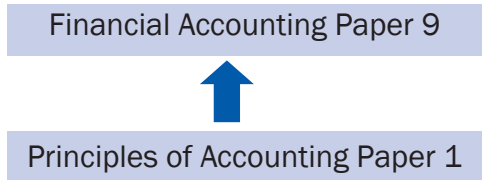


LEVEL I

PRINCIPLES OF ACCOUNTING

PAPER 1

SYLLABUS CHART



OVERALL AIM

To equip the learner with skills of record keeping and preparation of accounts for internal use and decision-making.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

	Learning outcomes	K	C	A	An	S	E
1.	Define the different terms used in accounting	✓					
2.	Describe the main areas of accounting		✓				
3.	Explain accounting concepts and conventions	✓					
4.	Identify the different forms of business organisation	✓					
5.	Record transactions in the books of prime entry			✓			
6.	Extract a trial balance			✓			
7.	Describe the accounting cycle		✓				
8.	Prepare reconciliations of business transactions			✓			
9.	Make end of year adjustments			✓			
10.	Prepare financial statements for business organisations			✓			
11.	Correct errors in accounting records			✓			

LEVEL OF ASSESSMENT

The examination will test the learner's ability to comprehend and apply the skills of record keeping and preparation of accounts

EXAMINATIONS STRUCTURE

There will be a three-hour examination made up of sections A and B. Section A will comprise 20 compulsory multiple-choice questions of 20 marks. Section B will comprise five questions of 20 marks each, of which the candidate will be required to attempt any four

DETAILED SYLLABUS

A INTRODUCTION TO BOOK KEEPING AND ACCOUNTING

1. Meaning and differences between: Bookkeeping, financial accounting, cost accounting, management accounting
2. Users of financial statements and their information needs
3. The accounting equation and the balance sheet (statement of financial position)
4. Role of accountants and accounting technicians

B MEANING OF ACCOUNTING CONCEPTS AND CONVENTIONS

1. Business entity
2. Time interval
3. Historical cost
4. Money measurement
5. Duality
6. Prudence
7. Materiality
8. Realisation
9. Stable monetary unit

C FORMS OF BUSINESS ORGANISATION

1. Meaning of 'business organisation/ entity'

2. Sole proprietorships, partnerships and limited liability companies

D PRINCIPLES OF DOUBLE ENTRY BOOKKEEPING AND BOOKS OF PRIME/ ORIGINAL ENTRY

1. Meaning of double entry
2. Merits of double entry system
3. Recording transactions within the double entry framework
 - (a) The accounting equation and balance sheet(statement of financial position)
 - (b) Double entry system for assets, liabilities, capital, expenses, revenues
 - (c) Effect of profit/ loss on capital
 - (d) Personal (natural, artificial) and impersonal (real, nominal) accounts
 - (e) Golden rules of accounting
 - (f) Elements of financial statements
 - (g) Capital and revenue transactions
4. Source documents and records, including receipts, vouchers, invoices, credit and debit notes
5. Books of prime/ original entry:
 - (a) Cashbook, including two and three-column cashbook; petty cashbook and imprest system and cash analysis book
 - (b) Journals, including general journal, sales journal, purchases journal and returns inwards and returns outwards journals
 - (c) Posting transactions to and balancing ledger accounts
6. Principal/ main and subsidiary ledgers; balancing ledger accounts and extraction of trial balance
7. Accounting cycle

E ERRORS AND HOW THEY ARE CORRECTED

1. Types of errors
2. Errors which can and which cannot be revealed by a trial balance
3. Correction of errors using the journal
4. Errors and the suspense account
5. Preparation of revised financial statements after correction of errors

F CHEQUE SYSTEM AND BANK RECONCILIATION STATEMENT

1. Purpose and merits of bank reconciliation statement
2. Causes of differences between bank statement and cashbook balances
3. Dishonoured, un-presented and un-credited cheques
4. Adjusted cashbook
5. Preparation of bank reconciliation statement

G PREPARATION OF SIMPLE FINANCIAL STATEMENTS FOR INTERNAL USE¹

1. Sole traders
2. Partnerships
3. Limited companies (excluding manufacturing entities)

H PERIOD END ADJUSTMENTS

1. Need for adjustments
2. Accruals and prepayments of incomes and expenses
3. Bad debts and provision for bad and doubtful debts
4. Discounts
5. Depreciation:
 - (a) Methods of depreciation and amortisation of non-current assets
 - (b) Accounting for depreciation

¹ Statement of profit or loss and other comprehensive income and financial position

I PREPARATION OF FINANCIAL STATEMENTS FROM INCOMPLETE RECORDS

1. Meaning of incomplete records:
 - (a) Reasons/ circumstances which give rise to incomplete records
 - (b) Accounting process
 - (c) Sources of information
2. Transformation of incomplete records into proper books of account, including the use/ preparation of statements of affairs, analyses of cash and bank transactions and control accounts
3. Mark-up and margin
4. Extraction of trial balance and preparation of financial statements

J FINANCIAL STATEMENTS FOR NON-PROFIT MAKING ORGANISATIONS

1. Meaning of non-profit making organisation
2. Comparison with profit making organisations
3. Ordinary and life membership subscriptions
4. Receipts and payments account
5. Income and expenditure account/ statement (including comparison with an equivalent statement for a profit making organisation)
6. Accumulated fund; effect of surplus or deficit on accumulated fund
7. Statement of financial position

K PARTNERSHIP ACCOUNTS

1. Meaning and features of partnerships
2. Distinction between partnerships and sole proprietorships

3. Partnership profits and losses, partners' salaries and drawings
4. Partners' capital and current accounts
5. Statement of profit or loss and other comprehensive income and statement of financial position

L COMPANY ACCOUNTS

1. Meaning and features of limited liability company
2. The legal and accounting framework for limited liability companies
3. Requirements of the Companies Act, 2012
4. Accounting for issuance of shares and share premium
5. Financial statements for internal use:
 - (a) Statement of profit or loss and other comprehensive income
 - (b) Statement of financial position
 - (c) Statement of changes in equity

REFERENCES

1. ICPAU, Financial Accounting. Kampala.
2. Wood F. & Robinson S., 2018. Bookkeeping and Accounts, 9th ed, London: Pearson Education Limited.
3. Sangster A & Lewis G., 2022. Frank Wood's Business Accounting, 15th ed, London: Pearson Education Limited.