



UNIVERSITY of CAMBRIDGE
International Examinations

REVISION CHECKLIST for IGCSE Accounting 0452

Student guide

How to use this guide

This revision guide is designed for you to work through at first with your tutor, who will help you to access papers and questions from previous Cambridge International Examinations (CIE).

Each of the six themes is listed with their topic areas selected for revision purposes. Each topic will have references to either specific CIE practice questions, short multiple choice questions with answers or some brief written notes as guidance to what key points should be included in the solution.

Detailed 'Financial Statement' questions that require large amounts of data cannot be included in this document, so you will need to refer to previous papers and your recommended texts for the necessary information and solutions.

When you have completed all of the topics, it is recommended that you work through all the exercises again on your own. This will strengthen your knowledge and understanding in readiness for the examination.

Section 1: How will you be tested?

This section will give you information about the two papers that you have to sit.

Section 2: What will be tested?

This section describes the areas of knowledge, understanding and skills that the Examiners will test you on.

Section 3: What you need to know

This shows the syllabus content in a simple way so that you can check:

- what you need to know about each topic
- how much of the syllabus you have covered

Section 1 - How will you be tested?

You will be assessed by taking two examination papers:

Paper 1 is a One hour multiple choice paper consisting of 30 questions that tests your knowledge and understanding of the subject and it will also require you to use some analytical skills involved in the production of accounting statements used by business organisations.

This Paper is worth **33.3%** of the total marks available to you.

Paper 2 is a Two Hour written paper that will ask you to answer between 4 and 6 questions related to the preparation of accounting statements for different types of business organisations. You will also be expected to evaluate the financial implications for businesses from the statements that you produce.

Paper 2 is worth **66.6%** of the total marks available to you.

Note: Both papers must be taken and there are 'NO' choice of questions on either paper.

Section 2 - What will be tested?

Skill	Skill Area	You need to be able to demonstrate this skill
A	Knowledge with understanding of:	To explain: Facts , terminology, conventions, principles and techniques related to 'Book-keeping and accounting' To apply: Knowledge and information to various accounting / business situations and problems Key words are: State, define, identify, record, calculate, compute, explain
B	Analysis	Select and order information in written and numerical format: Present numerical information in standard accounting formats Analyse accounting information using the appropriate level of knowledge and understanding Key words are: Select, prepare, draw up
C	Evaluation	Interpret and evaluate accounting information that may be provided to you or produced previously by you in an analytical exercise. You will be asked to: <ul style="list-style-type: none">• draw up reasoned conclusions• describe possible actions• make recommendations that aid problem solving for businesses Key words are: Explain, suggest, advise, comment on, discuss, compare

Section 3 - What you need to know?

This section covers the 6 themes that are detailed in the 'Principles of Accounts' syllabus. They are:

1. Basic Principles
2. Accounting Procedures
3. Final Accounts
4. Preparation of Final Accounts
5. Payroll Accounting
6. Advanced Principles

Each theme covers a number of topics within it ranging from 2 to a maximum of 9 topic areas. The table indicates what **YOU** should be able to do in order to revise for this exam effectively.

It does **NOT** cover every topic area but is designed to make you revise Key areas and become aware of how a topic could be examined in a number of 'multi-choice' questions in Paper 1, and then perhaps form part of a larger question in Paper 2.

Theme	Topic	You should be able to:	Comments
1. Basic Principles	1.1	<ul style="list-style-type: none"> • Explain the role of Accounting <p>Book-keeping means keeping basic financial records, tracking and providing information used by a business. It may be used for internal and external agencies such as for VAT and income tax purposes.</p> <p>Accounting is the process of producing financial statements for a business. Examples would be:</p> <ul style="list-style-type: none"> ○ The Trial Balance ○ The Profit and Loss Account ○ The Balance Sheet <p>These statements enable owners and managers of the business to monitor progress and help decision making in the future.</p> <p>State the benefits of Information and Communications Technology (ICT)</p> <p>Specific examples would be:</p> <ul style="list-style-type: none"> ○ Accuracy of calculations discounts and VAT ○ Speed of data entry is increased as 'single entry' is required ○ Data input is reduced and potential errors minimised ○ Software allows automatic calculation of final statements such as the Profit and Loss Account and Balance Sheet ○ Ease of storing large amounts of electronic data ○ Can reduce labour costs when recording financial information 	
	1.2 & 1.7	<ul style="list-style-type: none"> • Double Entry System of Book-Keeping The ledger <p>This is the basic system of manual record keeping that computerised accounting systems are based upon. You need to practice producing manual book-keeping exercises as this will help you to understand how information flows through the system.</p> <p>All recommended accounting text books have suitable practice exercises with solutions that you can work through. (Business Accounting 1 by Frank Wood & Alan Sangster ninth edition Part 1).</p>	

