

## PRINCIPLES OF ACCOUNTS

### GENERAL OBJECTIVES

The aim of the Unified Tertiary Matriculation Examination (UTME) syllabus in Principles of Accounts 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 Accounts;
2. Use the basic knowledge of and practical skills in Accounting;
3. Apply the knowledge of interpretation of accounting information to decision making;
4. Determine the relevance of accounting to business and governments;
5. Use information and communication technology for present and future challenges.

### DETAILED SYLLABUS

TOPICS/CONTENTS/NOTES	OBJECTIVES
<p><b>1. Nature and Significance of Accounting</b></p> <p>a. Development of accounting (including branches of accounting)</p> <p>b. Objectives of book keeping and accounting;</p> <p>c. Principles, concepts and conventions of accounting (nature, significance and application)</p> <p>d. Role of accounting records and information</p> <p><b>2. Principles of Double Entry</b></p> <p>a. Functions of source documents</p> <p>b. Books of original entry</p> <p>c. Accounting equation</p> <p>d. The ledger and its classifications</p> <p>e. Trial balance</p> <p>f. Types and treatment of errors and use of suspense account</p>	<p>Candidates should be able to:</p> <p>i. differentiate between book keeping and accounting;</p> <p>ii. use the historical background of book keeping and accounting for future development;</p> <p>iii. apply the right principles, concepts and conventions to solving accounting problems;</p> <p>iv. examine the role of accounting records and information.</p> <p>Candidates should be able to:</p> <p>i. relate the various source documents to their uses;</p> <p>ii. relate source documents to the various books of original entry;</p> <p>iii. determine the effect of changes in elements of accounting equation;</p> <p>iv. identify the role of double entry and use it to post transactions into various divisions of the ledger;</p> <p>v. balance off ledger accounts;</p> <p>vi. extract a trial balance from balances and determine its uses;</p> <p>vii. identify various types of errors and their necessary corrections;</p> <p>viii. create a suspense account.</p>

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<p><b>3. Cash Book</b></p> <ul style="list-style-type: none"> <li>a. Petty cash book and the imprest system</li> <li>b. Columnar cash books</li> <li>c. Discounts</li> </ul> <p><b>4. Bank Transactions and Reconciliation Statements</b></p> <ul style="list-style-type: none"> <li>a. Instrument of bank transactions</li> <li>b. e-banking system</li> <li>c. Courses of discrepancies between cash book and bank statement</li> <li>d. Bank reconciliation statement</li> </ul> <p><b>5. The Final Accounts of a Sole Trader</b></p> <ul style="list-style-type: none"> <li>a. Trading and profit and loss account</li> <li>b. Balance sheet</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> <li>iv. accruals and prepayments</li> <li>v. drawings</li> </ul> </li> </ul> <p><b>6. Stock Valuation</b></p> <ul style="list-style-type: none"> <li>a. Methods of cost determination using FIFO, LIFO and simple average</li> <li>b. The advantages and disadvantages of the methods</li> <li>c. The importance of stock valuation</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. determine the cash float;</li> <li>ii. identify various petty cash expense;</li> <li>iii. differentiate between two and three columnar cash books and how transactions are recorded in them;</li> <li>iv. differentiate between trade and cash discounts;</li> <li>v. examine the effects of trade and cash discounts in the books of accounts.</li> </ul> <p>Candidates should be able to :</p> <ul style="list-style-type: none"> <li>i. relate bank documents, cheques, paying-in documents, credit and debit cards 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. detect errors and omissions in the bank statement and cash book;</li> <li>iv. identify timing differences;</li> <li>v. calculate the bank balance to be recorded in the final accounts;</li> <li>vi. determine the bank statements balances.</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 fixed 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 profit and loss account;</li> <li>iv. relate the adjustable items and their corresponding disclosure in the balance sheet;</li> <li>v. differentiate between bad debts and provision for bad and doubtful debts.</li> </ul> <p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. determine the cost of materials issued to production or cost of goods sold 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 limitations of each method of stock valuation;</li> <li>iv. determine the effects of stock valuation on trading, profits and cost of goods sold.</li> </ul>

