification. However, the Pearson Edexcel International Advanced Subsidiary in Accounting is not a modular qualification. The Advanced Subsidiary can be claimed on completion of the International Advanced Subsidiary (IAS) unit. The International Advanced Level can be claimed on completion of both units (IAS and IA2 units).

Content

The content is engaging and relevant to international customers using International Accounting Standard (IAS) terminology and requiring presentation in International Standard format.

Assessment

100% external assessment, with January, June and October assessment opportunities.

Approach

This qualification has been designed using Pearson's Efficacy Framework, developed in line with world-class principles.

Students who successfully complete these qualifications will have a good knowledge and understanding of the principles, concepts and techniques of accounting. These qualifications provide a secure foundation for further study. They also provide a worthwhile course for students who will end their study at the International Advanced Subsidiary or International Advanced Level stage.

Specification updates

This specification is Issue 2 and is valid for first teaching from September 2015. If there are any significant changes to the specification, we will inform centres in writing. Changes will also be posted on our website.

For more information please visit qualifications.pearson.com

Using this specification

This specification gives teachers guidance and encourages effective delivery of these qualifications. The following information will help you get the most out of the content and guidance.

Compulsory content: as a minimum, all the bulleted content must be taught.

Teachers should deliver the qualification using a good range of examples to support the assessment of the unit content.

Students need to demonstrate knowledge of technical language where required.

Depth and breadth of content: teachers should use the full range of content and all the assessment objectives given in the assessment information section.

Qualification aims and objectives

The aims and objectives of these qualifications are to enable students to develop:

- an understanding of the importance of effective accounting information systems and an awareness of their limitations through a critical consideration of current financial issues and modern business practices
- an understanding of the purposes, principles, concepts and techniques of accounting
- transferable skills of numeracy, communication, ICT, application, presentation, interpretation, analysis and evaluation in an accounting context
- an appreciation of the effects of economic, legal, ethical, social, environmental and technological influences on accounting decisions
- methodical and critical thought which would serve as an end in itself, as well as a basis for further study of accounting and other subjects.

Qualification abbreviations used in this specification

The following abbreviations appear in this specification:

International Advanced Subsidiary – IAS

International A2 – IA2 (the additional content required for an IAL)

International Advanced Level – IAL.

Why choose Edexcel qualifications?

Pearson – the world’s largest education company

Edexcel academic qualifications are from Pearson, the UK’s largest awarding organisation. With over 3.4 million students studying our academic and vocational qualifications worldwide, we offer internationally recognised qualifications to schools, colleges and employers globally.

Pearson is recognised as the world’s largest education company, allowing us to drive innovation and provide comprehensive support for Edexcel students to acquire the knowledge and skills they need for progression in study, work and life.

A heritage you can trust

The background to Pearson becoming the UK’s largest awarding organisation began in 1836, when a royal charter gave the University of London its first powers to conduct exams and confer degrees on its students. With over 150 years of international education experience, Edexcel qualifications have a firm academic foundation, built on the traditions and rigour associated with Britain’s educational system.

To find out more about our Edexcel heritage please visit our website: qualifications.pearson.com/en/about-us/about-pearson/our-history

Results you can trust

Pearson’s leading online marking technology has been shown to produce exceptionally reliable results, demonstrating that at every stage, Edexcel qualifications maintain the highest standards.

Developed to Pearson’s world-class qualifications standards

Pearson’s world-class standards mean that all Edexcel qualifications are developed to be rigorous, demanding, inclusive and empowering. We work collaboratively with a panel of educational thought-leaders and assessment experts to ensure that Edexcel qualifications are globally relevant, represent world-class best practice and maintain a consistent standard.

For more information on the world-class qualification process and principles please go to *Appendix 2: Pearson World Class Qualification design principles* or visit our website: uk.pearson.com/world-class-qualifications.

Why choose Pearson Edexcel International Advanced Subsidiary/Advanced Level qualifications in Accounting?

We have listened to feedback from all parts of the international school subject community, including a large number of teachers. We have made changes that will engage international learners and give them skills that will support their progression to further study of Accounting and to a wide range of other subjects.

Key qualification features

Structure – two units comprising one IAS unit and one IA2 unit.

Content: Updated, engaging and relevant to international students using International Accounting Standard (IAS) terminology and requiring presentation in International Standard format.

Approach – These qualifications were designed using Pearson’s Efficacy Framework. They were developed in line with World-Class Design principles giving students who successfully complete the qualifications the opportunity to acquire a good knowledge and understanding of the principles, concepts and techniques of accounting. These qualifications provide a secure foundation for further study. They also provide a worthwhile course for students who will end their study at the International Advanced Subsidiary or International Advanced Level stage.

Assessment: 100% external assessment with examinations available in January, June and October series.

Clear and straightforward question papers – our question papers are clear and accessible for students of all ability ranges. Our mark schemes are straightforward so that the assessment requirements are clear.

Consistent and updated command word taxonomy – we have updated the command words used in the assessment and applied a consistent mark tariff.

Broad and deep development of learners’ skills – we designed the International Advanced Level qualifications to extend learners’ knowledge by broadening and deepening skills, for example learners will have an opportunity to develop:

Decision-making – students must have been able to carry out problem solving, analysis and interpretation

Ethics – the whole of Accounting involves presenting a true and fair representation of information

Inter-personal skills – required to obtain data, work within a team, discuss outcomes and make recommendations.

Progression – International Advanced Level qualifications enable successful progression to undergraduate studies, further education and work.

Increased level of support – Getting Started Guide with scheme of work, exemplar answers with commentaries Student Book and training. Additional planned resources include online digital resources.

Our Accounting sits within our wider subject offer for Business, Economics and Commerce.

More information is available on our website (qualifications.pearson.com) on the Edexcel International Advanced Level pages.

Supporting you in planning and implementing these qualifications

Planning

- Our *Getting Started Guide* gives you an overview of the Pearson Edexcel International Advanced Subsidiary/Advanced Level in Accounting qualifications to help you understand the changes to content and assessment, and what these changes mean for you and your students. This guide incorporates the scheme of work.

Teaching and learning

Our skills maps will highlight opportunities to develop:

- Decision-making processes making use of problem solving, analysis and interpretation skills
- Ethics as the whole of Accounting involves presenting a true and fair representation of available information
- Inter-personal skills which are required to obtain data, work within a team, discuss outcomes and make recommendations
- Free teaching and learning materials including marked exemplar scripts with examiner commentaries to give indications of standards required to achieve marks across levels.

