

## FUNDAMENTALS OF ACCOUNTING

**UNIT CODE:** BUS/CU/AC/CR/01/6

### Relationship to Occupational Standards

This unit addresses the unit of competency: Apply Fundamentals of Accounting

**Duration of Unit:** 130 hours

### Unit Description

This unit specifies the competencies required to apply fundamentals of accounting. It involves demonstrating understanding of accounting principles and policies, applying double entry concept, classifying capital and liabilities, correcting accounting errors and suspense account, preparing sole trader statement, preparing partnership statements and prepare company statements.

### Summary of Learning Outcomes

1. Demonstrate understand of accounting principles and policies
2. Apply double entry concept
3. Classify capital, assets and liabilities
4. Correct accounting errors and suspense account
5. Prepare sole trader statement
6. Prepare partnership statements
7. Prepare company statements

### Learning Outcomes, Content and Suggested Assessment Methods

Learning Outcome	Content	Suggested Assessment Methods
1. Demonstrate Understanding of accounting principles and policies	<ul style="list-style-type: none"><li>• Nature and purpose of accounting</li><li>• Objectives of accounting</li><li>• Limitations of financial accounting</li><li>• Users of accounting information and their information needs</li><li>• Qualitative characteristics of accounting information</li><li>• Accounting concepts/principles and conventions</li><li>• Accounting standards and their importance</li><li>• The accounting equation</li></ul>	<ul style="list-style-type: none"><li>• Written tests</li><li>• Observation</li><li>• Oral questions</li><li>• Third party report</li><li>• Interviewing</li><li>• Project and report writing</li></ul>

<p>2. Apply double entry concept</p>	<ul style="list-style-type: none"> <li>• Source documents</li> <li>• Books of original entry</li> <li>• The double entry system and the ledger</li> <li>• The trial balance</li> <li>• Computerised accounting systems</li> </ul>	<ul style="list-style-type: none"> <li>• Written tests</li> <li>• Observation</li> <li>• Oral questions</li> <li>• Third party report</li> <li>• Interviewing</li> <li>• Project and report writing</li> </ul>
<p>3. Classify capital assets and liabilities</p>	<ul style="list-style-type: none"> <li>• Capital and revenue expenditure</li> <li>• Accounting for cash and cash equivalents, bank reconciliation</li> <li>• Accrued and prepaid expenses</li> <li>• Accrued and prepaid income</li> <li>• Accounting for accounts receivables, bad debts and allowance for doubtful debts</li> <li>• Property, plant and equipment depreciation, acquisition and disposal</li> <li>• Accounting for Inventories-valuation using specific cost methods</li> <li>• Accounting for accounts payable including control account</li> </ul>	<ul style="list-style-type: none"> <li>• Written tests</li> <li>• Observation</li> <li>• Oral questions</li> <li>• Third party report</li> <li>• Interviewing</li> <li>• Project and report writing</li> </ul>
<p>4. Correct accounting errors and suspense account</p>	<ul style="list-style-type: none"> <li>• Meaning of terms</li> <li>• Types of errors</li> <li>• Functions of suspense account</li> <li>• Correction of errors using the suspense account</li> <li>• Statement of corrected net profit</li> </ul>	<ul style="list-style-type: none"> <li>• Written tests</li> <li>• Observation</li> <li>• Oral questions</li> <li>• Third party report</li> <li>• Interviewing</li> <li>• Project and report writing</li> </ul>

<p>5. Prepare sole trader statements</p>	<ul style="list-style-type: none"> <li>• Meaning of terms</li> <li>• Characteristics of a sole trader</li> <li>• Income statement</li> <li>• Statement of financial position</li> </ul>	<ul style="list-style-type: none"> <li>• Written tests</li> <li>• Observation</li> <li>• Oral questions</li> <li>• Third party report</li> <li>• Interviewing</li> <li>• Project and report writing</li> </ul>
<p>6. Prepare partnership statements</p>	<ul style="list-style-type: none"> <li>• Introduction to partnership</li> <li>• Characteristics of partnership</li> <li>• Types of partners</li> <li>• Contents of a partnership agreement</li> <li>• Distinction between current and capital accounts</li> <li>• Appropriation statement and partners current and capital accounts</li> <li>• Statement of financial position and income statement (Excluding changes in partnerships)</li> </ul>	<ul style="list-style-type: none"> <li>• Written tests</li> <li>• Observation</li> <li>• Oral questions</li> <li>• Third party report</li> <li>• Interviewing</li> <li>• Project and report writing</li> </ul>
<p>7. Prepare company accounts</p>	<ul style="list-style-type: none"> <li>• Types of share capital</li> <li>• Types of reserves</li> <li>• Issue of shares (exclude issue by instalment and forfeiture)</li> <li>• Rights issues and bonus</li> <li>• Income tax -Accounting treatment and presentation (exclude computation)</li> <li>• Income statement</li> <li>• Statement of financial position</li> <li>• Emerging issues and trends</li> </ul>	<ul style="list-style-type: none"> <li>• Written tests</li> <li>• Observation</li> <li>• Oral questions</li> <li>• Third party report</li> <li>• Interviewing</li> <li>• Project and report writing</li> </ul>

### Suggested Methods of Instruction

- Project
- Demonstration by trainer
- Practice by the trainee
- Discussions
- Direct instruction
- Case study
- Audio –visual aids

### **Recommended Resources**

- Printers,
- Computer,
- Calculator,
- Computer software's,
- Internet connectivity,
- Paper shredders,
- Photocopiers,
- Printers, scanners,
- Stationery,

easytvvet.com