

COUNCIL OF COMMUNITY COLLEGES OF JAMAICA

Course:	Fundamentals of Accounting
Credit	3
Course Code	ACCT1101
Contact Hours:	45 Hours

COURSE DESCRIPTION

This course is designed to help students to appreciate the importance of financial accounting in the workplace. The course involves the posting of transactions to the ledger and the preparation of final accounts with adjustments for accruals, prepayment, depreciation and provision for bad debts.

SPECIFIC OBJECTIVES:

At the end of the year students will be able to:

1. explain the purpose of financial accounting to individuals and organizations.
1. explain the accounting cycle using a flowchart.
2. explain how the balance sheet equation is derived.
3. distinguish between assets liabilities and capital.
4. distinguish between revenue and expenses
5. complete double entry recording of transaction in the ledger
6. calculate and record the closing balance on ledger accounts
7. extract a trial balance from the ledger balances
8. list errors which would not be highlighted by a trial balance difference
9. prepare a simple profit and loss account and Balance sheet from the trial balance.
10. distinguish between current and long-term liabilities
11. explain the nature and purpose of accounting conventions
12. explain the nature and purpose of journals
13. illustrate the uses of the journal
14. identify source documents for daily transactions
15. identify the different books of original entries
16. post transactions from source documents to the books of original entries and to the ledger
17. classify the errors which will not be revealed by the trial balance
18. correct errors not revealed by the trial balance
19. list the errors which prevents the trial balance totals from agreeing
20. explain, using appropriate examples, how (a) the suspense account and (b) the journal, may be used in the correction of errors
21. calculate depreciation using the straight-line, and the reducing balance method, from a set of data.
22. record depreciation in the ledger, using the double-entry system
23. distinguish between accruals and prepayments

24. record adjustment relating to accruals and prepayments in the ledger
25. explain the difference between bad debts written off and provision for doubtful debts
26. prepare a set of final accounts for sole trader from a trial balance after period end adjustments
27. account for the differences between the Bank Statement and the Cash Book balance, in given situations
28. draft an updated cash book
29. prepare a Bank Reconciliation Statement

COURSE CONTENT FUNDAMENTALS OF ACCOUNTING

Module One

Accounting framework

- The importance of financial accounting to the various individuals, accounting professionals and organization.
- Characteristics of accounting information
- The accounting cycle
- the accounting equation
- distinction between assets, Liabilities and Capital
- an introduction to the balance sheet

Module Two

The ledger

- description of the ledger
- double entry recording for: assets, liabilities, capital, revenues and expenses
- balancing of ledger accounts
- preparation of a trial balance
- the three column cash book
- prepare simple trading, profit and loss accounts

Module Three

Accounting Concepts and Conventions [IAS]

- going concern
- accruals
- prudence

- consistency
- historic costs
- money measurements
- materiality
- realization
- objectivity
- business entity
- duality

Module Four

The General Journal and Subsidiary Books

Module Five

Errors and corrections

- errors not affecting the trial balance
 - errors of omission, errors of commission, errors of principle
 - errors of original entries, compensating errors and complete reversal of entries;
- correction of errors not affecting the trial balance
- the use of suspense account to correct errors affecting the trial balance

Module Six

Post closure adjustments

- Depreciation and Provision for depreciation
- Bad debts and Provision for doubtful debts
- accruals and prepayment for revenue and expenses
- application of adjustments to final accounts

Module Seven

Cash books and Bank Reconciliation Statement

- the banking system
- deposits and withdrawal slips
- preparing cheque
- interpretation of bank statements
- updated cash book
- bank reconciliation statement

METHODS OF EVALUATION

students must be evaluated by the use of:

- projects
- tests
- simulations
- examinations

Course work	40%
Examination	60%

TEXT

Sangster, A. & Wood, F. [2005]. Business Accounting 1, 9th Ed. DP Pub. London