

EGCSE ACCOUNTING Syllabus 6896
October/November 2021-2023 Examinations

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ESWATINI GENERAL CERTIFICATE OF SECONDARY EDUCATION

INTRODUCTION

The Eswatini General Certificate of Secondary Education (EGCSE) syllabuses are designed as two-year courses for examination in Form 5. Accounting maybe viewed as a career but it also inculcates life-long skills of financial accountability, be it at work or at home. The spirit of being conscious of our spending is vital even for personal spending.

The study of basic accounting at secondary schools is useful for those individuals who find themselves entrepreneurs as a means for survival and it further prepares those who may wish to take accounting as a career.

All EGCSE syllabuses follow a general pattern. The main sections are:

Aims

Assessment Objectives

Assessment

Curriculum Content

Accounting is an Elective Subject and falls into the Business Education Field of Study.

AIMS

The aims of the syllabus are the same for all candidates. These aims are set out below and describe the educational purposes of a course in Accounting for the EGCSE Examination. They are not listed in order of priority.

The aims are to enable candidates to:

- 1 develop attitudes of accuracy, orderliness, self-reliance, perseverance and critical thinking;
- 2 develop skills of arithmetic, enquiry, presentation, analysis and interpretation;
- 3 understand accounting principles, terminologies and procedures;
- 4 understand and appreciate purposes of accounting on providing information for decision-making appropriate to business, prospective buyers of businesses and all interested parties;
- 5 develop an understanding of the implications of failing to keep proper financial records;
- 6 develop accounting skills to make judgements and take decisions.

PRIOR KNOWLEDGE AND KEY BENEFITS

Learners who are eligible to study EGCSE Accounting (6896) must have successfully completed the Eswatini Junior Certificate (JC) of Secondary qualification or its equivalent. Candidates who had not done the Junior Certificate Bookkeeping and Accounts at JC may study the EGCSE Accounting (6896).

Learners benefit from this course in that they learn life-long skills for accounting on how they spend their income or small businesses they may operate.

RECOGNITION AND PROGRESSION

The EGCSE Qualification is recognised by local universities and colleges, and some institutions outside Eswatini. The EGCSE Accounting syllabus content gives learners a solid foundation for further study. Candidates who achieve grades A* to C are well prepared to enter universities locally and in some other countries to pursue a wide range of courses. Some candidates increase their chances of acceptance in universities outside Eswatini by enrolling for the Cambridge International AS, A Levels and or equivalent qualifications.

SUMMARY OF CONTENT

1. Purpose of Accounting

This section introduces accounting, explains the difference between bookkeeping and accounting. It justifies the reasons for ascertaining profit and loss in a business. States the users of a accounting information within and outside the business

2. Accounting principle and policies

Explain the main underlying principles in the preparation of accounting statements and the implications of accounting principles in financial reporting and recording. It includes; business entity, duality, money measurement, prudence, realisation, consistency, marketing and historic cost. It also explains the four policies (i.e., relevance, reliability, comparability and understandability).

3. Accounting equation

This section explains basic accounting terms: Assets, liabilities and capital (owner's equity). understanding of accounting equation and effects of transactions on it, demonstrates the effects of transactions on assets, liabilities and capital.

4. Source documents and subsidiary books

This section covers recognition and understanding of source documents (invoice, debit note, credit note, cheque, receipts and statement of account), recording of accounting data in subsidiary books including value added tax (cash book, sales journal, purchases journal, returns inwards and outwards journals, petty cash book and general journal). Explaining and applying the imprest system of petty cash. Posting ledger entries from subsidiary books, cash and trade discounts, types of VAT (standard rate and zero rate).

5. Double entry

This section covers understanding of the double entry of bookkeeping, processing accounting data using double entry system, preparing ledger accounts using 'T' account format, post transactions to the ledger (including VAT), balancing ledger accounts and making transfers to financial statements. Interpret ledger accounts and their balances, the division of the ledger into sales/debtors ledger, purchases/creditors ledger and nominal/general ledger. Advantages of dividing the ledger into sections.

6. Verification of accounting records

The section focuses on the trial balance, correction of errors, bank reconciliation and control accounts.

7. Accounting Procedures

This part covers capital and revenue expenditure and receipts, depreciation and disposal of non-current assets, accruals and prepayments, irrecoverable debts and provisions and inventory valuation.

8. Financial Statements

This section focuses on financial statements of a sole trader, partnership, non-trading organisations and limited liability companies.

9. Specialised accounts

This section focuses on departmental accounts, manufacturing accounts and incomplete records

10. Interpretation of financial statements

This section covers definition of non-current assets, current assets, intangible assets, working capital, capital employed, non-current liabilities and current. It also focuses on distinguishing between profitability and liquidity ratios. Calculation of ratios (gross margin, return on capital employed current ratio, quick ratio and rate of inventory. Understand the significance of the difference between gross profit and profit for the year percentage as indicators of business efficiency. Analysis, interpretation, comment and advice on liquidity, profitability and working capital. Apply ratios to infer firm comparisons. Make judgements based on performance of two or more businesses

ASSESSMENT OBJECTIVES

Assessment Objectives (AO) in Accounting are:

- AO1** Knowledge and Understanding
- AO2** Analysis
- AO3** Evaluation, Judgement and Decision-Making.

