

Syllabus Outline: Introduction to Financial Accounting

NQF Level 5

Prescribed textbook. Introduction to Financial Accounting, latest edition¹

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Publisher: Lexis Nexis Butterworths

Disclaimer: Please note the following:

- A prescribed textbook may not necessarily cover every aspect of a syllabus. The Institute examines the syllabus and any omissions should be researched personally or be provided by your tuition provider.
- ISBN numbers may have changed since the publication of this list. Our policy is that you should always use the latest edition of the textbook.
- Many publishers are no longer publishing hard copies and have switched to e-books.
- Some modules require prescribed readings which can be downloaded for personal use from the internet or the CSSA student portal.

The overall aim of this module is to understand and apply the basic principles of bookkeeping and accounting to the preparation of a simple set of accounting records

Syllabus topics	Syllabus detailed content	Textbook
Learning Outcome 1: Outline the framework for the preparation and presentation of financial statement; use the double-entry system of bookkeeping and explain basic concepts in the valuation of assets and liabilities.		
Framework for financial statements, the double entry system and valuation of assets	<ul style="list-style-type: none"> • The framework for the preparation and presentation of financial statements is outlined • Underlying assumptions <ul style="list-style-type: none"> ○ Qualitative characteristics of financial statements ○ Definitions of assets, liabilities, equity, income, expenses ○ Recognition of the elements of financial statements • Overall considerations 	Chapter 1: Basic concepts in Accounting
	<ul style="list-style-type: none"> • An understanding of the double-entry system of bookkeeping is demonstrated • Accounting equation • Accounting for assets, liabilities, equity, income, expenses • Books of original entry • Writing up and construction of journals suitable for various types of business enterprises, (including general journal), <ul style="list-style-type: none"> ○ sales [debtors], ○ purchases [creditors], ○ cash receipts, cash payments, sales returns {returns inwards}, ○ purchases returns [returns outwards] 	Chapter 2: Transactions Chapter 3: Ledger accounts Chapter 4: The accounting cycle Chapter 5: The trial balance Chapter 6: The adjusting and closing process Chapter 8: Application of accounting systems Chapter 9: Receivables and payables Chapter 10: Inventories

¹ Also prescribed for Advanced Financial Accounting

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	<ul style="list-style-type: none"> • Basic concepts in the valuation of assets are explained • Accounting for inventory – perpetual, periodic basis of inventory valuation – IAS 2 • FIFO, average, specific, cost, market value, net realisable value • Procedures for purchasing, stores (stock, inventory) control • Importation of inventory – valuation of and accounting for imported inventory, inventory (goods) in transit, inventory ‘in bond’, sales ‘in bond’ • Sales at reduced mark-up • Determination of closing inventory value • Insurance claims (excluding the use of the average clause) • Inventory counting procedures • Accounting for depreciation – use of fixed instalment, reducing (diminishing) balance, revaluation, units of use and sum of the digits methods • Asset registers • Disposal of non-current assets • Irrecoverable (bad) debts • Provisions – doubtful debts, discount • Writing up cash book (including petty cash) • Concept of petty cash • Treatment of unpaid cheques, post-dated cheques, service charges. direct debits and credits, contra entries • Reconciliation of bank accounts • Adjustments to bank account in ledger/cash book • Year-end adjustments 	<p>Chapter 11: Cash and cash equivalents Chapter 12: Non-current assets</p>
Learning Outcome 2: Prepare the financial statements in an acceptable form for sole proprietorships		
Sole proprietors	<ul style="list-style-type: none"> • Financial statements of a sole trader – IAS 1 • Preparation of the following statements in acceptable form: <ul style="list-style-type: none"> ○ Statement of financial position. ○ Statement of comprehensive income ○ Statement of changes in equity 	Chapter 7: Presentation and disclosure of financial statements
Partnerships	<ul style="list-style-type: none"> • Formation of a partnership • Interpretation of partnership agreement 	Chapter 14: Partnerships

