



MAKERERE UNIVERSITY BUSINESS SCHOOL

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

COURSE OUTLINE

PROGRAM: BACHELOR OF PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Course Name: Financial Accounting

Course Code: ACC1106

Course Level: Year One (1); Semester One (1)

Credit Units: 4

Contact Hours: 60

ACADEMIC YEAR: 2023/2024

1.1 Course Description

This course introduces to the learner the basics of financial accounting and reporting, particularly the processes through which accountants are able to communicate to the users of accounting information. Students are introduced to the double entry rule in accounting and the accruals system. The course introduces to students the accounting period, matching, and the going concern issues and how these trigger accounting measurements and recognition criteria. Therefore, the course introduces to students the generally accepted accounting practice.

1.2 Course objectives

At the completion of the course, the students will be able to;

1. Explain the Accounting process and evaluate an enterprise's financial position and its operating, investing and financing activities.
2. Explain the reporting framework of accounting in Uganda
3. Demonstrate application of double entry accounting system
4. Prepare books of accounts and make necessary adjustments to the financial statements
5. Demonstrate knowledge on how to control account reconciliation, bank reconciliation & correction of errors

1.3 Learning out comes

On completion of the course, the learner should be able to:

1. Explain the role of accounting and describe the reporting framework of accounting in Uganda.
2. Understand that the purpose of the balance sheet in measuring Financial Position
3. Observe the types of information provided by the three-principal financial statements and how firms might use this information in managing and evaluating a business.

Reinforce skills in transforming income statement data to cash flow data and vice versa.

4. Introduce tools for analyzing a firm's overall profitability (rate of return on assets) and examine how profit margin and asset turnover ratios provide information about the economics and strategy of a business.
5. Reinforce the relations between the three principal financial statements by preparing pro forma financial statements from a given set of assumptions.
6. Assess the sensitivity of the financial statements to variations in pro forma assumptions

2.0 Course Content

TOPIC	CONTENT	Learning outcomes students should be able to;	HOURS
Topic One: The reporting framework of accounting in Uganda	1. Definition of accounting, types of accounting, role of accounting	<ul style="list-style-type: none"> ✓ Understanding accounting and its various types, such as financial, management, and cost accounting. ✓ Explain the role of accounting in business operations and decision-making processes. 	6 Hrs
	2. The regulatory system for accounting in Uganda <ul style="list-style-type: none"> ✓ The need for regulation of accounting ✓ Forms of regulation e.g. the Companies Act, the Financial Institutions Act, and the Capital Markets Authority ✓ Accounting standards – their purpose, the standard-setting process, the role of the Institute of Certified Public Accountants and the International Accounting Standards Board 	<ul style="list-style-type: none"> ✓ Recognize the importance of regulating accounting practices for accuracy, transparency, and consistency ✓ Be familiar with regulatory frameworks ✓ Understand the purpose of accounting standards, the standard-setting process, and the roles of the Institute of Certified Public Accountants and the International Accounting Standards Board. 	
	3.0 The framework for the preparation of financial statements <ul style="list-style-type: none"> ✓ The main financial statements and their purpose ✓ Users of accounting information and their information needs ✓ Accounting concepts – going concern, accruals, consistency, materiality, substance over form & prudence ✓ Qualitative characteristics of financial statements – relevance, reliability, comparability & understandability ✓ Elements of financial statements – definitions of assets, liabilities, equity, revenue and expenses; Measurement of the elements – historical cost, replacement cost, net realizable value & economic value 	<ul style="list-style-type: none"> ✓ Identify the main financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity) and their purposes. ✓ Understand the users of accounting information and their information needs ✓ Grasp key accounting concepts ✓ Explain the qualitative characteristics of financial statements ✓ Define elements of financial statements and understand different measurement bases. 	