Preparing for exams

We also provide a range of resources to help you prepare your students for the assessments, including:

- examiner reports following each examination series
- example marked scripts with examiner commentaries.

ResultsPlus

ResultsPlus provides the most detailed analysis available of your students' examination performance. It can help you identify the topics and skills where further learning would benefit your students.

Training events

In addition to online training, we host a series of training events each year for teachers to deepen their understanding of our qualifications.

Get help and support

Our subject advisor service will ensure that you receive help and guidance from us. [Click here](#) to sign up to receive qualification updates and product and service news.

Qualification at a glance

Qualification overview

Pearson Edexcel International Advanced Subsidiary in Accounting

This qualification consists of one externally-examined unit.

The International Advanced Subsidiary is the first half of the International Advanced Level qualification and consists of one IAS unit, Unit 1. This qualification may be awarded as a discrete qualification or may contribute 50 per cent towards the International Advanced Level qualification.

Pearson Edexcel International Advanced Level in Accounting

This qualification consists of two externally-examined units.

The International Advanced Level consists of the one IAS unit (Unit 1) plus one IA2 unit (Unit 2). Students wishing to take the International Advanced Level must, therefore, complete all two units.

Course of study

The structure of these qualifications allows teachers to construct a course of study that can be taught and assessed as either:

- a linear course assessed in its entirety at the end for the Pearson Edexcel International Advanced Subsidiary or Advanced Level in Accounting; or
- distinct modules of teaching and learning with related units of assessment taken at appropriate stages during the course for the Pearson Edexcel International Advanced Level in Accounting.

Content and assessment overview

IAS Unit 1: The Accounting System and Costing	*Unit code: WAC11/01	
Externally assessed Written examination: 3 hours Availability: January, June and October First assessment: June 2016 200 marks	100% of the total IAS	50% of the total IAL
<p>Content overview</p> <p>Students will be assessed on their knowledge, understanding and skills of accounting systems and costing.</p> <p>This unit is divided into six topics:</p> <ol style="list-style-type: none"> 1. Principles of accounting and double entry bookkeeping 2. Control procedures 3. Financial statements of organisations 4. Introduction to costing 5. Analysis of accounting statements 6. Social and ethical accounting. 		
<p>Assessment overview</p> <p>The paper is split into two sections. Students must complete:</p> <ul style="list-style-type: none"> • Section A – Two compulsory 55-mark, multi-part questions based on given data. • Section B – Three optional 30-mark, multi-part questions from a choice of four. • There will be a resource booklet that accompanies the examination paper. 		

IA2 Unit 2: Corporate and Management Accounting	*Unit code: WAC12/01	
Externally assessed Written examination: 3 hours Availability: January, June and October First assessment: June 2017 200 marks	100% of the total IA2	50% of the total IAL
<p>Content overview</p> <p>Students will be assessed on their knowledge and understanding of and skills in corporate and management accounting.</p> <p>This unit is divided into nine topics:</p> <ol style="list-style-type: none"> 1. Limited companies 2. Investment ratios 3. Statement of cash flows 4. Budgeting 5. Standard costing 6. Project appraisal 7. Break-even analysis 8. Marginal costing and absorption costing 9. Information and communication technology (ICT) in accounting. 		
<p>Assessment overview</p> <p>The paper is split into two sections. Students must complete:</p> <ul style="list-style-type: none"> • Section A – Two compulsory 55-mark, multi-part questions based on given data. • Section B – Three optional 30-mark, multi-part questions from a choice of four. • There will be a resource booklet that accompanies the examination paper. 		

*See *Appendix 1: Codes* for a description of this code and all other codes relevant to these qualifications.

Calculators

Calculators may be used in the examinations. Please see *Appendix 9: Use of calculators*.

Accounting content

Unit 1: The Accounting System and Costing	11
Unit 2: Corporate and Management Accounting	16

Unit 1: The Accounting System and Costing

IAS compulsory unit

Externally assessed

Unit description

Students will be assessed on their knowledge and understanding of, and skills in, accounting systems and costing.

This unit is divided into six topics:

1. Principles of accounting and double entry bookkeeping
 2. Control procedures
 3. Financial statements of organisations
 4. Introduction to costing
 5. Analysis of accounting statements
 6. Social and ethical accounting.
-

Assessment information

- First assessment: June 2016.
 - The assessment is 3 hours.
 - The assessment is out of 200 marks.
 - The paper is split into two sections. Students must complete:
 - Section A – Two compulsory 55-mark, multi-part questions based on given data.
 - Section B – Three optional 30-mark, multi-part questions from a choice of four.
 - There will be a resource booklet that accompanies the examination paper.
 - Calculators may be used in the examination. Please see *Appendix 9: Use of calculators*.
-

Unit content

1.1 Principles of accounting and double entry bookkeeping

What students need to learn

Role and purpose of accounting	1.1.1	The role of accounting as a need to record, analyse and communicate accounting information to users.
	1.1.2	The purpose of accounting information as an aid to the management of a business.
Double entry system	1.1.3	Transaction recording in books of account.
	1.1.4	Transaction recording in books of prime entry.
	1.1.5	End of period transfers and adjustments.
	1.1.6	Ledger accounts to create and maintain allowance for irrecoverable debts, including calculation from a schedule of trade receivables.
	1.1.7	The use of information and communication technology (ICT) in recording transactions and preparing reconciliations (control accounts, trial balance) and financial statements. Note: candidates will not be examined on the use of specific applications or software packages.
Accounting concepts and conventions	1.1.8	The concepts of going concern, prudence, accruals and consistency.
	1.1.9	The concepts and conventions of historic cost, materiality, money measurement, realisation and business entity.
	1.1.10	The use of International Accounting Standards (IAS).
Capital expenditure and revenue expenditure	1.1.11	Capital expenditure and revenue expenditure.
	1.1.12	The correct accounting treatment of capital expenditure and revenue expenditure with reference to relevant accounting concepts.
Non-current asset depreciation	1.1.13	The causes of depreciation of non-current assets.
	1.1.14	The reasons for charging depreciation on non-current assets.
	1.1.15	The depreciation of non-current assets using reducing balance, straight line and revaluation methods.
	1.1.16	Ledger accounts for non-current assets and provisions of depreciation.
	1.1.17	The effect on profit of different methods of depreciation.
	1.1.18	The effect on profit of a change in the method of depreciation.
	1.1.19	Disposal and disposal accounts for non-current assets.
	1.1.20	Schedule of non-current assets.