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	<ul style="list-style-type: none"> Accounting for situation where capital is not fixed (i.e. no current account) Accounting for the appropriation of profits or losses in terms of the partnership agreement 	
Learning Outcome 5: Prepare the financial statements in an acceptable form for close corporations		
Non-profit organisations (clubs and Associations)	<ul style="list-style-type: none"> Accounting for subscriptions Preparation of the following statements in acceptable form: <ul style="list-style-type: none"> Statement of financial position. Statement of comprehensive income Statement of changes in equity 	Chapter 13: Non-trading entities
Learning Outcome 5: Prepare the financial statements in an acceptable form for close corporations		
Close Corporations	<ul style="list-style-type: none"> Preparation of the following statements in acceptable form: <ul style="list-style-type: none"> Statement of financial position. Statement of comprehensive income Statement of Changes in Equity 	Chapter 17: Close Corporations
Learning Outcome 6: Prepare cash flow statements		
Cash flow statement	<ul style="list-style-type: none"> Cash flow statements Preparation of elementary cash flow statements for sole traders, partnerships, close corporations and non-profit organisations 	Chapter 18: Statement of cash-flows

Practical work

- Recognise assets, liabilities and equity in the accounting equation.
- Journalise simple transactions in the various journals.
- Prepare the general ledger for simple transactions.
- Prepare a trial balance.
- Calculate the value of assets and liabilities in the financial statements.
- Calculate the gross profit of a service entity and a trading entity.
- Reconcile the bank account per the general ledger with the balance per the bank statement (bank reconciliation).
- Prepare the financial statements for a sole trader
- Prepare the financial statements for a partnership.
- Prepare the financial statements for a non-profit organisation (club and association)
- Prepare the financial statements for a close corporation
- Prepare a cash flow statement for a sole trader, partnership, close corporation and non-profit organisation
- Calculate and analyse the following ratios from a simple set of accounts: Chapter 21: Analysis and interpretation of financial statements
 - Liquidity ratios

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- Leverage ratios
- Activity ratios
- Profitability ratios
- Investment performance ratios

Helpful Online resources:

The conceptual framework: <https://youtu.be/dFfBxe-nBJo>

Basic accounting concepts: https://youtu.be/IL_egHqaU3s up to 43.07 minutes

Transaction analysis: <https://youtu.be/GhDp9uEKuBk> up to 36.04 minutes

Introduction to Financial Statements: <https://youtu.be/0ouQKi6Nb94>

Financial Statements: <https://youtu.be/4nPJtzNDQng>

Introduction to debits and credits: <https://youtu.be/NsJMwtazP-4>

Debits and credits: <https://youtu.be/G4Ew3lja9ZI>

Journal entries and the trial balance: <https://youtu.be/aIn7rnu1xTw>

Analyzing and recording transactions: <https://youtu.be/JX2cCNY9ceE>

Adjusting journal entries: <https://youtu.be/eYBUHw70LrU>; <https://youtu.be/UgvAls8LQUw>; <https://youtu.be/oPgudehRK1w>;

Introduction to closing entries: <https://youtu.be/G73HzS8r4n8>

Closing journal entries: <https://youtu.be/wUeh06qPP5U>; <https://youtu.be/dw76eVLIDAU>

Accounting basics for merchandisers (traders): <https://youtu.be/JCVHynWsAKI>

Purchase cycle journal entries: <https://youtu.be/uPGKTmjZHoc>

Sales cycle journal entries: <https://youtu.be/q88pkoi-Ul>

Merchandising entries: conclusion: <https://youtu.be/g0rsoXIPp-w>

Inventory methods: https://youtu.be/QtyA4A_YiJRk; <https://youtu.be/6pZTUirK6SI>; https://youtu.be/_q4OI3Sx6mM; <https://youtu.be/trKAVwxgV4I>

Internal control: https://youtu.be/go16NXs_J8c; <https://youtu.be/UcPJ3eigyak>

Bank reconciliations: <https://youtu.be/ui3UgAR3pF0>; https://youtu.be/_ob4J36lz5A; <https://youtu.be/mQwJtOA8gkg>

Receivables and bad debt: <https://youtu.be/nxaSXdq2wao>; <https://youtu.be/2a0xXhoT-zY>; <https://youtu.be/c0tR8DBURv8>; https://youtu.be/W4ZiaQHEX_o

Fixed assets: <https://youtu.be/IX6brQgxiMI>; <https://youtu.be/yZeM6oLU4S8>; <https://youtu.be/QEg9uThGf5w>; <https://youtu.be/JyWQgFrVNic>

Current liabilities: <https://youtu.be/GFPcj5tuakQ>; <https://youtu.be/VFxB-f1WdeQ>

Ratio analysis: <https://youtu.be/GoKIZqSFMIE>