<p>Topic Two: The double-entry accounting system</p>	<ol style="list-style-type: none"> 1. The elements of financial statements <ul style="list-style-type: none"> - Assets & liabilities (current & non-current) – common examples of each - Equity – owner’s equity, equity shares, accumulated profits, other reserves - Main types of business transactions, capital and revenue expenditure 2. The business entity concept, the dual concept, the accounting equation 3. The statement of financial position & the effect of business transactions on the statement of financial position 4. The income statement and the relationship between the statement of financial position and the income statement 5. Ledger accounts, debit entries and credit entries 6. Recording transactions in the double entry double system – cash, credit purchases & sales, sales & purchases returns, discounts & drawings 7. Balancing ledger accounts 8. The trial balance – its purpose and the errors it does not detect 9. Accounting for VAT in ledger accounts 10. Closing off ledger accounts 11. Preparing a simple income statement and statement of financial position from a trial balance. 12. Opening balances in ledger accounts 	<ul style="list-style-type: none"> ✓ Understand assets and liabilities (current and non-current), including common examples ✓ Differentiate between main types of business transactions, capital, and revenue expenditure. ✓ Demonstrate an understanding of foundational accounting concepts. ✓ Explain the business entity concept, dual concept, and the fundamental accounting equation. ✓ Understand the statement of financial position ✓ Explain the components of the income statement and its relationship with the statement of financial position. ✓ Record various business transactions using the double-entry system. ✓ Assess how specific transactions affect the statement of financial position. ✓ Evaluate the purpose of the trial balance and the types of errors it can and cannot detect. ✓ Create a simple income statement and statement of financial position from a trial balance. 	<p>12 Hrs</p>
<p>Topic Three: Preparation of books of account</p>	<ol style="list-style-type: none"> 1. The accounting process in manual and computerized systems 2. Business documentation – their contents & purpose 3. Books of prime entry – their contents & purpose 4. The ledgers – the general ledger, the accounts receivable ledger & the accounts payable ledger. 5. Recording transactions in books of prime entry and ledgers in a manual system 6. The nature and purpose of control accounts for the subsidiary ledgers 7. The cash book (two / three-column 	<p>Recall, Understand, Apply, Create, Evaluate:</p> <ul style="list-style-type: none"> ✓ Describe the steps involved in the accounting process. ✓ Understand the role and content of different accounting documents and books. ✓ Practice recording transactions accurately in a manual system. ✓ Understand the role and importance of control accounts. ✓ Evaluate control measures and the role of journal entries. ✓ Create and reconcile accounting records, demonstrating their ability 	<p>12 Hrs</p>

	& cash analysis) & the petty cash book – controls over petty cash 8. The journal and its importance, journal entries at the end of the period for income and expense accounts, profit or loss and drawings 9. Control account reconciliation	to apply theoretical knowledge in practical scenarios.	
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COURSEWORK ONE: September 14, 15, 21, 22, 2024

Topic Four: Adjustments to the financial statements	1. Accruals & prepayments – accruals and cash basis of accounting 2. Bad debts and allowance for receivables 3. Non-current assets and depreciation (IAS 16) – the asset register, the cost on acquisition, depreciation – its purpose & causes, accounting for depreciation – common methods (straight line & reducing), disposal of non-current assets (for cash and part exchange), revaluation – its accounting entries, depreciation and disposal of revalued assets. 4. Inventory – adjustments for inventory in financial statements, its valuation methods (IAS 2) 5. Provisions, contingent liabilities and contingent assets (IAS 37) 6. Events after the reporting period (IAS 10) – adjusting and non-adjusting events	✓ Define accruals, prepayments, bad debts, non-current assets, depreciation, inventory, provisions, contingent liabilities, contingent assets, and events after the reporting period. ✓ Explain the principles of accrual and cash basis accounting, the purpose of depreciation, and the significance of inventory valuation. ✓ Apply accounting principles to record adjustments for accruals, prepayments, bad debts, depreciation, inventory, and provisions in financial statements. ✓ Analyze the impact of revaluation, depreciation, and disposal of non-current assets on financial statements. ✓ Evaluate the significance of provisions, contingent liabilities, and contingent assets on financial reporting. ✓ Prepare adjusted financial statements incorporating accruals, prepayments, bad debts, depreciation, inventory adjustments, and provisions.	6 Hrs
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Topic Five: Preparation of financial statements for sole traders and companies	1. Presentation of financial statements (IAS 1) 2. Preparation of financial statements for a sole trader for internal use from the trial balance and incorporating year-end adjustments (statement of comprehensive income & statement of financial position) 3. Financial statements of a company: <ol style="list-style-type: none"> Differences between the financial statements for a sole trader and for a company The published statement of 	✓ Define key terms such as financial statements, sole trader, company, statement of comprehensive income, statement of financial position, intangible non-current assets, amortization, and statement of changes in equity. ✓ Explain the differences between the financial statements of a sole trader and a company. ✓ Prepare financial statements for a sole trader from the trial balance, incorporating year-end	12 Hrs
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	<p>comprehensive income – the formats and calculation of costs</p> <p>c. The statement of financial position – its format, reserves, types of shares, accounting for the issue of shares (including rights and bonus issues) and dividends, loan notes & bonds</p> <p>d. Intangible non-current assets (IAS 38) – research and development, amortization</p> <p>e. The statement of changes in equity</p> <p>4. Manufacturing, trading and profit & loss account</p>	<p>adjustments.</p> <ul style="list-style-type: none"> ✓ Analyze the components of the published statement of comprehensive income and statement of financial position for a company. ✓ Evaluate the impact of issuing shares, including rights and bonus issues, on the financial statements of a company. ✓ Prepare comprehensive financial statements for a company, including the statement of comprehensive income, statement of financial position, and statement of changes in equity. 	
COURSE WORK TWO: October 19, 20, 26, 27, 2024			
Topic Six: Preparation of financial statements for non-profit making organizations	<ol style="list-style-type: none"> 1. Entities that are non-profit making organizations and their purpose 2. Differences between accounting records for profit and non-profit making organizations 3. Their sources of income and accounting for them 4. The receipts and payments account, the statement of comprehensive income and the statement of financial position 	<ul style="list-style-type: none"> ✓ Identify entities that are non-profit making organizations and describe their purpose. ✓ Explain the differences between accounting records for profit-making and non-profit making organizations. ✓ Record sources of income and prepare financial statements for non-profit making organizations. ✓ Analyze the structure of financial statements for non-profit organizations. ✓ Evaluate the effectiveness of financial management in non-profit organizations. ✓ Prepare financial statements for non-profit organizations, ensuring accuracy and compliance with relevant standards. 	4 Hrs
Topic Seven: Control account reconciliation, bank reconciliation & correction of errors	<ol style="list-style-type: none"> 1. Control account reconciliation – errors highlighted and how to correct them, Its purpose, differences between the bank statement and the cash book 2. Bank reconciliation procedures and bank reconciliation statements 3. Correction of errors arising from bank reconciliation 4. Errors which are highlighted by the extraction of a trial balance and how to correct them 5. Errors where the trial balance does not 	<ul style="list-style-type: none"> ✓ Define control account reconciliation, bank reconciliation, suspense accounts, and error correction. ✓ Explain the purpose of control account reconciliation and bank reconciliation. ✓ Perform control account reconciliation and bank reconciliation, and correct errors arising from these procedures. ✓ Analyze errors highlighted by the 	8 Hrs