1.2 Control procedures

What students need to learn

Trial balance	1.2.1	The trial balance.
	1.2.2	The limitations of a trial balance.
Control accounts	1.2.3	Control accounts as an independent check on receivable and payable ledgers.
	1.2.4	Control accounts for trade receivable and trade payable ledgers.
Correction of errors	1.2.5	The errors that do and do not affect the balancing of the trial balance.
	1.2.6	Journal entries to correct errors.
	1.2.7	The suspense account.
	1.2.8	Statements of revised profit.
	1.2.9	Correction of errors in control accounts.

1.3 Financial statements of organisations

What students need to learn

Financial statements of sole traders	1.3.1	Statements of profit or loss (and other comprehensive income) showing the gross profit and profit for the year.
	1.3.2	Statements of financial position.
Year-end adjustments	1.3.3	Prepaid or accrued income or expenditure.
	1.3.4	The nature and use of provisions.
	1.3.5	Provisions for depreciation.
	1.3.6	Irrecoverable debts and allowances for irrecoverable debts.
Departmental records	1.3.7	Statements of profit or loss (and other comprehensive income) in columnar format to show departmental profits/losses.
Incomplete records	1.3.8	Statements of profit or loss (and other comprehensive income) and statements of financial position from incomplete records and information.

Partnership	1.3.9	Statements of profit or loss (and other comprehensive income) and appropriation accounts.
	1.3.10	Partners' current accounts and capital accounts on a fixed or floating basis.
	1.3.11	Use of the Partnership Agreement in appropriation of profit/loss.
	1.3.12	Provisions of Section 24 of the Partnership Act 1890 in relation to partners' salaries, division of profit or loss, interest on loans, capital and drawings.
	1.3.13	Introduction (or retirement) of a partner, including the introduction of assets and treatment of goodwill.
Clubs and non-profit-making organisations	1.3.14	Receipts and payments accounts.
	1.3.15	Trading accounts of different activities.
	1.3.16	Subscription accounts.
	1.3.17	Long-term/ life membership.
	1.3.18	Losses of inventory or cash.
Manufacturers	1.3.19	Income and expenditure accounts and statements of financial position.
	1.3.20	Manufacturing accounts with subheadings for prime cost, factory overhead, work in progress and production cost.
	1.3.21	Allocation and apportionment of costs between products and functions.
	1.3.22	Unrealised profit resulting from goods manufactured.

1.4 Introduction to costing

What students need to learn

Valuation of inventory	1.4.1	Characteristics of Last In First Out (LIFO), First In First Out (FIFO) and Net Realisable Value (NRV) as methods of inventory valuation.
	1.4.2	Inventory valuations using FIFO and LIFO on a perpetual and periodic basis.
	1.4.3	The effect of different methods of inventory valuation on profit and the statements of financial position inventory value.
Labour costs	1.4.4	Labour productivity.
	1.4.5	Methods of remuneration, day work, piecework, individual and group bonus schemes.
	1.4.6	Employer cost and employee earnings under different remuneration methods.

Overhead costs	1.4.7	The characteristics of overhead expenses, fixed, semi-fixed, semi-variable and variable.
	1.4.8	Allocation, apportionment and absorption of overheads.
	1.4.9	Apportionment and continuous allotment of service departments.
	1.4.10	Machine hour and labour hour rates per hour.
	1.4.11	Over absorption and under absorption of overheads.
	Job costing	1.4.12
	1.4.13	Job costing of batch production and customer orders.

1.5 Analysis of accounting statements

What students need to learn

Ratios	1.5.1	Ratios: <ul style="list-style-type: none"> • gross profit as a percentage of revenue • percentage mark-up • profit for the year as a percentage of revenue • return on capital employed (percentage) • non-current assets to revenue • inventory turnover • current ratio • liquid (acid test) ratio • trade payables payment period • trade receivables collection period.
	1.5.2	The profitability, liquidity and use of asset ratios in appraising sole traders and partnership financial statements.
	1.5.3	Use of ratios to make future financial projections.

1.6 Social and ethical accounting

What students need to learn

Social accounting	1.6.1	The implications of accounting decisions in the social context of the local community, environment, workforce, health and safety, and use of natural resources.
	1.6.2	Significance of non-financial factors.
	1.6.3	Effect of accounting decisions on different stakeholders.
Ethics	1.6.4	Ethics in accounting analysis and decision making.

Unit 2: Corporate and Management Accounting

IA2 compulsory unit

Externally assessed

Unit description

Students will be assessed on their knowledge and understanding of and skills in accounting systems and costing.

The unit is divided into nine topics:

1. Limited companies
 2. Investment ratios
 3. Statement of cash flows
 4. Budgeting
 5. Standard costing
 6. Project appraisal
 7. Break-even analysis
 8. Marginal costing and absorption costing
 9. Information and communication technology (ICT) in accounting.
-

Assessment information

- First assessment: June 2017.
 - The assessment is 3 hours.
 - The assessment is out of 200 marks.
 - The paper is split into two sections. Students must complete:
 - Section A – Two compulsory 55-mark, multi-part questions based on given data.
 - Section B – Three optional 30-mark, multi-part questions from a choice of four.
 - There will be a resource booklet that accompanies the examination paper.
 - Calculators may be used in the examination. Please see *Appendix 9: Use of calculators*.
-

Unit content

2.1 Limited companies

What students need to learn

Financial statements	2.1.1	Financial statements in accordance with International Accounting Standards (IAS) 1: <ul style="list-style-type: none">• statement of comprehensive income• statement of changes in equity• statement of financial position.
	2.1.2	The role of the auditor and content and importance of the Auditors' Report and the Directors' Report, including the role of the auditor in corporate governance.
	2.1.3	The importance of disclosing continuing and discontinued activities and the significance of exceptional items.
Capital structure	2.1.4	Capital reserves and revenue reserves.
	2.1.5	How the following reserves are created and utilised: <ul style="list-style-type: none">• retained earnings• general• foreign exchange• share premium• revaluation• capital redemption.
	2.1.6	Authorised, issued and called-up share capital.
	2.1.7	Rights issues and bonus issues.
	2.1.8	Ledger accounts and journal entries to record the issue of new shares, bonus issues and rights issues. Note: Candidates will not be examined on the forfeiture of shares.
	2.1.9	The features of shares and debentures.
	2.1.10	Capital gearing and its implications.
	2.1.11	The creation and features of provisions.