A description of each assessment objective follows.

AO1 KNOWLEDGE AND UNDERSTANDING

Candidates should be able to:

1. show knowledge and understanding of terms, principles, and accounting procedures;
2. show knowledge and understanding through arithmetic, presentation and interpretation;
3. apply knowledge and understanding to various accounting situations and problems.

Questions to test this will include words such as: state, define, calculate, list, outline, write up, record, explain, select.

AO2 ANALYSIS

Candidates should be able to:

4. select data which is relevant to specific needs of business;
5. present information in an orderly manner and in appropriate accounting form;
6. analyse information observing accounting procedures.

Questions to test this will include words such as: select, prepare, draw up, compile, display.

AO3 EVALUATION, JUDGEMENT AND DECISION-MAKING

Candidates should be able to:

7. demonstrate analysis, diagnostic and problem-solving skills;
8. interpret and evaluate accounting information and make reasoned judgements and decisions based on accounting information.

Questions to test this may require subjective responses and may begin with words such as: explain, advise, comment, discuss, compare, suggest, recommend, justify and draw conclusions

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Specification Grid

The relationship between the assessment objectives and components of the scheme of assessment.

Paper	Assessment Objectives		
	AO1 Knowledge with understanding	AO2 Analysis	AO3 Evaluation, judgement and decision-making
1	65%	25%	10%
2	45%	35%	20%

The assessment objectives are weighted to give an indication of their relative importance. The percentages are not intended to provide a precise statement of the number of marks allocated to particular assessment objectives.

ASSESSMENT

Scheme of Assessment

All papers are compulsory. Candidates must enter for Papers 1 and 2 and are eligible for the award of Grades A* to G. A description of each paper follows.

Paper 1 (1 hour 45 minutes) consisting of 100 marks

Will be a structured question paper consisting of five or six questions based on topics from the whole of the syllabus. The questions may include short answer questions and multiple choice items.

Will be answered on the question paper.

This paper will be weighted at 50% of the final total available marks.

Paper 2 (1 hour 45 minutes) consisting of 100 marks

Will be a structured question paper consisting of four or five questions based on topics from the whole of the syllabus.

Will be answered on the question paper.

This paper will be weighted at 50% of the final total available marks.

Weighting of Papers

Paper	Weighting
1	50%
2	50%

CURRICULUM CONTENT

Candidates will study all topics in the Curriculum Content outlined below.

Appropriate teaching time for the Accounting syllabus should be equivalent to six (6) periods of forty (40) minutes each over a period of sixty (60) weeks/cycles.

The abbreviation i.e. have contextual meaning in this syllabus. Content which follows an i.e. must be taught.

1.MEANING AND PURPOSE OF BOOKKEEPING AND ACCOUNTING		
General Objectives students can:	Content (C) Students will learn about:	Outcome (O) Students will learn to:
1.1 demonstrate knowledge and understanding of bookkeeping and accounting	<p>C1.1 the concept of bookkeeping and accounting i.e:</p> <p>(a) defining bookkeeping and accounting</p> <p>(b) difference between bookkeeping and accounts</p> <p>C1.2 users of accounting information within and outside the business i.e:</p> <p>(a) Owner</p> <p>(b) Manager</p> <p>(c) Prospective buyer</p> <p>(d) Financial institution</p> <p>(e) Government tax and Registrar of companies</p> <p>(f) Prospective partner</p> <p>(g) Potential and existing investors</p> <p>(h) Trade payables</p> <p>C1.3 uses of accounting information</p> <p>C1.4 purpose of measuring business profit or loss</p>	<p>O1.1.1 define bookkeeping and accounting</p> <p>O1.1.2 differentiate between bookkeeping and accounting</p> <p>O1.2.1 state the users of accounting information</p> <p>O1.2.2 identify the users of accounting information within and outside the business</p> <p>O1.3.1 identify the uses of accounting information within and outside the business</p> <p>O1.3.2 explain the uses of Accounting information relevant to each user</p> <p>O1.4.1 state and explain the purpose of measuring business profit and loss</p>

2. ACCOUNTING PRINCIPLES AND POLICIES		
General Objectives Students can	Students will learn about:	Students will learn to:
2.1 demonstrate knowledge, understanding, application and analysis skills of Accounting Principles and Policies	<p>C2.1. Accounting Principles i.e.:</p> <p>(a) business entity: appreciate that a distinction is made between the financial transactions of business and those of its owners.</p> <p>(b) duality: understand that every transaction has two aspects.</p> <p>(c) money measurement: know that all transactions are expressed in monetary terms e.g. Emalangeneni</p> <p>(d) prudence: know that revenue should not be recorded before it is earned, but foreseeable losses should be taken into account immediately.</p> <p>(e) realisation: know that revenue is recognised as being earned when the customer incurs a legal liability to pay.</p> <p>(f) consistency: understand that the same accounting policy should be applied to similar items at all times.</p> <p>(g) matching: know that costs must be matched against related income</p> <p>(h) assumed continuity: understand that accounting assumes that a business will continue to operate indefinitely.</p> <p>(i) historical cost: understand that all assets and expenses are recorded at cost price.</p>	<p>O2.1.1 State and Explain the meaning of each of the accounting principles</p> <p>O2.1.2 apply the main principles underlying the preparation of accounting statements</p> <p>O2.1.3 analyse the implications of accounting principles in financial reporting and recording:</p>

