**Accounting**

The unit will enable learners to develop knowledge, understanding and skills in financial and management accounting

**Indicative Content**

**1. Understand the principles of financial accounting and reporting**

Accounting Concepts and Standards

* o Fundamental Accounting Concepts (accruals, consistency, going concern and prudence)
* o Generally Accepted Accounting Principles (GAAP’s) (e.g. money measurement, historical cost, materiality etc.)

International Accounting Standards (IAS)

Elements of Public Limited Companies’ annual report: Corporate information, Accounting policies, Income Statement, Statement of Financial Position, Statement of Cash Flows, Notes to the financial statements, Chairperson’s report, Director’s report, Auditor’s report.

Roles and responsibilities of directors and auditors with regard to published reports. i.e.

* o Directors are required to: select suitable accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent, state that financial statements comply with IFRS’s and appropriate, Accounting Standards, prepare financial statements on the going concern basis.
* o Auditors are required to ensure financial information: is relevant and shows all of the transactions for the financial year, is reliable and does not include errors, represents a true and fair view of the company, helps shareholders make important financial decisions about the company, is comparable with other companies.

**2. Be able to apply the principles of financial accounting**

* Business Costs: Fixed costs, Indirect costs, Direct costs, Semi-variable costs, Stepped costs, Total costs, Unit costs, Marginal costs.
* Pricing Methods: Cost-plus pricing, Discounting, Competitive pricing.
* Break-even analysis including: Break-even formulae, Contribution per unit, Total contribution, Margin of safety, Contribution to sales ratio, Profit / loss, Break-even charts, Contribution / Sales (profit/volume) charts.
* Budgeting: Types of budgets, Purposes of budgeting, Preparation and revision of budgets, Calculation of variances, Analysis and evaluation of variance results.

**3. Be able to apply management accounting principles and procedures**

* Business Costs; Fixed costs, Indirect costs, Direct costs, Semi-variable costs, Stepped costs, Total costs, Unit costs, Marginal costs.
* Pricing Methods; Cost-plus pricing, Discounting, Competitive pricing.
* Break-even analysis including; Break-even formulae, Contribution per unit, Total contribution, Margin of safety, Contribution to sales ratio, Profit / loss, Break-even charts, Contribution / Sales (profit/volume) charts.
* Budgeting; Types of budgets, Purposes of budgeting, Preparation and revision of budgets, Calculation of variances, Analysis and evaluation of variance results.