MAKERERE UNIVERSITY BUSINESS SCHOOL.

PRINCIPLES OF ACCOUNTING

THEORETICAL FRAMEWORK OF ACCOUNTING.

Definition:

Accounting can be defined in several ways.

i) It can be defined as an art and a science of recording, classifying transactions in the books, summarizing and communicating financial information through the production of financial statements and reports and the interpretation of the operating results to facilitate decision making.
ii) It is the process of identifying, measuring, and communicating economic information to the users to allow rational decisions to be made.
iii) Accounting is a language of business through which business information is communicated to the users to aid them make informed decisions.
iv) It is explaining and defending (justifying) actions and effect or results of those actions. These actions must be of financial character.

Accounting Vs Accountability.

The role of accountants goes beyond the payment and receipt of money. They must defend and justify their actions. Ancient merchants had stewards who were required to give them accountability regarding the changes in their wealth that was in their custody.

Therefore since accountants deal with money, they, together with the management must justify and defend their financial statements to the owners of wealth; shareholders, and other interested parties like the customers.

Financial accountability methods.

Managers and accountants are required to show qualities of good financial management by submitting accountability of money received and spent to the owners. The following are the methods of accounting:

1- Production of documentary evidence: This involves producing documents as evidence of money received and spent. It is one of the popular methods of accountability. Some of the documents include;

- Receipts
- Vouchers
- Invoices
- Debit notes
- Credit notes
- Purchase orders
- Etc

- These are called source documents and are supposed to be attached and submitted to the auditors for examination.

*2- **Books of accounts***: When the accounting period ends, financial statements/reports/or final accounts are prepared to show the result of the operation of the ended period. Major reports include:

i) The income statement (the profit &loss a/c) now called ***the statement of comprehensive incomes and expenses.***

ii) The balance sheet ***/the statement of financial position*** and

iii) The cash flow statements

Accountants and managers should be ready to defend these statements. Other supplementary statements such as bank reconciliation statements, trial balances and budget performance reports are also required.

3- Output/results. Today, the focus of accounting has moved from paper accounting to value for money. Results are emphasized to show the evidence of money well utilized.

NB: The first stage of accounting that involves recording of transactions is called **Book keeping.** The work of the book keeper stops at the preparation of the trial balance. An accountant has a responsibility of analyzing the transactions.

USERS OF ACCOUNTING INFORMATION.

These are persons or organizations who/which are interested in the accounting information of the given entity. They are either internal or external.

INTERNAL USERS:

1- Management. The mgt team is comprised of the senior executives, and other lower cadres who run the organization on behalf of the owners. They have to plan for profit, control activities, and take timely decisions. For instance; which markets to enter, whether to change prices, how to minimize costs, strategies to beat competitors etc. All these require accounting information. Reports produced must indicate whether the organization is making profits or losses and whether they are in the right business.

2- Employees. These are workers of the business. They use accounting information to support their claim for increased pay, depending on profitability, or to assess their job security.

EXTERNAL USERS:

1) **Shareholders /Stakeholders /Investors /biz owners.** These are the owners of wealth. People or organizations who/which have staked their monies into the business. Accounting information helps them to decide whether to expand, close, open new branches, downsize labor force, employ experts, etc. they get to know whether their business is managed well.

2) **Potential Investors.** These are interested in the accounting information in order to decide whether they should invest or not. They analyze the company's past performance and try to project its future. They also examine management's ability to sustain the company.
3) **Creditors/Suppliers.** These are individuals or institution that extend credit to a given organization. Credit suppliers and lending institutions are interested in getting paid. Financial institutions which offer loans have to assess the credit worthiness and this is possible only when accounting information exists.
4) **Donors.** Non-profit making organizations get funding from donor agencies. These agencies are interested in making sure that the money they donate achieves the objective for which it was released. Therefore they have to look at the financial statements and supporting documents.
5) **The government.** Government is interested in the accounting information of all organizations whether private or public. This information is useful when the govt is assessing tax or when it is gauging the performance of its enterprises. It also needs them to assess the effect of its policies on different entities.
6) **Competitors.** These are interested in accounting information of firms in the same industry so as to judge whether they are doing badly or fairly in comparison with other players in the same business.
7) **The general public.** This includes individuals and organizations that support an entity in its activities. The business must make sure that it makes profit in a socially acceptable manner without damaging the environment and consumer's health. (social responsibility accounting)

BRANCHES OF ACCOUNTING:

There are three broad categories. namely:

1). Private accounting
2).Public accounting
3).Government accounting.

