



Master Consultants Ltd
Growing People, Growing Organizations

COURSE OUTLINE

INTERNATIONAL DIPLOMA IN BUSINESS BOOKKEEPING & ACCOUNTS

Westcom Point, 2nd Floor, Mahiga Mairu Avenue, Westlands, Nairobi.
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Module 1 - The Ledger - the Main Book of Account

Transactions; what is involved
The functions of accounting:
 recording, analysing, presenting
Bookkeeping: the recording function
Manual bookkeeping and computerised accounting
Meanings of the terms:
 assets and liabilities
 debtors and creditors
 income and expenditure
 capital
 profit and loss
Information recorded in and provided by the ledger
Ledger accounts described:
 what their debit and credit sides record
 rules concerning ledger accounts
The need for double-entry bookkeeping:
 the receiving and giving aspects of every transaction
The basic rule of double-entry bookkeeping
Abbreviations used in ledger accounts
Entries in a ledger account examined and explained
Balancing ledger accounts:
 debit and credit balances
Folios
Classes of ledger accounts:
 real, personal and nominal:
 what they record
 rules for posting to them
 specimens of each examined
Special notes on ledger accounts
Special notes on balancing ledger accounts

Module 2 - Accounting for Cash

Cash as a most important asset
The cash book as cash account:
 what it records
Entries in a cash book examined and explained
Posting from the cash book to ledger accounts:
 examples examined
Folios or account numbers:
 their value and uses
Bank accounts:
 why they are "opened"
 opening a current account
 pay-in slips or deposit slip:
 when and why they are used
 counterfoils:
 what they record
cheques:
 what they are



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- the parties to a cheque transaction
- counterfoils:
 - what they record
- The cash book with bank columns
- Deposits into the bank and withdrawals:
 - contra entries
 - entries in a 4-column cash book examined
 - special notes on contras
- Balancing the 4-column cash book
 - special notes
- Bank statements
- Reasons for differences between the cash book and bank statement balances:
 - unrecorded deposits
 - unpresented cheques
 - unrecorded charges
- Reconciliations
- Various bank services described:
 - standing or bankers orders
 - bank drafts/money orders
 - bank to bank transfers
 - travellers cheques
 - deposit accounts
 - Internet banking

Module 3 - Original Entries and Subsidiary Books

- Source documents:
 - the need for summarised information
- Cash sales:
 - what they involve
 - cash sale slips
 - recording cash sales
- Credit sales:
 - how they differ from cash sales
 - invoices:
 - why they are issued
 - common contents
 - specimen examined
- The sales book:
 - what it records
- Rules for posting from the sales book to ledger accounts
- Sales account:
 - what it records
 - how and when entries are posted to it
- Cash purchases
 - where and how they are recorded
- Credit purchases
 - the meaning of "purchases" in bookkeeping and accounts
- The purchases book:
 - what it records
 - goods received notes
- Rules for posting from the purchases book to ledger accounts
- Purchases account:

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what it records
how and when entries are posted to it
Credit terms:
the monthly account
fixed periods of credit
The returns inwards book:
what it records
goods returned inwards notes
credit notes
Rules for posting from the returns inwards book to ledger accounts
The returns outwards book:
what it records
sources of information
Rules for posting from returns outwards book to ledger accounts
The journal:
its uses today
narrations
Rules for posting from the journal to ledger accounts
Petty cash
the ordinary and imprest recording methods
the petty cash book:
what it records
analysis columns and their value

Module 4 - From Opening Entries to Trial Balance

Opening a set of books for an established business
practical example including:
ascertaining the values of assets and liabilities
stocktaking and valuation
listing the values of assets and liabilities
capital:
the owner's equity
the need for profit:
drawings
consequences of losses
Journal "opening entries":
opening the new books (or computerised accounts) and ledger accounts
posting from the journal
practical example
Why capital is a liability and how it arises:
the business as a separate entity from its owner(s)
Worked exercise involving journal, cash book, sales and
purchases books and ledger accounts
The trial balance:
why it is "extracted"
its purpose and why it should "agree"
when it should be extracted
why its totals might not agree
Locating errors in the books revealed when a trial balance does not agree
Limitations of the trial balance:
possible errors made but not revealed even if its totals agree:
errors in original entries
errors of principle

