

Year 14 Unit 3 Revision List – Assessment 2

Detailed revision of the following areas will be necessary to succeed in these areas. Good luck!

Make sure you have the correct equipment with you –

- Pen
- Pencil
- Ruler
- Rubber
- Highlighter
- Calculator



C1 Purpose of accounting

- Recording transactions.
- Management of business (planning, monitoring and controlling).
- Compliance (preventing fraud, compliance with law and regulations).
- Measuring performance.
- Control – assisting with the prevention of fraud, trade receivables and trade payables.

C2 Types of income

- Capital income:
 - loan
 - mortgages
 - shares
 - owner's capital
 - debentures.
- Revenue income:
 - cash sales
 - credit sales
 - rent received
 - commission received
 - interest received
 - discount received.

C3 Types of expenditure

- Capital expenditure:
 - non-current assets – tangible (land, buildings and premises, machinery and equipment, vehicles, fixtures and fittings)
 - intangible (goodwill, patents, trademarks, brand names).
- Revenue expenditure:
 - inventory
 - rent
 - rates
 - heating and lighting
 - water
 - insurance
 - administration
 - telephone
 - postage
 - stationery
 - salaries
 - wages
 - marketing
 - bank charges
 - interest paid
 - straight-line depreciation
 - reducing balance depreciation
 - discount allowed.

E1 Cash flow forecasts

- Inflows/receipts:
 - cash sales
 - credit sales
 - loans
 - capital introduced
 - sale of assets
 - bank interest received.
- Outflows/payments:
 - cash purchases
 - credit purchases
 - rent
 - rates
 - salaries
 - wages
 - utilities
 - purchase of assets
 - Value Added Tax (VAT)
 - bank interest paid.
- Prepare, complete, analyse, revise and evaluate cash flow.
- Use of cash flow forecasts for planning, monitoring, control, target setting.
- Benefits and limitations of cash flow forecasts.

E2 Break-even analysis

- Costs:
 - variable
 - semi-variable
 - fixed
 - total.
- Sales:
 - total revenue
 - total sales
 - selling price per unit
 - sales in value and/or units.
- Calculation using/manipulating, break-even formula (units and/or sales value), completion of break-even chart, break-even point.
- Identification of area of profit, area of loss.
- Identify and calculate margin of safety (units and value).
- Calculation of total contribution, contribution per unit benefits and limitations.
- Use of break-even for planning, monitoring, control, target setting.
- Prepare, complete, analyse, revise and evaluate break-even.