

LATEST EDITION

ACCOUNTING

JUPEB SYLLABUS



SYLLABUS FOR MSS - J131
ACCOUNTING

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GENERAL OBJECTIVES

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At the end of the series of courses, candidates should be able to:

1. explain the nature of Financial Accounting;
2. reconcile Cash Book balance with the Bank Statement balance;
3. prepare the Financial Statements of Sole Proprietorships, Partnerships and Not-for-Profit Organisations;
4. explain the concepts and principles of cost and management accounting;
5. analyse and predict cost behaviour, as output and markets vary to determine its impact on profit;
6. demonstrate understanding of the concepts and principles of auditing;
7. discuss the nature and structure of the Nigerian tax administration; and
8. compute taxes payable by applying the extant corporate tax rate.

FIRST SEMESTER COURSES

ACC 001: BASIC FINANCIAL ACCOUNTING (3 UNITS)

ACC 002: BASIC COST AND MANAGEMENT ACCOUNTING (3 UNITS)

SECOND SEMESTER COURSES

ACC 003: BASIC AUDITING (3 UNITS)

ACC 004: BASIC PRINCIPLES OF NIGERIAN TAXATION (3 UNITS)

COURSE DESCRIPTION

ACC 001: Basic Financial Accounting (3 Units)

The objective of this course is to introduce candidates to Financial Accounting to enable them appreciate its importance in modern management.

Specific Objectives

At the end of this course, candidates should be able to:

1. explain the nature of Financial Accounting;

2. state the meaning of basic accounting terms, concepts and conventions;
3. post financial transactions from the books of original entry to the ledger up to extraction of trial balance;
4. reconcile Cash Book balance with the Bank Statement balance;
5. explain the structure and operations of the International Accounting Standards Board; and
6. prepare the Financial Statements of Sole Proprietorships, Partnerships and Not-for-Profit organisation and limited liability companies.

Course Content

| TOPICS | SUB-TOPICS | DETAILS |
|-----------------|---|--|
| 1. Introduction | <ul style="list-style-type: none"> Nature of Accounting Distinction between Book-Keeping and Financial Accounting Importance of Financial Accounting and Users of Financial Accounting Information Types of Profit Making Organisations; and Types of Not-For-Profit Organisations Fundamental Accounting Concepts Accounting Equations Business Transactions and their Impacts on Accounting Equations Analysis of Transactions in the Context of Accounting Equations | <p>Definition of Accounting, similarities and differences between book-keeping and accounting. Role of accounting in economic decision making. Users of financial accounting information and their needs; (managers, current and potential investors, employees, financial institutions, financial analysts, Government agencies, researchers, etc. Sole proprietorships, partnerships, limited liability companies, religious bodies, political parties, trade associations, non-governmental organisations, etc.).</p> <p>Accounting Concepts: Entity, duality, going concern, objectivity, matching, prudence, realisation, accrual, historical, money measurement, fairness,</p> |

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| | <p style="color: red; text-align: center;">UPLOADED BY WWW.READNIGERIANNETWORK.COM</p> | <p>substance over form, materiality, etc</p> <p>Basic accounting equation: $Assets = Capital + Liabilities.$ Components of basic accounting equation and their manipulations. Impact of business transactions on accounting equation. Payments for goods and services, acquisition of non-current assets, income, part payments for assets acquired, etc.</p> |
| <p>2. Introduction to the Structure of International Accounting Standards Board (IASB)</p> | <ul style="list-style-type: none"> • The Structure of IASB • IASB Conceptual Framework • IAS/IFRS | <p>Structure of the International Accounting Standards Board (IASB): The IFRS foundation, International Accounting Standard Board (IASB), IFRS Interpretation Committee, IFRS Advisory Council and Directorate of Technical Activities and The Technical Staff. The need for Regulatory Framework, the pathway to global financial reporting harmonisation and impact of globalisation. The IASB Conceptual Framework. Application of IAS 2 (Inventories) and IAS16 (Property, Plant and Equipment).</p> |
| <p>3. Basic Steps involved in Book-Keeping up to the Trial Balance</p> | <ul style="list-style-type: none"> • Source Documents • Information contained in the Source Documents • Subsidiary Books • The Principal Books of Accounts, i.e., Ledgers | <p>Definition of source documents, recording of transactions into source documents, importance of source documents, types of source documents (receipts, invoices, vouchers, debit notes,</p> |

Types of Accounts /
Classification of Accounts

credit notes, pay-in-slips/bank tellers, cheques and cheque stubs, dividend warrants, etc.).

