



Syllabus

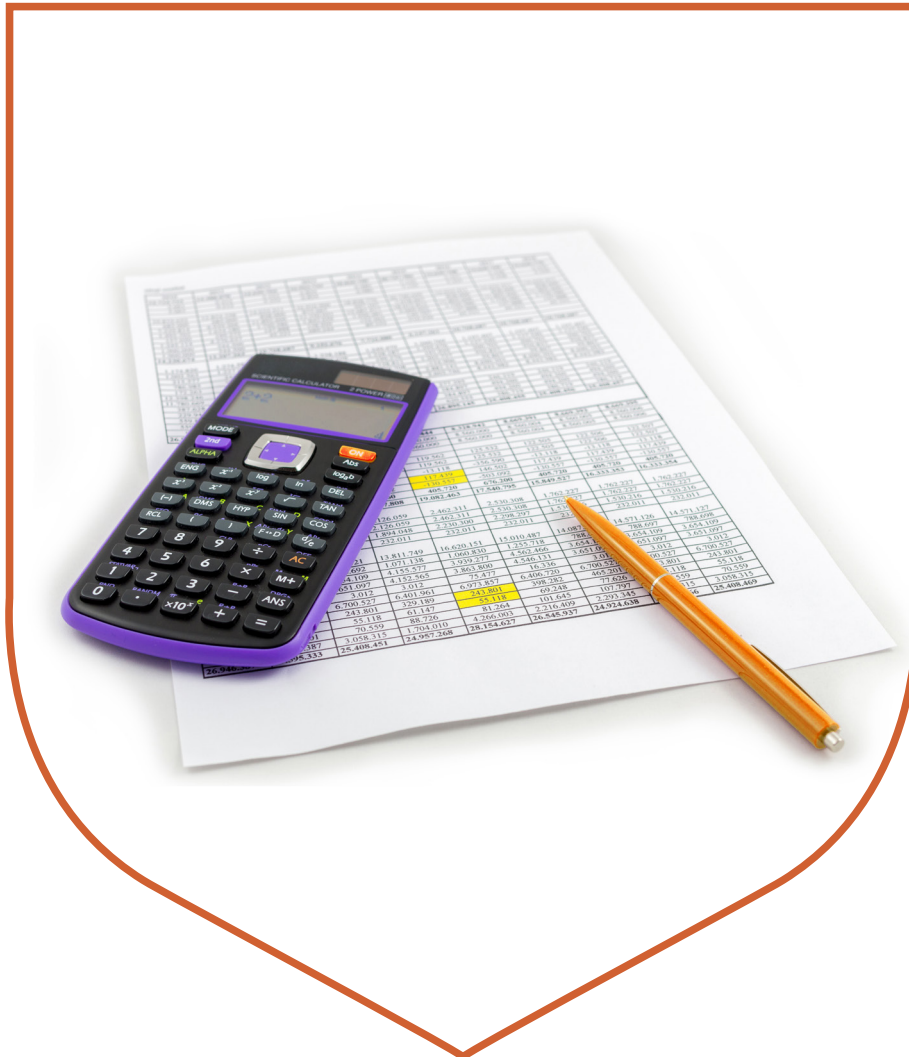
Cambridge O Level Accounting 7707

Use this syllabus for exams in 2027, 2028 and 2029.

Exams are available in the June and November series.

This syllabus is **not** available in all administrative zones.

Please check the syllabus page at www.cambridgeinternational.org/7077 to see if this syllabus is available in your administrative zone.



Version I

For the purposes of screen readers, any mention in this document of Cambridge IGCSE refers to Cambridge International General Certificate of Secondary Education.

Why choose Cambridge?

We work with schools worldwide to build an education that shapes knowledge, understanding and skills. Together, we give learners the confidence they need to thrive and make a positive impact in a changing world.

As part of the University of Cambridge, we offer a globally trusted and flexible framework for education from age 3 to 19, informed by research, experience, and listening to educators.

With recognised qualifications, high-quality resources, comprehensive support and valuable insights, we help schools prepare every student for the opportunities and challenges ahead.

Qualifications that are recognised and valued worldwide

From the world's top-ranked universities to local higher education institutions, Cambridge qualifications open doors to a world of opportunities.

Setting a global standard

With over 160 years of experience in delivering fair, valid and reliable assessments to students worldwide, we offer a global, recognised performance standard for international education.

Your path, your way

Schools can adapt our curriculum, high-quality teaching and learning resources and flexible assessments to their local context. Our aligned offer helps Cambridge schools support every learner to reach their potential and thrive.

Learning with lasting impact

Cambridge learners build subject knowledge and conceptual understanding, and develop a broad range of skills, learning habits and attributes to help make them ready for the world.

Improving learning outcomes through data-led insight and action

Our trusted baseline and diagnostic assessments, together with our insights and evaluation service, help schools turn data into knowledge and actionable insights, to inform teaching decisions and improve learner outcomes.

Bringing together a community of experts

We bring together the collective knowledge of experts and our diverse community of educators worldwide, supporting them to learn from one another and share ideas and information.

Tackling the climate crisis together

We believe that education is key to tackling the climate crisis. Together with Cambridge schools, we can empower young people with the skills and knowledge to take action on climate change, helping them be ready for the world.

