

**MAKERERE UNIVERSITY BUSINESS SCHOOL
BACHELOR OF SCIENCE IN ACCOUNTING (BSA1101)
YEAR 1
COURSE OUTLINE FOR FUNDAMENTALS OF ACCOUNTING
ACADEMIC YEAR 2023/2024**

Course Name: Fundamentals of Accounting Principles 1
Course Code: BSA 1103
Course Level: Year 1, Semester 1
Credit Units: 4
Credit hours: 60

Course Description

Accounting concepts and principles applicable to business enterprises, including a study of the accounting cycle, accounting for selected assets and liabilities, and preparation and presentation of financial statements for users, Bank reconciliation, manufacturing accounts, control accounts, suspense accounts, nonprofit making organizations, single entry and incomplete records, valuation of inventories, International financial reporting standards (IFRS).

Course objective

The objective of this Course is to introduce to the learner the accounting discipline and the preparation of major accounting books. The course feeds into fundamental accounting II.

Learning outcomes / competences

On completing this course, the learner should be able to:

- i) Explain the different forms of business organizations
- ii) Describe the role of financial reports and their users
- iii) Describe the various types of regulatory framework of accounting
- iv) Record transactions under the double entry system, prepare a cashbook and bank reconciliations
- v) Construct a trial balance, correct errors & measure business profit.

Detailed course outline

1. Introduction to Fundamentals of Accounting **(3 Hrs)**
 - Definition of terms: Financial accounting, bookkeeping, cost and management accounting, and their similarities and differences
 - Forms of Business Entity:
 - Sole Proprietorships:
 - Characteristics
 - Benefits and limitations
 - Partnerships:
 - Characteristics
 - Benefits and limitations
 - Limited Liability Companies
 - Characteristics
 - Forms of Limited Liability Company
 - Benefits and limitations

- Public vs. private companies
- Partnerships vs. limited liability companies
- Reporting Framework of Accounting in Uganda
- Framework for Preparation and Presentation of Financial statements
- Users and their information needs
- Objectives of financial statements
- Accounting concepts
- Qualitative characteristics of financial statements
- Elements of financial statements and their measurement
- Role of an accountant

2. The Regulatory Framework (2 Hrs)

- The need for regulation of financial reporting
- Different forms of regulation: -
 - i. The Companies Act – accounting and reporting requirements
 - ii) Accounting Standards” Purpose, standards setting process, IASB membership
 - iii) Capital and Financial Markets – The role of Capital Markets Authority
 - iv) Other forms of regulation e.g. Financial Institutions Act, Insurance Act

3. Accounting Information, Decision Making, The Uses Of Financial Statements, And Accounting Measurement (2 Hrs)

- Accounting as an information system
- Business goals
- Fields of accounting
- management’s responsibility for ethical reporting
- chart of accounts- Review

4. Principles of Double Entry and Systems of Accounting (7 Hrs)

- The accounting equation
- The elements of financial statements:
 - Types, definitions, relationships and distinctions
 - The nature of transactions
- Double Entry Book keeping
- Source documents
- Books of Prime Entry: Types, purpose and preparation
- Ledgers: Types, purpose and preparation
- Advantages of double entry

5. The cashbook (including the petty cashbook) and bank reconciliations (4 Hrs)

- Types of cashbooks
- Distinction between trade and cash discounts
- The petty cashbook and the imprest system
- Advantages of using the imprest system
- Completing the double entry for petty expenses paid
- The need for an accurate cashbook and discovering causes of differences between the bank balance and cashbook balance for an entity
- The need for reconciling the two balances and benefits of a bank reconciliation

- Preparation of a bank reconciliation.
- 6. Trial Balance Extraction (3 Hrs)**
- Practical uses of a trial balance and social and professional significance of a trial balance
 - Types of errors that can occur in a trial balance
 - Correction of those errors
- 7. Communication through financial statements (3 Hrs)**
- Income statement
 - Statement of financial position
 - Statement of cash flows
 - Financial statements, accounting standards and the independent Auditor's Report
 - Professional ethics and the accounting profession
- 8. Measuring business transactions (4 Hrs)**
- Measurement issues
 - Recognition issue
 - The valuation issue
 - The classification issue
 - i. Accounts and the chart of accounts
 - ii. Relationship of shareholders' equity accounts
 - The non-current – current distinction of assets and liabilities
- 9. Measuring Business profit (15Hrs)**
- Net profit,
 - The accounting period issue,
 - The going concern issue
 - The matching issue
 - Accrual accounting (recognizing revenues when earned and expenses when incurred – adjusting the accounts)
 - The adjusting process (Apportioning recorded expenses between two or more accounting periods (deferred expenses), Apportioning recorded revenues between two or more accounting periods (deferred revenues), recognizing unrecorded revenues (accrued revenues), recognizing unrecorded expenses (accrued expenses))
- Application of prudence – provision for bad debts etc**
- Provision of credit facilities, aged receivables analysis, credit limits, and irrecoverable debts
 - Receivables and irrecoverable debts
 - Accounting for irrecoverable debts
 - Accounting for irrecoverable debts recovered
 - Accounting for allowance for receivables
- Allocating costs – depreciation accounting**
- Reasons for providing for depreciation
 - Bookkeeping approaches used in depreciating non current assets
 - Methods of computing depreciation
 - Accounting for depreciation

- Accounting for retirement of non-current assets
- Consistency subjectivity and disclosure requirements

Inventory

- Applying matching rule to inventory
- Recording inventory in ledger accounts
- Valuation of inventory

Using adjusted trial balance and use of the worksheet
Required closing entries

Tutorial Hours: 30 Hours

Mode of Delivery

Lectures

Group and class discussions

Practical sessions

Mode of Assessment

Course work	30%
Examination	70%

Facilitators:

Dr. Gorrettie Nakyeune Team Leader Tel. 0706999808

Grace Najjemba Tel. No. 0700407197

References

1. Wild.J.J, Ken Shaw and Chiapetta B,(2017) Fundamental Accounting Principles 23rd edition.
2. Warren, C.S; Jonick,C & Schneider, J.(2020) , Accounting, Cengage Learning UK, 28th Edition, Link: https://koha.baobab-ebooks.com/cgi-bin/koha/opac-detail.pl?biblionumber=460311&query_desc=ti%2Cwrdl%3A%20Accounting.
3. Nkundabanyanga K.S.(2017). Financial Accounting (Practical Approach), 2nd Ed.Wide Link services.
4. Frank, W. and Sangster, A. (2018), Business Accounting 1, United Kingdom 12th edition.Harlow Pearson education Limited
5. ACCA (2021), Financial Accounting, study text BPP Media ltd.