	<p>1.3 1.4 1.6</p> <p>1.5</p>	<p>Check your answers carefully to ensure you can update ledger accounts under examination conditions.</p> <p>(CIE Paper 2 November 2005 Q1)</p> <ul style="list-style-type: none"> • Documentary Records and Books of Prime Entry <p>You must be able state how the different types of business documents are used:</p> <p>Invoice, Credit Note, Debit Note, Cheque, Receipt, and Statement of Account</p> <p>You should know which source document is recorded in the appropriate book of 'prime-entry'</p> <ul style="list-style-type: none"> ○ Sales Journal ○ Purchased Journal ○ Sales Returns Journal ○ Purchase Returns Journal ○ Cash Book ○ General Journal ○ The Cash Book <ul style="list-style-type: none"> • The Cash Book <p>You need to be able to explain and process transactions involving Current Accounts, Deposit Accounts and Bank Loans for example. Make sure you can record Discounts Received and Allowed and practice balancing-off the Cash Book in the correct way.</p> <p>A further activity that is a favourite topic for examinations is the 'Bank reconciliation statement'. You will need to know the reasons why the Cash Book and the bank Statement will show different balances at a certain date such as the month or year end.</p> <p>Some examples are:</p> <ul style="list-style-type: none"> ○ Cheques not yet presented ○ Bank Charges ○ Interest paid and received <p>(CIE Paper 2 June 2008 Q1)</p>	
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	<p>2.3</p> <p>2.4</p>	<p>4 marks - for the combination of knowledge and understanding and the correct accounting entries to show the disposal of an asset</p> <ul style="list-style-type: none">• Corrections of Errors <p>You need to be able to correct errors. This is tested easily in Paper 1 for example:</p> <p>The purchase of a motor vehicle was entered in the motor expenses account.</p> <p>What kind of error was this?</p> <p>A Commission B Compensating C Principle D Reversal</p> <p>Answer C Error in Principle Remember to revise the different types of errors that can be made and be prepared to give examples in your own words.</p> <p>The types of errors are:</p> <ul style="list-style-type: none">○ Errors of omission○ Errors of commission○ Errors of principle○ Compensating errors○ Errors of original entry○ Reversal of entries○ Errors of transposition <ul style="list-style-type: none">• Control Accounts <p>These accounts are used in book-keeping systems to check the accuracy of the purchase and sales ledgers. They help to locate errors and deter fraud.</p> <p>You will also be expected to use this technique when producing 'purchases' and 'sales' figures for final accounts from 'Incomplete Records'. (See Topic 4 Preparation of Final Accounts)</p>	
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		<p>Refer to CIE Specimen Paper 2 Q3</p> <p>3a- Requires you to calculate the total sales figure by constructing a Sales Ledger Control Account (Total Debtors Account).</p> <p>3b – Requires you to calculate the Creditors balance using the same control account approach from a Purchase Ledger Control Account (Total Creditors Account).</p> <p>3c – The information you have then produced in Part a and b is then used to construct the 'Trading Account'</p> <p>If you are able to construct control accounts correctly this shows that you also understand clearly the basic rules of 'Double Entry' and can apply them effectively.</p>	
<p>3. Final Accounts</p>	<p>3.1 3.2</p>	<ul style="list-style-type: none"> • Trading Profit and Loss Accounts and Balance Sheets <p>This is an area of knowledge that you will need to have upon which you can produce detailed Financial Statements for a range of different types of businesses (see Topic 4).</p> <p>To demonstrate that you have this level of knowledge you need to be able to construct and explain the component parts of the financial statements common to businesses.</p> <p>Examples of component parts are assessed regularly in Paper 1. (CIE Specimen Paper 1)</p> <p>Q16 – Calculation of the gross profit Q17 – Calculation of working capital Q20 – Recording goodwill in a partnership Q21 – Calculation of the accumulated fund for a sports club Q22 – Calculation of a traders net profit</p>	