PRIVATE ACCOUNTING.

This is the type of accounting that exist in a particular entity or organization usually a business firm though non-profit making organizations also have to use private accounting. It includes the following disciplines:

i).Financial accounting
ii).Cost accounting
iii).Management accounting and
iv).Social responsibility/environmental/green accounting.

FINANCIAL ACCOUNTING.

This is a branch of accounting that is concerned with the classification, measurement and recording of business transactions of an entity in monetary terms and in accordance with GAAP (Generally Accepted Accounting Principles). After a specified period of time (accounting /trading period), normally a year, accounting information is disclosed/communicated to the interested parties through financial statements i.e. the income statement, the balance sheet, and the cash flow statements.

The focus of financial accounting is to provide information to the outsiders (stakeholders). In order to protect the interests of the stakeholders, the preparation and presentation of financial statements is regulated by the Accounting regulations, and financial accounts must be subjected to Audit.

The information in financial accounts is summarized and historical, hence not very convenient for managerial decisions which are most of the time futuristic. However, the govt needs it for assessing tax.

COST ACCOUNTING.

It is primarily concerned with cost determination and allocation of costs to products and services in accordance with costing principles, methods, and techniques. Determining product costs and assigning costs to products is called *COSTING.*

Costing products with a view of setting selling price is very crucial. Costs should determine the least price to be charged to a product; unless the environment is too competitive in which case we may have to use the ruling market price. Cost control is also crucial.

MANAGEMENT ACCOUNTING.

The emphasis of management accounting is to provide the information to management for execution of their functions aimed at facilitating planning, control, and decision making. Management accounting is primarily concerned with *data gathering, processing, analysis, interpretation, and communication* of the resulting information to mgt so that they can more effectively plan, control operations, and make decisions.

There is no clear dividing line between cost accounting and Mgt accounting. Cost accounting is an important source of information for mgt purposes.

Mgt accounting arose when there was a need to bring an accountant closer to the mgt. i.e. advice received from an accountant is important in that situation.

SOCIAL RESPONSIBILITY ACCOUNTING.

This is the new phase in accounting and it widens the scope by considering social effects of business activities as well as their economic effects. The demand for social responsibility accounting stems from an increasing awareness and concern for undesirable by-products of economic activities that degrade the environment. A company might have made huge profits but when we consider the costs to the environment, the overall effect might be in a negative.

Companies are supposed to pursue their profit objectives but leaving the environment green (green revolution).

PUBLIC ACCOUNTING:

The certified public accountants (CPAs), offer a variety of services to the public. These are professional, qualified, certified and chattered accountants, and belong to a governing body that regulates standards of performance. Practicing members do adhere to a code of ethics. Before one is accepted to enroll as a public accountant, he must possess CPA(K), CPA(U), ACCA, CIMA, e.t.c Public accountant do auditing work, provide tax consultancy services such as preparing tax returns, provide Mgt with advisory services such as designing and installing accounting systems and budgetary procedures.

Auditing. This is the most familiar role of the CPAs. Auditing is the examination of financial statements and underlying books of accounts and documents of an organization with a view to reporting whether the financial statements show a true and fair view of the financial stand/position. Auditing gives financial statement credibility and protects users from manipulated accounts. Auditors check whether the accounts prepared and the financial statements are in accordance with Generally Accepted Accounting Principles (GAAP).

GOVERNMENT ACCOUNTING:

Government needs accountants to develop and maintain accounting system. Government accounts are quite unique from accounts of other organizations. Government accounting emphasize budget discipline, by spending according to the amount voted (allocated). The types of accounts to be maintained and reports to be prepared are spelt out in the financial regulations or accounting manuals. In Uganda, central govt accountants refer to treasury accounting instructions while their counterparts in local govt refer to the local govt regulations.

THE ACCOUNTING REGULATORY FRAMEWORK (accounting rules).

The accounting information must be of good quality (credible) and objective especially for the interest of several users.

Therefore, they are prepared according to given regulatory or legal framework. This is to ensure that accountants report objectively without window dressing/doctoring the accounts. The accounting rules are imposed on the accountants in order to make sure that their reporting is free from bias. Accounting legislation requires that external financial accounts be prepared and presented in conformity with GAAP.

GAAP refers to accounting principles or practices that are regarded as permissible by the accounting profession and has substantial authoritative support. The boundaries of GAAP extend far beyond the accounting principles contained in the accounting standards. GAAP includes; the requirements of the companies act, stock exchange and other acceptable accounting treatment not incorporated in the official literature.

