Kindly review and research the following topics for the new term

NB: Notes should be written in workbooks

VYASA PURNIMA TERM 2020

LESSON PLAN

WEEK 1

Teacher: Ishwar Becham

Subject: Business Education

Topic: Accounting as a profession

Class: Form 3D-S

Lesson – 1

SPECIFIC OBJECTIVES

Based on the content provided, student should be able at the end of the time allocated to have the necessary knowledge of the following areas listed.

- ✓ What are the concepts and principles of accounting
- ✓ What are the purposes of accounting as a business practice?
- ✓ Who are the users of accounting information and their needs?

CONTENT

Concept of Accounting

Accounting is the process of identifying, recording, measuring and communicating financial information which allows balanced judgement and sound financial management decisions. Account systems have been used throughout history as long as there was need to make financial decisions.

The purposes of Accounting as business practice are:

-Identifies, records, measures and communicates information on the finances of a business.

-Focuses or communicates information about entities in monetary terms.

-Provides general financial information which may be used for specific functions by relevant entities in need of financial information.

-Has the intended effect of assisting the organization in reaching its objectives.

-Illuminates what is being measured, as well as providing summarized information for general management decision making.

Users of accounting information

<u>Internal users</u>

-Owners of the business – to assess the results of their investment in the business.

-Managers – to plan, control, analyze, and evaluate activities and performance in order to strengthen policies.

-Employees – to look at the stability of the business, job security and adequacy of salary.

<u>External users</u>

-Government – to ensure that legal conformity and tax obligations are met by businesses; to assess impact of business activities on the economy.

-Competitors – to make performance comparisons and strengthen weak areas.

-Suppliers – to determine the credit history of potential customers before committing to supply.

-Customers – To provide after-sales support.

SARASWATI VIDYA NIKETAN

VYASA PURNIMA TERM 2020

LESSON PLAN

WEEK 1-2

Teacher: Ishwar Becham

Subject: Business Education

Topic: Accounting as a profession

Class: Form 3D-S

Lesson – 2

SPECIFIC OBJECTIVES

Based on the content provided, student should be able at the end of the time allocated to have the necessary knowledge of the following areas listed.

- ✓ What are some of the traditional and emerging careers in Accounting?
- ✓ What are the ethical principles of Accounting?
- ✓ What are the effects of poor ethics in Accounting?

CONTENT

Some traditional and emerging careers in Accounting are:

- Accountant
- Accounting Assistant
- Accounting Clerk
- Accounting Manager
- Accounts Payable Clerk
- Accounts Receivable Clerk
- Bookkeeping

- Budget Analyst
- Certified Internal Auditor
- Chief Financial Officer - CFO
- Comptroller/Controller
- CPA
- Forensic Accounting
- Government Accounting
- Payroll Clerk
- Staff Accountant
- Tax Accountant

The ethical principles of Accounting are:

Integrity

Integrity is an important fundamental element of the accounting profession. Integrity requires accountants to be honest, truthful and forthright with a client's financial information. Accountants should restrict themselves from personal gain or advantage using confidential information.

Objectivity and Independence

Objectivity and independence are important ethical values in the accounting profession. Accountants must remain free from conflicts of interest and other questionable business relationships when conducting accounting services.

Due Care

Due care is the ethical value requiring accountants to observe all technical or ethical accounting standards. Due care requires accountants to exercise competence, diligence and a proper understanding of financial information.

Confidentiality

The principle of confidentiality imposes an obligation on professional accountants to refrain from:

(a) Disclosing outside the firm or employing organization confidential information acquired as a result of professional and business relationships without proper and specific authority or unless there is a legal or professional right or duty to disclose; and

(b) Using confidential information acquired as a result of professional and business relationships to their personal advantage or the advantage of third parties.

The effects of poor ethics in Accounting are:

<u>Criminal Activities</u>

Poor ethics amongst business accountants means that those persons are more willing to break the rules to benefit either themselves or their business illegally. For example, an unethical accountant working at the behest of the business can manipulate the data to commit a number of crimes including fraud and tax evasion.

