

For exams January, May and November onwards  
For teaching from September 2021 onwards

SPECIFICATION 



Learning  
Resource Network

# LRN INTERNATIONAL GCSE ACCOUNTING [7163]



THE QUEEN'S AWARDS  
FOR ENTERPRISE:  
INTERNATIONAL TRADE  
2020

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## BACKGROUND TO LRN

Learning Resource Network (LRN) is a recognised Awarding Organisation that offers a range of qualifications to candidates, educational institutes, training providers, schools and employers.

LRN is recognised for its high quality qualifications that enable candidates to progress to other areas of study and employment in their designated fields.

In producing its qualifications, LRN uses the experience and expertise of academics, professionals working in the pertinent industries and assessment practitioners with a wealth of best practice and knowledge of validation, verification, delivery and assessment.

## ACCOLADES

### Queen's Award

In April 2020, LRN received the Queen's Award for Enterprise for International Trade. LRN is one of 220 organisations in the UK to be recognised with this prestigious accolade. This was in recognition of the expansion LRN brought to the overseas qualification market.

## MANAGEMENT SYSTEMS

LRN has been awarded international accreditation as part of its quality controls, policies, systems and overall approach to its management systems. These awards are externally validated by the British Assessment Bureau. LRN has achieved accreditation in the form of ISO 9001: Quality Management Systems, ISO 14001: Environment Management Systems and ISO 27001: Information Security Management Systems.

## CUSTOMER SERVICE EXCELLENCE

LRN has achieved the prestigious award of Customer Service Excellence. This is in recognition of its customer service practices, approach to managing and dealing with UK and Overseas customer needs, including the diverse needs of its centres.

LRN was the first UK Awarding Organisation to achieve Customer Service Excellence. Following reaccreditation in 2019, LRN received an award for Customer Service Excellence: Compliance Plus, demonstrating that LRN went above and beyond the delivery of its customer service principles.



## INTRODUCTION

This specification provides an overview to the LRN International GCSE Accounting<sup>1</sup>. This document is suitable for various users, including candidates, centres, administrators, employers, parents/guardians, teachers (and other related staff) and examiners. The specification outlines the key features and administrative procedures required for this international qualification.

## OBJECTIVE

The LRN International GCSE Accounting is designed to enable international candidates to demonstrate their ability in terms of a background to Accounting Principles, Introduction to Book-keeping, Authentication of accounting records, Introduction to financial statements and Interpretation of accounting information.

## MODE OF DELIVERY

This qualification has been constructed to be delivered within centres. Centres will need to demonstrate to LRN, through the centre recognition processes, that they have the resources, facilities and competence to deliver. However, centres must be able to demonstrate, in line with LRN's criteria, that they have the means, capability, capacity and resources (including suitably qualified centre staff) to deliver by the method chosen by the centre.

## PROGRESSION

The LRN International GCSE Accounting has been designed to reflect the wide variation in candidates' origins, levels of education and career aims. Progression opportunities may, therefore, take a variety of paths. Depending on the level of qualification achieved, it may be appropriate for the candidate to progress to:

1. Similar level 2 qualification in accounting;
2. LRN Level 2 Certificate or Diploma in Pre-A Foundation Studies;
3. LRN Level 3 Diploma in Pre-U Foundation Studies;
4. A higher level of any qualification – e.g. A-Level, Diploma
5. Vocationally Related Qualifications

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<sup>1</sup> LRN International GCSEs are globally recognised qualifications designed specifically for international candidates and are available outside the United Kingdom. Candidates based in England refer to the Ofqual register.

## QUALIFICATION OVERVIEW

Number	Subject Content	AO	Exam
1	Accounting Principles	1 and 2	Combination of written exam papers (externally set and marked)  <b>Paper 1:</b> Multiple choice  Duration: 1 hour 30 minutes  <b>Paper 2:</b> Structured questions  Duration: 1 hour 30 minutes  Calculators may be used in the examination.
2	Introduction to Book-keeping	1 and 2	
3	Authentication of accounting records	1 and 2	
4	Introduction to financial statements	1,2 and 3	
5	Interpretation of accounting information	1,2 and 3	

## BREAKDOWN OF ASSESSMENT OBJECTIVES

**AO 1** – demonstrate knowledge and understanding of accounting concepts and issues

**AO 2** – apply knowledge and understanding of accounting concepts and issues to a variety of concepts

**AO 3** – analyse and evaluate accounting information and issues to demonstrate understanding of accounting activity, make judgements and draw conclusions

## ASSESSMENT

The assessment for this qualification consists of written exam papers, set and marked by the LRN.