	<p>balance and how to correct them using the suspense account.</p> <p>6. The purpose of a suspense account and how it may be cleared using journal entries</p> <p>7. Change in accounting policies and accounting estimates & correction of prior period errors</p>	<p>extraction of a trial balance and their correction using a suspense account.</p> <p>✓ Evaluate the effectiveness of procedures for correcting errors and ensuring accurate financial reporting.</p> <p>✓ Prepare reconciliation statements and correct errors to ensure the accuracy of financial statements.</p>	
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3.0 Mode of Delivery

Lectures: Structured presentation on a topic

Group and class discussions: Interactive sessions where students actively participate in conversations about the subject matter.

Tutorials: Personalized sessions to supplement lectures.

Guest Lecturer: External experts are invited to share their knowledge and experience on specific topics with students.

4.0 Mode of Assessment

Course work	30%
End of semester examination	70%
Total	100%

Note: Continuous assessment tests (CATs) will be administered either in class or through the Makerere University Business School eLearning Platform (MUBSEP) for continuous assessments.

Please ensure active participation in class and Regular class attendance for academic success

5.0 Facilitators/ Lecturers

Dr. Brendah Akankunda

Dr. Kinatta Moses

Ms. Sarah Kyejjusa

Mr. Kissah Verous

Ms. Mariam Najjuma

Mr. Calvin Arinawe K

6.0 Reference Text Book

1. Weetman, P., (2013), Financial Accounting – An Introduction, 6th edition, Prentice Hall International.
2. Wood F. & Songster A (2000), Business Accounting, 10th Edition, Pitman Publishers
3. Nkundabanyanga K.S., (2010), Financial Accounting (Practical Approach). 1st Ed. Wide Link Services.

Reading List

4. Peter Atrill and Eddie McLaney (2010) Accounting and Finance for Non-Specialists, 6/E Pearson Education Limited, Harlow. (preferably with MyAccountingLab as a package)
5. Porter, B., Simon, J. and Hatherly, D., (2008), Principles of External Auditing, 3rd Ed, John Wiley & Sons Ltd: England
6. Scott (2012) *Accounting for Business – an integrated print and online solution*
7. Thomas, A. and Ward, A. M. (2012) Introduction to Financial Accounting, 7th edition, London: McGraw Hill Education.