<u>Business Reputation</u>

Poor ethics can also inflict damages on the business' reputation and trustworthiness of its stakeholders, such as customers and business partners.

<u>Usefulness of Financial Statements</u>

Each time that an unethical accountant deliberately breaks the rules and regulations to manipulate the information presented on the financial statements to illegal advantage, those financial statements become less and less useful.

SARASWATI VIDYA NIKETAN

VYASA PURNIMA TERM 2020

LESSON PLAN

WEEK 2-3

Teacher: Ishwar Becham

Subject: Business Education

Topic: Accounting as a system

Class: Form 3D-S

Lesson – 3

SPECIFIC OBJECTIVES

Based on the content provided, student should be able at the end of the time allocated to have the necessary knowledge of the following areas listed.

- ✓ What is meant by the **Accounting Concepts and Conventions**?
- ✓ What are the **Accounting Concepts and Conventions**?

CONTENT

The Accounting Concepts and Conventions

Accounting concepts and conventions as used in accountancy are the rules and guidelines by which persons in the accounting professions carry out their work. All accounts and accounting statements should be created, preserved and presented according to the concepts and conventions. These set of rules and practices are recognized as a general guide for financial reporting purposes and they are in the context to have substantial authoritative support.

The Accounting Concepts and Conventions are:

Accruals and matching concepts

This concept outlines that income should be proper matched with the expenses of a given accounting period.

The Accruals and Matching Concept assumes:

Accruals Concept

Revenue should be recognized in the accounting period in which it is earned.

Matching Concept

Expenses should be matched with revenues in the period in which the revenues are earned. (i.e. the need for prepaid expenses)

Significance:

-It helps in knowing actual expenses and actual income during a particular time period.

-It helps in calculating the net profit of the business.

Prudence Concept or Concept of Conservatism

Profits are not recognized until a sale has been completed. In addition, a cautious view is taken for future problems and cost of the business (they are provided for in the accounts as soon as there is a reasonable chance that such cost will be incurred in the future.

The Prudence Concept assumes:

-Assets should not be overvalued

-Liabilities should not be undervalued

-The financial statements does not reflect overstatement or understatement of gains or losses but neutral

-Profit or revenue only recorded when they are realized.

Consistency Concept

Transactions and valuation methods are treated the same way from year to year, or period to period. Users of accounts can, therefore, make more meaningful comparisons of the financial performance from year to year. Where accounting policies are changed, companies are required to disclose this and explain the impact of any change.

Separate Entity

This convention seeks to ensure that private transactions and matters relating to the owner(s) of a business are segregated from the transactions that relate to the business.

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VYASA PURNIMA TERM 2020

LESSON PLAN

WEEK 3-4

Teacher: Ishwar Becham

Subject: Business Education

Topic: Accounting as a system

Class: Form 3D-S

Lesson – 6

SPECIFIC OBJECTIVES

Based on the content provided, student should be able at the end of the time allocated to have the necessary knowledge of the following areas listed.

- ✓ What is a clear description of the Accounting Cycle?
- ✓ What are the **Accounting Concepts and Conventions**?

CONTENT

The Accounting Cycle

The Accounting Cycle is a sequence of procedures used to record, classify and summarize and processing accounting information to generate financial statements, on a regular basis. The accounting cycle during each period starts from recording individual transactions in the books of accounting and ends at the preparation of financial statements and closing processes.

SARASWATI VIDYA NIKETAN

VYASA PURNIMA TERM 2020

LESSON PLAN

WEEK 5-6

Teacher: Ishwar Becham

Subject: Business Education

Topic: Accounting as a system

Class: Form 3D-S

Lesson – 8

SPECIFIC OBJECTIVES

Based on the content provided, student should be able at the end of the time allocated to have the necessary knowledge of the following areas listed.

- ✓ What is the definition and purpose of the balance sheet?
- ✓ What are the definitions of Assets, Liabilities and Capital with examples?
- ✓ How the balance equation is calculated?
- ✓ How the balance sheet is prepared?
- ✓ How the balance sheet is arranged?