Assessment objectives (AOs)	Weighting	
	Paper 1	Paper 2
AO1	75%	65%
AO2	25%	20%
AO3	0%	15%

## GUIDED LEARNING HOURS

The guided learning hours (GLH) for this qualification are 130. Please note the hours stated are indicative.

## ENTRIES CODES

One entry per qualification is sufficient and will cover all the question papers including certification.

## PRIVATE CANDIDATES

Centres are advised that private candidates are only to be enrolled with prior agreement and confirmation from LRN.

## GRADING

Results are reported, as 9 to 1.

## RESULTS

Exam series are in:

- January (results released in March)
- June (results released in August)
- November (results released in January)

## RE-TAKES

Whereas candidates can re-take the whole qualification as often as they wish, individual components cannot be re-taken as it is a traditional linear specification.

Please remember, one entry per qualification is sufficient and will cover all the question papers including certification.

## CUSTOMER SERVICE STATEMENT

Learning Resource Network (LRN) is committed to ensuring all customers are dealt with promptly and in a professional and helpful manner. In order to guarantee this, we commit to ensuring the following in our day to day interactions with candidates, assessment centres and our stakeholder network:

- All customers will be treated equally and with respect;
- All customer information will only be used in a way which has been agreed in advance, unless we are informed of something that places them or others at risk of harm;
- All customers will be treated by staff in a professional manner.

LRN has arrangements in place to provide a telephone and e-mail helpdesk which will be staffed from 09:00 to 17:00 from Monday to Friday. Furthermore, it will respond to each e-mail, letter or telephone message it receives regarding feedback on its qualifications, centre approvals process or other matters relating to its products and/or services. The timetable for responding is as follows:

- E-mail: 5 working days
- Letter: 5 working days
- Telephone message: 5 working days

## DIVERSITY AND EQUALITY

Learning Resource Network (LRN) is committed to ensuring fair and equal access to its qualifications, examinations and support materials. Our Diversity and Equality policy seeks to eliminate unjustifiable discrimination, harassment and/or victimisation and to advance equality of opportunity, thereby ensuring all candidates are treated fairly, in accordance with the protected characteristics of the Equality Act 2010. Specifically, we comply fully with the requirements laid out in the Equality Act 2010. In addition, and within the constraints of this policy, LRN will have due regard for the General data Protection Regulations (GDPR) in the retention of information which is unnecessary.

1		Accounting Principles	
<b>Aim</b>			
This subject content aims to give learners an overview of basic accounting concepts and objectives. Learners will explore the main purpose of accounting activities and will learn to differentiate between basic accounting fundamentals and book-keeping. The subject content will explain the purpose and application of important accounting techniques such as the accounting equation.			
Learning Outcomes - The learner will:		Assessment Criteria - The learner can:	
1	Understand the significance of accounting fundamentals.	1.1	Explain the significance of accounting activities in a business.
		1.2	Differentiate between book-keeping and accounting.
		1.3	Summarise the objectives of measuring business loss and profit.
		1.4	Summarise the influence of accounting activity on the decision making process within a business.
		1.5	Explain the purpose of following accounting principles: (i) prudence, (ii) duality, (iii) matching, (iv) consistency, (v) going concern, (vi) historic cost, (vii) business entity, (viii) materiality, (ix) realisation, (x) money measurement.
		1.6	Outline the basic objectives behind selecting accounting policies.
		1.7	Summarise the significance of International Accounting Standards.
2	Understand the aim of the accounting equation.	2.1	Explain the purpose of the accounting equation.
		2.2	Explain the following terms: (i) owner's equity, (ii) liability, (iii) assets
3	Understand major accounting processes.	3.1	Compare the following procedures: (i) capital and (ii) revenue expenditures, (iii) capital and (iv) revenue receipts.
		3.2	Summarise the significance of correct treatment of the following: (i) capital and (ii) revenue expenditures, (iii) capital and (iv) revenue receipts.



		3.3	Explain the effect on asset valuations and profit of incorrect treatment.
		3.4	Explain depreciation in accounting.
		3.5	Describe the causes and consequences of depreciation and accounting for depreciation.
		3.6	Compare key methods of depreciation such as: (i) reducing balance, (ii) revaluation, (iii) straight line.
		3.7	Summarise the significance of matching costs and revenues.
		3.8	Explain the meaning of irrecoverable debts.
		3.9	Describe the meaning of recovery of debts written off.
		3.10	Summarise the requirement of provision for irrecoverable debts.
		3.11	Differentiate between the provision for irrecoverable debts and irrecoverable debts.
		3.12	Explain the objective of valuation of inventory and prepare main inventory valuation statements.
		3.13	Summarise the causes and consequences of incorrect inventory valuation.
4	Be able to demonstrate a practical application of basic accounting concepts.	4.1	Prepare ledger accounts and journal entries for the following: (i) recording depreciation, (ii) sales of non- current assets, (iii) accrued and prepaid expenses and income, (iv) recovery of debts written off (v) irrecoverable debts.
		4.2	Calculate the effect on asset valuations and profit of incorrect treatment.
		4.3	Apply the accounting equation on given accounting transactions.
		4.4	Apply following accounting principles on given information: (i) prudence, (ii) duality, (iii) matching, (iv) consistency, (v) going concern, (vi) historic cost, (vii) business entity, (viii) materiality, (ix) realisation, (x) money measurement.