School feedback: 'We think the Cambridge curriculum is superb preparation for university.'

Feedback from: Christoph Guttentag, Dean of Undergraduate Admissions, Duke University, USA

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Important: Changes to this syllabus

For information about changes to this syllabus for 2027, 2028 and 2029, go to page 27.



1 Why choose this syllabus?

Key benefits

Cambridge O Level is typically for 14 to 16 year olds and is an internationally recognised qualification. It has been designed especially for an international market and is sensitive to the needs of different countries. Cambridge O Level is designed for learners whose first language may not be English, and this is acknowledged throughout the examination process.

Our programmes promote a thorough knowledge and understanding of a subject and help to develop the skills learners need for their next steps in education or employment.

Cambridge O Level Accounting introduces learners to the wide-ranging opportunities which come with having a firm grounding in the purpose and role of accounting. Studying this subject introduces learners to the foundations of recording transactions all the way through to completing financial statements and analysing the results to make the most positive decisions.

These transferable skills are an ideal foundation for further study and for a future career within accounting or related professions.

Our approach in Cambridge O Level Accounting encourages learners to be:

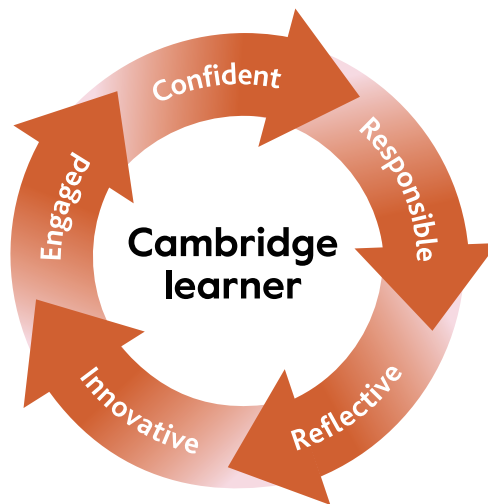
confident, in using accounting terminology and concepts, selecting and analysing data to make informed recommendations and communicating these effectively to stakeholders

responsible, through considering the ethical concerns affecting accounting stakeholders and society

reflective, by considering how quantitative data, as well as qualitative information available, helps form evaluative decisions

innovative, in understanding the rapidly changing pace of technology in accounting and identifying how it can be used to enhance problem solving

engaged, through developing an interest in the enormous impact accounting has on both the private and public sectors and small and large organisations across the world.



School feedback: 'Cambridge O Level has helped me develop thinking and analytical skills which will go a long way in helping me with advanced studies.'

Feedback from: Kamal Khan Virk, former student at Beaconhouse Garden Town Secondary School, Pakistan, who went on to study Actuarial Science at the London School of Economics

Qualifications that are recognised and valued worldwide

Cambridge qualifications prepare and equip learners with the skills they need to thrive at university and beyond. The world's best higher education institutions recognise our qualifications and value the critical thinking skills, independent research abilities and deep subject knowledge that Cambridge learners bring.

We continually work with universities and colleges in every part of the world to ensure that they understand and accept our qualifications. Cambridge O Level provides a springboard to the Cambridge Advanced stage, as well as other post-16 routes. The combination of knowledge and skills in Cambridge O Level Accounting gives learners a solid foundation for further study. Candidates who achieve grades A* to C are well prepared to follow a wide range of courses including Cambridge International AS & A Level Accounting.

Many universities require a combination of Cambridge International AS & A Levels and Cambridge O Levels or equivalent to meet their entry requirements.

Learn more at www.cambridgeinternational.org/recognition

Supporting teachers

We believe education works best when teaching and learning are closely aligned to the curriculum, resources and assessment. Our high-quality teaching support helps to maximise teaching time and enables teachers to engage learners of all backgrounds and abilities.

We aim to provide the following support for each Cambridge qualification:

- Syllabus
- Specimen question papers and mark schemes
- Specimen paper answers
- Schemes of Work
- Example candidate responses
- Past papers and mark schemes
- Principal examiner reports for teachers

Sign up for email notifications about changes to syllabuses, including new and revised products and services, at www.cambridgeinternational.org/syllabusupdates

These resources are available on the School Support Hub at www.cambridgeinternational.org/support, our secure online site for Cambridge teachers. Your exams officer can provide you with a login.

Additional teaching & learning resources are also available for many syllabuses and vary according to the nature of the subject and the structure of the assessment of each syllabus. These can include ready-built lesson materials, digital resources and multimedia for the classroom and homework, guidance on assessment and much more. Beyond the resources available on the Schools Support Hub, a wide range of endorsed textbooks and associated teaching and learning support are available from Cambridge at www.cambridge.org/education and from other publishers. Resources vary according to the nature of the subject and the structure of the assessment of each syllabus.

You can also contact our global Cambridge community or talk to a senior examiner on our discussion forums.

Professional development

Find the next step on your professional development journey.

