MAKERERE UNIVERSITY BUSINESS SCHOOL
FACULTY OF COMMERCE DEPARTMENT OF ACCOUNTING COURSE OUTLINE.

COURSE NAME: PRINCIPLES OF ACCOUNTING
YEAR OF STUDY: ONE
SEMESTER: ONE
ACADEMIC YEAR: 2025/2026

PROGRAM	BBC	BOIM	BAE	BLG	BTLM	BIB	BSM
COURSE CODE	ACC 1103	ACC 1103	ECB 1103	ACC 1103	ACC 1103	ACC 1103	ACC 1103

COURSE OBJECTIVE
To enable students develop an understanding of the fundamental principles of accounting relating to double entry and preparation of basic financial statements.

LEARNING OUTCOMES
On completing this course, the learner should be able to:
- Define the role of accounting, types of; accounting and business entities
- Define users of accounting information and their needs.
- Explain the elements of financial statement.
- Define, understand and apply the accounting concepts; their meaning, relevance and limitations.
- Explain the qualitative characteristics of financial statements.
- Record transactions in the books of prime entry and ledgers using double entry bookkeeping.
- Prepare a cashbook and bank reconciliations.
- Construct a trial balance.
- Prepare basic financial statements for sole traders, service entity, manufacturing firms and non-profit making organizations.

DETAILED COURSE CONTENT

Topic	Sub topic	Duration	Learning outcomes- students should be able to;
ONE: Introduction to Accounting	a) Definition and role of accounting b) Types of accounting c) Types of business entity d) Users of financial statements and their needs e) Accounting concepts, bases, standards, policies & GAAP. f) Accounting Concepts. i. Their meaning, relevancy and limitations using examples. ii. Explain and illustrate the application of the following concepts/assumptions:- • Going concern. • Accruals/ matching. • Prudence. • Consistency. • Substance over form. • Historical cost, • Monetary measurement. • Materiality. • Periodicity • Realization • Business entity • Duality. g) The qualitative characteristics of financial statements; • Fundamental and	**8Hrs (11th Aug- 24th Aug)**	✓ Explain the role of accounting ✓ Explain the different forms of business organizations. ✓ Explain the qualitative characteristics of financial information ✓ Identify the different users of financial statements and their needs ✓ Distinguish between concepts, bases, standards, policies & GAAP.

	• Enhancing characteristics h) Accountants role and their Code of ethics. i) Definition of International Financial Reporting Standards and their purpose in brief		
TWO: **The Accounting equation and the double entry accounting system.**	a) The main types of business transactions (purchases, sales, payments, receipts, returns, discounts, drawings). b) Recording of Transactions within the Double Entry system; • The accounting equation and the statement of financial position. • The double entry system for assets, liabilities and capital. • The effect of profit or loss on capital and the double entry system for expenses and revenue	**8Hrs (25th Aug- 7th Sept)**	✓ Identify and record business transactions using double entry ✓ Explain the double entry system for assets, liabilities, capital, expenses and revenue
THREE: **Books of Accounts**	a) Accounting cycle. b) Source Documents. i. Identify and explain the purpose of source documents ii. Discuss the information shown on the face of each type of source document.	**12Hrs(8th Sept- 28th Sept)**	✓ Explain the accounting process/cycle ✓ Explain the different source documents

	c) Journals. i. Discuss the general journal and subsidiary journals. ii. Outline the format of the different types of journals including the narrative explanation. iii. Prepare and understand the books of prime entry: - sales day book, purchases day book, purchases and sales returns day books, d) cash book explain and discuss the purpose of the two & three column cash books, and petty cash book (in brief). e) Ledgers. i. Identify and explain the types of ledgers (general and subsidiary). ii. Discuss the purpose of the different ledgers. iii. Posting transactions from journals to ledger accounts. iv. Balancing and closing the ledger accounts. v. Explain the meaning of the balance of each type of account. f) Trial Balance Extraction. i. Define and discuss the purpose of a trial balance. ii. Extract ledger balances into a trial balance. iii. Explain errors that can be revealed by a trial balance.		✓ Prepare journal and Post to the ledgers ✓ Explain the different types of ledgers ✓ Extract a trial balance ✓ Identify errors not revealed by the trial balance ✓ Prepare a two and three column cash book ✓ Prepare bank reconciliation statement