2		Introduction to Book-keeping	
<b>Aim</b>			
This subject content introduces learners to the significance of recording financial data and transactions within a business, that is book-keeping. The subject content aims to highlight major factors differentiating book-keeping from accounting, all the while explaining the intermingling of two fields during daily business activities as well.			
Learning Outcomes - The learner will:		Assessment Criteria - The learner can:	
1	Understand the purpose of business documents.	1.1	Summarise the major purposes of important business documents such as: (i) debit and (ii) credit note, (iii) invoice, (iv) receipt, (v) cheque, (vi) statement of account, (vii) paying in slip and (viii) cheque counterfoil.
		1.2	Complete pro forma business documents such as: (i) debit and (ii) credit note, (iii) invoice, (iv) receipt, (v) cheque, (vi) statement of account, (vii) paying in slip and (viii) cheque counterfoil.
2	Understand the purpose of double entry book-keeping.	2.1	Explain the purpose of double entry book-keeping.
		2.2	Interpret ledger accounts and their balance, and post transactions to them.
		2.3	Classify ledger accounts in accounting, into main types.
		2.4	Explain the strengths and limitations of books of prime entry and post ledger entries from them.
		2.5	Explain the purpose of following components of books of prime entry: (i) sales, (ii) purchase, (iii) sales return, (iv) general and (v) purchase returns journal, (vi) petty cash and (vii) cash book.

		2.6	Describe the purpose of cash receipt.
		2.7	Compare accounts for trade and cash discounts.
		2.8	Summarise the strengths and limitations of the imprest system of petty cash.
3	Be able to demonstrate a practical application of book-keeping principles.	3.1	Prepare pro forma business documents such as: (i) debit and (ii) credit note, (iii) invoice, (iv) receipt, (v) cheque, (vi) statement of account, (vii) paying in slip and (viii) cheque counterfoil.
		3.2	Prepare ledger accounts and their balance, and post transactions to them.
		3.3	Apply the imprest system of petty cash on given accounting data.
		3.4	Use double entry book-keeping to process accounting data.
		3.5	Use following components of books of prime entry to process accounting data: (i) sales, (ii) purchase, (iii) sales return, (iv) general and (v) purchase returns journal, (vi) petty cash and (vii) cash book.

3		Authentication of accounting records	
<b>Aim</b>			
This subject content focuses on the techniques used for verification of accounting data, such as trial balance, bank reconciliation and control accounts. The subject content aims to highlight the objectives behind the requirement of verification of accounting information. Learners will explore the significance of correction of errors within accounting data.			
Learning Outcomes - The learner will:		Assessment Criteria - The learner can:	
1	Understand the process of correction of errors in the control process.	1.1	Explain the process of correction of errors by following: (i) suspense accounts, (ii) journal entries.
		1.2	Explain the process of adjusting profit and loss after correction of errors through main techniques.
		1.3	Explain the consequences of error correction on trial balances and statement of financial position.
2	Understand the purpose of trial balance.	2.1	Explain the significance of a trial balance.
		2.2	Outline the advantages and disadvantages of trial balance.
		2.3	Compare the errors which do not affect trial balance such as: (i) compensating, (ii) complete, (iii) commission, (iv) omission, (v) reversal, (vi) principle, (vii) original entry.
3	Understand the importance of bank reconciliation.	3.1	Describe the purpose of bank reconciliation statements.
		3.2	Summarise the process of bank reconciliation.
4	Understand the nature of control accounts.	4.1	Summarise the purpose of control accounts.
		4.2	Compare the objectives of ledger and sales ledger control accounts.
		4.3	Describe the role of books of prime entry for control accounts entries.

		4.4	Compare trade receivables and trade payables control accounts.
5	Be able to demonstrate a practical application of verification of accounting information.	5.1	Prepare trial balance from provided accounting data.
		5.2	Prepare bank reconciliation statements from given accounting records.
		5.3	Update the cash book for the following: (i) bank interest paid and (ii) received, (iii) bank charges, (iv) credit transfers, (v) correction of errors, (vi) standing orders, (vii) dividends and (viii) direct debits.