- **Introduction courses** – An introduction to Cambridge programmes and qualifications. For teachers who are new to Cambridge programmes or new to a specific syllabus.
- **Focus on Teaching courses** – These are for teachers who want to explore a specific area of teaching and learning within a syllabus or programme.
- **Focus on Assessment courses** – These are for teachers who want to understand the assessment of a syllabus in greater depth.
- **Marking workshops** – These workshops help you become more familiar with what examiners are looking for, and provide an opportunity to raise questions and share your experiences of the syllabus.
- **Enrichment Professional Development** – Transform your approach to teaching with our Enrichment workshops. Each workshop focuses on a specific area of teaching and learning practice.
- **Cambridge Professional Development Qualifications (PDQs)** – Practice-based programmes that transform professional learning for practicing teachers. Available at Certificate and Diploma level.

For more information visit www.cambridgeinternational.org/support-for-teachers

Supporting exams officers

We provide comprehensive support and guidance for all Cambridge exams officers. Find out more at: www.cambridgeinternational.org/eoguide




2 Syllabus overview

Aims

The aims describe the purposes of a course based on this syllabus.

The aims are to enable students to:

- explore the purpose and role of accounting for businesses, non-trading organisations and individuals, as well as considering the impact on society as a whole
- build a confident working knowledge of key accounting terms, concepts, techniques and processes to understand the skills required to succeed in this industry
- develop numeracy and literacy skills, as well as building confidence in communication, presentation, interpretation, analysis and evaluation
- explore technological factors influencing the world of modern accounting to understand the practicalities of the field
- develop an understanding of sustainability and ethical considerations and how these impact accountants and business owners
- discover the impact and importance of accounting, inspiring an interest that could lead to further study or employment.



We are an education organisation and politically neutral. The contents of this syllabus, examination papers and associated materials do not endorse any political view. We endeavour to treat all aspects of the exam process neutrally.

Content overview

- 1 The fundamentals of accounting
 - 1.1 The purpose of accounting
 - 1.2 The accounting equation
- 2 Sources and recording of data
 - 2.1 The double entry system of book-keeping
 - 2.2 Business documents
 - 2.3 Books of prime entry
- 3 Verification of accounting records
 - 3.1 The trial balance
 - 3.2 Correction of errors
 - 3.3 Bank reconciliation
 - 3.4 Control accounts
- 4 Accounting procedures
 - 4.1 Capital and revenue expenditure and receipts
 - 4.2 Accounting for depreciation and disposal of non-current assets
 - 4.3 Other payables and other receivables
 - 4.4 Irrecoverable debts and allowance for irrecoverable debts
 - 4.5 Valuation of inventory
- 5 Preparation of financial statements
 - 5.1 Sole traders
 - 5.2 Partnerships
 - 5.3 Limited companies
 - 5.4 Manufacturing accounts
 - 5.5 Clubs and societies
 - 5.6 Incomplete records
- 6 Analysis and interpretation
 - 6.1 Calculation and understanding of accounting ratios
 - 6.2 Interpretation of accounting ratios
 - 6.3 Inter-business comparison
 - 6.4 Interested parties
 - 6.5 Limitations of accounting statements
- 7 Accounting concepts and modern practice
 - 7.1 Accounting concepts
 - 7.2 Ethical considerations
 - 7.3 Technology and sustainability

Accounting ratios

The accounting ratios are given in full.

Assessment overview

All candidates take two papers. Candidates will be eligible for grades A* to E.

All candidates take:

Paper 1 1 hour 30 minutes
 Multiple Choice 30%
 40 marks
 Candidates answer 40 multiple-choice questions.
 Externally assessed

and:

Paper 2 1 hour 45 minutes
 Structured Written Paper 70%
 100 marks
 Candidates answer five compulsory questions.
 Externally assessed

Information on availability is in the **Before you start** section.



This O Level syllabus shares content with other accounting syllabuses. For further support see the School Support Hub for IGCSE Accounting. Textbooks endorsed to support IGCSE Accounting are suitable for use with this syllabus.

Assessment objectives

The assessment objectives (AOs) are:

AO1 Knowledge and understanding

- Demonstrate knowledge and understanding of facts, terms, concepts, policies, procedures and techniques.
- Apply this knowledge and understanding to a variety of accounting situations and problems, and present outcomes in an appropriate form.

AO2 Analysis

- Select, calculate and interpret relevant data and information.
- Analyse financial accounting information.
- Communicate outcomes in the most appropriate form.

AO3 Evaluation

- Interpret and evaluate accounting information and draw conclusions.

Weighting for assessment objectives

The approximate weightings allocated to each of the assessment objectives (AOs) are summarised below.

Assessment objectives as a percentage of the qualification

Assessment objective	Weighting in O Level %
AO1 Knowledge and understanding	66
AO2 Analysis	24
AO3 Evaluation	10
Total	100

Assessment objectives as a percentage of each component

Assessment objective	Weighting in components %	
	Paper 1	Paper 2
AO1 Knowledge and understanding	80	60
AO2 Analysis	20	25
AO3 Evaluation	0	15
Total	100	100

3 Subject content

This syllabus gives you the flexibility to design a course that will interest, challenge and engage your learners. Where appropriate you are responsible for selecting resources and examples and subject contexts to support your learners' study. These should be appropriate for the learners' age, cultural background and learning context as well as complying with your school policies and local legal requirements.