CONTENT

The definition and purpose of the balance sheet

The Balance Sheet is a statement of financial position of a business at a specific point in time usually at the end of the month or year. By analyzing and reviewing this financial statement the current financial "health" of a business can be determined. The Balance Sheet sums up the **economic resources** (assets), **obligations** (debts and other long-term liabilities) and the owners' **Capital** at a particular point of time.

Assets

A resource with a monetary value that is owned by a business. Assets are of two types:

Fixed Assets

These are items bought in the business not for resale but to be used over a period of several years. These assets are of a long- term nature. Examples of Fixed Assets would include machinery, building and furniture.

Current Assets

These are items in the business which are used up and change daily in the normal operation of the business. These are the revenue generating assets and they are of a temporary nature. Examples of Current assets would include stock of goods for sale, debtors and business cash.

Liabilities

An amount owed by a business to other businesses, organizations or individuals. Liabilities are of two types:

Current Liabilities

These represent money which the business owes and is obligated to settle within one year. Examples of current liabilities would include Creditors for goods purchases, and unpaid utility expenses

Long Term Liabilities

These represent money which the business owes and is obligated to settle within one year. Examples of long term liabilities would include Loan to buy motor vehicle, Mortgage.

Capital

The investment made by the owner(s) of a business. It equates the net value of the business.

Balance Sheet Equation

There are three main sections of a Balance Sheet: Assets, Liabilities, and Capital just like the accounting equation. The balance sheet is derived from our accounting equation and is a formal representation of our equation.

Items are listed in the Balance Sheet just as in the accounting equation:

Assets = Liabilities + Capital

Preparation of the Balance Sheet

The balance sheet heading contains the name of the company, the title of the statement, and the date of the statement.

Entries in the balance sheet are made from transfers from the trial balance. A debit balance in the trial balance must be transferred to the debit side in the balance sheet; similarly, a credit balance in the trial balance must appear only on the credit side of the Balance Sheet.

There are two basic formats for balance sheet presentation:

The Horizontal Form

In this form the major categories are presented side by side.

Horizontal Format

A. BULL"S

BALANCE SHEET AS AT DECEMBER 31 2010

Fixed Assets	$	$	**Capital**	$	$
Land and Buildings	40 000		Balance January 1 2010	50 000	
Fixtures and Fittings	30 000		Net Profit	28 000	
Machinery	20 000			78 000	
Motor Vehicle	10 000	100 000	Drawings	(3 000)	
			Balance December 31, 2010		75 000
Current Assets					
Stock	4 000		**Long-term Liabilities**		
Debtors	3 000		Loan from Pitte Bule	30 000	
Prepayments	500				
Bank	1 500		**Current Liabilities**		
Cash	1 000	10 000	Creditors	3 000	
			Expenses owing	2 000	35 000
		110 000			110000

The Vertical Form

In this form the major categories are stacked on top of each other.

Vertical Format

A. BULL'S

BALANCE SHEET AS AT DECEMBER 31 2010

Fixed Assets	$	$	$
Land and Buildings		40 000	
Fixtures and Fittings		30 000	
Machinery		20 000	
Motor Vehicle		10 000	100 000
Current Assets			
Stock		4 000	
Debtors		3 000	
Prepayments		500	
Bank		1 500	
Cash		1 000	
		10 000	
Current Liabilities			
Creditors	3 000		
Expenses Owing	2 000	(5 000)	
Working Capital			5 000
			105 000
FINANCING By:			
Capital January 1, 2010		50 000	
Net Profit		28 000	
		78 000	
Drawings		(3 000)	
Capital December 31, 2010		75 000	
Long-Term Liability			
Loan from Pitte Bule		30 000	
			105 000

<u>**Arrangement of Assets and Liabilities**</u>

Order of permanence: the sequence used to list items on a balance sheet which begins with items which are likely to be longest lasting and ending with items which are likely to be shortest lasting.

