

## PRINCIPLES OF ACCOUNTING

### GENERAL OBJECTIVES

The aim of the Unified Tertiary Matriculation Examination (UTME) syllabus in Principles of Accounting is to prepare the candidates for the Board's examination. It is designed to test their achievement of the course objectives, which are to:

1. Stimulate and sustain their interest in Principles of Accounting;
2. Use basic principles, knowledge, practical skills in Financial Accounting;
3. Apply the knowledge and interpretation of Accounting information to decision making;
4. Appreciate the relevance of Accounting information to business and governments; and
5. Apply information technology in solving Accounting problems.

### DETAILED SYLLABUS

TOPICS/CONTENTS	OBJECTIVES
<b>1. Nature and Significance of Book keeping and Accounting</b> <ol style="list-style-type: none"> <li>a. Development of Accounting (including branches of accounting)</li> <li>b. Objectives of Book Keeping and accounting</li> <li>c. Users and characteristics of Accounting information</li> <li>d. Principles, concepts and conventions of Accounting (nature, significance and application)</li> <li>e. Role of Accounting records and information</li> <li>f. Career opportunities in Book Keeping and Accounting</li> </ol>	<p>Candidates should be able to:</p> <ol style="list-style-type: none"> <li>i. differentiate between Book Keeping and Accounting;</li> <li>ii. understand the historical background of Book Keeping and Accounting;</li> <li>iii. apply the right principles, concepts and conventions to solving Accounting problems;</li> <li>iv. understand the role of Accounting information in decision making;</li> <li>v. identify the types/branches of Accounting such as Cost Accounting, Management Accounting, Auditing, Financial Accounting, Forensic Accounting, Social and Environmental Accounting, Government Accounting and Taxation; and</li> <li>vi. identify the different career opportunities in Book Keeping and Accounting.</li> </ol>
<b>2. Principles of Double Entry</b> <ol style="list-style-type: none"> <li>a. Source documents</li> <li>b. Books of original entry</li> <li>c. Accounting equation</li> <li>d. Ledger and its classifications</li> <li>e. Trial balance</li> <li>f. Types and correction of errors</li> <li>g. Suspense Account</li> </ol>	<p>Candidates should be able to:</p> <ol style="list-style-type: none"> <li>i. identify various source documents and their uses;</li> <li>ii. relate source documents to the various books of original entry;</li> <li>iii. determine the effect of changes in elements of Accounting equation;</li> <li>iv. understand the role of double entry principles in treating financial transactions;</li> <li>v. extract a trial balance from ledger accounts;</li> <li>vi. identify various types of errors and their corrections; and</li> <li>vii. correct errors using suspense account.</li> </ol>