Qualitative information and quantitative information, importance of subsidiary books, types of subsidiary books: purchases day book, sales day book, sales returns day book/return inwards day book, purchases returns day book/return outwards day book, journal proper/general journal/principal journal, and cash book: single column cash book, double column cash book, three column cash book and petty cash book and the dual purpose of cash book.

Uses of general journal: opening entries, closing entries, determination of capital, and correction of errors, inter accounts transfers, etc.

Types of ledgers:

Sales/Receivables Ledger, Purchases/Payable Ledger, Cash Book.

The general ledger: income, expenses, assets, liabilities and capital of the organisation.

Nominal accounts, e.g., sales, expenses, drawings, capital accounts.

Personal accounts e.g. receivables and payables accounts.

Real accounts, e.g., non-current assets i.e. tangible and intangible, cash and bank, and inventory.

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| <p>4. Debit and Credit Entries in Accounting</p> | <p>Principles of Double Entries</p> | <p>The meaning of debit and credit entries in financial accounting. Analysis of transactions before posting. What to debit, what to credit. Elements of financial statements (i.e. assets, expenses, capital, revenue and liabilities) and how they affect the debit and credit entries. Balancing of ledger accounts. Preparation of Trial Balance to ascertain the arithmetical accuracy of the entries in the ledger accounts.</p> |
| <p>5. Accounting Errors and Corrections</p> | <ul style="list-style-type: none"> • Limitations of the Trial Balance • Suspense Account • Control Account | <p>Errors not affecting the trial balance: errors of principles, complete omission of transaction, original entry, commission, complete reversal of entries, compensating error. Errors affecting the agreement of the Trial Balance/tracing the sources of errors: casting error, transposition, failure to pick a ledger balance, single entry error, and wrong classification of a ledger balance in the trial balance. Correction of errors. Use of suspense account: identifying errors to be corrected through the suspense account, and other errors not affecting the suspense account. Control accounts and self-balancing ledgers. General use of control accounts: trade receivable control accounts and trade payable control accounts.</p> |

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| <p>6. Bank Reconciliation Statement</p> | <ul style="list-style-type: none"> • Balance as per Business Cash Book • Balance as per Bank Statements | <p>Causes of differences between balance in the bank statement and the balance in the cash book. Transactions recorded only in the cash book and transactions recorded only in the bank statements. Errors made in the cash book and the bank statement. Purpose of bank reconciliation. Framework for bank reconciliation statement. Preparation of adjusted cash book using legitimate items affecting the business and bank reconciliation statement. Identification of items affecting the preparation of bank reconciliation statements only.</p> |
| <p>7. End of Period Adjustments</p> | <ul style="list-style-type: none"> • The Periodicity Concept • Matching Concept • Capital Expenditure • Revenue Expenditure • Depreciation • Allowances | <p>Explanation of the linkage among the concepts of going concern, periodicity and matching in the preparation of financial statements to assess business performance. Definitions of capital expenditure and revenue expenditure. Accruals (expenses and income), Prepayments (expenses and income), Depreciation of non-current assets: e.g., straight line and reducing balance methods, adjustments for disposal of non-current assets. Allowances for irrecoverable and doubtful debts and treatment of bad debt recovered. Allowances for discount allowed.</p> |

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| <p>8. Financial Statements of Sole Proprietorship</p> | <ul style="list-style-type: none"> • Preparation of Financial Statements of Sole Proprietorship | <p>The Income Statement: determination of gross profit and net profit. Statement of Financial Position using strictly vertical format.</p> |
| <p>9. Manufacturing Accounts</p> | <ul style="list-style-type: none"> • Manufacturing Accounts | <p>Determination of cost of goods manufactured: Prime cost, Factory overheads, Total cost of goods manufactured, Adjustments for work-in-progress and cost of goods manufactured, Direct purchase of finished goods. Treatment of unrealised profit elements from unsold inventory where manufactured goods are transferred to the sales department at a profit.</p> |
| <p>10. Partnership Accounts</p> | <ul style="list-style-type: none"> • Introduction to Partnership Accounts | <p>Formation of Partnership including Partnership Deed, The Partnership Act 1890, Types of partnership (limited and unlimited), Types of partners (active and dormant), Statement of Profit or Loss, Statement of Distribution of Profits, Current Account and Capital Account, Preparation of Statement of Financial Position. Preparation of Financial Statements in the absence of Partnership Agreements.</p> |
| <p>11. Incomplete Records</p> | <ul style="list-style-type: none"> • Preparation of Financial Statements from Incomplete Records. | <p>Single entry book keeping: Preparation of Opening Statement of Affairs, Determination of sales and purchases, Determination of</p> |