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	<p>C2.2. Accounting policies i.e.:</p> <p>(a) relevance: understand that financial information is relevant only if it affects the business decisions.</p> <p>(b) reliability: understand that financial information is reliable only if it can be depended upon to represent actual events and is free from error and bias.</p> <p>(c) comparability: recognise that a financial report can only be compared with reports for other periods if similarities and differences can be identified.</p> <p>(d) understandability: recognise that a financial report must be capable of being understood by the users of that report.</p>	<p>O2.2.1 state and explain accounting policies</p> <p>O.2.2. identify and explain the objectives for selecting accounting policies.</p> <p>O2.2.3 apply the relevant policies in the preparation of accounting statements.</p>
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3. ACCOUNTING EQUATION		
<p>3.1 demonstrate knowledge and understanding of the effects of transactions in the accounting equation</p>	<p>C3.1 understanding basic accounting terms i.e.</p> <p>(a) Assets</p> <p>(b) Liabilities</p> <p>(c) Capital</p> <p>C3.2 understanding the accounting equation and the effect of transactions on it.</p> <p>C3.3 effects of transactions on assets, liabilities and capital</p>	<p>O3.1.1 define and use basic accounting terms</p> <p>O3.2.1 state, explain and use the accounting equation</p> <p>O3.3.1 state and explain the effects of transactions on assets, liabilities and, capital</p>

4. SOURCE DOCUMENTS AND SUBSIDIARY BOOKS		
4.1 demonstrate knowledge and understanding of source documents and subsidiary books	<p>C4.1 recognising and understanding source documents i.e.</p> <p>(a) invoice (b) debit note (c) credit note (d) cheque (e) receipt (f) statement of account</p> <p>C4.2 recording accounting data in the subsidiary books including Value Added Tax i.e.</p> <p>(a) cashbook (b) sales journal (c) purchases journal (d) returns inwards journal (e) returns outwards journal (f) petty cash book (g) general journal</p> <p>C4.3 explaining and applying the imprest system of petty cash</p> <p>C4.4 posting to the ledger entries from the subsidiary books</p> <p>C4.5 understanding advantages of using the various subsidiary books</p> <p>C4.6 understanding cash and trade discounts</p>	<p>O4.1.1 state and explain the functions of source documents</p> <p>O4.1.2 analyse information in source documents</p> <p>O4.1.3 distinguish between the different source documents</p> <p>O4.2.1 state and explain functions of subsidiary books</p> <p>O4.2.2 present accounting information in subsidiary books including VAT</p> <p>O4.2.3 explain subsidiary books entries</p> <p>O4.3.1 explain and apply the imprest system of petty cash concept</p> <p>O4.4.1 post ledger entries from the subsidiary books</p> <p>O4.5.1 state and explain the advantages of using the various subsidiary books</p> <p>O4.6.1 calculate cash and trade discounts</p> <p>O4.6.2 differentiate between cash and trade discounts</p> <p>O4.6.3 Calculate invoice price and amount to be paid after discounts</p>

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	C4.7 understanding Value Added Tax (VAT) i.e. (a) definition (b) types i.e. (i) standard rate (ii) zero rate	O4.7.1 State the definition of VAT O4.7.2 State the types of VAT O4.7.3 explain the concept VAT
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5. DOUBLE ENTRY		
5.1 demonstrate knowledge and understanding of double entry system	<p>C5.1 double entry i.e.</p> <ul style="list-style-type: none"> (a) understanding of the double entry system of bookkeeping in posting to the ledger (including VAT) using the 'T' account format. (b) Posting transactions to the ledger accounts (including VAT). (c) processing accounting data using the double entry system (d) preparing ledger accounts using the T' account format. 	<p>O5.1.1 explain the double entry system of book-keeping</p> <p>O5.1.2 process accounting data using the double entry system post entries to the ledger (including VAT)</p> <p>O5.1.3 post transactions to the ledger accounts (including VAT)</p> <p>O5.1.4 prepare ledger accounts using the 'T' account format</p>
	C5.2 balancing a ledger account as required and making transfers to financial statements	O5.2.1 balance ledger accounts as required and make transfers to financial statements
	<p>C5.3 divisions of the ledger i.e.</p> <ul style="list-style-type: none"> (i) sales/debtors ledger, (ii) purchases/creditors ledger (iii) nominal/general ledger (iv) advantages of dividing the ledger into sections 	<p>O5.3.1 Identify and use the different types of the ledger</p> <p>O5.3.2 state and explain advantages of dividing the ledger into sections</p>
	C5.4 interpreting ledger accounts and their balances	O5.5.1 interpret ledger accounts and their balances