In all of the following, candidates are required to apply their understanding to a variety of accounting scenarios. Candidates should be able to make simple decisions based upon the analysis and evaluation of information provided.

1 The fundamentals of accounting

This topic introduces the subject by explaining the difference between book-keeping and accounting. The role of accounting in providing information and the purposes of measuring business profit and loss are also explored. Basic accounting terms and the accounting equation are introduced.

1.1 The purpose of accounting

Candidates should have an understanding of:

- the difference between book-keeping and accounting
- the purposes of measuring business profit and loss
- the role of accounting in providing information for monitoring progress and decision-making

1.2 The accounting equation

Candidates should have an understanding of:

- assets, liabilities and owner's equity
- the accounting equation
- how to apply the accounting equation

2 Sources and recording of data

The main focus of this topic is the double entry system of book-keeping and how this is applied in the preparation of ledger accounts. The division of the ledger is considered. Business documents and their use as sources of information are also included. Consideration is given to the procedures for processing information in books of prime entry.

2.1 The double entry system of book-keeping

Candidates should have an understanding of:

- the double entry system of book-keeping
- how to prepare ledger accounts
- how to post transactions to the ledger accounts
- how to calculate ledger account balances and make transfers to financial statements
- how to interpret ledger accounts and their balances
- ledger accounts that may be presented using a three-column running balance format
- the division of the ledger into the sales ledger, the purchases ledger and the nominal (general) ledger
- how ledger accounts can be kept digitally

Note: Candidates do not need to explain or use folio columns.

2.2 Business documents

Candidates should have an understanding of:

- business documents: invoice, debit note, credit note, cheque counterfoil, paying-in slip, receipt, bank statement, statement of account
- how these business documents are used as sources of information
- these business documents being produced and recorded manually or digitally

2.3 Books of prime entry

Candidates should have an understanding of:

- how to process accounting data in the books of prime entry: cash book, petty cash book, sales journal, purchases journal, sales returns journal, purchases returns journal and the general journal
- how to post the ledger entries from the books of prime entry
- trade discount and cash discount and how these are treated
- the dual function of the cash book as a book of prime entry and as a ledger account for bank and cash
- how to record receipts and payments made by cash, cheques, debit and credit cards, online and bank transfers
- the purpose of the imprest system of petty cash
- how to apply the imprest system
- the benefits and limitations of keeping cash at the business property
- the benefits and limitations of using manual methods for the original entry of business transactions
- the benefits and limitations of using digital methods for the original entry of business transactions

3 Verification of accounting records

This topic concentrates on the use of trial balances, bank reconciliation statements and control accounts as means of verifying accounting records. The procedures for the correction of errors are also covered.

3.1 The trial balance

Candidates should have an understanding of:

- the purposes and limitations of a trial balance
- how to prepare a trial balance from a given list of balances and amend a trial balance which contains errors
- the types of errors which do not affect the trial balance: commission, compensating, complete reversal, omission, original entry, principle

3.2 Corrections of errors

Candidates should have an understanding of:

- how to correct errors using journal entries
- the use of a suspense account as a temporary measure to balance the trial balance
- how to correct errors using a suspense account
- how to adjust a profit or loss for an accounting period after the correction of errors
- the effect of correction of errors on a statement of financial position

3.3 Bank reconciliation

Candidates should have an understanding of:

- the use and purpose of a bank statement
- how to update the cash book for bank charges, bank interest paid and received, correction of errors, credit transfers, direct debits, and standing orders
- the purpose and preparation of a bank reconciliation statement to include bank errors, uncredited deposits and unrepresented cheques
- the impact of digital business transactions on the bank reconciliation process

3.4 Control accounts

Candidates should have an understanding of:

- the purposes of purchases ledger and sales ledger control accounts
- the books of prime entry as sources of information for the control account entries
- how to prepare purchases ledger and sales ledger control accounts to include credit purchases and sales, receipts and payments, cash discounts, returns, irrecoverable debts, dishonoured cheques, interest on overdue accounts, contra entries, refunds, opening and closing balances (debit and credit within each account)
- the impact of digital recording of business transactions on the preparation and use of control accounts

Note: Candidates do not need to reconcile control account balances with the sales and purchases ledger balances.

4 Accounting procedures

Within this topic, consideration is given to the importance of distinguishing between capital and revenue expenditure and receipts. Non-current assets are further explored in terms of accounting for depreciation and disposals. Procedures to record adjustments for accruals and prepayments, irrecoverable debts, provision of doubtful debts and the recovery of debts written off are included. Inventory valuation, and its impact on financial statements, is also covered.

