

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 fro 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