6. VERIFICATION OF ACCOUNTING RECORDS		
<p>6.1 display knowledge, understanding and application of verifying accounting records and correction of errors</p>	<p>C6.1 understanding of The Trial Balance i.e.:</p> <p>(a) purpose of preparing a trial balance</p> <p>(b) preparing a trial balance from a given list of balances and from ledger balances</p> <p>(c) identifying and describing errors not revealed by a trial balance</p> <p style="margin-left: 20px;">(i) omission (ii) commission (iii) principle (iv) original entry (v) transposition (vi) complete reversal of entries (vii) compensation</p> <p>(d) identifying and describing errors which affect the trial balance i.e.</p> <p style="margin-left: 20px;">(i) addition (ii) single entry (iii) posting wrong balance</p> <p>(e) correction of errors by journal entries and post to the ledger</p> <p>(f) explaining the purpose of a suspense account and use it to correct the errors which affect the trial balance</p>	<p>O6.1.1 explain the purpose of preparing a trial balance</p> <p>O6.1.2 prepare a trial balance from a given list of balances and from ledger balances</p> <p>O6.1.3 Identify and describe errors not revealed by a trial balance</p> <p>O6.1.4 correct errors by journal entries and post to the ledger</p> <p>O6.1.5 explain the purpose of a suspense account</p> <p>O6.1.6 use the suspense account to correct errors which affect the trial balance</p> <p>O6.1.7 analyse the effect of errors on profit and statement of financial position</p> <p>O6.1.8 adjust the profit or loss for an accounting period after the correction of errors</p> <p>O6.1.9 analyse the effects of correction of errors on a statement of financial position</p>

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<p>(g) effect of errors on profit and statement of financial position</p> <p>(h) adjusting the profit or loss for an accounting period after the correction of errors</p> <p>(i) effects of correcting errors on a statement of financial position</p> <p>C6.2 Bank Reconciliation i.e.:</p> <p>(a) updating the cash book</p> <p>(b) importance and need for reconciling the cash book and bank statement balance</p> <p>(c) preparing a bank reconciliation statement including both favourable and unfavourable balances</p> <p>C6.3 Control Accounts i.e.</p> <p>(a) purpose of control accounts</p> <p>(b) sources of information for their preparation of control accounts</p> <p>(c) sales ledger control account in T format</p> <p>(d) purchases ledger control account in T format</p>	<p>O6.2.1 identify the importance and need for reconciling in the cash book and bank statement balances</p> <p>O6.2.2 prepare an updated cash book</p> <p>O6.2.3 prepare a bank reconciliation statements including both favourable and unfavourable balances</p> <p>O6.3.1 explain the purpose of control accounts</p> <p>O6.3.2 identify sources of information for preparing control accounts</p> <p>O6.3.3 prepare sales ledger and purchases ledger control accounts</p> <p>O6.3.4 calculate credit purchases/sales and other missing figures</p>
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7. ACCOUNTING PROCEDURES		
7.1 demonstrate knowledge and understanding of accounting procedures	<p>C7.1 Capital and revenue expenditure and receipts i.e.:</p> <p>(a) differences between i.e.:</p> <p style="padding-left: 20px;">(i) capital expenditure and receipts</p> <p style="padding-left: 20px;">(ii) revenue expenditure and receipts</p> <p>(b) effects on profit and asset valuation of incorrect treatment</p> <p>C7.2 Depreciation and disposal of non-current assets i.e.:</p> <p>(a) depreciation</p> <p style="padding-left: 20px;">(i) meaning</p> <p style="padding-left: 20px;">(ii) calculating and preparing accounting entries for the operation of depreciation using straight-line, reducing and revaluation methods</p> <p>(b) accounting entries to record the sale of non-current assets, including the use of disposal accounts</p>	<p>O7.1.1 differentiate between capital expenditure and receipts</p> <p>O7.1.2 differentiate between revenue expenditure and receipts</p> <p>O7.1.3 explain the effect of capital expenditure and receipts on profit and asset valuation of incorrect treatment</p> <p>O7.1.4 explain the effect of revenue and receipts on profit and asset valuation of incorrect treatment</p> <p>O7.2.1 explain that depreciation measures the partial consumption of non-current assets during its use</p> <p>O7.2.2 calculate amounts charged for depreciation using straight-line, reducing balance and revaluation methods.</p> <p>O7.2.3 prepare non-current asset and provision for depreciation accounts.</p> <p>O7.2.4 prepare accounting entries to record the sale of non-current assets, including the use of disposal accounts.</p>

