FINANCIAL ACCOUNTING

AIMS AND OBJECTIVES
The examination in this subject sets out to assess candidates’:
(i) Understanding of accounting principles and the role of accounting in recording business transactions;
(ii) appreciation and application of the rules and functions of Accounting as they apply to organization;
(iii) foundation for further studies in Accounting.

EXAMINATION SCHEME
There will be two papers – Paper 1 and Paper 2, both of which will constitute a composite paper to be taken at one sitting.

PAPER 1: Will comprise fifty multiple choice questions to be taken in 1 hour for 50 marks.
PAPER 2: Will be made up of two sections: Sections A and B and will last 2½ hours.

Section A: Will contain five essay questions on theory of financial accounting. Candidates will be required to answer two out of the four questions for 15 marks each.

Section B: Will contain five essay questions on financial accounting practice. Candidates will be required to answer three out of the questions for 15 marks each.

DETAILED SYLLABUS

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<tr>
<th>S/NO</th>
<th>TOPICS</th>
<th>NOTES</th>
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</table>
| 1.   | Introduction to Financial Accounting | 1.1 History, nature and functions of Accounting.  
|      |        | 1.2 Users of Accounting information.  
|      |        | 1.3 Stages in the Accounting process.  
|      |        | 1.4 Characteristics of Accounting information. |
| 2.   | The Accounting Equation and Double Entry Principles | 2.1 Accounting Equation.  
|      |        | Purpose and functions of source documents.  
|      |        | 2.3 Subsidiary books.  
|      |        | 2.4 The ledger: classification of Accounts.  
|      |        | 2.5 Cash Book: analytical cash book, including petty cash book.  
|      |        | 2.6 Preparation of Trial Balance.  
|      |        | 2.7 Bank Reconciliation Statements.  
|      |        | 2.8 Correction of errors and Suspense Account. |
| 3.   | Accounting Concepts | Meaning.  
|      |        | Types.  
|      |        | Significance.  
|      |        | Limitations. |
| 4.   | The Final Accounts of a Sole Trader/proprietorship | Trading, profit and loss accounts/Income statement.  
|      |        | Balance sheet/statement of financial position.  
<p>|      |        | 4.3 Adjustments to final accounts. |
|      |        | Provision for discounts. |</p>
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<th>Page</th>
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6.2 Cost classification in Manufacturing Accounts.  
6.3 Preparation of final Accounts of Manufacturing concern. |
| 7. | Control Accounts and Self-balancing Ledgers | Meaning and uses of control accounts  
7.2 Types:  
(i) sales ledger control  
(ii) purchases ledger control  
Preparation of Control Accounts  
7.4 Reconciliation of Control Accounts |
| 8. | Single Entry and Incomplete Records | Meaning and limitations  
8.2 Computation of profit or loss from opening and closing balance sheets.  
8.3 Conversion of single entry to double entry.  
8.4 Preparation of final accounts from a set of incomplete records.  
8.5 Mark up and Margin |
| 9. | Accounts of Not-for-Profit Making Organizations | Meaning and terminologies.  
9.2 Receipts and payments accounts.  
9.3 Subscriptions Account  
9.4 Income and expenditure accounts.  
9.5 Accumulated fund.  
9.6 Balance sheet.  
9.7 Profit or loss from income generating activities. |
10.2 Partnership agreements/Deed.  
10.3 Profit and loss appropriation accounts.  
10.4 Partners capital account and balance sheet  
10.5 Admission of a new partner.  
10.6 Treatment of goodwill and revaluation of assets  
10.7 Dissolution of partnership (Questions will not be set on Garner V. Murray and piecemeal realization) |
11.2 Types of companies and shares.  
11.3 Issue of shares.  
11.4 Loan capital, debentures/loan notes and mortgages.  
11.5 Final accounts of company for internal use only.  
11.6 Interpretation of accounts using simple ratios.  
11.7 Purchase of business account.  
*11.8 Statement of Cash Flow (using direct and indirect methods).  
**NOTE:** Separate questions may be set to meet statutory requirements of individual countries. Candidates’ answers must meet statutory requirements of individual countries. |
| 12. * | Accounting for Value Added Tax | 12.1 Purpose of VAT.  
12.2 Characteristics of VAT.  
12.3 Bases of computing input/output VAT.  
12.4 Preparation of VAT returns.  
12.5 Exempt goods and services. |
| --- | --- | --- |
| 13. | Departmental and Branch Accounts | 13.1 Meaning and importance  
13.2 Differences between a department and branch.  
13.3 Preparation of departmental account.  
13.4 Preparation of Branch Account excluding foreign branches.  
13.5 Inter branch transactions. |
14.2 Sources of public revenue.  
14.3 Capital and recurrent expenditures.  
14.4 Preparation of simple government accounts. |
15.2 Processes involved in data processing.  
15.3 Computer Hardware and Software.  
15.4 Merits and demerits of manual and computerized accounting processing systems. |
| 16** | Miscellaneous Accounts | 16.1 Meaning, introduction, terminologies and preparation of simple:  
(i) Joint Venture Accounts  
(ii) Consignment Accounts  
(iii) Contract Accounts  
(iv) Hire Purchase Accounts |
| 17.** | Financial system | 17.1 Meaning and components.  
17.2 Meaning, functions and features of:  
(i) money market;  
(ii) capital market;  
(iii) insurance market.  
17.3 Methods of raising funds from the capital market:  
(i) offer for sale;  
(ii) offer for subscription;  
(iii) rights issue;  
(iv) private placement;  
17.4 Requirements for accessing the capital market.  
17.5 Benefits of capital market to:  
(i) investors;  
(ii) government;  
(iii) economy;  
(iv) individual company;  
17.6 Types, features and reasons for regulation. |

**NOTE:**  
* Available to candidates in Ghana only  
** Available to candidates in Nigeria, The Gambia, Sierra Leone and Liberia only
**RECOMMENDED TEXT BOOKS**

<table>
<thead>
<tr>
<th>Book Title</th>
<th>Author(s)</th>
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<tbody>
<tr>
<td>Business Accounting volume 1</td>
<td>West African Edition by Frank Wood and Omunya.</td>
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<tr>
<td>Business Accounting Volume 2</td>
<td>Frank Wood.</td>
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<tr>
<td>Accounting and Finance</td>
<td>Frank Wood.</td>
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<tr>
<td>Foundation Accounting</td>
<td>A. H. Millchamp.</td>
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<tr>
<td>Basic Accounting</td>
<td>J. D. Magee.</td>
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<tr>
<td>Accounting in Business</td>
<td>R. J. Bull.</td>
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<tr>
<td>Company Accounts</td>
<td>J. N. Amorin.</td>
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<tr>
<td>Principles of Accounting</td>
<td>K. B. Appiah Mensah</td>
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<tr>
<td>Incorporated private Partnership Act 1962, Act 152</td>
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