4.1 Capital and revenue expenditure and receipts

Candidates should have an understanding of:

- the distinction between capital expenditure and revenue expenditure
- how to account for capital expenditure and revenue expenditure
- the distinction between capital receipts and revenue receipts
- how to account for capital receipts and revenue receipts
- how to identify and calculate the effect on profit of incorrect treatment
- how to identify and calculate the effect on asset valuations of incorrect treatment

4.2 Accounting for depreciation and disposal of non-current assets

Candidates should have an understanding of:

- the meaning of depreciation
- the need to account for depreciation
- how to calculate depreciation using the straight-line, reducing balance and revaluation methods
- the appropriate methods of depreciation that can be applied to different types of non-current assets
- how to prepare journal entries and ledger accounts to record depreciation
- how to prepare journal entries to record the purchase and sale of non-current assets
- how to prepare ledger accounts to record the purchase and sale of non-current assets: non-current asset account, provision for depreciation account, and disposal of non-current asset account
- how to calculate profit or loss on disposal of a non-current asset

4.3 Other payables and other receivables

Candidates should have an understanding of:

- the importance of matching costs and revenues
- how to apply the matching / accruals concepts by using accruals and pre-payments
- how to prepare journal entries and ledger accounts to record accrued and prepaid expenses
- how to prepare journal entries and ledger accounts to record accrued and prepaid incomes

4.4 Irrecoverable debts and allowance for irrecoverable debts

Candidates should have an understanding of:

- the meaning of irrecoverable debts and irrecoverable debts recovered
- how to prepare journal entries and ledger accounts to record irrecoverable debts
- how to prepare journal entries and ledger accounts to record irrecoverable debts recovered
- the need for maintaining an allowance for irrecoverable debts
- how to prepare journal entries and ledger accounts to record the creation of, and adjustments to, an allowance for irrecoverable debts

4.5 Valuation of inventory

Candidates should have an understanding of:

- the valuation of inventory at the lower of cost and net realisable value
- how to calculate the value of inventory
- the effect of an incorrect valuation of inventory on gross profit, profit for the year, equity and asset valuation

5 Preparation of financial statements

The focus of this topic is the preparation of financial statements, including year-end adjustments, for different types of businesses (sole traders, partnerships and limited companies). Consideration is also given to the financial statements of clubs and societies and manufacturing businesses. The procedures employed when only incomplete records are available are also covered.

5.1 Sole traders

Candidates should have an understanding of:

- the advantages and disadvantages of operating as a sole trader
- how a sole trader can be a trading, service, manufacturing business or a combination of these
- the importance of preparing statements of profit or loss and statements of financial position
- how to prepare statements of profit or loss for trading, service, manufacturing businesses, or businesses which are a combination of these
- the importance of producing statements of financial position to record assets and liabilities on a specified date
- how to define the content of a statement of financial position: non-current assets, intangible assets, current assets, current liabilities, non-current liabilities and capital
- the effect of a change in an account balance on other account balances in the financial statements
- how to prepare statements of financial position for trading, service, manufacturing businesses, or businesses which are a combination of these
- how to make adjustments for accumulated depreciation using the straight line, reducing balance and revaluation methods
- how to make adjustments for accrued and prepaid expenses and accrued and prepaid income
- how to make adjustments for irrecoverable debts and allowance for irrecoverable debts
- how to make adjustments for drawings: goods and other assets taken by the owner, owner's private expenses paid by the business

5.2 Partnerships

Candidates should have an understanding of:

- how a partnership can be a trading, service, manufacturing business or a combination of these
- the advantages and disadvantages of forming a partnership
- the importance and contents of a partnership agreement
- the purpose of an appropriation account
- how to prepare statements of profit or loss, appropriation accounts and statements of financial position
- how to record interest on partners' loans, interest on capital, interest on drawings, partners' salaries and the division of the balance of profit or loss
- how to make adjustments to financial statements as detailed in 5.1 (sole traders)
- the uses of and differences between partners' capital and current accounts
- how to prepare partners' capital and current accounts in ledger account form and as part of a statement of financial position

Note: Candidates will not be required to answer questions on the dissolution of a partnership, changes to a profit-sharing ratio or a limited liability partnership.

Candidates will not be required to prepare financial statements on the admission/departure of a partner.

5.3 Limited companies

Candidates should have understanding of:

- how a limited company can be a trading, service, manufacturing business or a combination of these
- the advantages and disadvantages of operating as a limited company
- the term 'limited liability'
- the term 'equity'
- the capital structure of a limited company comprising preference share capital, ordinary share capital, general reserve and retained earnings
- the features of ordinary share capital and loan capital (debentures)
- share capital: issued, called-up, and paid-up
- how to prepare statements of profit or loss, statements of changes in equity and statements of financial position
- how to make adjustments to financial statements as detailed in 5.1 (sole traders)

5.4 Manufacturing accounts

Candidates should have an understanding of:

- direct and indirect costs
- direct material, direct labour, prime cost and factory overheads
- how to make adjustments for work in progress
- how to calculate factory cost of production
- how to prepare manufacturing accounts, statements of profit or loss and statements of financial position
- how to make adjustments to financial statements as detailed in 5.1 (sole traders)

5.5 Clubs and societies

Candidates should have an understanding of:

- receipts and payments accounts and income and expenditure accounts
- how to prepare receipts and payments accounts
- how to prepare accounts for revenue-generating activities, e.g. refreshments, subscriptions
- how to prepare income and expenditure accounts and statements of financial position
- how to make adjustments to financial statements as detailed in 5.1 (sole traders)
- how to define and calculate the accumulated fund

5.6 Incomplete records

Candidates should have an understanding of:

- why businesses keep different types of accounting records rather than using the full double entry system
- the advantages and disadvantages of not maintaining a full set of accounting records
- how to prepare opening and closing statements of affairs
- how to calculate profit or loss for the year from changes in capital over time
- how to calculate sales, purchases, gross profit, trade receivables and trade payables and other figures from incomplete information
- how to prepare statements of profit or loss and statements of financial position from incomplete records
- how to make adjustments to financial statements as detailed in 5.1 (sole traders)
- how to apply the techniques of mark-up, margin and inventory turnover to arrive at missing figures

Note: Candidates will only be asked questions on incomplete records in relation to sole trader businesses. Candidates will not be asked questions on incomplete records for service or manufacturing businesses.