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	<p>C7.3 Accruals and prepayments i.e.:</p> <ul style="list-style-type: none">(a) understanding the importance of matching costs and revenues(b) preparing accounting entries for accrued and prepaid expenses and accrued and prepaid income	<p>O7.3.1 explain the importance of matching costs and revenues</p> <p>O7.3.2 prepare accounting entries for accrued and prepaid expenses</p> <p>O7.3.3 prepare accounting entries for accrued and prepaid income</p>
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	<p>C7.4 Irrecoverable debts and provisions i.e.:</p> <p>(a) understanding and preparing accounting entries to record irrecoverable debts written off</p> <p>(b) understanding and recording of irrecoverable debts recovered</p> <p>(c) reasons for maintaining a provision for doubtful debts.</p> <p>(d) making accounting entries for the creation of, and adjustments to a provision for doubtful debts</p> <p>C7.5 Inventory valuation i.e.:</p> <p>(a) understanding the basis of inventory valuation at the lower of cost and net realisable value</p> <p>(b) understanding and applying methods of inventory valuation i.e.:</p> <p>(i) First in first out (FIFO)</p> <p>(ii) Last in first out (LIFO)</p> <p>(iii) Average cost (AVCO)</p> <p>(c) effect of an incorrect inventory valuation on gross profit, profit for the year, assets and capital</p> <p>(d) adjustments for drawings of inventory</p>	<p>O7.4.1 explain the meaning of irrecoverable debts and provisions</p> <p>O7.4.2 prepare accounting entries to record irrecoverable debts written off</p> <p>O7.4.3 describe and record irrecoverable debts recovered</p> <p>O7.4.4 explain the reasons for maintaining a provision for doubtful debts.</p> <p>O7.4.5 make accounting entries for the creation of, and adjustment to, a provision for and doubtful debts</p> <p>O7.5.1 explain the basis of inventory valuation at the lower of cost and net realisable value</p> <p>O7.5.2 state and apply FIFO, LIFO and AVCO methods of inventory valuation</p> <p>O7.5.3 explain and discuss the effect of an incorrect inventory valuation on gross profit for the year, assets and capital</p> <p>O7.5.4 make adjustments for drawings of inventory</p>
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8. PREPARATON OF FINANCIAL STATEMENTS		
<p>8.1 Demonstrate knowledge, understanding and preparation of financial statements</p>	<p>C8.1 Sole trader i.e.:</p> <ul style="list-style-type: none"> (a) advantages and disadvantage of a sole trader business (b) the differences between service and trading businesses (c) understanding and preparing income statements and statements of financial position for trading and service businesses (d) adjustments for accruals and prepayments (e) adjustment for provision for depreciation using straight line, reducing balance and revaluation method (f) adjustment for irrecoverable debts and provision for doubtful debts (g) adjustments for drawings of inventory <p>C8.2 Partnership i.e.</p> <ul style="list-style-type: none"> (a) advantages and disadvantages of a partnership business (b) the importance and contents of a partnership agreement (c) understanding the purpose of an appropriation account (d) preparing income statements, appropriation accounts and statements of financial position (e) the treatment of the division of the balance of profit or loss: interest on capital, partners' salaries, and interest on partners' loans and on drawings. (f) the purpose of, and difference between 	<ul style="list-style-type: none"> O8.1.1 explain advantages and disadvantages of a sole trader business O8.1.2 explain the difference between a trading business and a service business O8.1.3 prepare income statements and statements of financial position for trading businesses and service businesses using both the horizontal and vertical formats O8.1.4 make adjustments for accruals and prepayments O8.1.5 make adjustments for provision for depreciation using straight line, reducing balance and revaluation method O8.1.6 make adjustments for irrecoverable debts and provisions for doubtful debts O8.1.7 make adjustments for drawings of inventory O8.2.1 explain advantages and disadvantages of a partnership business O8.2.2 state and discuss the importance of contents of partnership agreement O8.2.3 state the purpose of an appropriation account O8.2.4 prepare income statements, appropriation accounts and statements of financial position for a partnership business using both the horizontal and vertical formats O8.2.5 show and discuss the treatment of the division of the balance of profit or loss: interest on capital, partners' salaries, and interest on partners' loans and on drawings.

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	<p>capital and current accounts</p> <p>(g) partners' capital and current accounts</p> <p>(h) prepare partners' capital and current accounts in statements of financial position</p> <p>(i) adjustments for accruals and prepayments</p> <p>(j) adjustment for provision for depreciation using straight line, reducing balance and revaluation method</p> <p>(k) adjustment for irrecoverable debts and provision for doubtful debts</p> <p>(l) adjustments for drawings of inventory</p>	<p>O8.2.5 state and distinguish between capital and current accounts</p> <p>O8.2.6 draw up partners' capital and current accounts</p> <p>O8.2.7 prepare partners' capital and current accounts in statement of financial position</p> <p>O8.2.8 make adjustments for accruals and prepayments</p> <p>O8.2.9 make adjustments for provision for depreciation using straight line, reducing balance and revaluation method</p> <p>O8.2.10 make adjustments for irrecoverable debts and provisions for doubtful debts</p> <p>O8.2.11 make adjustments for drawings of inventory</p>
	<p>C8.3 Non-Trading organisations i.e.:</p> <p>(a) receipts and payments account and income and expenditure</p> <p>(b) preparing a subscriptions account and understanding reasons for its preparation</p> <p>(c) preparing accounts for revenue generating activities:</p> <p style="padding-left: 20px;">(i) refreshments</p> <p style="padding-left: 20px;">(ii) canteen</p> <p>(d) preparing income and expenditure accounts and statements of financial positions</p> <p>(e) adjustments for accruals and prepayments</p> <p>(f) adjustment for provision for depreciation using straight line, reducing balance and revaluation method</p>	<p>O8.3.1 state and distinguish between receipts and payments account and income and expenditure</p> <p>O8.3.2 prepare receipts and payments</p> <p>O8.3.2 Explain the reason for preparing a subscriptions account</p> <p>O8.3.4 prepare subscriptions account with debit and credit opening, closing balances and understand reasons for its preparation</p> <p>O8.3.5 prepare accounts for revenue generating activities</p> <p>O8.3.6 Prepare and income and expenditure accounts and statements of financial positions</p> <p>O8.3.7 make adjustments for accruals and prepayments</p> <p>O8.3.8 make adjustments for provision for depreciation using straight line, reducing balance and revaluation method</p>

