

## 423 FINANCIAL ACCOUNTING (NBC) LEVEL

### 1. AIM:

Provide the candidate with a deeper knowledge of the principles and methods of keeping financial records.

### 2. EXAMINATION SCHEME

One paper of 3 hours 30 minutes

- (a) 423 –1 Section A: 1 hour duration with 50 multiple choice type of questions  
25% of the total marks.
- (b) 423 - 2 Section B: 2 hours 30 minutes duration, 7 questions to answer 5  
(75% marks).

Topic/Objectives	Contents	Activities/Remarks
<p><b>1.0 The origin of Book-keeping and Accounts, concepts and Difference between Book-Keeping and accounts.</b></p> <p>(1) Distinguish between Book-keeping and Accounts and explain the uses of various books of Accounts.</p>	<ol style="list-style-type: none"> <li>1. The meaning and origin of Book-keeping and Accounts.</li> <li>2. The importance of Book-keeping:               <ul style="list-style-type: none"> <li>- show at a glance the financial position of your business etc.</li> <li>- help in management decision making.</li> </ul> </li> <li>3. Books of Accounts e.g.               <ul style="list-style-type: none"> <li>- General journal</li> <li>- Cash books</li> <li>- Sales day book</li> <li>- Purchases day book</li> <li>- Return outwards</li> <li>- Return inwards and their uses.</li> </ul> </li> <li>4. Different between Bookkeeping and Account.</li> </ol>	<ul style="list-style-type: none"> <li>- Name some Accounting Professional bodies in Nigeria.</li> <li>- Preparation of various books of original entry.</li> <li>- Problem solving on cash book, journal and other subsidiary books.</li> <li>- Teacher should ensure that the trainees are familiar with the books of original entries.</li> </ul>
<p><b>2.0 Assets, Liabilities and Capital</b></p> <p>(1) Explain assets, liabilities and capital and classify assets into current and fixed assets</p>	<ol style="list-style-type: none"> <li>1. The meaning of assets, liabilities and capital and classification of assets and liabilities.</li> <li>2. Differences between assets, liabilities and</li> </ol>	<ul style="list-style-type: none"> <li>- Give examples of assets and liabilities on a chart.</li> </ul>

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	capital	
<b>3.0 Double Entry Bookkeeping</b> (1) Explain the principles of double entry and classify account into personal and impersonal.	1. Double Entry Bookkeeping and types of account. (i) Personal Accounts (ii) Impersonal Accounts. - real - normal (with example)	- Practice as many exercises as possible on posting transaction to ledger. - Show chart listing items under each class of accounts.
<b>4.0 Books of Original and Secondary Entries</b> (1) Identify and explain various books of prime and secondary entries and post correctly from the books of original entries to the ledger. (2) Explain the uses of some sales documents.	1. Keeping of books of original and secondary entries. 2. Posting of entries from original books to secondary books (Ledger). 3. Sales documents: (a) Invoice (b) Delivery note (c) Credit note (d) Debit note	- List the books of original entry (prime entry). - Practice as many as possible on posting transaction to ledger. - Sketch out and fill specimen of invoice, delivery note, credit note, debit note. - Emphasize to student the need for working as many exercises on their own.
<b>5.0 The Cash Book</b> (1) Explain the columnal cash book (2 column and 3 column cash book), post entries from the cash book to the ledger and determine the closing balance in the cash book.	1. Keeping of cashbook. 2. Double column cash book with emphasis on contra entries. 3. Three column cash book. 4. Posting of entries from cash book to ledger. 5. Determination of closing balances in the cash books.	- Prepare the format for the double column, and three column cash book. - Practice many exercises as possible. - Trainees should be familiarized with the typical form or layout of the columnal cash book.
<b>6.0 The Journal</b> (1) Explain Journal, its uses and its correct posting to ledger.	1. The meaning and uses of journal e.g - To record credit purchase of fixed assets. - Correction and adjustment of errors. - Opening entries. - Transfer of accounts.	- Correct layout of a typical journal. - Work examples. - Teachers should emphasize that in journalizing the debit entry is made first and the narration is essential. - That not every