Merger or purchase of limited companies	2.1.12	Journal entries and ledger accounts for the purchase of a limited company or the merger of two companies: <ul style="list-style-type: none"> • revaluation account • realisation account • sundry shareholders' account • acquisition account • purchase of a limited company using shares or cash • merger of limited companies using shares or cash.
	2.1.13	Calculation of purchase price of a company: revaluation of assets and liabilities
	2.1.14	Statement of financial position of a limited company following purchase of or the merger with another company.
	2.1.15	The calculation and correct treatment of goodwill.

2.2 Investment ratios

What students need to learn

Investment ratios	2.2.1	Investment ratios: <ul style="list-style-type: none"> • earnings per share • price earnings • dividend per share • dividend yield. • dividend cover • return on capital employed.
	Note:	Candidates will need to be familiar with ratios relating to profitability, liquidity and use of assets tested in Unit 1.

2.3 Statement of cash flows

What students need to learn

Statement of cash flows	2.3.1	Statement of cash flows in accordance with International Accounting Standard (IAS) 7.
	2.3.2	The importance of liquidity to a company.

2.4 Budgeting

What students need to learn

Budgeting	2.4.1	The role of budgeting as a management tool for planning, forecasting and control.
	2.4.2	The process of budget preparation.
	2.4.3	Budgets for: <ul style="list-style-type: none">• revenue• production• purchases• inventory• trade receivables• trade payables• capital• cash.
	2.4.4	Budgeted statement of comprehensive income and statement of financial position.
	2.4.5	Flexible budgets for variations in activity level.

2.5 Standard costing

What students need to learn

Standard costing	2.5.1	The purpose of standard costing.
	2.5.2	The stages in establishing a standard costing system collection of data from accounting records.
	2.5.3	Variances: <ul style="list-style-type: none">• material variances (price, usage and total)• labour variances (rate, efficiency and total)• total fixed overhead variance• total variable overhead variance.
	2.5.4	Possible reasons for variances.
	2.5.5	Possible interrelationships between variances.
	2.5.6	The principle of management by exception to variance analysis.

2.6 Project appraisal

What students need to learn

Project appraisal	2.6.1	The application of: <ul style="list-style-type: none">• net present value• weighted average cost of capital• profitability index• internal rate of return.
	2.6.2	The application of the non-discounted methods: average rate of return (accounting rate of return) payback period.

2.7 Break-even analysis

What students need to learn

Break-even analysis	2.7.1	Calculation of fixed, semi-fixed, semi-variable, variable costs, selling price and net profit.
	2.7.2	Contribution, break-even point and margin of safety.
	2.7.3	Graphical representation of break-even analysis: <ul style="list-style-type: none">• fixed costs• total costs• sales revenue• break-even point• margin of safety• angle of incidence• area of profit or loss.

2.8 Marginal costing and absorption costing

What students need to learn

Marginal costing and absorption costing	2.8.1	The concepts of marginal costing and absorption costing.
	2.8.2	The advantages and disadvantages of marginal costing and absorption costing.
	2.8.3	The valuation of inventory using marginal costing and absorption costing.
	2.8.4	Marginal costing in decision making for: <ul style="list-style-type: none">• the acceptance/refusal of new orders• make or buy decisions the continuation/discontinuation of a service or manufacture of a product.
	2.8.5	Profit and loss statements using marginal costing and absorption costing.
	2.8.6	The preferred course of action when there are limiting factors.

2.9 Information and communication technology (ICT) in accounting

What students need to learn

Information and communication technology (ICT) in accounting	2.9.1	The uses of ICT in accounting in relation to costing products or services and the provision of management information: <ul style="list-style-type: none">• spreadsheets, e.g. for budgeting• software packages available for producing invoices, debtors list, payroll, tax returns etc.• Electronic Point of Sale for a stock control system.
	2.9.2	Advantages and disadvantages of using ICT in accounting, including audit trail, financial aspects, technical aspects, human aspects. Note: Candidates will not be examined on the use of specific applications or software packages.

Assessment information

Assessment requirements

The Pearson Edexcel International Advanced Subsidiary in Accounting consist of one externally-examined unit.

The Pearson Edexcel International Advanced Level in Accounting consists of two externally-examined units.

Students must complete all assessments.

Please see the *Assessment availability and first award* section for information on when the assessment for each unit will be available from.

Unit	IAS or IA2	Assessment information	Number of raw marks allocated in the unit
Unit 1: The Accounting System and Costing	IAS	<ul style="list-style-type: none">• The assessment is 3 hours.• The paper is split into two sections. Students must complete:<ul style="list-style-type: none">○ Section A – Two compulsory 55-mark, multi-part questions based on given data.○ Section B – Three optional 30-mark, multi-part questions from a choice of four.• There will be a resource booklet that accompanies the examination paper.• Calculators may be used in the examination. Please see <i>Appendix 9: Use of calculators</i>.	200 marks
Unit 2: Corporate and Management Accounting	IA2	<ul style="list-style-type: none">• Same as Unit 1	200 marks

Sample assessment materials

Sample papers and mark schemes can be found in the *Pearson Edexcel International Advanced Subsidiary/Advanced Level in Accounting Sample Assessment Materials (SAMs)* document.

A full list of command words that will be used in the assessments can be found in *Appendix 8: Command words used in examinations*.

Assessment objectives and weightings

		% in IAS	% in IA2	% in IAL
AO1	Demonstrate knowledge of accounting procedures and techniques and an understanding of the principles and concepts upon which they are based	30	24-25	27-28
AO2	Select and apply knowledge and understanding of accounting procedures, techniques, concepts and principles to a variety of accounting situations. Present accounting information in an appropriate format	43-44	41-42	42-43
AO3	Analyse financial information, interpret financial data and information and communicate reasoning, showing understanding	17	23-24	20-21
AO4	Evaluate financial and non-financial evidence and make informed recommendations and decisions	9-10	10-11	10

Relationship of assessment objectives to unit for the International Advanced Subsidiary qualification

Unit number	Assessment objective			
	AO1	AO2	AO3	AO4
Unit 1	30%	43-44%	17%	9-10%
Total for International Advanced Subsidiary	30%	43-44%	17%	9-10%

Relationship of assessment objectives to units for the International Advanced Level qualification

Unit number	Assessment objective			
	AO1	AO2	AO3	AO4
Unit 1	15%	21-22%	8-9%	4-5%
Unit 2	12-13%	20-21%	11-12%	5-6%
Total for International Advanced Level	27-28%	42-43%	20-21%	10%

Assessment availability and first award

Unit	June 2016	October 2016	January 2017	June 2017	October 2017
1	✓	✓	✓	✓	✓
2	x	x	x	✓	✓
IAS award	✓	✓	✓	✓	✓
IAL award	x	x	x	✓	✓

From June 2017, **all two units will be assessed** in January, June and October for the lifetime of the qualifications.

