

**Oberlin High School
Principles of Accounts
Grade: Ten
Content Outline**

Content

Unit 1- Accounting as a Profession

General Objective: To understand the underlying process of accounting as a profession.

1. The Concept and Purposes of Accounting
 - Concept of “Accounting” and “Principles of Accounting”.
 - Accounting as a business practice – the purpose of Accounting.
2. Users of Accounting Information
 - Internal Users
 - External Users
3. Traditional and Emerging Careers in The Field of Accounting
 - banking
 - management
 - insurance
 - entrepreneurship
4. Ethical Issues in The Field of Accounting
 - Ethical principles of Accounting. For example, Code of Ethics: objectivity, professional competence, integrity, professional behaviour, and confidentiality:
 - appropriate application of the ethical principles.
 - inappropriate application of the ethical principles.
 - Appropriate application of accounting principles.
 - Inappropriate application of accounting principles. For example, fraud, tax evasion.
 - Results of inappropriate application of accounting principles. For example, law suits, loss of job, loss of integrity, imprisonment, and fines.

Unit 2: Accounting as a System

General objective: To expose students to the principles which are used to govern Accounting

1. Concepts and Conventions that Guide the Accounting Process
 - accounting concepts and conventions
 - principles which guide the accounting process:
 - accrual and matching
 - prudence (conservatism);
 - consistency; and,
 - separate entity.
2. Accounting Cycle
 - The accounting cycle with its diagrammatic representations.
3. Types of Business Organisations
 - Sole Traders;
 - Partnerships;

- Corporations (Limited Liability companies);
 - Cooperatives; and,
 - Non-Profit Organisations.
4. Financial Statements Prepared by Various Business Organisation
 - Income Statement (Trading and Profit and Loss A/C);
 - Income and Expenditure A/C;
 - Balance Sheets; and,
 - Cash Flow Statements.
 5. Role and Impact of Technology on the Accounting Process
 - accounting processes which could be readily performed by the use of the computer, for example, payroll, inventory control, receivables and payables schedules;
 - software currently being used in Accounting; and,
 - advantages and disadvantages of using the computer in Accounting.
 6. Concept of a Balance Sheet and The Balance Sheet Equation
 - Definition and purpose of a Balance Sheet.
 - Balance Sheet equation $A = C+L$.
 7. The Components of a Balance Sheet
 - Definition and examples of Assets, Liabilities and Capital.
 8. Examples of Different Types of Assets and Liabilities
 - Definition and examples of Non-current Assets, Currents Assets, Current Liabilities, Non-current Liabilities
 9. Construct Balance Sheets
 - Preparation of Balance Sheets.
 - Arrangement of Assets and Liabilities in order of:
 - permanence
 - Liquidity
 10. Determine which Items in a Balance Sheet will Change as a Result of Various Transactions
 - Effect of transactions on Balance Sheet items – increase or decrease in items while maintaining the Balance Sheet equation

Unit 4: Ledgers and the Trial Balance

General Objective: To allow students to appreciate the importance of Ledgers and Trial Balance in the Accounting Process

1. The Different Classes of Accounts
 - Nominal – expenses and revenue;
 -) Real – assets; and,
 - Personal – accounts receivable and accounts payable
2. Different Types of Ledgers
 - general ledger
 - sales/accounts receivable ledger
 - purchases/accounts payable ledger
3. The Significance of Debit and Credit in Each Class Of Account
 - Rules of entry for assets, liabilities, income (revenue), capital and expenses
4. Draw Up Simple Account Formats, Neatly and Accurately
 - Recording transactions in accounts using the double entry system
5. Post from Books of Original Entry to the General Ledger and the Subsidiary

Ledgers

6. Balance and Close Accounts
 - Balancing accounts: calculation of the balances carried down (c/d) and bringing down (b/d) those balances
7. Interpret Entries and Balances
 - The significance of the balances brought down on the accounts
8. Use the Balances Brought Down to Construct the Trial Balance
 - Preparation of the Trial balance
9. The Uses and Limitations of the Trial Balance
 - Uses and limitations of the trial balance

Unit 5: The Preparation and Analysis of Financial Statements of The Sole Trader

General Objective: To allow students to accurately prepare and examine Financial Statements.

1. Explain the Purpose of Preparing Financial Statements
 - The purpose of preparing Financial Statements to satisfy the needs of the users
2. Identify the Components of the Financial Statements
 - Trading and Profit and Loss Account and Balance Sheet
3. Draw up the income statement for sole traders to determine gross profit or loss and net profit or loss
 - Income statements for sole traders including adjustments for return inwards (sales returns) and return outwards (purchases returns), carriage – inwards and outwards; and closing inventory
4. Prepare classified balance sheet in vertical style
 - Definition of working capital (net current assets); calculation of working capital; preparation of classified Balance Sheet showing working capital.
5. The significance of the working capital for the operation of a business
 - Working capital as a basic tool for solvency; working capital formula
6. Use ratios to determine the performance (profitability) of the business
 - Calculate simple ratios such as inventory turnover, average inventory, gross profit percentage, net profit percentage.
 - Use ratios to determine business performance
7. Calculate ratios to demonstrate the financial position of a business
 - Calculate ratios such as current ratio; acid test ratio; return on investment.
 - Use ratios to analyse and interpret the financial position of a business
8. How the effect of net profit or loss on capital
 - Treatment of net profit or loss on the Balance Sheet
9. Make recommendations about a business based on ratio analysis.
 - Preparation of simple reports evaluating a business based on ratios and making recommendations