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	2. Posting of journal entries to ledger.	transaction is journalized. - Give homework.
<b>7.0 Control Account</b> (1) Explain the uses of Control Accounts and solve questions on Financial Control Account.	1. The meaning and uses of Control Account. 2. Types of Control Account. (i) Sales or Debtors Control Accounts (ii) Purchases or Creditors Control Accounts. 3. Preparation of Control Account.	- Give example of Control Accounts. - Work exercises based on Control Account. - Teacher should highlight how Control Accounts are used to determine credit purchase, balance of debtors, receipt from debtors.
<b>8.0 Imprest Account</b> (1) Describe the general format of a Petty Cash and prepare entries involving petty cash.	1. The importance and method of keeping imprest Accounts. 2. Preparation of petty cash book. 3. Make entries in the cash book. 4. The difference between petty cash book and ledger.	- Specimen of petty cash book should be used for illustration. Work exercises and give assignment.
<b>9.0 Trial Balance</b> (1) Give the concept of a trial balance and identify disclosed and undisclosed errors. (2) Explain the procedure of identifying the disclosed and undisclosed errors by Trial Balance and prepare a Trial Balance from ledger.	1. The meaning and uses of trial balance. 2. Extraction of Trial Balance from ledger. 3. Errors in Trial balance: (a) even when Trial Balance balance. (b) when it does not balance. 4. Step to follow if a trial balance does not balance.	- Specimen on Trial balance should be used to illustrate Work examples Work exercises. - Proper heading and lay out of Trial balance should be taught. - Teacher leads the students through a Trial Balance preparation. - Give assignment.
<b>10.0 Suspense Account</b> (1) Identify the uses and prepare a typical Suspense Account through solving giving problems.	1. The meaning and uses of Suspense Account. 2. Illustration of a typical Suspense Account. 3. Reconciliation of a given Suspense	- Teacher should teach the use of Suspense Account in balancing the Trial Balance. Work example, Work exercises.

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	Account.	
<b>11.0 Accounting Concepts and Conventions</b> (1) Explain the concepts and convention in Accounting.	Accounting concepts: 1. Prudency. 2. Accruals 3. Conversation going concern etc.	<ul style="list-style-type: none"> <li>- List and name the accounting concepts.</li> </ul>
<b>12.0 Bank Reconciliation Statement</b> (1) Explain the terms used in Bank Reconciliation and reasons for Differences in Bank Statement and Cash Book. (2) Prepare Bank Reconciliation Statement and Cash Book adjustment.	1. The meaning of Bank Statement 2. The reasons for the difference between cash book and Bank Statement balance. 3. Bank terms: <ul style="list-style-type: none"> <li>- Unpresented cheques</li> <li>- Uncredited cheques</li> <li>- Standing order</li> <li>- Bank charges or commission.</li> <li>- Dividend interest</li> <li>- Dishonoured cheques</li> <li>- Charges for cheque book.</li> </ul> 4. Purpose and procedure of preparing Bank Reconciliation Statement. 5. Preparing Cash Book adjustments. 6. Preparation of bank reconciliation statement.	<ul style="list-style-type: none"> <li>- Specimen of Book statement for illustration</li> <li>- Teacher should teach the two ways of presenting reconciliation statement.</li> <li>- Practice reading and interpreting bank statement.</li> <li>- Work examples.</li> <li>- Work exercises</li> <li>- Give assignments.</li> </ul>
<b>13.0 Revenue and Capital Expenditure</b> (1) Identify Capital and Revenue expenditure and distinguish between current assets and current liabilities.	1. The meaning of Revenue and Capital Expenditure 2. Revenue and Capital Expenditure, fixed asset and current assets, long-term liabilities and how they are treated in books of accounts.	<ul style="list-style-type: none"> <li>- Work example.</li> <li>- Work exercises.</li> <li>- Give assignment.</li> </ul>

