

## Module 1

### 6.1.1. Accounting

<b>Module title</b>						Accounting									
<b>Module NFQ level (only if an NFQ level can be demonstrated)</b>						6									
<b>Module number/reference</b>						AT1									
<b>Parent programme(s)</b>						Bachelor of Arts (Honours) in Accounting and Finance									
<b>Stage of parent programme</b>						Stage 1									
<b>Semester (semester1/semester2 if applicable)</b>						Semester One									
<b>Module credit units</b>						ECTS									
<b>Module credit number of units</b>						10									
<b>Duration of the module</b>						One Academic Semester, 12 Weeks Teaching.									
<b>Average (over the duration of the module) of the contact hours per week</b>						6									
<b>Analysis of required learning effort</b>															
<b>Effort while in contact with staff</b>															
<b>Classroom and demonstrations</b>		<b>Mentoring and small-group tutoring</b>		<b>Other (specify)</b>		<b>Directed e-learning (hours)</b>	<b>Independent learning (hours)</b>	<b>Other hours (specify)</b>	<b>Work-based learning hours of learning effort</b>	<b>Total effort (hours)</b>					
												<b>Hours</b>	<b>Minimum ratio teacher/learner</b>	<b>Hours</b>	<b>Minimum ratio teacher/learner</b>
48	1:40	24	1:20				178				250				
<b>Allocation of marks (within the module)</b>															
						<b>Continuous assessment</b>		<b>Supervised project</b>		<b>Proctored practical examination</b>		<b>Proctored written examination</b>		<b>Total</b>	
<b>Percentage contribution</b>						30 %				70%		100%			

## Minimum intended module learning outcomes

On the successful completion of this module, students should be able to:

**MIMLO 1.1.** Describe and discuss the fundamentals of accounting theory and the uses and applications of accounting in real-world business settings.

**MIMLO 1.2** Outline the nature and purpose of double-entry bookkeeping and financial reporting.

**MIMLO 1.3** Prepare a basic set of financial statements from a trial balance and critically analyse and interpret financial statements.

**MIMLO 1.4** Demonstrate a capacity for autonomous learning through the completion of a number of online practice exercises.

## Module content, organisation and structure

### Indicative Syllabus:

#### The basic principles of financial accounting:

- The nature of financial accounting, its scope and key applications.
- Differentiating between sole traders, partnerships and a limited liability company and understanding the merits and limitations of each.
- Stakeholders in commercial ventures and the contrasting objectives of each stakeholder as well as their different information needs.
- Understand the role and purpose of International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).
- The regulatory environment and the standard setting process, as well as the regulatory role of the International Accounting Standards Board (IASB), the IFRS Foundation, the IFRS Advisory Council and the IFRS Interpretation.
- The meaning and importance of corporate governance and the fiduciary duty of directors in the context of financial reporting.
- Key terms in accountancy including: Matching, Substance over form, Prudence, Comparability, Completeness, Consistency, Materiality, Fair presentation, Going concern, Accruals, Prepayments, Provisions, Contingencies and Relevance.

- Identifying and understanding the sources of information for transaction recording (e.g. sales and purchases invoices and related documentation, credit notes issued and received, payroll slips and associated payment, lodgements and payments etc.)
- The double entry book-keeping system and the recording of transactions and journal entries to record transactions.
- The books of prime entry (sales ledger, purchases ledger etc.), journals and ledger accounts.

#### **Processing accounting transactions:**

- Calculating and presenting accounting transactions to record revenue (credit sales, cash sales, sales returns and credit notes issued), including circumstances involving sales tax.
- Calculating and presenting accounting transactions to show the entries required when trade and other receivables discharge their liabilities.
- The operation of control accounts applied to trade receivables and their merits.
- Aged receivables analysis and the importance of credit control to the economic viability and survival of an organisation.
- Calculating and presenting the accounting transactions required to record purchases (credit purchases, cash purchases, goods returned, credit notes received), including circumstances involving input taxes on purchases.
- Calculating and presenting accounting entries to show the discharge of a liability by an organisation to suppliers.
- The operation of control accounts when applied to trade payables.
- The operation of the sales/purchases taxation control account (netting sales tax charged and input tax incurred to identify net tax due/receivable).
- Calculating and presenting accounting entries to reflect the purchase, receipt, issue and return of inventory.
- Calculating inventory values in absorption costing and marginal costing in addition to the impact of inventory valuation on reported profit.
- Identify, explain and apply various methods of valuing inventory (First-in first-out – FIFO, last-in first-out LIFO and weighted average)
- Differentiating non-current assets and current assets and tangible and intangible non-current assets.
- Preparing and presenting the accounting transactions required to reflect the purchase and disposal of non-current assets and calculating the gain or loss on disposal and its treatment in the financial statements.
- The meaning and objective of depreciation and the calculation of depreciation charges using straight line or reducing balance methods.
- Explaining and calculating the treatment of depreciation and showing its treatment in the financial statements (statement of financial position, income statement and statement of cash flows).
- Distinguishing between capital expenditure and revenue expenditure and preparing the appropriate accounting entries to reflect both types of transactions.
- Accounting entries required to reflect the revaluation of non-current assets and related depreciation charges.
- Distinguish intangible from tangible assets (giving examples of intangible non-current assets such as research costs and development costs) and understanding the accounting records upon acquisition and initial measurement.
- Defining the concept of amortisation and impairment and showing the related accounting entries when these occur.

