

## FINANCIAL ACCOUNTING

**UNIT CODE:** 0411 551 08A

**TVET CDACC UNIT CODE:** BUS/CU/HRM/CC/01/6/MA

**Duration of unit: 120 hours**

**Relationship to occupational standards**

This unit addresses the unit of competency: Apply Financial Accounting Skills.

### UNIT DESCRIPTION

This unit specifies the competencies required to apply financial accounting skills. It involves applying accounting concepts, conventions and policies, preparing books of original entries, posting transactions to the ledger, preparing cash books, correcting accounting errors, preparing bank reconciliation statements, maintaining non-current assets register, maintaining receivables and payables ledgers and preparing sole trader statements.

### Summary of Learning Outcomes

| S/No | ELEMENTS                                            | DURATION (HOURS) |
|------|-----------------------------------------------------|------------------|
| 1    | Apply accounting concepts, conventions and policies | 10               |
| 2    | Prepare books of original entries                   | 12               |
| 3    | Post transaction to the ledger                      | 16               |
| 4    | Prepare cash books                                  | 12               |
| 5    | Correct accounting errors                           | 16               |
| 6    | Prepare bank reconciliation statements              | 10               |
| 7    | Maintain non-current assets' register               | 16               |
| 8    | Maintain receivables and payables ledgers           | 14               |
| 9    | Prepare sole trader statements                      | 14               |
|      | <b>Total</b>                                        | <b>120</b>       |

### Learning Outcomes, Content and Suggested Assessment Methods

| Learning outcomes                                      | Content                                                                                                                                                                                                                                                                                                                                                                                      | Assessment methods                                                                                                                                                              |
|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Apply accounting concepts, conventions and policies | 1.1 Accounting concepts, conventions and policies <ul style="list-style-type: none"> <li>1.1.1 Going concern</li> <li>1.1.2 Accrual</li> <li>1.1.3 Prudence</li> <li>1.1.4 Matching</li> </ul> 1.2 Accounting equation<br>1.3 Users of accounting information                                                                                                                                | <ul style="list-style-type: none"> <li>• Practical assessments</li> <li>• Projects</li> <li>• Poe evaluation</li> <li>• Third party reports</li> <li>• Written tests</li> </ul> |
| 3. Post transaction to the ledger                      | 3.1 Classification of ledgers <ul style="list-style-type: none"> <li>• General ledger</li> <li>• Sales ledger</li> <li>• Purchases ledger</li> </ul> 3.2 ledger accounts identification<br>3.3 Posting of transactions to ledgers<br>3.4 Balancing off ledger accounts<br>3.5 Trial Balance<br>Preparation of Trial Balance                                                                  | <ul style="list-style-type: none"> <li>• Practical</li> <li>• Projects</li> <li>• Poe evaluation</li> <li>• Third party reports</li> <li>• Written tests</li> </ul>             |
| 4. Prepare cash books                                  | 4.1 Cash books <ul style="list-style-type: none"> <li>4.1.1 Two column cashbook</li> <li>4.1.1 Three column cashbook</li> <li>4.1.2 Petty cashbook</li> </ul> 4.2 Classification of cash receipts<br>4.3 Recording of cash receipts<br>4.4 Discounts <ul style="list-style-type: none"> <li>4.4.1 Cash discounts</li> <li>4.4.2 Trade discounts</li> <li>4.4.3 Quantity discounts</li> </ul> | <ul style="list-style-type: none"> <li>• Practical</li> <li>• Projects</li> <li>• Poe evaluation</li> <li>• Third party reports</li> <li>• Written tests</li> </ul>             |

|                                           |                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                     |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5. Correct accounting errors              | 5.1 Errors affecting the trial balance<br>5.2 Errors that do not affect the trial balance<br>5.3 Correction of errors<br>5.4 Suspense account<br>5.5 Reported gross/net profit<br>5.6 The final statement of financial position                                                                                                                 | <ul style="list-style-type: none"> <li>• Practical</li> <li>• Projects</li> <li>• Poe evaluation</li> <li>• Third party reports</li> <li>• Written tests</li> </ul> |
| 6. Prepare bank reconciliation statements | 6.1 Cash book and bank statement balance discrepancies: <ul style="list-style-type: none"> <li>6.1.2 Items appearing in the cashbook but not in the bank statement</li> <li>6.1.3 Items appearing in the bank statement but not in the cash book</li> <li>6.1.4 Errors</li> </ul> 6.2 Update the cash book<br>6.3 Bank reconciliation statement | <ul style="list-style-type: none"> <li>• Practical</li> <li>• Projects</li> <li>• Poe evaluation</li> <li>• Third party reports</li> <li>• Written tests</li> </ul> |
| 7. Maintain non-current assets' register  | 7.1 Determining costs of assets as per Accounting standards<br>7.2 Depreciation computation<br>7.3 Depreciation recording as per accounting guidelines<br>7.4 Accounting treatment on depreciation<br>7.5 Acquisition of Non-current assets<br>7.6 Disposal of non-current assets<br>7.7 Determining asset balances                             | <ul style="list-style-type: none"> <li>• Practical</li> <li>• Projects</li> <li>• Poe evaluation</li> <li>• Third party reports</li> <li>• Written tests</li> </ul> |

