

4.0 FINANCIAL ACCOUNTING (3 HOURS)

AIM: *To examine the candidate's exposure and understanding of the principles and concept of financial accounting and their application to business or organisations and business situations.*

Learning Outcomes:

Upon completion of this subject, the students should be able to:

- *Describe and explain the concept and theory of accounting;*
- *Apply accounting principles to record, summarise and maintain accounting data in a complete accounting cycle;*
- *Prepare financial statements;*
- *Analyse and interpret financial statements.*

SYLLABUS

4.1 The Nature of Accounting and Accounting Theory

Cost and value concepts; measurement of income; distinction between capital and revenue; capital maintenance and asset valuation alternatives; the goodwill concept; stock valuation; effect of changing price level.

4.2 Financial Accounting Practice

Principles and convention of accounting; the principle of double entry and books of prime entry, ledger and control account, trial balance and adjustments including accruals and prepayments; treatment of provisions and reserves; bank reconciliation and use of suspense account; correction of errors.

4.3 Preparation of Financial Statements

Preparation of non-published income statement and balance sheets of manufacturing, trading and non-profit organisations.

4.4 Partnership Accounts

Formation, admission, retirement and dissolution of partnerships; treatment of goodwill.

4.5 Introduction to Company Accounts

The formation of companies; accounting for the issue of various classes of shares, share application, forfeitures, share issue expenses, calls in arrears, share premiums and share discounts; payment of cash dividend and shares dividend.

4.6 Computerised Accounting

The role of computers in the collection, analysing and presentation of accounting data and information; the impact of computers in the design, development and implementation of accounting information systems.

RECOMMENDED READING LIST

- 1.0 Sangster, A., & Wood, F., (2015), *Business Accounting 1 & 2*, (13th edition), Essex, England: Pearson.
- 2.0 Thomas, A., (2012), *Introduction to Financial Accounting*, (7th Edition), London: McGraw-Hill.
- 3.0 Lazar, J. (2015), *Company and group financial reporting*, (8th edition), Selangor: Prentice-Hall.
- 4.0 *MASB standards.*