Definitions of some terms in the accounting regulatory framework.

Accounting principles/concepts/conventions/postulates.

These are basic ground rules which must be followed when financial accounts are being prepared and presented. They are also known as assumptions or propositions that underlie the preparation of financial statements.

Accounting bases. These are methods developed for applying a fundamental concept to transactions and items and in particular

For determining accounting periods in which revenue and costs should be organized in the profit and loss account.

For determining the amounts of which items should be stated in the balance sheet.

NB: Because of the complexity of types of business transaction, there may exist more than one legitimate accounting base for dealing with a particular item for example, depreciation can have many bases e.g fixed line, reducing balance, etc.

Accounting policies. These are accounting bases that have been selected by Mgt to be appropriate for their organization under the prevailing circumstances. They are therefore defined as "the specific bases selected and consistently followed by a business enterprise as being in the operation of Mgt, appropriate to its circumstances and best suited to present fairly its reserves and financial position.

Accounting standards. These are guidelines, statements or rules issued by professional accounting bodies, governing accounting practice in areas or countries under their jurisdiction, relating to how accounts should be prepared and presented.

Accounting standards spell out the accounting principles and bases to be applied. They overrun accounting policies chosen by Mgt. In case of conflict among the two, accounting standards prevail. They harmonize the approach to the preparation of financial statements hence permitting inter company and inter period comparison.

ACCOUNTING PRINCIPLES

Also known as accounting concepts are basic ground rules / guidelines which must be followed when financial accounts are being prepared and presented. They are also referred to as assumptions that underlie the preparation and presentation of financial reports. To support the application of the "true and fair view", accounting has adopted certain concepts and conventions which help to ensure that accounting information is presented accurately and consistently. Attention is now to be focused on the fundamental postulates from which rational accounting judgments proceed and are comprehensively discussed below;

Business entity concept

The business entity concept means that the business is a separate entity from the owner and business transactions are accounted for separately from those of the owner. For example, when the owner invests Shs 500,000 in the business, the business owes Shs 500,000 to the owner. When the owner takes Shs 20,000 from the business for personal use, this is recorded as a drawing from the business that reduces his equity to Shs 480,000.

The concept ensures that financial statements show only the effects of business transactions that make them more useful in decision making about the business.

Accruals concept

The accruals concept requires that revenue is recognized when it earned and not when cash is received. Similarly, expenses are recognized when they are incurred and not when they are paid.

Duality concept (Dual)

This is the basis of double entry book-keeping that arises from the fact that every business transaction has a double effect (two fold effect) on the position of the business as recorded in the accounts. .eg. When an asset like a machine is acquired/bought using cash; an asset called machine is increased while Cash will reduce.

Money measurement concept

This concept means that all transactions must be quantified in monetary terms since money is a common denominator for all transactions. Eg. Sales, Machinery, Stock, etcthat are measured in monetary terms are recorded in accounting and included in financial statements.

Historical cost concept

This concept requires transactions to be recorded at the amount incurred when the transaction occurred or at a price that was ruling at that time. It is assumed that the currency’s purchasing power does not change over time. For example, if a business buys a building for Shs 500 million, it would be recorded in the books at Shs 500 million, even if its market value at that time may be Shs 550 million.

Materiality

Information is material if its omission or misstatements could influence the economic decisions of the users taken based on that information. Materiality refers to the relative importance of an item or transaction. Materiality depends on the size and nature of the item. Regarding size, for example, a bad debt of Shs 10,000 in immaterial to a bank having net assets of Shs 100 million. A bad debt of Shs 20 million is material.

Accounting period concept (Periodicity concept)

This concept requires a Company to prepare and disclose financial reports at the end of every given financial / accounting year. An accounting period is a period for which an entity prepares financial statements and it's normally one year.

Consistency concept

The concept means that a business should use the same accounting policies, valuation methods; every year to year and only change them if it leads to better presentation of financial information or if it is required by new accounting standards or laws. Where accounting policies are changed, businesses should disclose this fact and explain the impact of the change.

Going Concern Concept

This requires accounting records to be maintained in such a way that the business is seen to continue in its foreseeable future. Ie. Financial Reports are prepared with the expectation that business will remain in operation indefinitely.

Matching Concept

This concept requires that revenues from business activities and expenses associated with earning that revenue are recorded in the same accounting period. Matching expenses with revenues gives a true picture of business operations for a given accounting period.

