

June 2014

To: SQA Co-ordinator  
BDMs  
Local Education Authorities  
Directors of Education  
All centres  
HMIE

Action by Recipient	
<input type="checkbox"/>	Response required
<input checked="" type="checkbox"/>	Note and pass on
<input type="checkbox"/>	None — update/information only

Contact: Alistair Wylie  
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Dear Colleague

**Subject update — Accounting**

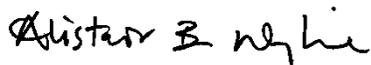
The contents of this letter should be passed to the member of staff responsible for Accounting.

**International Accounting Standards – terminology**

SQA is introducing some changes to the use of terminology in Accounting Courses to reflect current practice and to fall in line with International Accounting Standards. The information below provides further guidance on this as it relates to National 5 and Higher (new and existing) Courses.

SQA will provide further support to centres in the form of an update meeting at the beginning of the new academic session. This meeting will include information and guidance on layouts. Further details on how to book a place at this meeting will be available soon.

Yours faithfully



Alistair Wylie  
Qualifications Manager  
Humanities, Arts and Business

## **N5 and Higher Accounting**

### **Guidance on the use of international accounting terminology**

This document provides guidance and clarification for teachers/lecturers on the impact and use of International Accounting Standards (IAS) terminology. It should be read in conjunction with all information already published by SQA.

#### **General information**

International Accounting Standard 1 (IAS1) relates to the presentation of accounts and has introduced some new terminology as well as a revised treatment of dividends. This has been subsumed into 3 new financial reporting standards (FRSs). FRS100, FRS101 and FRS102 will now apply for periods beginning on or after 1 January 2015. Whilst these standards relate to published accounts for public limited companies, the terminology they employ has readily been adopted by many other types of organisations. Recent textbooks and other learning resources have also adopted the new terminology.

With this in mind, SQA will adopt the use of the new terminology for all accounting examinations as of examination diet 2015. The existing terminology will appear beside the new term (with the existing terminology in brackets) for a period of 2 years, ie until diet 2016 examinations are completed.

Centres must decide whether or not to adopt the new terminology as part of their learning and teaching strategy this coming academic session – 2014/15.

In order to support the use of the new terminology, SQA is amending a bank of past papers for use by centres. This resource will include amended questions using the new terminology at equivalent level of National 5, Higher and Advanced Higher. It will be made available during academic session 2014/15.

### New Terminology (alphabetical listing)

<b>Current UK Term</b>	<b>International Term</b>
Accruals	Other payables
Balance Sheet	Statement of financial position
Bank and cash	Cash and cash equivalents
Cash flow statement	Statement of cash flows
Cost of goods sold	Cost of sales
Creditors: amounts falling due within 12 months (heading)	Current liabilities
Current assets	Current assets (*no change)
Current liabilities	Current liabilities (*no change)
Equity or capital	Equity
Final accounts	Financial statements
Fixed assets	Non-current assets
Goodwill etc.	Intangible assets
Gross profit	Gross profit (*no change)
Interest payable	Finance costs
Interest receivable	Investment revenues
Investments	Investment property
Land and buildings	Property
Loans repayable after 12 months	Bank loan (also other loans)
Loans repayable within 12 months	Bank overdrafts and loans
Long term liabilities Creditors: amounts falling due after more than 12 months	Non-current liabilities
Net loss	Loss for the year
Net profit	Profit for the year
Prepayments	Other receivables

Profit and Loss Appropriation Account	There is no appropriation account – this is partly replaced by the statement of changes in equity
Proposed dividends	No proposed dividends as only dividends that have been approved are included
Sales	Revenue
Stocks of raw materials and stocks of finished goods	Inventory
Sundry expenses	Other operating expenses
Sundry income	Other operating income
Trade creditors	Trade payables
Trade debtors	Trade receivables
Trading and profit and loss account	Income statement