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(2) Prepare accounts involving Revenue and Capital Expenditure, Current assets and Current liabilities.	3. Identification of items that are of Capital in nature and those that are of Revenue in nature. 4. Explanation of Fixed Asset, Current Liability, and Long-term liability.	
<b>14.0 Prepayment and Accrued Expenses</b> (1) Explain Prepayment and Accrued Expenses and treat Prepayment and Accruals in the Books of accounts.	1. The meaning of Prepayments and Accrued Expenses. 2. Reasons for treating prepayment and accrued expenses in the books of accounts. 3. Prepayment and Accrued Expenses in final accounts.	<ul style="list-style-type: none"> <li>- Work as many examples as possible.</li> <li>- Work exercises. Teacher should introduce examples such as rates, rent, premium, subscription in arrears or in advance etc.</li> <li>- Give assignment.</li> </ul>
<b>15.0 Depreciation</b> (1) Explain various methods of calculating depreciation and solve problems involving depreciations in the final Account.  (2) Bad and Doubt Debt Explain and treat Bad and Doubtful debt in the books of account.	1. The concept of Depreciation. 2. Methods of calculating Depreciation e.g. straight line, revaluation method etc. 3. Depreciation in the final account.  1. The concept of bad and doubtful debts. 2. The difference. 3. Adjustment of bad and doubtful debt. 4. Treat bad and doubtful debts in the books of account (Final Accounts).	<ul style="list-style-type: none"> <li>- Work example.</li> <li>- Give assignment.</li> <li>- Work as many examples as possible.</li> <li>- Work assignment Teachers should let the students realize that Bad Debt here refers debts written off in the profit and loss Account.</li> </ul>
<b>16.0 Final Account</b> (1) Prepare simple final account.	1. Preparation of simple final account (Trading Profit and Loss account and Balance Sheet). 2. Importance of financial statement e.g. Reflect the status of owners equity.	<ul style="list-style-type: none"> <li>- Work examples on terminologies to arrive on each item. Teacher should explain terminologies and proper heading of Trading Account.</li> <li>- Prepare Trading</li> </ul>

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	3. Relationship between Final Account, Trading, Profit and Loss Account and the Balance Sheet.	<p>Account. Teacher should emphasize the differences between gross profit, gross-loss and net loss.</p> <ul style="list-style-type: none"> <li>- Drill on identification of profit and loss items.</li> <li>- Prepare Profit and Loss Accounts.</li> <li>- Balance Sheet items.</li> <li>- Prepare Balance Sheet.</li> <li>- Show the financial position of the organization etc.</li> </ul>
<p><b>17.0 Partnership Transaction</b></p> <p>(1) Distinguish between Partnership, Company and Sole Trader.</p> <p>(2) State the requirements for formation of a partnership.</p> <p>(3) Prepare the final accounts of partnership business</p>	<ol style="list-style-type: none"> <li>1. The meaning of partnership</li> <li>2. Partnership formation and dissolution</li> <li>3. Requirement for formation of partnership</li> <li>4. Types of partnership e.g. Nominal, Dormant, Active and Limited Partners. Formation of partnership.</li> <li>5. Distinguish between partnership and a Sole Trader.</li> <li>6. Preparation of final accounts of partnership</li> </ol>	<ul style="list-style-type: none"> <li>- List examples of partnership within the locality.</li> </ul>
<p><b>18.0 Book-Keeping Entries Relating to Income tax</b></p> <p>(1) Explain Income Tax and treat the book-keeping entries of tax for the Inland Revenue.</p>	<ol style="list-style-type: none"> <li>1. The meaning of Income Tax.</li> <li>2. Purpose of Income Tax.</li> <li>3. The basis of tax assessment.</li> <li>4. PAYE Chart</li> <li>5. Methods of transferring tax payment to appropriate Inland Revenue.</li> <li>6. Book-keeping entries when tax deducted are</li> </ol>	<ul style="list-style-type: none"> <li>- Visit Tax office nearby.</li> <li>- Study various Tax Forms.</li> <li>- Give examples.</li> <li>- Work exercises to reflect book-keeping entries.</li> <li>- Invite business organizations e.g. Tax Officers to the School.</li> <li>- Give assignment.</li> </ul>