Objectivity: an accountant is supposed to have an explanation for every figure put down. Not creating figures through imagination but have to be supported by the documentary evidence.

Substance over form: when an accountant is recording, he should consider the financial substance and not the legal form. Eg in hire purchase, though the asset may not be legally ours, an accountant has to record its physical substance.

ACCOUNTING STANDARDS.

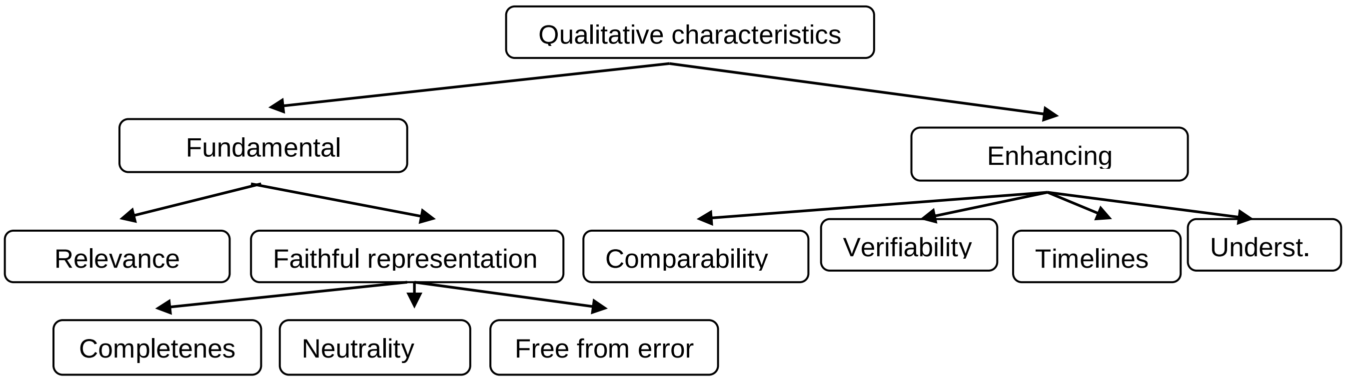
These are guide line statements or rules governing the preparation and presentation of financial statements. They are issued and monitored by the professional accountancy bodies. Their setting is done by the **International Accounting Standards Board (IASB).** Before 2001, those issued were called International accounting standards (IASs) and those issued later are called International Financial Reporting Standards (IFRSs). Accounting standards govern the application and the implementation of the concepts/conventions above. They spell out the contents and style of presentation of annual account. IAs specify accounting concepts that members must regard as fundamental and adopt them. They are not part of GAAP. There are many standards each spelling out the guidelines for the specific issue for instance IAS- is about presentation of financial statement, IAS38-intangible assets, IFRS 6-exploration for and evaluation of mineral resources etc.

Further reading http://www.iasplus.com/country/useias.htm

http://www.iasb.org

Qualitative characteristics of useful financial information

Qualitative characteristics are the attributes that make the information provided in financial statements useful to users. The framework identifies fundamental and enhancing qualitative characteristics (diagram).



Fundamental characteristics

Relevance

- Relevant financial information is capable of making a difference in the decisions made by users. Information influences decisions if it has predictive value, confirmatory value, or both. Financial information is capable of making a difference in decisions if it has predictive value, confirmatory value or both.

Faithful representation

Financial information is useful if it faithfully represents the economic aspects of an entity in words and numbers that it purports to represent. Information faithfully represents the entity if it is Complete – includes all necessary descriptions and explanations that is necessary for a user to understand the item like the nature and amount (whether original cost, or fair value) of an asset.

- Neutral – the information is presented without bias and is not manipulated to be received favorably or unfavorably by users.

- Free from error – means:
  - There are no errors or omissions in the description of the item
  - The process used to produce the reported information has been selected and applied with no errors in the process.

Enhancing characteristics.

Comparability

- Information about a reporting entity is more useful if users can compare it with similar information for earlier periods of the same business. It enables users to identify and understand similarities in and differences among items.

Consistency

Refers to the use of the same methods for the same items, either from period to period within a reporting entity or in a single period across entities.

Timeliness

Timeliness means having information available to decision makers in time to be capable of influencing their decisions. Generally, the older the information is, the less useful it is. However, some information may continue to be timely long after the end of a reporting period because, for example, some users may need to identify and assess trends.