ORDER OF PERMANENCE

A. BULL'S
BALANCE SHEET AS AT DECEMBER 31 2010

Fixed Assets	$	$	$
Land and Buildings		40 000	
Fixtures and Fittings		30 000	
Machinery		20 000	
Motor Vehicle		10 000	100 000
Current Assets			
Stock		4 000	
Debtors		3 000	
Prepayments		500	
Bank		1 500	
Cash		1 000	
		10 000	
Current Liabilities			
Creditors	3 000		
Expenses Owing	2 000	(5 000)	
Working Capital			5 000
			105 000
FINANCING By:			
Capital January 1, 2010		50 000	
Net Profit		28 000	
		78 000	
Drawings		(3 000)	
Capital December 31, 2010		75 000	
Long-Term Liability			
Loan from Pitte Bule		30 000	
			105 000

Order of liquidity: the sequence used to list items on a balance sheet where the items likely to last for the shortest time appear first and those which are likely to last for the longest time appear last.

ORDER OF LIQUIDITY

A. BULL'S
BALANCE SHEET AS AT DECEMBER 31 2010

Fixed Assets	$	$	$
Motor Vehicle		10 000	
Machinery		20 000	
Fixtures and Fittings		30 000	
Land and Building		40 000	100 000
Current Assets			
Cash		1 000	
Bank		1 500	
Prepayments		500	
Debtors		3000	
Stock		4 000	
		10 000	
Current Liabilities			
Expenses Owing	2 000		
Creditors	3 000	(5 000)	
Working Capital			5 000
			105 000
FINANCING By:			
Capital January 1, 2010		50 000	
Net Profit		28 000	
		78 000	
Drawings		(3 000)	
Capital December 31, 2010		75 000	
Long-Term Liability			
Loan from Pitte Bule		30 000	
			105 000

SARASWATI VIDYA NIKETAN

VYASA PURNIMA TERM 2020

LESSON PLAN

WEEK 4-5

Teacher: Ishwar Becham

Subject: Business Education

Topic: Accounting as a system

Class: Form 3D-S

Lesson – 7

SPECIFIC OBJECTIVES

Based on the content provided, student should be able at the end of the time allocated to have the necessary knowledge of the following areas listed.

- ✓ What are the r**oles** and **impacts** of technology on the accounting process?

CONTENT

The different types of Accounting Software Packages are:

Accounting Software for Personal Use

This kind of private software is meant for home use. The applications here are adequate and simple and are meant to meet with all the basic accounting requirements such as, budget planner, accounting spreadsheets, diagrams, bookkeeping, etc.

Accounting Software for Small Business

These accounting softwares fulfill the accounting needs of small businesses, such as, creating invoices, financial reporting, merging accounts and payrolls.

Accounting Software for Big Business

These expensive softwares allows have a large number of applications which can be that can be accessed from anywhere. These softwares can be very complex and extremely functional.

List of Accounting Softwares

There are a wide range of accounting software for different needs. Below is a list of softwares used.

- ✓ Vision Point
- ✓ QuickBooks Pro
- ✓ Peachtree Complete Accounting
- ✓ MYOB
- ✓ Account Edge
- ✓ Dac Easy
- ✓ CYMA Accounting for Windows
- ✓ Netsuite Small Business
- ✓ Cougar Mountain
- ✓ Accpac from Sage
- ✓ Syspro 6.1

The advantages and disadvantages of using computers and softwares in Accounting are:

Advantages

- ✓ Faster and efficient in processing of information.
- ✓ Automatic generation of accounting documents like invoices, cheques and statement of account.
- ✓ With the larger reductions in the cost of hardware and software and availability of user-friendly accounting software package, it becomes relatively cheaper.

  More timely information can be produce.

Disadvantages

- ✓ Power failure, computer viruses and hackers are the inherent problems of using computerized systems.
- ✓ Some accounting system may not be properly set up to meet the requirement of the business due to badly programmed or inappropriate software or hardware or personnel problems can caused more havoc.

- ✓ There is the constant threat of computer fraud or computer damage due to virus. It means that appropriate types of monitoring and control and security features need to be constantly in place.