- Preparing and presenting the accounting transactions and journal entries to reflect cash receipts and payments and understanding and conduct basic bank account reconciliations.
- Preparing the accounting entries to record transactions in equity non-current liabilities and reserves, including the issue of equity shares (including rights issues and bonus issues), preference shares, term loans, corporate bond issues and the transfer of current retained earnings after dividend payments to reserves
- Preparing a basic statement of changes in equity and understanding its relevance to the users of financial statements.
- Explaining and distinguishing between provisions and contingencies and defining a contingent asset and a contingent liability.
- Preparing and presenting the accounting treatment of provisions and contingencies in the financial statements and the disclosure notes required.

#### **Preparation and presentation of a final trial balance:**

- Preparing a trial balance from the accounting records provided.
- Explaining the concept of accruals and calculating the necessary accruals for inclusion in the financial statements and related journal entries.
- Explaining the concept of a pre-payment and calculating the required prepayments for inclusion in the financial statement and the related journal entries.
- Explaining the concept of bad and doubtful debts and preparing calculations to account for both bad debts and doubtful debts.
- Explaining and demonstrating the adjustments required in the event of an error in transaction entry and showing the required journal entries to correct the error.
- Presenting the final trial balance having made the various adjustments clearly show any workings undertaken.

#### **Preparation and presentation of statement of financial position:**

- Understanding and applying the prescribed format of the statement of financial position using the appropriate terminology.
- Explaining and discussing the nature of equity capital and reserves, including retained earnings and the concept of retained earnings.
- Calculating and presenting accounting entries to reflect the raising of share capital and transfer of retained earnings to reserves.
- Calculating and presenting the non-current tangible and intangible assets net of depreciation and amortisation and preparing the relevant disclosure notes for financial statements.
- Calculating and presenting the constituent elements of the current assets and current and non-current liabilities for inclusion in the statement of financial position.
- Explaining and applying the financial accounting concepts of revenue and expenses and calculating the elements of both for inclusion in the income statement and statement of comprehensive income.
- Calculating and presenting the relevant accounting entries in respect of the charge for current income tax, including adjustments for under or over provision in previous years.
- Preparing and presenting the relevant disclosure notes in respect of items contained in the income statement which require disclosure.
- Preparing a statement of cash flows (or required extracts) from information provided or a finalised trial balance clearly showing cash flows from operations (using either the direct or indirect methods as required), cash flows from investing activities and cash flows from financing activities.

- Understanding and explaining the significance of and the linkages between the statement of financial position, the income statement, statement of comprehensive income and the statement of cash flows.
- Identifying and discussing the benefits and limitations of statements of the statement of cash flows.
- Defining and explaining an event after the year-end and explaining the process by which such events can be identified.
- Distinguishing between adjusting and non-adjusting events after the end of the accounting period and calculating the impact of and the disclosures required when an adjusting event is determined.

## **Reading lists and other information resources**

### **Essential Reading:**

Harrison, W.T. et al., 2017. Financial Accounting Plus MyAccountingLab with Pearson eTex 10th ed., Upper Saddle River, N.J.: Pearson Education Limited, Prentice Hall FT.

Wood, F. & Sangster, A., 2008. Frank Wood's Business Accounting 1 11th ed., Harlow, Essex: Financial Times/Prentice Hall.

Breitner, L.K. & Anthony, R.N., 2013. Essentials of Accounting: International Edition, Harlow, Essex: Pearson Education Limited.

### **Recommended:**

Werner, M.L. & Jones, K.H., 2004. Introduction to Financial Accounting: A User Perspective, Harlow, Essex: Prentice Hall.

Power, T., Walsh, S. & O'Meara, P., 2009. Financial Management: An Irish Text, Dublin: M.H. Gill & Company U. C.

BPP Learning Media, 2016. ACCA Paper F3 - Financial Accounting (GBR) Study Text, London: BPP Learning Media.