Understandability

Classifying, characterizing, and presenting information clearly and concisely makes it understandable. Financial reports are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyze the information diligently.

THE FUNDAMENTAL ACCOUNTING EQUATION AND THE BALANCE SHEET.

This is the most important equation in accounting and is the basis of the entire recording system. The preparation of the balance sheet is based on it. It is the recognition of the dual concept of accounting.

A balance sheet (statement of financial position) is a detailed presentation of items making up the accounting equation. It is a financial statement showing what a business owns, what it owes and the owner's net investment into the business.

The accounting equation and indeed the balance sheet define the relationship between **assets, liabilities** and **owners' equity.**

A = C/OE + L

ASSETS CAPITAL/OWNERS'EQUITY LIABILITIES

ASSETS:

These are resources owned by the organization that aid in the income generating process. Anything of economic value **owned** by the organization or an individual is an asset; except human beings. Assets are resources controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.

1- **Current assets.** These are short term assets, which have a useful life of only one financial year, though some can be carried forward like stock (inventory). They can be easily turned into cash (liquidated). Examples are:
    - Cash at hand (Cash)
    - Cash at bank (Bank)
    - Debtors (accounts receivable)
    - Stock (Inventory)
    - Pre-payments/payments made in advance eg prepaid rent, unused stationery, etc
2- **Non-current assets.** These are long term assets. They benefit more than one accounting periods. They cannot be easily turned into cash. Some are subjected to reduction in value (Depreciation with the exception of land which depletes). They are divided into two **intangible assets** and **fixed assets.**

    ***Intangible assets*.** These are assets that cannot be seen with eyes, touched or felt but of importance to the organization. They include:
    - Good will
    - trade marks
    - patent rights
    - royalties etc

    Fixed assets. These are tangible and can be seen and touched. They include:
    - land
    - machinery
    - motor vehicles
    - computers
    - furniture/fixtures/fittings
    - equipments
    - plant etC

LIABILITIES:

These are debts/obligations of the organization that are to be discharged. The claim of outsiders against the assets of the organization. The present obligation of the entity arising from the past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They are divided into two **current liabilities** and **long-term liabilities.**

1- **Current liabilities**. These are short term debts which are to be discharged/paid with in a year of incurring them. They include:
    - Creditors (accounts payable)

- Bank overdraft
- Accruals/un paid expenses/payables eg rent payable, salaries due, dividends owing, water bills outstanding, etc
- Un paid tax
- Proposed dividends
- Prepaid income

2- **Long term liabilities.** These are long term debts. They are to be settled anytime after one financial year. They usually carry an interest. Examples are:
  - Bank loan
  - Debentures
  - Bonds etc

OWNERS' EQUITY/CAPITAL/PROPRIETORSHIP.

This is the owners' net investment into the business. The amount of money he/she has put into the business thus his claim. The resources he/she uses in purchasing assets of the business.

Capital can be raised through personal savings/investment, borrowing from outside, trade credits and amalgamation.

Capital can be increased through

- ➢ Additional investment and
- ➢ Profit capitalization.

It can be decreased through

- ➢ Loss incurred from a bad trading period
- ➢ Drawings (removals/withdrawals) in form of cash and in kind (goods) for personal use.

Working capital is what remains after using the current resources to meet the current obligations.

WORKING CAPITAL (WC) =CURRENT ASSETS (CA) less: **CURRENT LIABILITIES**

WC = CA - CL

Current assets are always changing the form. This gives us circulating capital.

Illustration

Mukasa is a sole trader who set up his business in Kisenyi .The following were the transactions that took place in the month of January. Amounts are in UGX

i) Started business with cash of 10,000,000and cash at bank of 20,000,000
ii) Purchased stock of goods on credit of 3,000,000
iii) Bought a Motor vehicle for business operations using the cash at bank of 2,000,000

iv) Sold goods to James for 600,000cash which had cost him 500,000
v) Paid the shopkeeper 50,000cash as salary
vi) Bought more stock of goods for 500,000 cash
vii) Used business cash of 300,000 to buy for his wife and children Christmas clothes

Required Construct an accounting equation for each of the transactions above and extract prepare a simple balance sheet at the end.

i)

Assets =	**Liabilities**	**+ Owners equity**
Bank 20,000,000	---------------	Capital 30,000,000
Cash 10,000,000		
30,000,000		**30,000,000**

ii)