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	(g) understanding and calculating accumulated fund	
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	<p>C8.4 Limited Liability Companies i.e.:</p> <p>(a) limited liability and unlimited liability</p> <p>(b) public and private companies</p> <p>(c) called up, issued, and paid-up share capital</p> <p>(d) share capital i.e:</p> <p style="padding-left: 20px;">(i) preference shares</p> <p style="padding-left: 20px;">(ii) ordinary shares</p> <p style="padding-left: 20px;">(iii) loan capital (debentures)</p> <p>(e) explaining and preparing income statement, statements of changes in equity and statements of financial position of limited companies</p> <p>(f) the capital structure of a limited company i.e.:</p> <p style="padding-left: 20px;">(i) preference share capital,</p> <p style="padding-left: 20px;">(ii) ordinary share capital,</p> <p style="padding-left: 20px;">(iii) general reserve</p> <p style="padding-left: 20px;">(iv) retained earnings</p> <p>NB:</p> <p>Candidates will not be expected to understand cumulative and non-cumulative preference shares, rights issues, share premium or capital redemption reserve. However, candidates should understand the difference between redeemable and non-redeemable preference shares.</p>	<p>O8.4.1 explain the concept of limited and unlimited liability</p> <p>O8.4.2 distinguish between limited and unlimited companies; public and private companies</p> <p>O8.4.3 explain the distinction between called up, issued, and paid-up share capital</p> <p>O8.4.4 explain the distinction between share capital, (preference shares and ordinary shares), and loan capital (debentures)</p> <p>O8.4.5 explain and prepare income statement, statements of changes in equity and statements of financial position of limited companies</p> <p>O8.3.6 explain the capital structure of a limited company comprising preference share capital, ordinary share capital, general reserve and retained earnings</p>
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9. SPECIALISED ACCOUNTS		
	<p>C9.1 Departmental Accounts i.e.:</p> <p>(a) preparing simple apportionment of expenses between departments</p> <p>(b) preparing income statements for a business with two departments</p> <p>(c) adjustments for accruals and prepayments</p> <p>(d) adjustment for provision for depreciation using straight line, reducing balance and revaluation method</p> <p>C9.2 Manufacturing Accounts i.e.:</p> <p>(a) purpose of a manufacturing account</p> <p>(b) recognising direct and indirect costs</p> <p>(c) recognising direct material, direct labour, direct expense, prime cost and factory overheads</p> <p>(d) understanding and reasons for finished goods</p> <p>(e) preparation manufacturing accounts to show prime cost and production cost</p> <p>(f) understanding and calculating unit cost of production</p>	<p>O9.1.1 calculate apportionment of expenses between departments</p> <p>O9.2.2 prepare columnar income statements for a business with two departments</p> <p>O9.1.3 make adjustments for accruals and prepayments</p> <p>O9.1.3 make adjustments for provision for depreciation using straight line, reducing balance and revaluation method</p> <p>O9.2.1 explain the purpose of a manufacturing account</p> <p>O9.2.2 identify direct and indirect costs</p> <p>O9.2.3 identify and recognise direct material, direct labour, direct expense, prime cost and factory overheads</p> <p>O9.2.4 prepare manufacturing accounts to show the prime cost and production cost</p> <p>O9.2.5 calculate the unit cost of production</p> <p>O9.2.6 prepare income statements and statements of financial position for a manufacturing business</p> <p>O9.2.7 make adjustments to financial statements comprising prepayments, accruals and depreciation</p>

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	<p>(g) income statements and statements of financial position for a manufacturing business</p> <p>(h) making adjustments to financial statements comprising prepayments, accruals and depreciation</p>	
	<p>C9.3 Incomplete records i.e.:</p> <p>(a) opening and closing statements of affairs</p> <p>(b) calculating of the profit or loss for the year from changes in capital over time</p> <p>(c) calculating purchases, sales, trade receivables, trade payables and other figures from incomplete information</p> <p>(d) Applying accounting techniques to arrive at missing figures: mark-up, margin and inventory turnover</p> <p>(e) preparation of financial statements from incomplete information</p> <p>(f) adjustments for accruals and prepayments</p> <p>(g) adjustment for provision for depreciation using straight line, reducing balance and revaluation method</p> <p>(h) adjustment for irrecoverable debts and provision for doubtful debts</p> <p>(i) adjustments for drawings of inventory</p>	<p>O9.3.1 prepare opening and closing statements of affairs</p> <p>O9.3.2 calculate the profit or loss for the year from changes in capital over time</p> <p>O9.3.3 calculate purchases, sales, trade receivables, trade payables and other figures from incomplete information</p> <p>O9.3.4 apply accounting techniques to arrive at missing figures: mark up, margin and inventory turnover</p> <p>O9.3.5 prepare financial statements from incomplete information</p> <p>O9.3.6 make adjustments for accruals and prepayments</p> <p>O9.3.7 make adjustments for provision for depreciation using straight line, reducing balance and revaluation method</p> <p>O9.3.8 make adjustments for irrecoverable debts and provisions for doubtful debts</p> <p>O9.3.9 make adjustments for drawings of inventory</p>

