

MODULE: FINANCIAL ACCOUNTING 2

CODE: BAAF-1-2-10

Stage: I

Credit Points: 4 semester credits / 6 quarter units

Overview and Aims

The aims of this module are to instill in the student an understanding and appreciation of how the economy operates.

Provide the student with the ability to use theories and models to make sense out of the real world, and to suggest policy solutions to economic problems.

On completion of this module, students will be able to:

- Explain the economic problem and discuss the three fundamental economic questions: What products to produce, how they are to be produced & for whom.
- Demonstrate relationships graphically and interpret completed graphs.
- Distinguish between the different economic systems.
- Apply basic economic models to real world events and thus suggest solutions to economic problems.
- Distinguish between the objectives of firms.
- Identify the five common goals of government economic policy and describe how they can be achieved.
- Evaluate the problems faced by governments and suggest options to solve these problems.
- State how changes in interest rates, inflation and exchange rates affect the individual, the firm and the domestic economy.

Module Content

Introduction to Accounting

Nature, principles and scope of accounting; role of financial accounting, management accounting, financial management and auditing

Accounting concepts, principles and policies and their application to recording of transactions and drafting of accounting statements

Theory of double entry and underlying assumptions

The accounting equation

Types of business entities

Forms of capital and capital structures

Accounting Records, Procedures and Systems

Techniques of double entry book-keeping

Ledgers

Control accounts

Bank reconciliations

Journals

Accounting for accruals, prepayments and adjustments

Trial balance and preparation of final accounts

Suspense account and the correction of errors

Accounting Treatments

Distinction between capital and revenue expenditure

Depreciation – definition, reasons for and methods

Stock adjustments and valuations

Debtors, including accounting for bad and doubtful debts

Financial Statements

Objectives of financial statements

Preparation of financial statements for:

Sole traders (including preparation of accounts from incomplete records)

Partnerships