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| 12. Accounts of Clubs and Societies | <ul style="list-style-type: none"> • Preparation of Financial Statements of Not-for-Profit Organisation | <p>Cost and other expenses, Preparation of Income Statement and Statement of Financial Position.</p> <p>Preparation of statements of income and expenditure to determine surplus or deficit for the period. Preparation of trading account where the club or society engages in other business activities such as restaurant, bar, etc. Preparation of receipts and payments account. Preparation of statement of affairs.</p> |
| 13. Financial Statements of Limited Liability companies | <p>Introduction to the Preparation of Financial Statements of Limited Liability Companies</p> | <p>Types of limited liability companies, difference between limited liability companies and other forms of business, issue of shares and debentures, articles and memorandum of association, shareholders and directors, payment of dividend and interests. Preparation of income statement and other comprehensive income for internal use. Preparation of statement of financial position for internal use.</p> |

CC 002: Basic Cost And Management Accounting (3 Units)

Specific Objectives

This course is designed to enable candidates demonstrate the requisite analytical skills to prepare cost and management accounting information for the use of corporate internal decision making.

At the end of this course, candidates should be able to:
 demonstrate understanding of the concepts and principles of cost and

- management accounting and their uses in control decisions in business and other activities;
- 2 analyse and predict costs behaviour as output and markets vary and determine its impact on profits; and
 - 3 apply to business, appropriate methods and techniques in collecting, measuring and reporting cost and management accounting information.

Course Content

| TOPICS | SUB-TOPICS | DETAILS |
|--------------------------|---|--|
| 1. Introduction | <ul style="list-style-type: none"> • Nature and Scope of Cost Accounting • Management Accounting • Comparison of Cost and Management Accounting with Financial Accounting | Definition of Cost Accounting, objectives of Cost Accounting, qualities of Cost Accounting information, importance of cost accounting information to the management, differences between cost accounting and financial accounting, differences between cost accounting and management accounting. Difference between costing methods and costing techniques. |
| 2 Basic Elements of Cost | <ul style="list-style-type: none"> • Introduction to Cost Terminologies and Meanings • Components of Cost • Cost Classification and Behaviour • Cost Estimation Technique | Meaning of cost, cost centres and cost units, cost objects, cost allocation, cost apportionment, cost allowance and coding. Classification of cost according to: elements (material, labour and expenses), traceability (direct and indirect costs), behaviour (variable, fixed, stepped fixed and mixed costs), function (production, administration, selling and |

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| <p>3 Material Costing</p> | <ul style="list-style-type: none">• Purchasing Receipt, Storage and Issuance of Materials | <p>Store and store keeping, purpose of the store keeping, store layout, types of store (centralised store, decentralised stores, combination of both), and factors that facilitate effective materials cost control. The purchasing process (material requisition form, purchase requisition form, purchase order form, receiving inventory into the store, delivery note, goods received note, and payment to suppliers). Recording inventory levels: (the bin card and the store ledger card/account). Stock taking: periodic stock taking and continuous stock taking.</p> |
| <p>4 Quantitative Model for Material and Stock Controls</p> | <ul style="list-style-type: none">• Identification of Costs of Inventory• Control of Inventory• Efficiency in Managing Material Costs• Valuation of Inventory | <p>Inventory costs, i.e. (purchase cost, ordering cost, holding cost and stock out cost and their components). Inventory Control Levels: re-order level, maximum inventory level, minimum inventory level, Economic Order Level (EOQ) including its assumptions and average inventory level. Inventory Valuation: Pricing of issues and valuation of inventories, methods of pricing issues and valuing inventories such as: FIFO, LIFO and Weighted Average Methods.</p> |