6 Analysis and interpretation

This topic introduces the calculation and the interpretation of the main accounting ratios. The use of ratios in inter-firm comparison is also included. Consideration is also given to the uses of accounting information by interested parties. The limitations of accounting statements are also explored.

6.1 Calculation and understanding of accounting ratios

Candidates should have an understanding of and know how to calculate the following ratios:

- gross profit margin
- mark-up
- profit margin
- return on capital employed (ROCE)
- current (working capital) ratio
- acid test (liquid) ratio
- rate of inventory turnover (times)
- inventory turnover (days)
- trade receivables turnover (days)
- trade payables turnover (days)

Note: Candidates must use the formulas given in the Accounting ratios included at the end of this section. These are the only formulas accepted in candidate responses.

6.2 Interpretation of accounting ratios

Candidates should have an understanding of:

- how to prepare and comment on statements showing comparison of results for different years
- how to interpret the ratios calculated in 6.1
- make suggestions and recommendations for improving profitability, liquidity and working capital
- the gross profit margin and the profit margin as indicators of a business's profitability
- how gross profit for the year can be affected by the valuation of inventory, sales quantity and changes in selling and purchasing prices
- how profit for the year can be affected by changes in gross profit, other income and expenses
- the reasons for the difference between cash and profit

6.3 Inter-business comparison

Candidates should have an understanding of:

- the factors that may affect the ratios of two businesses
- the problems of inter-business comparison

6.4 Interested parties

Candidates should have an understanding of how accounting information may be used for decision-making by the following interested parties:

- owners
- managers
- employees
- banks
- investors and lenders
- suppliers
- customers
- governments / tax authorities
- club members
- other interested parties, e.g. public and environmental bodies

6.5 Limitations of accounting statements

Candidates should have an understanding of the limitations of accounting statements due to the following factors:

- historic cost
- application of accounting policies
- non-financial aspects for example, skill of the workforce, location of the business, economic climate

7 Accounting concepts and modern practice

The main accounting concepts are introduced together with how they are applied in accounting records and statements. Consideration is also given to meet the need to operate within an ethical framework in accounting and an awareness of the role that technology can play in modern accounting practice.

7.1 Accounting concepts

Candidates should have an understanding of:

- business entity
- consistency
- duality
- going concern
- historic cost
- matching / accruals
- materiality
- money measurement
- prudence
- realisation

7.2 Ethical considerations

Candidates should have an understanding of:

- the need for an ethical framework in accounting
- the fundamental principles of:
 - integrity
 - objectivity
 - professional competence and due care
 - confidentiality
 - professional behaviour
- the significance to stakeholders and society of applying an ethical framework

7.3 Technology and sustainability

Candidates should have an understanding of:

- the use of digital applications for all or part of the accounting records
- the need to store accounting data safely and sustainably
- the risks associated with not storing accounting data safely and sustainably
- the different types of storage systems: manual, data storage devices, cloud services, other digital services
- the advantages and disadvantages of the different types of storage systems

Note: Candidates do not need to have knowledge of or access to specific accounting software packages or programs.

Accounting ratios

Candidates should know the following accounting ratios:

Profitability ratios

Gross profit margin (%)	$\frac{\text{Gross profit}}{\text{Revenue}} \times 100$
Mark-up (%)	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times 100$
Profit margin (%)	$\frac{\text{Profit for the year}}{\text{Revenue}} \times 100$
Return on capital employed (ROCE) (%)	$\frac{\text{Profit for the year before interest}}{\text{Capital employed}} \times 100$ Capital employed = issued shares + reserves + non-current liabilities

Liquidity ratios

Current (working capital) ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$ Answer presented as a ratio
Acid test (liquid) ratio	$\frac{\text{Current assets} - \text{inventory}}{\text{Current liabilities}}$ Answer presented as a ratio

Efficiency ratios

Rate of inventory turnover (times)	$\frac{\text{Cost of sales}}{\text{Average inventory}}$
Inventory turnover (days)	$\frac{\text{Average inventory}}{\text{Cost of sales}} \times 365 \text{ days}$
Trade receivables turnover (days)	$\frac{\text{Trade receivables}}{\text{Credit sales}} \times 365 \text{ days}$
Trade payables turnover (days)	$\frac{\text{Trade payables}}{\text{Credit purchases}} \times 365 \text{ days}$

Faculty feedback: ‘Understanding how and why our climate is changing and providing the knowledge and skills to explore the challenges plays a key role in every student’s education.’