10. INTERPRETATION OF FINANCIAL STATEMENTS		
<p>10.1 demonstrate knowledge and , understanding of assets ,liabilities, capital and evaluate business performance</p>	<p>C10.1 Concepts of ratios i.e.:</p> <ul style="list-style-type: none"> (a) non-current assets (b) current assets (c) intangible assets (d) working capital (e) capital employed (f) capital owned (g) non-current liabilities (h) current liabilities <p>C10.2 Profitability and liquidity ratios i.e.:</p> <ul style="list-style-type: none"> (a) calculating and understanding the following ratio. i.e. <ul style="list-style-type: none"> (i) gross margin (ii) profit margin (iii) return on capital employed (ROCE) (iv) current ratio (v) quick ratio (vi) rate of inventory turnover (b) difference between profitability and liquidity ratio (c) Analysing, interpreting, commenting and advising on liquidity and profitability of a business (d) Making recommendations and suggestions for improving profitability and working capital 	<p>O10.1.1 identify and define non-current assets, current assets and intangible assets; working capital, capital employed, capital owned, non-current liabilities and current liabilities</p> <p>O10.2.1 distinguish between profitability and liquidity ratios</p> <p>O10.2.2 calculate profitability and liquidity ratios</p> <p>O10.2.3 analyse, interpret, advise on liquidity and profitability of a business</p> <p>O10.2.4 make recommendations and suggestions for improving profitability and working capital</p> <p>O10.2.5 explain the effect of transactions on working capital</p>

GRADE DESCRIPTIONS

The scheme of assessment is intended to encourage positive achievement by all candidates. Grade descriptions are provided to give a general indication of the standards of achievement likely to have been shown by candidates awarded particular grades. The grade awarded will depend on the extent to which the candidate has met the assessment objectives overall and may conceal weakness in one aspect of the examination that is balanced by above-average performance on some other.

Criteria for the standard of achievement likely to have been shown by candidates awarded Grades A, C and F are shown below.

A Grade A candidate has demonstrated the following abilities:

A Knowledge with understanding

- An excellent ability to identify detailed facts, principles and techniques in relation to the content of the syllabus
- A thorough ability to define the main principles and themes of the syllabus

B Analysis

- Excellent ability to classify and comment on information presented in various forms
- Excellent ability to select and use appropriate data

C Evaluation, judgement and decision-making

- A thorough ability to interpret and evaluate accounting information, draw reasoned p

A Grade C candidate has demonstrated the following abilities:

A Knowledge with understanding

- A sound ability to identify facts, principles and techniques in relation to the content of the syllabus
- A sound ability to define the main principles and themes of the syllabus

B Analysis

- A good ability to use and comment on information presented in a non-verbal as well as a verbal manner
- A sound ability to select and use appropriate data

C Evaluation, judgement and decision-making

- An ability to interpret and evaluate accounting information, draw reasoned conclusions and make appropriate decisions.

A Grade F candidate has demonstrated the following abilities:

A Knowledge and understanding

- Some ability to identify specific facts, principles or techniques in relation to the syllabus
- Some familiarity with definitions of the main principles of the syllabus

B Analysis

- Some ability to classify and present data in simple way and some ability to select relevant information from a set of data
- Some ability to select and use appropriate data

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C Evaluation, judgement and decision-making

- A rudimentary ability to gather information relating to a particular topic, present it in an ordered manner, draw some basic conclusions and make basic decisions.

INTERNATIONAL STANDARDS TERMINOLOGY

The following list has been collated to help Centres prepare for the introduction of international standards. Centres are encouraged to apply the new terminology to their teaching and learning materials so that candidates sitting for examination will be aware of the terms.

Current Eswatini/UK usage	International usage
Final accounts	<i>Financial Statements</i>
Trading and profit & loss account	<i>Income statement</i>
Sales	<i>Revenue</i>
Purchases	<i>Purchases</i>
Cost of goods sold	<i>Cost of sales</i>
Stock	<i>Inventory (of raw materials and finished goods)</i>
Work in progress	<i>Work in progress</i>
Gross profit	<i>Gross profit</i>
Sundry expenses	<i>Other operating expenses</i>
Sundry income	<i>Other operating income</i>
Interest receivable	<i>Investment revenues</i>
Interest payable	<i>Finance costs</i>
Net Profit	<i>Profit (before tax) for the year</i>
Statement of financial position	<i>Statement of financial position</i>
Fixed assets	<i>Non-current assets</i>
Land and buildings	<i>Property</i>
Plant and equipment	<i>Plant and equipment</i>
Investments	<i>Investment property</i>
Goodwill etc.	<i>Intangible assets</i>
Current assets	<i>Current assets</i>
Stock	<i>Inventory</i>
Debtors	<i>Trade receivables</i>
Prepayments	<i>Other receivables</i>
Bank and cash	<i>Cash (and cash equivalents)</i>
Current liabilities or Creditors: amounts due within 12 months	<i>Current liabilities</i>
Creditors	<i>Trade payables</i>
Accruals	<i>Other payables</i>
Loans repayable within 12 months	<i>Bank overdrafts and loans</i>
Long term liabilities or Creditors: amounts falling due after more than one year	<i>Non-current liabilities</i>
Loans repayable after 12 months	<i>Bank (and other) loans</i>
Capital	<i>Capital or Equity/ shareholders' equity</i>
Share capital	<i>Share capital</i>