From June 2017 **IAL and IAS will both be awarded** in January, June and October for the lifetime of the qualifications.

Administration and general information

Entries and resitting of units

Entries

Details of how to enter students for the examinations for these qualifications can be found in our *International Information Manual*. A copy is made available to all examinations officers and is available on our website, qualifications.pearson.com.

Resitting of units

Students can resit any unit irrespective of whether the qualification is to be cashed in. If a student resits a unit more than once, only the better of the two most recent attempts of that unit will be available for aggregation to a qualification grade. Please refer to the *Entry, Aggregation and Certification* document on our website: qualifications.pearson.com/IAL-entry-certification-procedures.

Access arrangements, reasonable adjustments, special consideration and malpractice

Equality and fairness are central to our work. Our equality policy requires all students to have equal opportunity to access our qualifications and assessments, and our qualifications to be awarded in a way that is fair to every student.

We are committed to making sure that:

- students with a protected characteristic (as defined by the UK Equality Act 2010) are not, when they are undertaking one of our qualifications, disadvantaged in comparison to students who do not share that characteristic
- all students achieve the recognition they deserve for undertaking a qualification and that this achievement can be compared fairly to the achievement of their peers.

Language of assessment

Assessment of these qualifications will be available in English only. All student work must be in English.

We recommend that students are able to read and write in English at Level B2 of the Common European Framework of Reference for Languages.

Access arrangements

Access arrangements are agreed before an assessment. They allow students with special educational needs, disabilities or temporary injuries to:

- access the assessment
- show what they know and can do without changing the demands of the assessment.

The intention behind an access arrangement is to meet the particular needs of an individual student with a disability without affecting the integrity of the assessment. Access arrangements are the principal way in which awarding bodies comply with the duty under the Equality Act 2010 to make 'reasonable adjustments'.

Access arrangements should always be processed at the start of the course. Students will then know what is available and have the access arrangement(s) in place for assessment.

Reasonable adjustments

The Equality Act 2010 requires an awarding organisation to make reasonable adjustments where a student with a disability would be at a substantial disadvantage in undertaking an assessment. The awarding organisation is required to take reasonable steps to overcome that disadvantage.

A reasonable adjustment for a particular student may be unique to that individual and therefore might not be in the list of available access arrangements.

Whether an adjustment will be considered reasonable will depend on a number of factors, including:

- the needs of the student with the disability
- the effectiveness of the adjustment
- the cost of the adjustment; and
- the likely impact of the adjustment on the student with the disability and other students.

An adjustment will not be approved if it involves unreasonable costs to the awarding organisation, timeframes or affects the security or integrity of the assessment. This is because the adjustment is not 'reasonable'.

Special consideration

Special consideration is a post-examination adjustment to a student's mark or grade to reflect temporary injury, illness or other indisposition at the time of the examination/assessment, which has had, or is reasonably likely to have had, a material effect on a candidate's ability to take an assessment or demonstrate their level of attainment in an assessment.

Further information

Please see our website for further information about how to apply for access arrangements and special consideration.

For further information about access arrangements, reasonable adjustments and special consideration please refer to the JCQ website: www.jcq.org.uk.

Candidate malpractice

Candidate malpractice refers to any act by a candidate that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

Candidate malpractice in examinations **must** be reported to Pearson using a *JCQ Form M1* (available at www.jcq.org.uk/exams-office/malpractice). The form can be emailed to pqsmalpractice@pearson.com or posted to: Investigations Team, Pearson, 190 High Holborn, London, WC1V 7BH. Please provide as much information and supporting documentation as possible. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice constitutes staff or centre malpractice.

Staff/centre malpractice

Staff and centre malpractice includes both deliberate malpractice and maladministration of our qualifications. As with candidate malpractice, staff and centre malpractice is any act that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

All cases of suspected staff malpractice and maladministration **must** be reported immediately, before any investigation is undertaken by the centre, to Pearson on a *JCQ Form M2(a)* (available at www.jcq.org.uk/exams-office/malpractice).

The form, supporting documentation and as much information as possible can be emailed to pqsmalpractice@pearson.com or posted to: Investigations Team, Pearson, 190 High Holborn, London, WC1V 7BH. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice itself constitutes malpractice.

More-detailed guidance on malpractice can be found in the latest version of the document *JCQ General and vocational qualifications Suspected Malpractice in Examinations and Assessments*, available at www.jcq.org.uk/exams-office/malpractice.

Awarding and reporting

The Pearson Edexcel International Advanced Subsidiary in Accounting will be graded on a five-grade scale from A to E. The Pearson Edexcel International Advanced Level in Accounting will be graded on a six-point scale A* to E. Individual unit results will be reported. Only Unit 1 will contribute to the International Advanced Subsidiary grade. Both units will contribute to the International Advanced Level grade.

The first certification opportunity for the Pearson Edexcel International Advanced Subsidiary in Accounting will be in August 2016. The first certification opportunity for the Pearson Edexcel International Advanced Level in Accounting will be in August 2017. A pass in an International Advanced Subsidiary subject is indicated by one of the five grades A, B, C, D, E, of which grade A is the highest and grade E the lowest. A pass in an International Advanced Level subject is indicated by one of the six grades A*, A, B, C, D, E, of which grade A* is the highest and grade E the lowest. Students whose level of achievement is below the minimum judged by Pearson to be of sufficient standard to be recorded on a certificate will receive an unclassified U result.

Unit results

Students will receive a uniform mark between 0 and the maximum uniform mark for each unit.

The uniform marks at each grade threshold for each unit are:

Units 1 and 2

Unit grade	Maximum uniform mark	A	B	C	D	E
	300	240	210	180	150	120

Qualification results

The minimum uniform marks required for each grade:

International Advanced Subsidiary (cash-in code: XAC11)

Qualification grade	Maximum uniform mark	A	B	C	D	E
	300	240	210	180	150	120

Students with a uniform mark in the range 0–119 will be Unclassified (U).

International Advanced Level (cash-in code: YAC11)

Qualification grade	Maximum uniform mark	A	B	C	D	E
	600	480	420	360	300	240

Students with a uniform mark in the range 0–239 will be Unclassified (U).

To be awarded an A*, students will need to achieve an A for the International Advanced Level qualification (at least 480 uniform marks) **and** at least 90% of the total uniform mark available across the IA2 units combined (at least 270 uniform marks).