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<p><b>7. Control Accounts and Self-balancing Ledgers</b></p> <ul style="list-style-type: none"> <li>a. 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. determine the need and uses of control accounts in a business enterprise;</li> <li>ii. differentiate between sales ledger control account and purchases ledger control account;</li> <li>iii. identify the individual elements of control accounts;</li> </ul>
<p><b>8. Incomplete Records and Single Entry</b></p> <ul style="list-style-type: none"> <li>a. Conversion of single entry to double entry</li> <li>b. Determination of missing figures</li> <li>c. Preparation of final accounts from incomplete records</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. determine proprietor's capital using statement of affairs;</li> <li>ii. calculate the amount of sales, purchases, cash balances, debtors, creditors and expenses by converting single entry to double entry;</li> <li>iii. use accounting equations and gross profit percentage to determine gross profit or cost of sales.</li> </ul>
<p><b>9. Manufacturing Accounts</b></p> <ul style="list-style-type: none"> <li>a. Cost classification</li> <li>b. Cost apportionment</li> <li>c. Preparation of manufacturing account</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. calculate prime cost, production overhead, production cost and total cost;</li> <li>ii. determine the basis of apportionment into production, administration and distribution.</li> </ul>
<p><b>10. Accounts of Not-For-Profit-Making Organizations.</b></p> <ul style="list-style-type: none"> <li>a. Objectives of not-for-profit making organizations</li> <li>b. Receipts and payments account</li> <li>c. Income and expenditure account</li> <li>d. Balance sheet</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. distinguish between the features of not-for-profit-making organizations;</li> <li>ii. determine the subscription income and subscription in arrears and in advance;</li> <li>iii. compute the cash balances and accumulated funds, surplus and deficit for the period from all sources.</li> </ul>
<p><b>11. Departmental Accounts</b></p> <ul style="list-style-type: none"> <li>a. Objectives</li> <li>b. Apportionment of expenses</li> <li>c. Departmental trading and profit and loss account</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. identify the reasons for departmental accounts;</li> <li>ii. determine the expenses associated with individual departments;</li> <li>iii. compute departmental and total profits or losses.</li> </ul>
<p><b>12. Branch Accounts</b></p> <ul style="list-style-type: none"> <li>a. Objectives</li> <li>b. Branch accounts in the head office books</li> <li>c. Head office account</li> <li>d. Reconciliation of branch and head office books</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. determine the reasons for branch accounts;</li> <li>ii. calculate profits and losses from branches;</li> <li>iii. determine the sources of differences and reconcile them.</li> </ul>

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<p><b>13. Partnership Accounts</b></p> <ul style="list-style-type: none"> <li>a. Formation of partnership</li> <li>b. Profit and loss account</li> <li>c. Appropriation account</li> <li>d. Partners current and capital accounts</li> <li>e. Treatment of goodwill</li> <li>f. Admission/retirement of a partner</li> <li>g. Dissolution of partnership</li> <li>h. Conversion of a partnership to a company</li> </ul> <p><b>14. 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. Forms of final accounts of companies</li> <li>d. Interpretation of accounts using ratios.</li> <li>e. Distinction between capital and revenue reserves</li> </ul> <p><b>15. Public Sector Accounting</b></p> <ul style="list-style-type: none"> <li>a. Comparison of cash and accrual basis of accounting</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>i. The Minister of Finance</li> <li>ii. The Treasurer of local government</li> </ul> </li> <li>g. Instruments of financial regulation</li> </ul>	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. determine the instruments of partnership formation;</li> <li>ii. categorize all accounts necessary for partnership;</li> <li>iii. determine the effects of admission and retirement of a partner;</li> <li>iv. identify the accounts required for dissolution and conversion to a company;</li> <li>v. compute elements required for partnership accounts.</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 processes and procedures of recording the issues of shares and debentures;</li> <li>iii. compute elements of final accounts of companies;</li> <li>iv. Interpret the accounts for decision making using ratios.</li> </ul> <p>Candidates should be able to:</p> <ul style="list-style-type: none"> <li>i. differentiate between public sector accounting and commercial accounting;</li> <li>ii. identify the sources of government revenue including federation account sharing between the three tiers of government;</li> <li>iii. calculate consolidated revenue fund and determine the values of assets and liabilities;</li> <li>iv. analyse the duties of the Accountant General, the Auditor General, the Minister of Finance and the Treasurer of local government;</li> <li>v. distinguish between the elements of control in government accounting procedures e.g virement, warrant, votes, authority to incur expenditure, budget and due process certificate.</li> </ul>

### RECOMMENDED TEXTS

**Adeifa O. Ajileye, J. O and Oluwasanna, R. O (2001).** *Get your Financial Accounting Right. Book One:* Oyo, Tenlad Press International.

**Ajileye, J. O. and Adetifa O. (2001).** *Get your Financial Accounting Right, Book Two:* Lagos: De Hadey Printing Services

**Akinduko, A. O (2001).** *Basic Accounting:* Akure: Spetins

**Anao, A. R (1993).** *An Introduction to Financial Accounting,* Lagos: Longman

**Awoyemi, E. O. (1989).** *A guide to Government Accounting and Internal Audit,* Ibadan: Onibonje Press

**Dodge, R. (2002).** *Foundation of Business Accounting, (Second Edition),* Bershire: Chapman and Hall

**Ekwere, A. B. (1997).** *Contemporary Accounting,* Abuja: Aflon

Finance (Control and Management) Act 1959

**Frank, W. and Omuya, J. O. (1988).** *Book keeping and Accounting for Senior Secondary Schools,* Vols. 1 & 2 London: Pitman

**Hassan M. M. (2001).** *Government Accounting,* Lagos: Malthouse Press Limited

**Igben, R. O. (2004).** *Financial Accounting Made Simple (Vol. I)* Lagos: Roi Publishers

**Longe, O. A. and Kazeem, R. A (2006).** *Essential Financial Accounting for Senior Secondary Schools:* Lagos: Tonad Publishers Limited

**Millichamp, A. H. (1989).** *Foundation Accounting: An Introduction manual for Accounting Students,* London: DP Publications

**Okwoli, A. A. (1995).** *Financial Accounting,* Zaria: Tamaza Publishers

**Oshisami, K. (1997).** *Government Accounting and Financial Control:* Ibadan: Spectrum