Assets =	**Liabilities**	**+ Owners equity**
Stock 3,000,000	Trade creditors 3,000,000	Capital 30,000,000
Bank 20,000,000		
Cash 10,000,000		
33,000,000		**33,000,000**

iii)

Assets =	**Liabilities**	**+ Owners equity**
M/vehicle 2,000,000		
Stock 3,000,000	Trade creditors 3,000,000	Capital 30,000,000
Bank 18,000,000		
Cash 10,000,000		
33,000,000		**33,000,000**

iv)

Assets =	**Liabilities**	**+ Owners equity**
M/vehicle 2,000,000		
Stock 2,500,000	Trade creditors 3,000,000	Capital 30,000,000
Bank 18,000,000		Profit 100,000
Cash 10,600,000		
33,100,000		**33,100,000**

v)

Assets =	**Liabilities**	**+ Owners equity**
M/vehicle 2,000,000		
Stock 2,500,000	Trade creditors 3,000,000	Capital 30,000,000
Bank 18,000,000		Profit 50,000
Cash 10,550,000		
33,050,000		**33,050,000**

vi)

Assets =	**Liabilities**	**+ Owners equity**
M/vehicle 2,000,000		
Stock 3,000,000	Trade creditors 3,000,000	Capital 30,000,000
Bank 18,000,000		Profit 50,000
Cash 10,050,000		
33,050,000		**33,050,000**

vii)

Assets =	**Liabilities**	**+ Owners equity**
M/vehicle 2,000,000		
Stock 3,000,000	Trade creditors 3,000,000	Capital 30,000,000
Bank 18,000,000		Profit 50,000
Cash 9,750,000		Drawings (300,000)
32,750,000		**32,750,000**

Mukasa's Balance Sheet as at……..

Non Current Assets	**UGX**	**Equity and liabilities**	**UGX**
Motor vehicle	2,000,000	Capital	30,000,000
Current assets		Profit	50,000
Stock	3,000,000	less drawings	(300,000)
Bank	18,000,000	**Current liabilities**	
Cash	9,750,000	Trade creditors	3,000,000
Total Assets	**32,750,000**	Total Equity & Liabilities	**32 ,750,00**

What Are International Financial Reporting Standards (IFRS)?

International Financial Reporting Standards (IFRS) are a set of accounting rules for the financial statements of public companies that are intended to make them consistent, transparent, and easily comparable around the world.

The IFRS is issued by the International Accounting Standards Board (IASB).

The IFRS system is sometimes confused with the International Accounting Standards (IAS), which are the older standards that the IFRS replaced in 2001.

IFRS currently has complete profiles for 168 jurisdictions, including those in the European Union. The United States uses a different system, the generally accepted accounting principles (GAAP).

- International Financial Reporting Standards (IFRS) were created to bring consistency and integrity to accounting standards and practices, regardless of the company or the country.
- They were issued by the London-based Accounting Standards Board (IASB) and address record keeping, account reporting, and other aspects of financial reporting.
- The IFRS system replaced the International Accounting Standards (IAS) in 2001.
- IFRS fosters greater corporate transparency.
- IFRS are not used by all countries; for example, the U.S. uses generally accepted accounting principles (GAAP).
- IFRS specify in detail how companies must maintain their records and report their expenses and income. They were established to create a common accounting language that could be understood globally by investors, auditors, government regulators, and other interested parties.
- The standards are designed to bring consistency to accounting language, practices, and statements, and to help businesses and investors make educated financial analyses and decisions.

IFRS vs. GAAP

Public companies in the U.S. are required to use a rival system, the generally accepted accounting principles (GAAP). The GAAP standards were developed by the Financial Standards Accounting Board (FSAB) and the Governmental Accounting Standards Board (GASB).

Standard IFRS Requirements

IFRS covers a wide range of accounting activities. There are certain aspects of business practice for which IFRS set mandatory rules.

- **Statement of financial position**: This is the balance sheet. IFRS influences the ways in which the components of a balance sheet are reported.
- **Statement of comprehensive income**: This can take the form of one statement or be separated into a profit and loss statement and a statement of other income, including property and equipment.
- **Statement of changes in equity:** Also known as a statement of retained earnings, this documents the company's change in earnings or profit for the given financial period.
- **Statement of cash flows**: This report summarizes the company's financial transactions in the given period, separating cash flow into operations, investing, and financing.

In addition to these basic reports, a company must give a summary of its accounting policies. The full report is often seen side by side with the previous report to show the changes in profit and loss.