4		Introduction to financial statements	
<b>Aim</b>			
This subject content will introduce learners to the objectives of financial statements in accounting. The subject content aims to explain the significance of tracking, analysing and recording business income. Learners will explore the impact of financial statements on decision making processes of a business.			
Learning Outcomes - The learner will:		Assessment Criteria - The learner can:	
1	Understand the role of financial statements of a sole trader.	1.1	Summarise the strengths and limitations of working as a sole trader.
		1.2	Explain the purpose of following statements: (i) income and (ii) of financial positions.
		1.3	Compare service and trading business.
		1.4	Summarise the contents of statement of financial position.
		1.5	Explain adjustments for goods taken by owners for personal use.
2	Understand the nature of financial statements of a partnership.	2.1	Outline the advantages and disadvantages of partnership.
		2.2	Summarise the purpose and contents of a partnership agreement.
		2.3	Outline the objective of an appropriation account.
		2.4	Explain the concept of a limited liability partnership.
		2.5	Compare capital and current accounts.
		2.6	Explain partner's capital and current accounts in statement of financial position and ledger account.
3	Understand the nature of financial statements of limited companies and clubs.	3.1	Outline the advantages and disadvantages of operating as a limited company.
		3.2	Explain equity.

		3.3	Summarise the components of a limited company's capital structure.
		3.4	Describe the following: (i) share and (ii) loan capital, (iii) called up, (iv) issued and (v) paid up share capital, (vi) receipts, (vii) payments accounts, (viii) income and (ix) expenditures accounts.
		3.5	Explain the accumulated fund.
4	Understand the structure of manufacturing accounts.	4.1	Compare the following: (i) direct and (ii) indirect costs.
		4.2	Differentiate between direct labour and material.
		4.3	Compare prime costs and factory overheads.
5	Understand the consequences of incomplete records.	5.1	Summarise the causes and consequences of incomplete records for a business.
		5.2	Summarise techniques to counteract incomplete records.
6	Be able to demonstrate a practical application of verification of financial statements.	6.1	Prepare income statement and statement of financial position for the following: (i) trading and (ii) service business.
		6.2	Prepare the following for a partnership: (i) appropriation accounts, (ii) statement of financial position, (iii) income statements, (iv) current and (v) capital accounts.
		6.3	Prepare the following from given accounting information of a partnership: (i) records for interest on partner's loans, (ii) interest on capitals (iii) and drawings, (iv) division of balance of profit or loss and (v) partner's salaries.
		6.4	Prepare the following for limited companies and clubs: (i) income statements, (ii) statements of changes in equity and (iii) statements of financial position, (iv) receipts and (v) payments accounts, (vi) accounts for revenue generating activity, (vii) income and (viii) expenditure accounts.
		6.5	Calculate the accumulated fund.
		6.6	Calculate factory costs of production.

		6.7	Prepare the following for manufacturing accounts: (i) manufacturing accounts, (ii) income statements, (iii) statement of financial position.
		6.8	Calculate the following in case of incomplete records: (i) profit or (ii) loss for year, (iii) purchases, (iv) sales, (v) gross profit, (vi) trade payables and (vii) receivables
		6.9	Prepare the following for incomplete records: (i) income statements, (ii) statement of financial position, (iii) opening and (iv) closing statements of affair.



5		Interpretation of accounting information	
<b>Aim</b>			
This subject content will introduce learners to the techniques used to interpret and analyse accounting data. The subject content aims to explain the significance of accounting analysis in business. Learners will explore the meaning and application of accounting ratios.			
Learning Outcomes - The learner will:		Assessment Criteria - The learner can:	
1	Understand the role of accounting ratios.	1.1	Describe strategies to improve working capital and profitability.
		1.2	Explain simple statements showing contrast of results throughout the years.
		1.3	Explain the purpose of following: (i) profit and (ii) gross margin, (iii) liquid and (iv) current ratio, (v) return on capital employed, (vi) rate of inventory, (vii) trade receivables and (viii) payables turnover.
2	Understand the limitations of accounting information.	2.1	Explain the problems of inter firm comparisons.
		2.2	Explain the significance of accounting by following parties: (i) banks, (ii) investors, (iii) club members, (iv) managers, (v) owners, (vi) trade payables, (vii) government.
		2.3	Summarise the causes and consequences of limitations of accounting information.
3	Be able to demonstrate a practical application of accounting ratios.	3.1	Prepare simple statements showing contrast of results throughout the years.
		3.2	Calculate the following: (i) profit and (ii) gross margin, (iii) liquid and (iv) current ratio, (v) return on capital employed, (vi) rate of inventory, (vii) trade receivables and (viii) payables turnover.