Student recruitment and progression

Pearson follows the JCQ policy concerning recruitment to our qualifications in that:

- they must be available to anyone who is capable of reaching the required standard
- they must be free from barriers that restrict access and progression
- equal opportunities exist for all students.

Prior learning and other requirements

Students who would benefit most from studying these qualifications are likely to have a Level 2 qualification such as an International GCSE in Accounting at grades 9 to 4 or A* to C.

Progression

These qualifications supports progression into further education, training or employment.

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Appendix 1: Codes

Type of code	Use of code	Code
Unit codes	Each unit is assigned a unit code. This unit code is used as an entry code to indicate that a student wishes to take the assessment for that unit. Centres will need to use the entry codes only when entering students for their examination.	Unit 1: WAC11/01 Unit 2: WAC12/01
Cash in codes	The cash-in code is used as an entry code to aggregate the student's unit scores to obtain the overall grade for the qualification. Centres will need to use the entry codes only when entering students for their qualification.	International Advanced Subsidiary – XAC11 International Advanced Level – YAC11
Entry codes	The entry codes are used to: <ul style="list-style-type: none"> • enter a student for the assessment of a unit • aggregate the student's unit scores to obtain the overall grade for the qualification. 	Please refer to the Pearson Information Manual, available on our website.

Appendix 2: Pearson World Class Qualification design principles

Pearson’s World Class Qualification design principles mean that all Edexcel qualifications are developed to be **rigorous, demanding, inclusive and empowering**.



We work collaboratively to gain approval from an external panel of educational thought-leaders and assessment experts from across the globe. This is to ensure that Edexcel qualifications are globally relevant, represent world-class best practice in qualification and assessment design, maintain a consistent standard and support learner progression in today’s fast-changing world.

Pearson’s Expert Panel for World-Class Qualifications is chaired by Sir Michael Barber, a leading authority on education systems and reform. He is joined by a wide range of key influencers with expertise in education and employability.

“I’m excited to be in a position to work with the global leaders in curriculum and assessment to take a fresh look at what young people need to know and be able to do in the 21st century, and to consider how we can give them the opportunity to access that sort of education.” Sir Michael Barber.

Endorsement from Pearson’s Expert Panel for World Class Qualifications for the International Advanced Subsidiary (IAS)/International Advanced Level (IAL) development process

December 2015

“We were chosen, either because of our expertise in the UK education system, or because of our experience in reforming qualifications in other systems around the world as diverse as Singapore, Hong Kong, Australia and a number of countries across Europe.

We have guided Pearson through what we judge to be a rigorous world class qualification development process that has included, where appropriate:

- extensive international comparability of subject content against the highest-performing jurisdictions in the world
- benchmarking assessments against UK and overseas providers to ensure that they are at the right level of demand
- establishing External Subject Advisory Groups, drawing on independent subject-specific expertise to challenge and validate our qualifications.

Importantly, we have worked to ensure that the content and learning is future oriented, and that the design has been guided by Pearson’s Efficacy Framework. This is a structured, evidenced process which means that learner outcomes have been at the heart of this development throughout.

We understand that ultimately it is excellent teaching that is the key factor to a learner’s success in education but as a result of our work as a panel we are confident that we have supported the development of Edexcel IAS and IAL qualifications that are outstanding for their coherence, thoroughness and attention to detail and can be regarded as representing world-class best practice.”

Sir Michael Barber (Chair)
Chief Education Advisor, Pearson plc

Dr Peter Hill
Former Chief Executive ACARA

Professor Jonathan Osborne
Stanford University

Professor Dr Ursula Renold
Federal Institute of Technology, Switzerland

Professor Janice Kay
Provost, University of Exeter

Jason Holt
CEO, Holts Group

Professor Lee Sing Kong
Dean and Managing Director, National Institute of Education International, Singapore

Bahram Bekhradnia
President, Higher Education Policy Institute

Dame Sally Coates
Director of Academies (South), United Learning Trust

Professor Bob Schwartz
Harvard Graduate School of Education

Jane Beine
Head of Partner Development, John Lewis Partnership

All titles correct as at December 2015.

Appendix 3: Transferable skills

The need for transferable skills

In recent years, higher-education institutions and employers have consistently flagged the need for students to develop a range of transferable skills to enable them to respond with confidence to the demands of undergraduate study and the world of work.

The Organisation for Economic Co-operation and Development (OECD) defines skills, or competencies, as 'the bundle of knowledge, attributes and capacities that can be learned and that enable individuals to successfully and consistently perform an activity or task and can be built upon and extended through learning.'^[1]

To support the design of our qualifications, the Pearson Research Team selected and evaluated seven global 21st-century skills frameworks. Following on from this process, we identified the National Research Council's (NRC) framework ^[2] as the most evidence-based and robust skills framework, and have used this as a basis for our adapted skills framework.

The framework includes cognitive, intrapersonal skills and interpersonal skills.

The NRC framework is included alongside literacy and numeracy skills.



The skills have been interpreted for this specification to ensure they are appropriate for the subject. All of the skills listed are evident or accessible in the teaching, learning and/or assessment of the qualifications. Some skills are directly assessed. Pearson materials will support you in identifying these skills and developing these skills in students.

The table overleaf sets out the framework and gives an indication of the skills that can be found in accounting and indicates the interpretation of the skill in this area. A full subject interpretation of each skill, with mapping to show opportunities for student development is given on the subject pages of our website: qualifications.pearson.com

¹ OECD – *Better Skills, Better Jobs, Better Lives* (OECD Publishing, 2012)

² Koenig, J. A. (2011) *Assessing 21st Century Skills: Summary of a Workshop*, (National Academies Press, 2011)

Cognitive skills	Cognitive processes and strategies	<ul style="list-style-type: none"> • Critical thinking • Problem solving • Analysis • Reasoning/argumentation • Interpretation • Decision making • Adaptive learning • Executive function 	<p>In order to make good decisions, students will require a good level of analysis, problem solving and interpretation.</p>
	Creativity	<ul style="list-style-type: none"> • Creativity • Innovation 	
Intrapersonal skills	Intellectual openness	<ul style="list-style-type: none"> • Adaptability • Personal and social responsibility • Continuous learning • Intellectual interest and curiosity 	<p>Developing an awareness of the ethical values in society and in accounting. Accounting involves presenting a true and fair representation of the information.</p>
	Work ethic/conscientiousness	<ul style="list-style-type: none"> • Initiative • Self-direction • Responsibility • Perseverance • Productivity • Self-regulation (metacognition, forethought, reflection) • Ethics • Integrity 	
	Positive core self-evaluation	<ul style="list-style-type: none"> • Self-monitoring/self-evaluation/self-reinforcement 	
Interpersonal skills	Teamwork and collaboration	<ul style="list-style-type: none"> • Communication • Collaboration • Teamwork • Cooperation • Empathy/perspective taking • Negotiation 	<p>Students are required to obtain data, work within a team, discuss outcomes and make recommendations</p>
	Leadership	<ul style="list-style-type: none"> • Responsibility • Assertive communication • Self-presentation 	

Appendix 4: Level 3 Extended Project qualification

What is the Extended Project?

