ALP101-G

ACCOUNTING CONCEPTS, PRINCIPLES AND PROCEDURES
ACCOUNTING VS BOOKKEEPING

• BOOKKEEPING
  Identify transactions –
  Recording of transactions –
  Keeping a set of records

• ACCOUNTING
  Using the information and record them orderly and report to interested parties
FORMS OF OWNERSHIP

- Sole Traders
- Partnerships
- Close Corporations
- Companies
USERS OF FINANCIAL STATEMENTS

- Investors
- Creditors
- Employees
- Government
- Management
LU1: BASIC CONCEPTS

- Entity
- Assets
- Liabilities
- Equity
- Profits
- Income Accounts
- Expenditure Accounts
- Capital
- Drawings
CONCEPTS

• Entity

- An economic unit whose financial results are determined on their own.
- Results for each entity.
ASSETS
Non Current Assets

Property, Plant and Equipment

• Buildings
• Vehicles
• Equipment
ASSETS
Current Assets

- Inventory
- Debtors
- Cash and cash equivalents
CONCEPTS

• LIABILITIES

- Money owed by the business.
- Two categories
- Non Current Liabilities
- Current Liabilities
CONCEPTS

EQUITY

- Share of the business that belongs to the owner.
- The net worth of the owner.
- OE = A - L
CONCEPTS

• INCOME

- What the business earns
- Income from sales or services rendered
- Other income
CONCEPTS

• EXPENSES

- Cost incurred in the running of the business
CONCEPTS

• CAPITAL

- What the owner bring into the business
- Capital contribution
CONCEPTS

• Drawings

- What the owner takes out of the business.
- Cash or inventory