Feedback from: Dr Amy Munro-Faure, Head of Education and Student Engagement of Cambridge Zero

4 Details of the assessment

Paper 1 – Multiple Choice

Multiple-choice paper, 1 hour 30 minutes, 40 marks

This is a compulsory paper consisting of 40 multiple-choice questions.

Questions are based on all the subject content.

Candidates answer all questions. There will be questions that require candidates to perform calculations.

Calculators may be used in the examination.

The paper assesses the following assessment objectives:

AO1 Knowledge and understanding

AO2 Analysis

Paper 2 – Structured Written Paper

Written paper, 1 hour 45 minutes, 100 marks

This is a compulsory structured paper consisting of five questions worth 20 marks each.

Questions are based on all the subject content.

Candidates answer all questions.

All questions are based on stimulus material followed by a variety of tasks. Candidates may be required to perform calculations, complete a cash book, complete an incomplete statement of accounts, or prepare accounts based on information given in the question, or prepare suspense accounts and journal entries.

By completing authentic tasks candidates are given the opportunity to show their knowledge and understanding of the concepts, purposes and procedures of accounting. Candidates are expected to analyse financial data and evaluate outcomes.

Candidates should use the marks for each question as a guide to the amount of detail and length of response expected for a question, and to help them manage their time effectively.

Calculators may be used in the examination.

The paper assesses the following assessment objectives:

AO1 Knowledge and understanding

AO2 Analysis

AO3 Evaluation

Command words

Command words and their meanings help candidates know what is expected from them in the exams. The table below includes command words used in the assessment for this syllabus. The use of the command word will relate to the subject context.

Command word	What it means
Advise	write down a suggested course of action in a given situation
Analyse	examine in detail to show meaning, identify elements and the relationship between them
Calculate	work out from given facts, figures or information
Compare	identify/comment on similarities and/or differences
Define	give precise meaning
Demonstrate	show how or give an example
Describe	state the points of a topic / give characteristics and main features
Discuss	write about issue(s) or topic(s) in depth in a structured way
Evaluate	judge or calculate the quality, importance, amount, or value of something
Explain	set out purposes or reasons / make the relationships between things clear / say why and/or how and support with relevant evidence
Give	produce an answer from a given source or recall/memory
Identify	name/select/recognise
Justify	support a case with evidence/argument
Prepare	present information in a suitable format
State	express in clear terms
Suggest	apply knowledge and understanding to situations where there are a range of valid responses in order to make proposals / put forward considerations

5 What else you need to know

This section is an overview of other information you need to know about this syllabus. It will help to share the administrative information with your exams officer so they know when you will need their support. Find more information about our administrative processes at www.cambridgeinternational.org/eoguide

Before you start

Previous study

We recommend that learners starting this course should have studied a broad curriculum such as the Cambridge Lower Secondary programme or equivalent national educational framework.

We do not expect learners starting this course to have previously studied accounting.

Guided learning hours

We design Cambridge O Level syllabuses to require about 130 guided learning hours for each subject. This is for guidance only. The number of hours a learner needs to achieve the qualification may vary according to each school and the learners' previous experience of the subject.

Availability and timetables

All Cambridge schools are allocated to one of six administrative zones. Each zone has a specific timetable. Find your administrative zone at www.cambridgeinternational.org/adminzone. This syllabus is **not** available in all administrative zones. Cambridge O Levels are available to centres in administrative zones 3, 4 and 5.

You can enter candidates in the June and November exam series. You can view the timetable for your administrative zone at www.cambridgeinternational.org/timetables

Check you are using the syllabus for the year the candidate is taking the exam.

Private candidates can enter for this syllabus. For more information, please refer to the *Cambridge Guide to Making Entries*.

Combining with other syllabuses

Candidates can take this syllabus alongside other Cambridge International syllabuses in a single exam series. The only exceptions are:

- Cambridge IGCSE Accounting (0452)
- Cambridge IGCSE (9–1) Accounting (0985)
- syllabuses with the same title at the same level.

Cambridge O Level, Cambridge IGCSE and Cambridge IGCSE (9–1) syllabuses are at the same level.

Making entries

Exams officers are responsible for submitting entries. We encourage them to work closely with you to make sure they enter the right number of candidates for the right combination of syllabus components. Entry option codes and instructions for submitting entries are in the *Cambridge Guide to Making Entries*. Your exams officer has access to this guide.

Exam administration

To keep our exams secure, we produce question papers for different areas of the world, known as administrative zones. We allocate all Cambridge schools to an administrative zone determined by their location. Each zone has a specific timetable.

Some of our syllabuses offer candidates different assessment options. An entry option code is used to identify the components the candidate will take relevant to the administrative zone and the available assessment options.

Support for exams officers

We know how important exams officers are to the successful running of exams. We provide them with the support they need to make entries on time. Your exams officer will find this support, and guidance for all other phases of the Cambridge Exams Cycle, at www.cambridgeinternational.org/eoguide

Retakes

Candidates can retake the whole qualification as many times as they want to. Information on retake entries is at www.cambridgeinternational.org/retakes

Language

This syllabus and the related assessment materials are available in English only.