TOPICS/CONTENTS	OBJECTIVES
<b>3. Ethics, Professional and Regulatory Bodies in Accounting</b> <ul style="list-style-type: none"> <li>a. Objectives</li> <li>b. Qualities of an Accountant</li> <li>c. Accounting professional bodies in Nigeria</li> <li>d. Accounting regulatory bodies</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. understand the ethics required in preparing and presenting Accounting information;</li> <li>ii. understand qualities of an Accountant such as honesty, integrity, transparency, accountability and fairness;</li> <li>iii. understand the purpose and functions of Accounting professional bodies in Nigeria; and</li> <li>iv. understand the purpose and functions of Accounting regulatory bodies in Nigeria e.g. Financial Reporting Council of Nigeria (FRCN), Corporate Affairs Commission (CAC) and International Accounting Standard Board (IASB).</li> </ul>
<b>4. Cash Book</b> <ul style="list-style-type: none"> <li>a. Columnar Cash Books: <ul style="list-style-type: none"> <li>i. single column</li> <li>ii. double column</li> <li>iii. three column</li> </ul> </li> <li>b. Discounts</li> <li>c. Petty Cash Book and imprest system</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. determine the cash float;</li> <li>ii. differentiate between two and three columnar cash books and how transactions are recorded in them;</li> <li>iii. differentiate between trade and cash discounts;</li> <li>iv. examine the effects of trade and cash discounts in the books of accounts; and</li> <li>v. identify various petty cash expenses.</li> </ul>
<b>5. Bank Transactions and Reconciliation Statements</b> <ul style="list-style-type: none"> <li>a. Instrument of bank transactions</li> <li>b. e-banking system</li> <li>c. Causes of discrepancies between cash book and bank statement</li> <li>d. Bank reconciliation statement</li> <li>e. Adjusted cash book</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. identify various instruments of bank transactions such as cheques, pay-in-slips, credit cards, debit cards, internet banking and their uses;</li> <li>ii. assess the impact of automated credit system, credit transfers, interbank transfers and direct debit on cash balances;</li> <li>iii. identify factors that cause discrepancies between cash book balance and bank statement; and</li> <li>iv. determine adjusted cash book balance.</li> </ul>
<b>6. Final Accounts of a Sole Trader/Proprietor</b> <ul style="list-style-type: none"> <li>a. Statement of profit or loss/income statement</li> <li>b. Statement of financial position</li> <li>c. Adjustments: <ul style="list-style-type: none"> <li>i. provision for bad and doubtful debt</li> <li>ii. provision for discounts</li> <li>iii. provision for depreciation using straight-line and reducing balance methods</li> </ul> </li> <li>iv. accruals and prepayment</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. determine the cost of sales, gross profit and net profit of a sole trader;</li> <li>ii. identify non-current assets, current assets, long- term liabilities, current liabilities and proprietor's capital;</li> <li>iii. compute adjustable items on the related expenditure and income in the statement of profit or loss; and</li> <li>iv. differentiate between bad debts and provision for bad and doubtful debts.</li> </ul>

TOPICS/CONTENTS	OBJECTIVES
<p><b>7. Stock Valuation</b></p> <ul style="list-style-type: none"> <li>a. Meaning and purpose of stock valuation</li> <li>b. Methods of stock valuation e.g., FIFO, LIFO and simple average</li> <li>c. Advantages and disadvantages of the methods</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. determine the value of materials issued to production department using FIFO, LIFO and simple average;</li> <li>ii. calculate the closing stock of materials or finished goods using FIFO, LIFO and simple average;</li> <li>iii. compare the advantages and disadvantages of each method of stock valuation; and</li> <li>iv. determine the effects of stock valuation on elements of income statement.</li> </ul>
<p><b>8. Control Accounts</b></p> <ul style="list-style-type: none"> <li>a. Meaning and uses of control accounts</li> <li>b. Purchases ledger control account</li> <li>c. Sales ledger control account</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. understand the meaning of control accounts;</li> <li>ii. identify the uses of control accounts in a business enterprise;</li> <li>iii. differentiate between sales ledger control account and purchases ledger control account; and</li> <li>iv. identify the entries in control accounts.</li> </ul>
<p><b>9. Incomplete Records and Single Entry</b></p> <ul style="list-style-type: none"> <li>a. Meaning of incomplete records and single entry</li> <li>b. Differentiate between incomplete records and single entry</li> <li>c. Determination of missing figures</li> <li>d. Preparation of final accounts from incomplete records</li> <li>e. Conversion of single entry to double entry</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. understand and differentiate between incomplete records and single entry;</li> <li>ii. determine proprietor's capital using statement of affairs;</li> <li>iii. determine the amount of sales, purchases, cash balances, debtors, creditors and expenses by converting single entry to double entry; and</li> <li>iv. use accounting equations, gross and net profit percentages to determine cost of sales, gross and net profits.</li> </ul>
<p><b>10. Manufacturing Accounts</b></p> <ul style="list-style-type: none"> <li>a. Purpose of manufacturing account</li> <li>b. Cost classification</li> <li>c. Cost apportionment</li> <li>d. Preparation of manufacturing account</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. identify the reason for preparing manufacturing account;</li> <li>ii. calculate prime cost, overhead cost, production cost and total cost; and</li> <li>iii. determine the basis of cost apportionment among production, administration, selling and distribution.</li> </ul>
<p><b>11. Accounts of Not-For-Profit-Making Organizations</b></p> <ul style="list-style-type: none"> <li>a. Objectives</li> <li>b. Receipts and payments account</li> <li>c. Income and expenditure account</li> <li>d. Statement of financial position</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. distinguish between profit oriented and Not-For-Profit-Making Organizations;</li> <li>ii. determine annual subscription, subscription in arrears and in advance; and</li> <li>iii. compute the cash balances, accumulated funds, surplus or deficit for the period.</li> </ul>