|                                              |                                                                                                                                                                                                                                          |                                                                                                                                                                     |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8. Maintain receivables and payables ledgers | 3.1 Bad debts written off<br>3.2 Provision for bad debts<br>3.3 Adjusting receivable balances<br>3.4 Adjusting Payable balances<br>3.5 Control accounts:<br>3.5.1 Sales ledger control account<br>3.5.2 Purchases ledger control account | <ul style="list-style-type: none"> <li>• Practical</li> <li>• Projects</li> <li>• Poe evaluation</li> <li>• Third party reports</li> <li>• Written tests</li> </ul> |
| 9. Prepare sole trader statements            | 9.1. Income and expenditure<br>9.2. Year-end adjustments<br>9.3. Accruals<br>9.4 Prepayments<br>9.5 Provisions<br>9.6 Statement of profit or loss<br>9.7 Statement of financial position items<br>9.8 Statement of financial position    | <ul style="list-style-type: none"> <li>• Practical</li> <li>• Projects</li> <li>• Poe evaluation</li> <li>• Third party reports</li> <li>• Written tests</li> </ul> |

#### Suggested delivery methods

- Demonstration
- Practical work by trainee
- Fieldwork and benchmarking
- Group discussions
- Case studies
- Role play

#### List of Recommended Resources for 30 trainees

| S/No. | Category/Item | Description/Specifications | Quantity | Recommended Ratio<br>(Item: Trainee) |
|-------|---------------|----------------------------|----------|--------------------------------------|
|       |               |                            |          |                                      |

|          |                                                 |                                                                                                                                                                                                |         |      |
|----------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------|
| <b>A</b> | <b>Learning Materials</b>                       |                                                                                                                                                                                                |         |      |
| 1.       | Charts                                          | <ul style="list-style-type: none"> <li>• Flip Charts</li> <li>• Rules and Regulations</li> </ul>                                                                                               | 5       | 1:6  |
| 2.       | External Storage Media                          | Flash disks, Compact Disks; Re-Writable                                                                                                                                                        | 5       | 1:6  |
| 3.       | Smart board (Where Applicable)                  | LCD or projector                                                                                                                                                                               | 1       | 1:30 |
| 4.       | Whiteboard                                      | Glass, melamine, porcelain                                                                                                                                                                     | 1       | 1:30 |
| <b>B</b> | <b>Learning Facilities &amp; Infrastructure</b> |                                                                                                                                                                                                |         |      |
| 5.       | Lecture/Theory Room                             | (9* 8 sq. metres)                                                                                                                                                                              | 1       | 1:30 |
| 6.       | Internet Connection                             | System                                                                                                                                                                                         | 1       | 1:30 |
| <b>C</b> | <b>Consumable Materials</b>                     |                                                                                                                                                                                                |         |      |
| 7.       | Markers                                         | Whiteboard markers and permanent Markers                                                                                                                                                       | 5       | 1:6  |
| 8.       | Printing Papers                                 | Sizes A4, A3, A2 etc                                                                                                                                                                           | 5 reams | 1:6  |
| <b>D</b> | <b>Tools And Equipment</b>                      |                                                                                                                                                                                                |         |      |
| 9.       | Desktops                                        | Any model                                                                                                                                                                                      | 30      | 1:1  |
| 10.      | Printer                                         | Inkjet, LaserJet                                                                                                                                                                               | 2       | 1:15 |
| 11.      | Computers Software:                             | <ul style="list-style-type: none"> <li>•Windows/Linux/Macintosh Operating System</li> <li>•Microsoft Office Software</li> <li>•Google Workspace Account</li> <li>Antivirus Software</li> </ul> | 1       | 1:1  |

## References

- Organization operating procedures

- Industry/workplace codes of practice