

IGCSE Accounting 0452

Unit no 5: Principles of financial statements

Recommended prior knowledge

Students should be able to prepare financial statements from a balanced trial balance.

Context

Students should be able to prepare financial statements incorporating adjustments.

Outline

The preparation of financial statements in greater detail. An understanding of the relationship of balance sheet items.

5.1 Learning outcomes

Income statements (trading and profit and loss accounts)

Suggested teaching activities

Learning resources

Textbooks

IGCSE & O Level Accounting – Catherine Coucom Chapter 8
IGCSE & O Level Accounting Workbook- Catherine Coucom Questions 36-40
Frank Wood's Book-keeping and Accounts – Sheila Robinson & Frank Wood Chapter 10
Frank Wood's Business Accounting 1
Frank Wood and Alan Sangster Chapter 7

Online

<http://www.bized.co.uk/learn/business/accounting/busaccounts/pizza/jan4.htm>

Past examination question:

http://teachers.cie.org.uk/login/login_for_m?came_from=http%3A//teachers.cie.org.uk/index_html

P2 May 2009 Q1 (e)

- To be able to calculate the gross profit and profit or loss for the year based on accounting principles, for a specified period

Provide example material to demonstrate the good practice of putting a tick by each entry on the trial balance to ensure all information is used.

Adjustments need 2 ticks (one for adjustment in the income statement and one for adjustment in the Balance Sheet)

Past examination question:

http://teachers.cie.org.uk/login/login_for_m?came_from=http%3A//teachers.cie.org.uk/index_html

P2 May 2009 Q3 (c)

P2 Oct 2008 Q1 (e)

P2 May 2008 Q4 (c), (d)

- To recognise that net profit (or loss) is the increase (or decrease) in the net assets during that period

5.2 Learning outcomes

- Balance sheets

Suggested teaching activities

Learning resources

Textbooks

IGCSE & O Level Accounting –

Catherine Coucom Chapter 9

IGCSE & O Level Accounting

Workbook – Catherine Coucom

Questions 41-45

Frank Wood's Book-keeping and

Accounts – Sheila Robinson & Frank

Wood Chapters 11-12

Frank Wood's Business Accounting 1

Frank Wood and Alan Sangster

Chapters 8-9

Online

<http://www.bized.co.uk/learn/business/accounting/busaccounts/pizza/jan9.htm>

Past examination question:

http://teachers.cie.org.uk/login/login_for_m?came_from=http%3A//teachers.cie.org.uk/index_html

P2 May 2009 Q1 (f)

- To be able to recognise that they are statements of balances of assets and liabilities on a specified date

5.2 Learning outcomes

- To recognise and define non-current assets, intangible assets, current assets, current liabilities (creditors: amounts due within 12 months), non-current liabilities (creditors: amounts due after more than one year), net current assets (working capital), capital employed and capital owned
- To be able to comment on the inter-relationship of balance sheet items

Suggested teaching activities

Provide a template with the correct headings in place for student to use with questions.

An exercise which involves making changes to net current assets (working capital) and the impact this may have on net assets will test students understanding of the accounts prepared.

Learning resources

P2 May 2009 Q5 (a)
P3 May 2009 Q2 (b), (c), (d)
P2 Oct 2009 Q4 (a)
P3 Oct 2009 Q3 (e)(ii)
P2 May 2008 Q1 (e)
P2 May 2008 Q1 (h)
P2 May 2008 Q4 (b)
P3 Oct 2008 Q4 (b), (c), (d)
Past examination question:
http://teachers.cie.org.uk/login/login_for_m?came_from=http%3A//teachers.cie.org.uk/index_html
P2 Oct 2009 Q3 (b)
P2 Oct 2009 Q5 (d)
P2 May 2008 Q1 (b)