TOPICS/CONTENTS	OBJECTIVES
<p><b>12. Departmental Accounts</b></p> <ul style="list-style-type: none"> <li>a. Objectives</li> <li>b. Apportionment of incomes and expenses</li> <li>c. Departmental statement of profit or loss</li> <li>d. Inter-departmental transfer</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. identify the reasons for preparing departmental accounts;</li> <li>ii. determine the expenses and incomes attributable to departments;</li> <li>iii. compute departmental profit or loss; and</li> <li>iv. understand the Accounting treatment of inter-departmental transfer.</li> </ul>
<p><b>13. Branch Accounts</b></p> <ul style="list-style-type: none"> <li>a. Objectives</li> <li>b. Types of branches</li> <li>c. Pricing methods and accounts maintained by head office</li> <li>d. Account maintained by a branch</li> <li>e. Reconciliation of branch and head office books</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. understand the reasons for preparing branch accounts;</li> <li>ii. differentiate between types of branches;</li> <li>iii. calculate profit or loss from branches; and</li> <li>iv. reconcile the difference between branch and head office accounts.</li> </ul>
<p><b>14. Joint Venture Accounts</b></p> <ul style="list-style-type: none"> <li>a. Objectives and features</li> <li>b. Forms of joint ventures</li> <li>c. Accounting procedures</li> <li>d. Memorandum joint venture accounts</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. identify the objectives and features of joint venture;</li> <li>ii. identify the forms of joint venture;</li> <li>iii. identify the Accounting procedures of joint venture; and</li> <li>iv. determine the profit or loss of joint venture.</li> </ul>
<p><b>15. Partnership Accounts</b></p> <ul style="list-style-type: none"> <li>a. Formation of partnership</li> <li>b. Partners current and capital accounts</li> <li>c. Partnership final accounts: <ul style="list-style-type: none"> <li>i. profit or loss account</li> <li>ii. appropriation account</li> <li>iii. statement of financial position</li> </ul> </li> <li>d. Treatment of goodwill</li> <li>e. Admission/retirement of a partner</li> <li>f. Dissolution of partnership</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. understand the procedures for the formation of partnership;</li> <li>ii. identify the accounts maintained for partnership business;</li> <li>iii. determine the effects of admission and retirement of a partner;</li> <li>iv. determine profit or loss on revaluation of assets; and</li> <li>v. determine the partners' share of profit or loss on dissolution.</li> </ul>
<p><b>16. Introduction to Company Accounts</b></p> <ul style="list-style-type: none"> <li>a. Formation and classification of companies</li> <li>b. Issue of shares and debentures</li> <li>c. Final accounts of companies: <ul style="list-style-type: none"> <li>i. statement of profit or loss</li> <li>ii. statement of financial position</li> </ul> </li> <li>d. Accounting ratios</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. differentiate between types of companies;</li> <li>ii. identify the procedures of treating the issue of shares and debentures;</li> <li>iii. compute the elements of final accounts of companies; and</li> <li>iv. compute and interpret Accounting ratios such as current, acid test and stock turnover.</li> </ul>