List of the *International Accounting Standards* (*IAS*) and the *International Financial Reporting Standards* (*IFRS*)

N°	Title	Originally issued	Effective	Fully withdrawn	Superseded by
IAS 1	Disclosure of Accounting Policies (1975) Presentation of Financial Statements (1997)	1975	January 1, 1975	January 1, 2027	IFRS 18
IAS 2	Valuation and Presentation of Inventories in the Context of the Historical Cost System (1975) Inventories (1993)	1976	January 1, 1976		
IAS 3	Consolidated Financial Statements	1976	January 1, 1977	January 1, 1990	IAS 27 and IAS 28
IAS 4	Depreciation Accounting	1976	January 1, 1977	July 1, 1999	IAS 36
IAS 5	Information to Be Disclosed in Financial Statements	1976	January 1, 1977	July 1, 1998	IAS 1
IAS 6	Accounting Responses to Changing Prices	1977	January 1, 1978	January 1, 1983	IAS 15
IAS 7	Statement of Changes in Financial Position (1977) Cash Flow Statements (1992) Statement of Cash Flows	1977	January 1, 1979		

N°	Title	Originally issued	Effective	Fully withdrawn	Superseded by
	(2007)				
IAS 8	Unusual and Prior Period Items and Changes in Accounting Policies (1978) Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies (1993) Accounting Policies, Changes in Accounting Estimates and Errors (2003)	1978	January 1, 1979		
IAS 9	Accounting for Research and Development Activities	1978	January 1, 1980	July 1, 1999	IAS 38
IAS 10	Contingencies and Events Occurring After the Balance Sheet Date (1978) Events After the Balance Sheet Date (1999) Events after the Reporting Period (2007)	1978	January 1, 1980		
IAS 11	Accounting for Construction Contracts (1979) Construction Contracts (1993)	1979	January 1, 1980		IFRS 15
IAS 12	Accounting for Taxes on Income (1979) Income Taxes (1996)	1979	January 1, 1981		
IAS 13	Presentation of Current Assets and Current Liabilities	1979	January 1, 1981	July 1, 1998	IAS 1

N°	Title	Originally issued	Effective	Fully withdrawn	Superseded by
IAS 14	Reporting Financial Information by Segment (1981) Segment reporting (1997)	1981	January 1, 1983	January 1, 2009	IFRS 8
IAS 15	Information Reflecting the Effects of Changing Prices	1981	January 1, 1983	January 1, 2005	N/A
IAS 16	Accounting for Property, Plant and Equipment (1982) Property, Plant and Equipment (1993)	1982	January 1, 1983		
IAS 17	Accounting for Leases (1982) Leases (1997)	1982	January 1, 1984	January 1, 2019	IFRS 16
IAS 18	Revenue Recognition (1982) Revenue (1993)	1982	January 1, 1984	January 1, 2018	IFRS 15
IAS 19	Accounting for Retirement Benefits in Financial Statements of Employers (1983) Retirement Benefit Costs (1993) Employee Benefits (1998)	1983	January 1, 1985		
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1983	January 1, 1984		
IAS 21	Accounting for the Effects of Changes in Foreign Exchange Rates (1983) The Effects of Changes in	1983	January 1, 1985		

N°	Title	Originally issued	Effective	Fully withdrawn	Superseded by
	Foreign Exchange Rates (1993)				
IAS 22	Accounting for Business Combinations (1983) Business Combinations (1993)	1983	January 1, 1985	April 1, 2004	IFRS 3
IAS 23	Capitalisation of Borrowing Costs (1984) Borrowing Costs (1993)	1984	January 1, 1986		
IAS 24	Related Party Disclosures	1984	January 1, 1986		
IAS 25	Accounting for Investments	1986	January 1, 1987	January 1, 2001	IAS 39 and IAS 40
IAS 26	Accounting and Reporting by Retirement Benefit Plans	1987	January 1, 1988		
IAS 27	Consolidated Financial Statements and Accounting for Investments in Subsidiaries (1989) Consolidated and Separate Financial Statements (2003) Separate Financial Statements (2011)	1989	January 1, 1990		
IAS 28	Accounting for Investments in Associates (1989) Investments in Associates & ASSOCIATES (2003)	1989	January 1, 1990		