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| <p>5 Labour Costing</p> | <ul style="list-style-type: none"> • Introduction to Labour Costing and Control • Labour Remuneration Methods | <p>Labour behaviour and control, job evaluation, merit rating, work study, labour cost computation including over time components. Time Rate methods of remuneration: Piece Rate methods of remuneration (Straight piece rate, Differential piece rate; and Piece rate with guaranteed minimum wage); Premium bonus schemes such as: Halsey bonus scheme, Halsey Weir bonus scheme and Rowan bonus scheme). Determination of Direct and indirect elements of cost of labour; labour cost minimization techniques.</p> |
| <p>6. Overhead Cost</p> | <ul style="list-style-type: none"> • Accounting for Overheads | <p>Definition of overheads, features and accumulation of overheads. Stages of absorbing overheads: allocation, apportionment and absorption of overheads. Basis of overhead absorption rate: direct labour hours, machine hours, production units, percentages of labour cost, material cost, and prime cost. Calculation of over and under absorption of overheads.</p> |
| <p>7. Job Costing</p> | <ul style="list-style-type: none"> • Features of Job Costing Method • Determination of Job Costs | <p>Features of job costing. Examples of jobs and preparation of job cost sheet. Content of job cost sheet: material cost and wages/labour costs. Overhead cost: allocation, apportionment and absorption of overhead cost into jobs. Computation of mark-up and margin.</p> |
| <p>8. Costing Techniques</p> | <ul style="list-style-type: none"> • Absorption Costing Technique • Marginal Costing Technique | <p>Definitions of absorption and marginal costing. Differences between absorption and marginal costing techniques. Computation of business performance using marginal costing and absorption costing techniques. Reconciliation of Absorption costing profits and Marginal Costing profits. Application of costing techniques in economic decision making.</p> |

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| 9. Cost Volume Profit Analysis | Introduction to Cost Volume Profit Analysis | Features of cost volume profit analysis. Assumption of Break Even Analysis. Application of Break Even Analysis. Contribution Margin Ratio, margin of safety, graphical analysis, break even chart, Contribution chart, Profit volume chart graph and limitation of break even analysis. |
| 10. Budgeting | <ul style="list-style-type: none"> • Introduction to Budgeting • Cash Budgets | Definition of budget, fundamentals of budgeting, limiting factors on budget, benefits of budget, types of budget and budgeting process. Preparation of cash budget. |
| 11. Investment Appraisal | Basic Elements of Capital Budgeting | Introduction to capital budgeting. Differences between short term budget and capital budget. Features of capital budgeting. Appraisal of capital investment using: Payback period, Accounting Rate of Return, Net Present Value, and Internal Rate of Return. |

ACC 003: Basic Auditing

(3 Units)

This course is designed to enable candidates demonstrate a clear understanding of what is important in contemporary auditing. The course also enables them to learn the principles of auditing and be aware of relevant audit tools. The course emphasizes the importance of conceptual, legal and regulatory frameworks for auditing.

Specific Objectives

At the end of this course, candidates should be able to:

1. explain the concepts and principles of auditing;
2. demonstrate introductory knowledge of the audit process;
3. demonstrate awareness of the concepts of audit independence, objectivity, integrity, confidentiality, due care and competence; and
4. explain the concept of true and fair view (fair presentation) in relation to expressing an audit opinion.

DETAILS

| TOPIC | SUB TOPIC | DETAILS |
|---------------------------------|---|---|
| 1. History of Auditing | <ul style="list-style-type: none"> • Introduction to Auditing | <p>Scope and Development of Accounting: Stewardship Scope, Financial Accounting Scope, Management Accounting Scope, Social Welfare Accounting Scope.</p> <p>Development of Professional Accounting Bodies and Branches of Accounting.</p> <p>Features of modern business: separation of owners from management. Information asymmetry emanating from Stewardship Accounting. Need for external attestation of management financial reports – Auditor’s attestation.</p> |
| 2. Nature and scope of Auditing | <ul style="list-style-type: none"> • Meaning of Auditing | <p>Definition and importance of Auditing. Spin-off effects of auditing: accounting, consultancy, executorship, feasibility report, staff audit, etc.</p> |
| 3. Audit Framework | <ul style="list-style-type: none"> • Legal/Statutory Framework • Conceptual Framework • Regulatory Framework | <p>Legal Framework (CAMA 1990, as amended) for Auditing in Nigeria: Qualification (who may be an auditor), Appointment, removal, Duties and Rights, Audit guidelines and standards. Qualities expected of auditors. Concepts of audit independence, objectivity, integrity, confidentiality, due care, and competence.</p> |
| 4. Audit Communication | Documentation of Audit-Client Agreement and Findings | <p>Audit Communication: Letter of Engagement, Letter of Representation, Letter of Weakness, audit working papers and access to statutory corporate documents.</p> |
| 5. Report | Audit report | <p>Audit Report: Concept of True and Fair View (Fair Presentation), types of audit reports and Contents of Audit Report.</p> |
| 6. Contemporary issues | Relevant Issues in Accounting and Auditing | <p>Contemporary Issues in Auditing and Accounting: Creative Accounting, Ethics in Accounting, Ethics in Auditing and Forensic Accounting.</p> |