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	<p>handed over to the appropriate Inland Revenue Department.</p> <ol style="list-style-type: none"> <li>Agencies involved in handling Tax matters.</li> <li>Tax structure in Nigeria.</li> </ol>	
<p><b>19.0 Containers Account</b></p> <p>(1) Identify types of Containers Account and prepare Containers, Trading and Stock Account</p>	<ol style="list-style-type: none"> <li>Kinds of Containers.</li> <li>Containers Trading and Stock Account.</li> <li>Preparation of Goods sold on approval of Return Day Book or Return Journal.</li> </ol>	<ul style="list-style-type: none"> <li>Work many examples of Containers Accounts.</li> <li>Trading Stores to see business activities.</li> <li>Students records prices of goods etc.</li> <li>Give assignment.</li> </ul>
<p><b>20.0 Manufacturing Account</b></p> <p>(1) Prepare Manufacturing Accounts</p>	<ol style="list-style-type: none"> <li>A simple Manufacturing or production account showing various classifications (prime cost, overhead cost etc).</li> <li>Preparation of Final Accounts of Manufacturing concern</li> </ol>	<ul style="list-style-type: none"> <li>Give examples.</li> </ul>
<p><b>21.0 Single Entry and Incomplete Records</b></p> <p>(1) Distinguish between Single Entry and Incomplete Records.</p>	<ol style="list-style-type: none"> <li>Meaning and nature</li> <li>Computation of profit from two balance sheets.</li> <li>Preparation of final accounts from a set of incomplete records</li> </ol>	<ul style="list-style-type: none"> <li>Work examples</li> <li>Give assignment</li> </ul>
<p><b>22.0 Accounts of Non-Profit Making Organisation</b></p>	<ol style="list-style-type: none"> <li>Receipts and payment accounts.</li> <li>Income and Expenditure accounts.</li> <li>Subscription in advance and in arrears.</li> <li>Accumulated Fund.</li> <li>Preparation of Balance Sheet.</li> </ol>	<ul style="list-style-type: none"> <li>List examples of clubs within the locality with incomplete record.</li> <li>Work examples.</li> <li>Give assignment.</li> </ul>
<p><b>23.0 Company Accounts</b></p> <p>(1) Explain Company Accounts.</p> <p>(2) Prepare Company</p>	<ol style="list-style-type: none"> <li>Formation – statutory requirements.</li> <li>Issue and redemption of shares – par value and no par value shares.</li> </ol>	<ul style="list-style-type: none"> <li>Work examples on terminologies of company accounts.</li> <li>Visit partnership Stores and Limited</li> </ul>

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Accounts	<ol style="list-style-type: none"> <li>3. Loan capital – issue and redemption</li> <li>4. Final Accounts for internal use only</li> <li>5. Purchase of a Sole Trader by a company</li> <li>6. Conversion of a partnership into Limited liability company (simple treatments only)</li> <li>7. Interpretation of accounts using simple ratios.</li> </ol>	Liability Company
<b>24.0 Departmental and Branch Accounts</b> (1) Explain Departmental and Branch Accounts (2) Prepare Departmental and Branch Account.	<ol style="list-style-type: none"> <li>1. Preparation of Departmental and total profit.</li> <li>2. Inter-branch transaction excluding foreign branches.</li> <li>3. Relationship between head office and branches accounts</li> </ol>	<ul style="list-style-type: none"> <li>- Work examples</li> <li>- Give assignment</li> </ul>
<b>25.0 Hire Purchase Accounts</b> (1) Explain Hire Purchase Accounts. (2) Prepare Hire Purchase Accounts	<ol style="list-style-type: none"> <li>1. Meaning and purpose of Hire Purchase.</li> <li>2. Making entries in the books of the hirer.</li> </ol>	<ul style="list-style-type: none"> <li>- Work examples</li> <li>- Give assignment.</li> </ul>
<b>26.0 Consignment Accounts</b> (1) Prepare consignment accounts.	<ol style="list-style-type: none"> <li>1. Meaning and terminologies.</li> <li>2. Accounting treatments in the books of the consignor.</li> <li>3. Preparation of consignee's account.</li> <li>4. Account Sales.</li> </ol>	<ul style="list-style-type: none"> <li>- Give example of the terminologies of consignment document.</li> <li>- Work examples.</li> <li>- Give assignment.</li> </ul>
<b>27.0 Joint Venture Accounts</b> (1) Prepare joint venture accounts.	<ol style="list-style-type: none"> <li>1. Meaning and purpose</li> <li>2. Joint venture account</li> <li>3. Memorandum account</li> </ol>	<ul style="list-style-type: none"> <li>- Give assignment.</li> </ul>
<b>28.0 Public Sector Accounting</b> (1) Explain the sources of Public Revenue	<ol style="list-style-type: none"> <li>1. Source of Public Revenue</li> <li>2. Capital and Concurrent Expenditure</li> </ol>	<ul style="list-style-type: none"> <li>- Work examples.</li> <li>- Students and Teachers should visit Inland Revenue.</li> </ul>



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	3. Simple government accounting procedures.	
<b>29.0 Introduction to Data Processing</b>	<ol style="list-style-type: none"> <li>1. Historical Development of Computer</li> <li>2. Basic elements, component, classification and functions of a Computer.</li> <li>3. Basic terminologies of a computer</li> <li>4. Computer application in an Accounting environment.</li> </ol>	<ul style="list-style-type: none"> <li>- Visit Computer centre.</li> <li>- Operate computer.</li> </ul>