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- compensating errors
- errors of omission
- Suspense accounts as temporary solutions
- Journal entries for the correction of errors

Module 5 - Preparing for the Final Accounts

- Financial/trading years and accounting periods
- What the final accounts comprise:
 - and what they seek to determine
- The necessity for stocktaking:
 - periodic stocktaking
 - continuous stocktaking
- Stock valuation:
 - practical example
- Work in progress:
 - meaning and valuation
 - opening and closing stock values
- Adjustments necessary for:
 - income received in advance
 - prepayments
 - accrued charges
 - income earned but not received
- Bad debts:
 - how they arise
 - how they are written off
- Provisions for bad and doubtful debts
- Depreciation:
 - what it means and how it arises
 - why it must be taken into account
 - methods of charging depreciation:
 - the reducing balance method
 - the straight line method
- Bookkeeping entries for adjustments:
 - journal entries for adjustments
 - worked practical example of each type of adjustment

Module 6 - Manufacturing and Trading Accounts

- Presenting final accounts for those who will use them
- An enterprise as a going concern
- Consistency in presentation and content
- Types of enterprises
- Why trading accounts are prepared:
 - gross profit:
 - when it is made - factors
 - when a gross loss is made
- The prime cost of a trading enterprise
- Journal closing entries:
 - the ledger accounts affected
 - accounts for stocks and work in progress
 - worked example of bookkeeping involved
- A trading account examined:
 - special points to note



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layout or format

Vertical presentation to incorporate statistical information and comparative figures:
turnover and ratios

Why manufacturing accounts are prepared:
the prime cost of a manufacturing enterprise
the cost of producing finished goods
types of stocks which might be held

Modifying the trading account to meet the requirements of individual enterprises:
composite businesses

Module 7 - Profit & Loss Accounts

Why profit & loss accounts are prepared:
net profit and net loss

The relationship between profit & loss accounts and balance sheets

What values are transferred to profit & loss accounts, and how

A simple profit & loss account analysed

The capital account of a sole-trader

Vertical presentation of profit & loss accounts

Managerial decisions involving classification and presentation

Comparative figures and ratios;

why they might be of less value than in trading accounts

Business partnerships:

why they are formed

partnership capital

current accounts, drawings, salaries

Partnership profit & loss accounts and appropriation accounts

Limited liability companies:

the meaning of limited liability

shares and shareholders:

ordinary shares

preference shares

dividends

Board of Directors, duties

Sectionalised company profit & loss accounts

appropriation accounts

Module 8 - Balance Sheets

Why and how balance sheets are produced

What information they contain

How a balance sheet differs from other final accounts

Horizontal and vertical layouts:

presentation of information

Similarities and differences in the balance sheets of:

sole-trader businesses

partnership firms

limited companies

treatment of capital

The significance of gross profit:

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- direct expenditure
- overheads
- analysis of gross profit
- multi-product businesses
- practical example

Accounting ratios:
what they are and why common ones are computed
formulae for computing them with practical examples

Module 9 - Accounting for Goodwill and Discounts

- Goodwill as an asset:
 - how it arises
 - when its valuation is necessary
- Bookkeeping treatment of goodwill in differing circumstances:
 - on the admission of a new partner
 - on the dissolution of a partnership firm
- Important matters to look at when becoming bookkeeper for a partnership firm
- Trade discount and why it is offered, practical example
- Why quantity discount is offered:
 - how it differs from trade discount
- Cash discount and regular custom discount:
 - why they may be offered
- Circumstances in which bookkeeping records are required for discounts allowed and/or received
 - prompt payment discount
- Bookkeeping entries for discounts allowed and discounts received