The Extended Project is a standalone qualification that can be taken alongside International Advanced Level (IAL) qualifications. It supports the development of independent learning skills and helps to prepare students for their next step – whether that be higher education or employment. The qualification:

- is recognised by higher education for the skills it develops
- is worth half of an International Advanced Level (IAL) qualification at grades A*–E
- carries UCAS points for university entry.

The Extended Project encourages students to develop skills in the following areas: research, critical thinking, extended writing and project management. Students identify and agree a topic area of their choice for in-depth study (which may or may not be related to an IAL subject they are already studying), guided by their teacher.

Students can choose from one of four approaches to produce:

- a dissertation (for example an investigation based on predominately secondary research)
- an investigation/field study (for example a practical experiment)
- a performance (for example in music, drama or sport)
- an artefact (for example creating a sculpture in response to a client brief or solving an engineering problem).

The qualification is non-examination assessment based and students are assessed on the skills of managing, planning and evaluating their project. Students will research their topic, develop skills to review and evaluate the information, and then present the final outcome of their project.

The Extended Project has 120 guided learning hours (GLH) consisting of a 40-GLH taught element that includes teaching the technical skills (for example research skills) and an 80-GLH guided element that includes mentoring students through the project work. The qualification is 100% internally assessed and externally moderated.

How to link the Extended Project with Accounting

The Extended Project creates the opportunity to develop transferable skills for progression to higher education and to the workplace through the exploration of either an area of personal interest or a topic of interest from within the accounting qualification content.

Through the Extended Project, students will develop skills that support their study of accounting, including:

- conducting, organising and using research
- independent reading in the subject area
- planning, project management and time management
- defining a hypothesis to be tested in investigations or developing a design brief
- collecting, handling and interpreting data and evidence
- evaluating arguments and processes, including arguments in favour of alternative interpretations of data and evaluation of experimental methodology
- critical thinking.

In the context of the Extended Project, critical thinking refers to the ability to identify and develop arguments for a point of view or hypothesis and to consider and respond to alternative arguments. This supports the development of evaluative skills, through evaluating accounting arguments and using qualitative and quantitative evidence to support informed judgements and propose evidence-based solutions to accounting issues.

Types of Extended Project related to Accounting

Students may produce a dissertation on any topic that can be researched and argued, for example:

- the impact of Information and communication technology (ICT) in accounting
- an investigation into the ease of Social and ethical accounting

The dissertation uses secondary research sources to provide a reasoned defence or a point of view, with consideration of counter-arguments.

An alternative might be an investigative project or field study involving the collection of data from primary research, for example:

- a study of the impact of Principles of accounting and double entry bookkeeping on a business
- a statistical survey of Limited companies

A field study might consider an issue that lends itself to primary research, for example an investigation into the role of budgeting as a management tool for planning, forecasting and control.

Using the Extended Project to support breadth and depth

In the Extended Project, students are assessed on the quality of the work they produce and the skills they develop and demonstrate through completing this work. Students should demonstrate that they have extended themselves in some significant way beyond what they have been studying in accounting. Students can demonstrate extension in one or more dimensions:

- **deepening understanding** – where a student explores a topic in greater depth than in the specification content.
- **broadening skills** – where a student learns a new skill. This might be learning how to design a website or learning a new statistical technique that can be used in the analysis of either primary or secondary data collected by the student
- **widening perspectives** – where the student's project spans different subjects. A student studying accounting with geography may wish to research the impact of tourism on a particular region or locality. A student studying accounting with mathematics may wish to use statistical techniques to analyse market data and research one aspect of a market in more detail.

A wide range of information to support the delivery and assessment of the Extended Project, including the specification, teacher guidance for all aspects, an editable scheme of work and exemplars for all four approaches, can be found on our website.

Appendix 5: Glossary

Term	Definition
Assessment objectives	The requirements that students need to meet to succeed in the qualification. Each assessment objective has a unique focus, which is then targeted in examinations or coursework. Assessment objectives may be assessed individually or in combination.
External assessment	An examination that is held at the same time and place in a global region.
International Advanced Subsidiary	Abbreviated to IAS.
International Advanced Level	Abbreviated to IAL.
International A2 (IA2)	The additional content required for an IAL.
Linear	Linear qualifications have all assessments at the end of a course of study. It is not possible to take one assessment earlier in the course of study.
Modular	Modular qualifications contain units of assessment. These units can be taken during the course of study. The final qualification grade is worked out from the combined unit results.
Raw marks	Raw marks are the actual marks that students achieve when taking an assessment. When calculating an overall grade, raw marks often need to be converted so that it is possible to see the proportionate achievement of a student across all units of study.
Uniform Mark Scale (UMS)	Student actual marks (or raw marks) will be converted into a UMS mark so that it is possible to see the proportionate result of a student. Two units may each be worth 25% of a total qualification. The raw marks for each unit may differ, but the uniform mark will be the same.
Unit	A modular qualification will be divided into a number of units. Each unit will have its own assessment.

Appendix 6: Glossary of International Accounting Standards (IAS) terminology

The following is a glossary of the comparison between IAS (International Accounting Standards) terminology and UK GAAP (Generally Accepted Accounting Practice in the UK) terminology. Examiners will use the IAS terms throughout Unit 1 and Unit 2 and candidate responses should use these terms.