GLOSSARY OF TERMS

It is hoped that the glossary will prove helpful as a guide, i.e., it is neither exhaustive nor definitive. The glossary has been deliberately kept brief not only with respect to the number of terms included but also to the descriptions of their meanings. Candidates should appreciate that the meaning of a term must depend in part on its context.

In all questions, the number of marks allocated is shown on the examination paper, and should be used as a guide by candidates to how much detail to give or time to spend in answering. In describing a process the mark allocation should guide the candidate about how many steps to include. In explaining why something happens, it guides the candidate on how many reasons to give, or how much detail to give for each reason.

ADVISE	Write down a suggested course of action in a given situation. Often linked with "Suggest".
CALCULATE	"Work out". Often no format specified. Often accompanied by "show workings"/"show calculations".
COMMENT	Make relevant statements, usually on given figures, or results of calculations.
COMPARE	Write down differences between two accounting statements/two businesses/methods of recording something, etc.
COMPLETE	"Fill in". Often used in relation to tables/sentences/boxes.
DEFINE	Write down an explanation of the meaning of an accounting term, for example "Define depreciation"/"Define current assets".
DISCUSS	Often linked with "Comment". Write down a reasoned explanation of the causes/effects of a course of action/the difference between two sets of figures/two accounting statements, etc.
DISTINGUISH/ DIFFERENTIATE	Give differences between two accounting statements/two businesses/ methods of recording something.
DRAW UP	Sometimes used in place of "Prepare". Present something in statement or account format, etc. Often used in relation to bank reconciliation, statement of corrected net profit, etc.
ENTER	Sometimes used in place of "Make entries". Record given information in specified accounts/books/ledgers.
EXPLAIN	Give a written account of what something means/why it is done/the outcome of it, etc., examples include "Explain the entries in an account"/"Explain why a trader". Explanation is necessary.
GIVE	Sometimes used in place of "State". Write down. Sometimes used as "Give two examples.....".
LIST	Write down information in a number of points - usually no further.
MAKE ENTRIES	Record transaction in specified accounts, etc.

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NAME	Write down the title of, etc. Often used for short one-word answers, for example "Name a fixed asset"/"Name an example of".
OUTLINE	Write down. Often linked to "State". Give a brief written account of something, for example "Outline the ways to reduce irrecoverable debts"/"Outline the imprest system of petty cash".
PREPARE	Present some accounting information in a suitable format, for example "Prepare final accounts"/"Prepare journal entries"/"Prepare bank reconciliation statement".
RECORD	Used in place of "Enter" or "Write up". Make the necessary entries in a set of accounting records, for example "Record a series of transactions in the cash book/ledger/books of prime entry".
SELECT	Choose relevant information from that given. Often linked to a further instruction, for example "Select the relevant information and prepare a manufacturing account/trial balance".
SHOW	Write down your workings/calculations or write down how an item will appear in some accounting statement. Often used when requiring preparation of Statement of financial position extracts/Profit and loss account extracts, etc.
STATE	"Write down". Often used instead of "Give". Used when requiring a written explanation of something, for example "State two ways in which"/"State how a trader can".
STATE AND EXPLAIN	Usually requires a little more detail than just "State" and often an explanation of why/how.
SUGGEST	Requiring knowledge to be related to a given situation. Offer explanation why something occurred/how a situation can be improved/methods available to deal with a situation, etc.
USING	Refer back to some previous information, for example "Using your answer to part (a), calculate some figure or make suitable comments which....."/"State how the trader can.....".
WRITE UP	May be used in place of "Prepare". Often used in connection with ledger accounts, cash books, books of prime entry, etc.

RECOMMENDED TEXTBOOKS

- Catherine Coucoum. Cambridge IGCSE Accounting. Cambridge University press, ISBN 9781107625327.
- Frank wood and Alan Sangster. Business Accounting. Pearson, ISBN 02737590280.
- Frank wood and Sheila Robinson. Bookkeeping an Accounts. Prentice Hall, ISBN 0273685481.

ACCOUNTING RATIOS

Profitability Ratios

(i) Gross margin (gross profit percentage of revenue) = $\frac{\text{Gross Profit} \times 100}{\text{Revenue}}$

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

(ii) Profit margin (profit for the year percentage of revenue) = $\frac{\text{Profit for the year} \times 100}{\text{Revenue}}$

(iii) Return on capital employed (ROCE) = $\frac{\text{Profit for the year before interest} \times 100}{\text{Capital Employed}}$

[capital employed = Owner's capital + long term liabilities]

Liquidity Ratios

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

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

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