TOPICS/CONTENTS	OBJECTIVES
<p>e. Distinction between capital and revenue reserves</p> <p><b>17. Public Sector Accounting</b></p> <ul style="list-style-type: none"> <li>a. Accounting basis in public sector</li> <li>b. Sources of government revenue</li> <li>c. Capital and recurrent expenditure</li> <li>d. Consolidated Revenue Fund</li> <li>e. Statement of assets and liabilities</li> <li>f. Responsibilities and powers of: <ul style="list-style-type: none"> <li>i. The Accountant General</li> <li>ii. The Auditor General</li> <li>iii. The Minister of Finance</li> <li>iv. The Treasurer of Local Government</li> </ul> </li> <li>g. Instruments of financial regulation</li> <li>h. Current issues in public sector Accounting: <ul style="list-style-type: none"> <li>i. Treasury Single Account (TSA)</li> <li>ii. International Public Sector Accounting Standard (IPSAS)</li> <li>iii. Integrated Payroll and Personnel Information System (IPPIS)</li> </ul> </li> </ul> <p><b>18. Information Technology in Accounting</b></p> <ul style="list-style-type: none"> <li>a. Manual and computerized Accounting processing system</li> <li>b. Procedures involved in data processing</li> <li>c. Digitization and digital technologies in Accounting: <ul style="list-style-type: none"> <li>i. machine learning and artificial intelligence (AI)</li> <li>ii. data analytics</li> <li>iii. mobile accounting</li> <li>iv. special accounting software</li> </ul> </li> <li>d. Block chain technology in Accounting system</li> <li>e. Virtual Accounting</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. differentiate between public and private sector accounting;</li> <li>ii. identify the sources of government revenue;</li> <li>iii. differentiate between capital and recurrent expenditure;</li> <li>iv. calculate consolidated revenue fund and determine the values of assets and liabilities;</li> <li>v. identify the duties of the Accountant General, Auditor General, Minister of Finance and Treasurer of Local Government;</li> <li>vi. distinguish between elements of control in government accounting procedures e.g. warrant, votes, budget and due process certificate; and</li> <li>vii. understand current trends in public sector Accounting.</li> </ul> <p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. differentiate between manual and computerized Accounting processing system;</li> <li>ii. identify the procedures involved in data processing;</li> <li>iii. identify the digital technologies use in Accounting processing system;</li> <li>iv. understand the benefits of block chain technology in Accounting system;</li> <li>v. identify the services provided by virtual accountants such as book keeping, payroll processing, tax preparation, banks, credit and loan accounts reconciliation, financial statement preparation etc.; and</li> <li>vi. identify the advantages and disadvantages of computerized Accounting processing system.</li> </ul>

#### **RECOMMENDED TEXTS**

- Adekunle, K.O. (2014). *Bounty Financial Accounting for Schools and College*, Ibadan: Bounty Press Ltd.
- Agbasiere, E.A., Ufot C.I and Olugbenga T.E. (2015). *New age Financial Accounting SSS Text Books*, Anambra: New Age Press Ltd.
- Ayodele A. (2015). *Financial Accounting for Schools and Colleges*, Ibadan: Spectrum Books Ltd.
- Ekwue K. C. (2010). *Principles of Accounts, Book 1 & 2*, Onitsha: Adson Publishing Company,
- Femi L. (2013). *Simplified and Amplified Financial Accounting*.
- Frankwood and Alan S. (2002). *Frankwood's Business Accounting*, Prentice Hall International Edition.
- Hassan M. M. (2001). *Government Accounting*, Lagos: Malthouse Press Limited.
- Ibrahim, R.A and Kazeem R. A (2018). *Essential Financial Accounting for Senior Secondary Schools* (sixth edition), Ogun State: Tonad Publishers Limited.
- Igben, R. O. (2004). *Financial Accounting Made Simple (Vol. I)* Lagos: Roi Publishers.
- ICAN (2021). *Foundation Level Financial Accounting Study Text*, Lagos: Institute of Chartered Accountants of Nigeria.
- Ono, D.I., Oshunnira, M. and Ozurigbo, P.M. (2015). *Financial Accounting for Senior Secondary Schools*, Ibadan: Hebn Publishers Plc.