Accessibility and equality

Syllabus and assessment design

At Cambridge we recognise that our candidates have highly diverse socio-economic, cultural and linguistic backgrounds, and may also have a variety of protected characteristics. Protected characteristics include special educational needs and disability (SEND), religion and belief, and characteristics related to gender and identity.

We follow accessible design principles to make our syllabuses and assessment materials as accessible and inclusive as possible. We review language accessibility, visual resources, question layout and the contexts used in questions. Using this approach means that we give all candidates the fairest possible opportunity to demonstrate their knowledge, skills and understanding.

Access arrangements

Our design principles aim to make sure our assessment materials are accessible for all candidates. To further minimise barriers faced by candidates with SEND, illness or injury, we offer a range of access arrangements and modified papers. This is the principal way in which we comply with our duty to make 'reasonable adjustments', as guided by the UK Equality Act 2010.

Important:

Requested access arrangements should be based on evidence of the candidate's barrier to taking an assessment and should also reflect their normal way of working. This is explained in section 1.3 of the *Cambridge Handbook* www.cambridgeinternational.org/eoguide

- For Cambridge to approve an access arrangement, we need to agree that it constitutes a reasonable adjustment and does not affect the security or integrity of the assessment.
- Details of our standard access arrangements and modified question papers are available in section 1.3 of the *Cambridge Handbook* www.cambridgeinternational.org/eoguide
- Centres are expected to check the availability of access arrangements and modified question papers at the start of the course. All applications should be made by the deadlines published in section 1.3 of the *Cambridge Handbook* www.cambridgeinternational.org/eoguide
- Contact us at the start of the course to find out if we can approve an access arrangement that is not included in the list of standard access arrangements.
- Candidates who cannot access parts of the assessment may be able to receive an award based on the parts they have completed.

After the exam

Grading and reporting

Grades A*, A, B, C, D or E indicate the standard a candidate achieved at Cambridge O Level.

A* is the highest and E is the lowest. 'Ungraded' means that the candidate's performance did not meet the standard required for grade E. 'Ungraded' is reported on the statement of results but not on the certificate.

In specific circumstances your candidates may see one of the following letters on their statement of results:

- Q (PENDING)
- X (NO RESULT).

These letters do not appear on the certificate.

On the statement of results, Cambridge O Level is shown as GENERAL CERTIFICATE OF EDUCATION ORDINARY LEVEL.

On certificates, Cambridge O Level is shown as General Certificate of Education.

How students and teachers can use the grades

Assessment at Cambridge O Level has two purposes:

- 1 to measure learning and achievement
The assessment confirms achievement and performance in relation to the knowledge, understanding and skills specified in the syllabus.
- 2 to show likely future success
The outcomes help predict which students are well prepared for or likely to be successful in a particular course or career.
The outcomes help students choose the most suitable course or career.

Changes to this syllabus for 2027, 2028 and 2029

The syllabus has been reviewed and revised for first examination in 2027.

You must read the whole syllabus before planning your teaching programme.

Changes to syllabus content

- The syllabus aims have been updated.
- We have included a description of how the syllabus can support students to develop as Cambridge Learners.
- The list of command words has been updated.

Subject content

- The subject content has been revised and updated.
- The order of some of the content has changed and wording has been updated to improve clarity.
- New content has been added – 7.2 Ethical considerations and 7.3 Technology and sustainability.
- The title for Topic 7 has changed to ‘Accounting concepts and modern practice’.
- An introductory explanation for each of the topics has been added.
- The accounting ratios have been updated.
- The international standards list has been removed from the syllabus.

Changes to assessment (including changes to specimen papers)

Assessment objectives

- The wording of the assessment objectives have been updated. The newly worded assessment objectives test the same knowledge and skills as in the previous syllabus.
- In the ‘Assessment objectives as a percentage of the qualification’ table we have rounded AO1 and AO2 differently.

Paper 1

- The number of questions/marks has increased from 35 to 40.
- The duration has increased from 1 hour 15 minutes to 1 hour 30 minutes.

Paper 2

- There are no changes to Paper 2.

In addition to reading the syllabus, you should refer to the updated specimen assessment materials. The specimen papers will help your students become familiar with exam requirements and command words in questions. The specimen mark schemes show how students should answer questions to meet the assessment objectives.

Any textbooks endorsed to support the syllabus for examination from 2027 are suitable for use with this syllabus.



Syllabuses and specimen materials represent the final authority on the content and structure of all of our assessments.

With a Customer Services team available 24 hours a day, 6 days a week, and dedicated regional teams supporting schools in 160 countries, we understand your local context and are here to guide you so you can provide your learners with everything they need to prepare for Cambridge O Level.

Quality management



We are committed to providing exceptional quality. In line with this commitment, our quality management system for the provision of international education programmes and qualifications for students aged 5 to 19 is independently certified as meeting the internationally recognised standard, ISO 9001:2015. Learn more at www.cambridgeinternational.org/about-us/our-standards/

We are committed to making our documents accessible in accordance with the WCAG 2.1 Standard. We are always looking to improve the accessibility of our documents. If you find any problems or you think we are not meeting accessibility requirements, contact us at **info@cambridgeinternational.org** with the subject heading: Digital accessibility. If you need this document in a different format, contact us and supply your name, email address and requirements and we will respond within 15 working days.

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