N°	Title	Originally issued	Effective	Fully withdrawn	Superseded by
	Investments in Associates and Joint Ventures (2011)				
IAS 29	Financial Reporting in Hyperinflationary Economies	1989	January 1, 1990		
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions	1990	January 1, 1991	January 1, 2007	IFRS 7
IAS 31	Financial Reporting of Interests in Joint Ventures (1990) Interests in Joint Ventures (2003)	1990	January 1, 1992	January 1, 2013	IFRS 11 and IFRS 12
IAS 32	Financial Instruments: Disclosure and Presentation (1995) Financial Instruments: Presentation (2005)	1995	January 1, 1996		
IAS 33	Earnings per Share	1997	January 1, 1999		
IAS 34	Interim Financial Reporting	1998	January 1, 1999		
IAS 35	Discontinuing Operations	1998	July 1, 1999	January 1, 2005	IFRS 5
IAS 36	Impairment of Assets	1998	July 1, 1999		
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1998	July 1, 1999		

N°	Title	Originally issued	Effective	Fully withdrawn	Superseded by
IAS 38	Intangible Assets	1998	July 1, 1999		
IAS 39	Financial Instruments: Recognition and Measurement	1998	January 1, 2001	January 1, 2018	IFRS 9
IAS 40	Investment Property	2000	January 1, 2001		
IAS 41	Agriculture	2000	January 1, 2003		
IFRS 1	First-time Adoption of International Financial Reporting Standards	2003	January 1, 2004		
IFRS 2	Share-based Payment	2004	January 1, 2005		
IFRS 3	Business Combinations	2004	April 1, 2004		
IFRS 4	Insurance Contracts	2004	January 1, 2005	January 1, 2023	IFRS 17
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	2004	January 1, 2005		
IFRS 6	Exploration for and Evaluation of Mineral Resources	2004	January 1, 2006		
IFRS 7	Financial Instruments: Disclosures	2005	January 1, 2007		
IFRS 8	Operating Segments	2006	January 1, 2009		

N°	Title	Originally issued	Effective	Fully withdrawn	Superseded by
IFRS 9	Financial Instruments	2009 (updated 2014)	January 1, 2018		
IFRS 10	Consolidated Financial Statements	2011	January 1, 2013		
IFRS 11	Joint Arrangements	2011	January 1, 2013		
IFRS 12	Disclosure of Interests in Other Entities	2011	January 1, 2013		
IFRS 13	Fair Value Measurement	2011	January 1, 2013		
IFRS 14	Regulatory Deferral Accounts	2014	January 1, 2016		
IFRS 15	Revenue from Contracts with Customers	2014	January 1, 2018		
IFRS 16	Leases	2016	January 1, 2019		
IFRS 17	Insurance contracts	2017	January 1, 2023		
IFRS 18	Presentation and Disclosure in Financial Statements	2024	January 1, 2027		
IFRS 19	Subsidiaries without Public Accountability: Disclosures	2024	January 1, 2027		

Roles of an accountant

- preparing accounts and tax returns
- auditing financial information
- compiling and presenting reports, budgets, business plans, commentaries and financial statements
- analysing business plans
- providing tax planning services based on current legislation
- financial forecasting and risk analysis
- dealing with insolvency situations
- negotiating the terms of business deals with clients
- meeting and interviewing clients
- managing colleagues.
- Budgeting
- Processing Payroll
- monitoring cash flow
- tax complianceregulatory adherence

Code of ethics of an accountant.

- The fundamental principles within the Code are:-
- integrity,
- objectivity,
- professional competence and due care,
- confidentiality and
- professional behavior – establish the standard of behavior expected of a professional accountant (PA) and it reflects the profession's recognition of its public interest responsibility**.**

TYPES OF BUSINESS TRANSACTIONS

1. Purchase- Buying goods/stock/inventory with the purpose of re-selling at a profit. This is for both cash and on credit.
2. Sales- A **sale** is a transaction between two or more parties that involves the exchange of tangible or intangible goods, services, or other assets for money. This is also for cash or on credit

3. Payments- these are monies the organization pays out specifically for the services such as labour (salaries), rent, water, electricity, etc the transactions and processes through which companies exchange money for goods, services, debts, or other financial obligations.

4. Receipts- Receipts are the amount of money that is received by a business during a particular period of time.

5. Returns- these are goods bought that has been returned for some reasons eg demage, wrong type etc. they are returns inwards (sales returns) or returns outwards (purchase returns..

6. Discounts- this is the reduction in the amount to be paid/collected by an organization. They are discount received, allowed, cash discounts, trade discounts, etc

7. Drawings- the action of taking funds from an account or company holdings for individual use. They are either in kind, or in cash.