



**Certificate in Business Studies & Internet Technology (301) – Accounting Principles**




<b>Prerequisites:</b> None	<b>Corequisites:</b> A pass or higher in Certificate in Information Systems or equivalence
<b>Course Description:</b> The purpose of this course is to familiarise candidates with the basic accounting fundamentals for managing both a personal/service-type business and a merchandising business. Candidates are introduced to double-entry accounting, the foundation for further accounting studies.	
<b>Required Materials:</b> Recommended Learning Resources.	<b>Supplementary Materials:</b> Lecture notes and tutor extra reading recommendations.
<b>Special Requirements:</b>	
<p><b>Intended Learning Outcomes:</b></p> <p>1 Define private sector in contrast to businesses run by the state (public sector). Discuss why the financial structure is based on the provision of capital and the importance of finance in the upkeep of the business. Describe the fundamentals of accounting.</p> <p>2 Define the recording of accounting information and the importance of the ledger. Assess revenue and expenses, capital, assets and liabilities. Describe the procedures for recording financial transactions.</p>	<p><b>Assessment Criteria:</b></p> <p>1.1 Describe the distinction between organisations in private sector and public sector of business</p> <p>1.2 Have an insight into the financial organisation of the different types of businesses.</p> <p>1.3 Explore the meaning of the accounting equation</p> <p>1.4 Evaluate the various sources of finance in business</p> <p>1.5 Define financial accounting.</p> <p>1.6 Investigate and explain the role of accounting in business and in society and identify groups making use of accounting information primarily for decision-making purposes.</p> <p>1.7 Differentiate Financial Accounting from Management Accounting</p> <p>1.8 Define accounting terms (assets, liabilities and capital)</p> <p>2.1 Demonstrate the basic double-entry principle of recording accounts and the use of the debit and credit aspects of recording</p> <p>2.2 Define and explain a transaction</p> <p>2.3 Identify relevant financial source documents</p> <p>2.4 Identify and be able to use the books of prime entry</p> <p>2.5 Define how transactions are entered</p> <p>2.6 Demonstrate how to post from the books of prime entry</p> <p>2.7 Describe the sales day book</p> <p>2.8 Describe the returns inwards and return outwards day books</p> <p>2.9 Describe how to write a cash book</p> <p>2.10 Describe banking terminologies including interest, bank charges, cheques, transfers, direct debits, BACs and CHAPs</p> <p>2.11 Describe the purpose and how to write up a journal</p>

	<p>2.12 Explain the concept of debit and credit</p> <p>2.13 Understand why the double entry system is essential</p> <p>2.14 Explain why double entry bookkeeping relies upon the convention of duality and the balance sheet equation</p>
<p>3 Define ledgers. Understand returns inwards (sales returns) and return outwards (purchase returns) and the effect of a return.</p>	<p>3.1 Identify the three ledgers of accounting</p> <p>3.2 Understand the purpose and use a ledger</p> <p>3.3 Define a nominal/general ledger</p> <p>3.4 Define accounting principles</p> <p>3.5 Describe going concern, accrual/matching, prudence, consistency, money measurement, materiality and realisation, business entity and accounting concepts.</p> <p>3.6 Explore allowances made for goods or services returned</p> <p>3.7 Recognise the double entry for returns inwards and outwards</p>
<p>4 The accounting system indicates the process involved in recording transactions through to the final stage of preparing financial statements as profit and loss and balance sheet. Distinguish between transactions that pass through journals and those that pass through the cashbook. Define sales invoice; sales journal and control account.</p>	<p>4.1 Describe the difference between recording credit and cash transactions</p> <p>4.2 Appreciate the functions of the journals and cash book</p> <p>4.3 Define the links in the process of recording accounts and communicating them through the financial statements.</p> <p>4.4 Evaluate the meaning of selling terms such as quotations, estimates and tenders.</p> <p>4.5 Describe the function of invoices and statements and be able to prepare them from data provided</p> <p>4.6 Identify the use of credit control</p> <p>4.7 Demonstrate why sales journals are used</p> <p>4.8 Evaluate the functions of the sales ledger control account and posting procedures from the sales journal to the ledgers</p>
<p>5 Describe the purpose of a trial balance. Describe the elements of a Trading, Profit and Loss Account (Income Statement)</p>	<p>5.1 Define the functions of profit and loss account and the balance sheet</p> <p>5.2 Identify the function of a trial balance</p> <p>5.3 Define and explain a Trial Balance</p> <p>5.4 Describe why a trial balance is important</p> <p>5.5 Demonstrate how to balance off ledger accounts</p> <p>5.6 Demonstrate how to extract a trial balance</p> <p>5.7 Demonstrate how to ensure the two sides of a Trial balance agree</p> <p>5.8 Describe a Trading Account</p> <p>5.9 Explain the importance and purpose of Profit and Loss Account</p> <p>5.10 Explore the components of a profit and loss account, including revenue, expenses and profit/loss</p>
<p>6 Discuss the purchases journal; returns journals and debit/credit notes. Discuss the journal as the prime book of entry and its use.</p>	<p>6.1 Describe why the purchases journal is used</p> <p>6.2 Analyse the functions of the purchase ledger control account</p> <p>6.3 Explore the posting procedures from the</p>