IAS terminology	Previously used UK GAAP terminology
Financial statements	Final accounts
Statement of profit or loss and other comprehensive income <i>We will accept 'Statement of Profit or Loss' in examination answers</i>	Trading and profit and loss account
Revenue	Sales
Purchases	Purchases
Raw materials	Raw materials
Work in progress	Work in progress
Cost of sales	Cost of goods sold
Inventory	Stock
Gross profit	Gross profit
Other operating expenses	Sundry expenses
Irrecoverable debts	Bad debts
Allowance for irrecoverable debts	Provision for doubtful debts
Other operating income	Sundry income
Finance income	Interest receivable
Finance costs	Interest payable
Profit (or loss) for the year	Net profit (loss)
Retained earnings	Profit/loss balance

IAS terminology	Previously used UK GAAP terminology
Statement of changes in equity (limited companies)	Appropriation account (limited companies)
Statement of financial position	Balance sheet
Non-current assets	Fixed assets
Property	Land and buildings
Plant and equipment	Plant and equipment
Investments	Investments
Intangible assets	Goodwill
Current assets	Current assets
Inventory	Stock
Trade receivables	Debtors
Other receivables	Prepayments
Cash and cash equivalents (limited companies - Statement of cash flow, IAS7)	
Current liabilities	Current liabilities/creditors: amounts due within 12 months
Trade payables	Creditors
Other payables	Accruals
Bank overdraft and loans (repayable within 12 months)	Loans repayable within 12 months
Non-current liabilities	Long-term liabilities/creditors: amounts falling due after 12 months
Bank (and other) loans (repayable after 12 months)	Loans repayable after 12 months

IAS terminology	Previously used UK GAAP terminology
Capital (sole traders and partnerships) Or Equity (sole traders and partnerships)	Capital
Equity (limited companies)	Share Capital
Statement of cash flows	Cash flow statement
Control Accounts	
Trade receivables ledger control account and a trade payables ledger control account	Sales ledger control account and purchases ledger control account
Accounting ratios	
Gross profit as a percentage of revenue	Gross profit as a percentage of revenue
Profit for the year as a percentage of revenue	Net profit margin
Return on capital employed (percentage)	Percentage return on capital employed
Current (working capital) ratio	Current ratio
Quick (acid test) ratio or liquid (acid test) ratio	Quick (acid test) ratio
Other terms	
Inventory count	Stock take
Carrying value	Net book value

Appendix 7: Formulae

The formulae below will not be supplied in the examinations. Please note that a formula may be applied in more than one section.

Profitability

- 1 Gross Profit as a Percentage of revenue (sales margin) = $(\text{Gross Profit}/\text{Revenue}) \times 100$
- 2 Percentage Mark-up = $(\text{Gross Profit as a Percentage of revenue}/\text{cost of sales}) \times 100$
- 3 Net Profit for the Year as a Percentage of Revenue = $(\text{Net Profit for the Year}/\text{Revenue}) \times 100$
- 4 Return on Capital Employed (percentage) = $(\text{Net Profit Before Interest (NPBI)}/\text{Capital Employed}) \times 100$

For a sole trader or partnership (Capital Employed = Capital + Non-current Liabilities (NCL))

- 5 Return on Capital Employed (percentage) for Corporate Bodies = $(\text{Net Profit Before Interest (NPBI)}/\text{Capital Employed}) \times 100$

For a Company (Capital Employed = Issued Shares + Reserves + Non-current Liabilities)

Liquidity

- 6 Current Ratio = $\text{Current Assets}/\text{Current Liabilities}$
- 7 Liquid Ratio (Acid Test) = $(\text{Current Assets} - \text{Inventory})/\text{Current Liabilities}$
- 8 Rate of Inventory Turnover = $\text{Cost of Sales}/\text{Average Inventory (Times per Accounting Period)}$
- 9 Trade Payables Payment Period = $(\text{Trade Payables}/\text{Credit Purchases}) \times 365$
- 10 Trade Receivables Collection Period = $(\text{Trade Receivables}/\text{Credit Sales}) \times 365$

Use of assets

- 11 Revenue to Non-current Assets = $\text{Revenue}/\text{Non-current Assets}$

Investment

12 Gearing Ratio = $(\text{Fixed Cost Capital (Debt)}) / (\text{Total Capital Employed (Debt + Equity)}) \times 100$

13 Earnings per Share = $(\text{Net Profit after Tax} - \text{Preference Share Dividend}) / \text{Number of Issued Ordinary Shares}$

14 Price Earnings Ratio = $\text{Market Price per Share} / \text{Earnings per Share}$

15 Dividend per Share = $\text{Total Ordinary Dividend Paid} / \text{Number of Issued Ordinary Shares}$

16 Dividend Yield = $\text{Dividend Paid per Share} / \text{Market Price of Share}$

17 Dividend Cover = $\text{Profit after Tax} - \text{Preference Dividends} / \text{Total Ordinary Dividend Paid}$

Appendix 8: Command words used in examinations

The following table lists the command words used in the external assessments.

Command word	Definition
Calculate	This will involve working out a numerical problem using mathematical processes and formulae, showing relevant working.
Comment	The answer must include a simple statement based on the scenario and also a summary of why/how that statement is important to the scenario.
Complete	This requires the completion of a table or structure. This may include a calculation which will then be required to fill the incomplete table/structure.
Define	To state the precise meaning of an accounting term and/or provide a description.
Evaluate	This will involve reviewing information and then bringing it together to form a conclusion, drawing on evidence including strengths, weaknesses, alternative actions, relevant data or information. A supported judgement/decision will be reached in relation to its context.
Explain	This requires a linked justification/exemplification of a point.
Identify	This requires information to be selected from a range of possibilities, list or given stimulus.
Prepare	This will involve arranging financial information into a standard format.
Recommend	This will involve suggesting a solution/decision by reviewing information from a scenario and providing a justification/exemplification for that choice.
State	This requires the recall of one or more pieces of information.

Appendix 9: Use of calculators

Students may use a calculator in assessments for these qualifications. Centres are responsible for making sure that calculators used by their students meet the requirements given in the table below.

Students must be familiar with the requirements before their assessments for these qualifications.

<p>Calculators must be:</p> <ul style="list-style-type: none"> • of a size suitable for use on a desk • either battery or solar powered • free of lids, cases and covers that contain printed instructions or formulae. 	<p>Calculators must not:</p> <ul style="list-style-type: none"> • be designed or adapted to offer any of these facilities: <ul style="list-style-type: none"> ○ language translators ○ symbolic algebraic manipulation ○ symbolic differentiation or integration ○ communication with other machines or the internet • be borrowed from another candidate during an examination for any reason* • have retrievable information stored in them. This includes: <ul style="list-style-type: none"> ○ databanks ○ dictionaries ○ mathematical formulae ○ text.
<p>The candidate is responsible for the following:</p> <ul style="list-style-type: none"> • the calculator's power supply • the calculator's working condition • clearing anything stored in the calculator. 	

*An invigilator may give a student a calculator.

Further information can be found in the JCQ documents *Instructions for conducting examinations* and *Information for candidates for written examinations*, available at www.jcq.org.uk/exams-office.

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VISIT QUALIFICATIONS.PEARSON.COM**

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