	iv. Explain the errors that cannot be revealed by a trial balance g). Bank reconciliation • Definition and the purpose of bank reconciliation • Factors that bring the discrepancy between the cash book and the bank statement • Bank reconciliation procedures and how to deal with errors detected. • Preparation of a bank reconciliation statement		
FIRST COURSEWORK TEST			
FOUR: Adjustments to the Financial Statements	a) Accruals and Prepayments. i. Define accruals and prepayments of incomes and expenses ii. The need for these adjustments. iii. Illustrate the treatment of accruals and prepayments in the income statement and balance sheet. b) Bad Debts and Provisions for Doubtful Debts. i. Discuss the distinction between a definite bad debt and a doubtful debt.	**8Hrs(29th Sept -12th** Oct)	✓ Explain the different adjustments to the financial statements. ✓ Calculate depreciation of the non-current assets ✓ Account for disposal of fixed assets

	ii. Reasons for providing for bad debts. iii.Illustrate the accounting treatment of provisions for bad debts. c) Depreciation i. Definition of a non-current asset. ii. Discuss the purpose, causes of depreciation iii. Identify and explain the common methods of computing depreciation (straight line, & reducing balance only) iv. Double entry to record depreciation and the treatment of depreciation in the financial statements.		
FIVE: Preparation of financial statements	a) Explain the complete set of financial statements b) Format for the statement of profit or loss (income statement) and statement of financial position. c) Presentation of financial statements for; *i.* ***Trading concerns*** **ii. *Service firms*.**	**8Hrs(13th Oct- 26th Oct)**	✓ Prepare an income statement and statement of financial position of trading and service firms ✓ Identify a complete set of financial statements
SECOND COURSEWORK TEST			
	iii. ***Manufacturing firms*** a) Manufacturing cost statement. Identify and explain the different manufacturing costs (direct and indirect).	**4Hrs (27th Oct- 2nd Nov)**	✓ Prepare an income statement and statement of financial

	i.IIlustrate the preparation of a manufacturing account b) Income Statement. i. Explain the link of the manufacturing account to the income statement. ii.Classification of operating expenses. Iii.Distinguish between manufacturing profit and trading profit. iv. Classify and determine the cost of goods fully manufactured by preparing a cost statement and Transfer goods manufactured from the factory to the income statement at Cost price only v. Illustrate the preparation of the income statement for a manufacturing firm		position of a manufacturing firm.
	iv. ***Non-profit making*** *organizations* i. Entities that are non-profit & their process. ii. Differences between accounting records of profit and non-profit entities. iii.Sources of income for nonprofit entities iv.Receipts and payment account versus income and expenditure account vi. Subscription accounts(Ordinary & Life subscriptions) vii. Statement of accumulated funds or general funds	**8Hrs(3rd Nov – 16th Nov)**	✓ Identify the different sources income and expenditures of non-profit entities ✓ Prepare an income statement and statement of financial position of a non- profit making organizations

	viii. The statement of comprehensive income and statement of financial position		

METHODS OF INSTRUCTION AND DELIVERY

i) Straight Lectures (Blended teaching physical and online)
ii) Group discussion and presentations.
iii) Take home assignments

COURSE ASSESSMENT

This shall be composed of the following;

- Coursework tests (One and Two) …………30%
- Final examination 70%
- Total 100%

READING LIST

1. Nkundabanyanga K.S (2017): *Financial Accounting* (Practical approach) 2nd Edition Wide Link Services
2. Sserwanga .A (2005): *Introduction to Financial Accounting*, Kampala 1st Edition. Wide Link Services.
3. Alinda .K. (2022): *Financial Accounting* (From its basics to financial reporting and analysis) 1st Edition.
4. Internal Accounting Standards Board, International Financial Reporting Standard, IFRS Foundation
5. Wood Frank. and Alan Sangster, (2011): *Business Accounting*, Prentice Hall, Great Britain 12th Edition. Available online.