ACC 004: Basic Principles Of Nigerian Taxation (3units)

This course is designed to test candidates' knowledge of the basic Principles of Taxation as applicable in Nigeria. Candidates are expected to demonstrate knowledge of the objectives of taxation, show familiarity with the history of tax and taxation in Nigeria, explain the structure of the Nigerian tax System and distinguish between Taxes and Levies and discuss the nature and types of Multiple Taxes.

Specific Objectives

At the end of this course, candidates should be able to:

1. discuss the nature and structure of the Nigerian tax administration;
2. distinguish types of taxes under different Tax Authorities in Nigeria; and
3. compute taxes payable by applying the current corporate tax rate.

Course Content

| TOPICS | SUB TOPICS | DETAILS |
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| 1. History of Tax | History of Tax and Taxation in Nigeria | Definition of Tax, difference between tax and taxation, brief history of Tax and Taxation in Nigeria. Canons of taxation: simplicity, convenience, certainty and equality. |
| 2. Tax Authorities in Nigeria | <ul style="list-style-type: none"> • Federal • State • Local Governments | <p>Federal: Federal Board of Inland Revenue, Federal Inland Revenue Service, Technical Committee, Body of Appeal Commissioners and Joint Tax Board.</p> <p>State: State Board of Inland Revenue, State Internal Revenue Services and Technical Committee.</p> <p>Local Government: Local Government Revenue Committee.</p> |
| 3. Tax Administration in Nigeria | <p>Jurisdictions and taxes administered</p> <ul style="list-style-type: none"> • Federal Administered Tax • State Administered Tax | <p>Federal: Companies Income Tax, Petroleum Profits Tax, Capital Gains Tax, Value Added Tax, Education Tax, Withholding Tax and Personal Income Tax.</p> <p>State: Personal Income Tax, Capital Gains Tax (Individuals), Withholding Tax (Individuals), Market Fees, Motor Vehicles Licence and Land Use Charge.</p> <p>Local Government: Tenement Rate, Water</p> |

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| | <ul style="list-style-type: none"> Local Government Administered Tax | Rate, Stall Fees, Radio Licence, Kiosks Fees, Market Fees, Naming of Roads. |
| 4. Basis Periods | Determination of Basis Periods for New Business | Commencement Rules: 1 st Year of Assessment, 2 nd Year of Assessment, 3 rd and Subsequent Years of Assessment, Taxpayer's Options. |
| 5. Computation of Tax Liabilities | Determination of Tax Liability | Determination of chargeable profits and application of current corporate tax rate. Assessable Profits, Chargeable profits and Current Tax Rates. |

RECOMMENDED TEXTS

1. Arogundade, J. A. (2005). *Nigerian Income Tax and its International Dimension*. Ibadan: Spectrum Books.
2. Chartered Institute of Taxation of Nigeria (2002). *Nigerian Tax Guides and Statutes*. Lagos: CITN.
3. Igben, R. O. (2004). *Financial Accounting Made Simple*, Vol. 1. Lagos: ROI Publishers.
4. Glautier Michel, Brian Underdown and Deigan Morris (2011). *Accounting Theory and Practice (8th ed.)*. England: Prentice Hall-Financial Times.
5. Horngren, C. T. (2005). *Cost Accounting: A Managerial Emphasis*. Prentice-Hall International.
6. Lucey, T. L. (2002). *Costing*. Singapore: Book Power.
7. Eilifsen, A. W. F. Messier, Glover, S. M. and Prawitt, D.F. (2006). *Auditing and Assurance Services*. London: McGrawHill.
3. Millichamp, A. H. (2000). *Auditing*. England: DP Publications.
1. Omolehinwa, E. O. (2005). *Coping with Cost Accounting*. Lagos: Pumark Nigeria Ltd.
0. Wood, F. and Sangster, A. (2014). *Business Accounting Vols. 1 & II*. NY: Prentice-Hall, Financial Times.
1. Omolehinwa, E. O. (2014). *Foundation of Accounting: An IFRS Approach*. Lagos. Pumark Nig. Ltd Educational Publishers.
2. Hopwood, Leiner and Young (2008). *Forensic Accounting*. New York, NY: MCGraw-Hill.