

E-Workbook: Principles of Accounting I

Introduces the generally accepted accounting principles by studying transactions throughout the accounting cycle from journal entries to financial statements. The elements of the balance sheet are examined.

This E-Workbook focuses on the procedures of basic financial accounting, providing unlimited practice of transaction analysis and journal entries.

Part 1: Introduction to accounting

The accounting environment

- Key regulatory and professional bodies
- Standards in accounting
- Ethics in accounting with reference to large corporate collapses
- The role of accounting in decision making
- Different business structures and their suitability
- Assumptions and qualitative characteristics of financial reports

Part 2: Transactions throughout the accounting cycle

Introduction to financial statements and the accounting equation

- Financial statements: income, balance sheet, cash flow
- Assets, liabilities, equity, income, expenses
- The accounting equation and its application to transactions
- Including income, expense and profit in the accounting equation
- Specific asset, liability, equity, income and expense accounts

Starting the accounting cycle - recording transactions

- Transactions and their journey through the accounting cycle
- Transaction analysis
- Rules of debit and credit including the normal balance of accounts
- Journal entries using double entry accounting including T-accounts
- Posting transactions to the general ledger
- The purpose and limitation of a trial balance

Adjusting entries and accrual concepts

- Comparing cash and accrual accounting
- Temporary/nominal and permanent/real accounts
- Deferrals and accruals: their similarities and differences
- Preparing adjusting entries for deferrals, prepayments and accruals

Completing the accounting cycle

- Adjusting and closing entries
- Preparing adjusted and post-closing trial balances
- Preparing an accounting worksheet
- Preparing financial statements
- Reversing entries at the beginning of the next accounting period

Part 3: Exploring the balance sheet

Current assets: receivables, cash and their internal control

- Accounting for uncollectible receivables
- Preparing journal entries for receivables
- The principles and limitations of internal control procedures
- Accounting for petty cash
- Preparing bank reconciliation statements

Current assets: inventory and its purchase and sale

- Comparing periodic and perpetual inventory systems
- Journal entries for inventory: purchases, sales, returns, discounts
- Calculating cost of sales and its impact on profit
- Inventory costing methods: FIFO, LIFO, weighted average, specific unit
- Inventory valuation and estimation issues
- Goods and services tax

Non-current assets: their acquisition and depreciation

- Acquisition costs of non-current assets
- Concepts of depreciation and amortisation
- Methods of depreciation
- Preparing journal entries for acquisition and depreciation
- Subsequent expenditure: repairs, maintenance, improvements

Liabilities and owners' equity

- Classifying current and non-current liabilities
- Preparing journal entries for specific liabilities
- Provisions and contingencies
- Owners' equity: share capital, reserves and retained earnings
- Ordinary and preference shares
- Journal entries for share issues and cash dividends