Module 10 - Accounting for Credit

- Bank loans and loans from other organizations:
 - bookkeeping entries necessary in various circumstances
- Bookkeeping entries for loan repayments and for interest paid
- Treatment of loans and interest paid in the final accounts
- Bank overdrafts, how they differ from loans:
 - accounting treatment
 - recording of interest charged
- Reconciliations when a current bank account is overdrawn
- Dishonour of cheques:
 - common reasons for dishonour
 - precautions to take to reduce incidences of unpaid cheques
 - bookkeeping entries for various types of unpaid cheques
 - representation and reconciliations
- Bank transfers:
 - methods of "instructing" banks to make transfers
 - standing orders and direct debits
 - bookkeeping entries for receipts and payments
- Telephone banking:
 - setting up the facility
 - passwords and customer ID verification
 - bank services available by telephone
- Internet or online banking:
 - setting up the facility

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passwords and ID verification
bank services available by internet
Credit cards and debit cards:
bank issuers and card issuing companies
setting up a "merchant account"
commission and charges raised by card issuers
payments by card in person, by telephone, online
accounting for incoming and outgoing payments by card
accounting for commission deducted by card issuers
Hire purchase:
differences from other forms of credit
Accounting for hire purchase 'sales' and for 'purchases' under
hire purchase agreements
Bills of exchange:
their uses and special features
accounting for bills receivable and bills payable discounting
bills receivable, bookkeeping entries necessary
Foreign currencies:
exchange rate fluctuations

bookkeeping entries
treatment in the final accounts
import and export
Deposit and savings accounts:
bookkeeping entries for deposits
withdrawals and interest earned
treatment in the final accounts

Module 11 - Basic Cost Accounting, Departmental and Branch Accounts

Principles of costing - differences from financial accounting
Definitions of common costing terms, including:
cost, unit, prime cost, oncost
Different costing systems described:
job, contract, batch or terminal costing, process costing, single unit,
multiple unit, operating costing, departmental or sectional costing
Allocation of overheads:
production, administration, selling, distribution
calculation of overhead allocation, and total production cost
Standard costing:
what standards are and how they are used in business
advantages over other systems
ideal and attainable standards and variances Why
departmental accounting is operated, purposes
Apportionment of general expenses
Columnar profit & loss accounts
Centralised branch accounting and self-accounting branches
The accounts and final accounts of branches and head office
The combined or consolidated profit & loss account
The combined or consolidated balance sheet

Module 12 - Computerised Accounting Systems and Packages

Overview of computerised accounting
Benefits of computerisation in accounting

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The characteristics of computers:

- speed, storage and retrieval of data, diligence, accuracy
- their value in bookkeeping and accounting

Computers as machines - what they can and cannot do

Variety of business accounting applications

How a computer works:

- input, storage, processing, output

Comparison between a manual accounting operation and the same one performed by computer

Hardware:

- processor, memory, terminals, peripherals

Software:

- tailor-made programs
- applications packages

Database systems:

- their advantages

The organisation of data:

- files, records and fields
- master data and movement data
- preparing data for input
- file updating

The advantages of computerised accounting

Variety of business accounting applications

Features of computerised accounting systems

Dangers and pitfalls to avoid in computerising

Common accounting package modules and what they can do:

- invoicing, job costing, nominal ledger, payroll,
- purchase ledger, report generator, sales ledger,
- stock or inventory control

Converting from a manual to a computerised accounting system:

- what areas to computerise and in what order

Testing the new system:

- the parallel run and going live

Spreadsheets:

- what they consist of and what they can do
- data tables/sets and formulas, practical example
- uses of spreadsheets in:
 - storage of data
 - analysis of data
 - presentation
 - forecasting and future planning

Data security:

- backup copies of data
- passwords and security codes
- data storage:
 - deletion of dead or inactive data
- computer viruses and antivirus software

Documents:

- retention policy
- microfilming
- scanning

Suggestions for further studies

Illustrations 12/1 to 12/5 are included in this Module

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