<p>Define the suspense account.</p>	<p>purchases journal to ledgers</p> <p>6.4 Analyse why the return inwards and return outward journals are used</p> <p>6.5 Examine why credit/debit notes are issued.</p> <p>6.6 Describe the use and function of the journal</p> <p>6.7 Describe why the suspense account is used</p> <p>6.8 Define how errors are corrected and the suspense account cleared</p>
<p>7 Describe why indirect tax is charged on goods and services</p>	<p>7.1 Identify the VAT calculations and how to draw up the VAT account</p>
<p>8 Define financial institutions and their functions. Describe the purpose of cash book. Discuss the petty cash book as a subsidiary of cash book or bank account. Identify why the business bank account must be periodically reconciled with the bank statement.</p>	<p>8.1 Examine the various functions and services of banks</p> <p>8.2 Describe why the cash book is used</p> <p>8.3 Describe the posting procedure from the cash book to ledgers</p> <p>8.4 Prepare a petty cash book from a given list of payments</p> <p>8.5 Describe the posting procedure from a petty cash book to the nominal ledger</p> <p>8.6 Describe the need to confirm the bank account records with the bank statement records.</p>
<p>9 Describe the different forms of business organisations</p>	<p>9.1 Describe sole proprietor, partnership and limited companies ownership</p> <p>9.2 Describe the legal status of proprietor, partnership and limited companies</p> <p>9.3 Describe the size of proprietor, partnership and limited companies</p> <p>9.4 Describe the extent of liability for proprietor, partnership and limited companies</p> <p>9.5 Describe other organisations like clubs, charities and not-for-profit and associations, including their financial reporting.</p>
<p>10 Define and prepare final accounts. Understand the effect of adjustments to the final accounts. Discuss bad debts. Distinguish between capital and revenue expenditure.</p>	<p>10.1 Define financial statements and be able to extract final accounts from the trial balance</p> <p>10.2 Describe what is meant by 'accounting period'</p> <p>10.3 Describe adjustments for accruals, prepayments and drawings</p> <p>10.4 Describe provision for bad debts against debtors</p> <p>10.5 Describe Fixed Assets and Non-Current assets</p> <p>10.6 Describe current assets</p> <p>10.7 Describe liabilities</p> <p>10.8 Describe reserves</p> <p>10.9 Describe the possible forms of capital/owners equity</p> <p>10.10 Describe the differences between capital and revenue expenditure</p> <p>10.11 Recognise the effect of capital and revenue expenditure in the profit and loss account the balance sheet</p>

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### **Recommended Learning Resources: Principles Accounting**

<b>Text Books</b>	<ul style="list-style-type: none"> <li>• Business Accounting: by Frank Wood and Alan Sangster. ISBN-10: 0273681494</li> <li>• Business Accounting by Rob Jones. ISBN-10: 1902796411</li> <li>• Accounting for Non-accounting Students by J.R. Dyson. ISBN-10: 0273646834</li> </ul>
<b>Study Manuals</b> 	BCE produced study packs
<b>CD ROM</b> 	Power-point slides
<b>Software</b> 	None

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