ACCREDITED BUSINESS QUALIFICATIONS

BOOKKEEPING TO TRIAL BALANCE (BKTB)

CURRICULUM STATEMENT

CURRICULUM STATEMENT: ICB BOOKKEEPING TO TRIAL BALANCE

An introduction to business, bookkeeping and accounting

- Discuss the history and origin of accounting and the double entry system;
- identify the users and uses of financial information;
- critically evaluate the various forms of business ownership (sole traders, partnerships, companies and close corporations);
- describe the developments which have taken place in the field of accounting, making specific reference to internal vs. external reporting;
- illustrate the bookkeeping and accounting cycle graphically;
- outline the types of transactions that can take place in a business;
- define common accounting terms including source document, journal, bank reconciliation, general ledger, trial balance, income statement and balance sheet;
- analyse transactions under the accounting equation;
- define assets, non-current assets and current assets;
- define liabilities, non-current liabilities and current liabilities;
- explain the business entity rule, and analyse transactions under the accounting equation taking this principle into account;
- explain what is meant by a 'proprietary account' and distinguish between capital and drawings accounts;
- define profit, income, expenses and cost of sales; and
- explain and apply the rules of double entry (including cross references).

Value Added Tax and source documents

- Explain what Value Added Tax (VAT) is;
- illustrate how the VAT system works in terms of input VAT and output VAT;
- identify the different VAT supply categories (including standard rated, zero-rated and exempt supplies, as well as non-allowable items);
- compare the payments vs. the invoice bases according to which vendors may be registered for VAT;
- explain what a valid tax invoice looks like;
- differentiate between the various source documents used by businesses to record various transactions;
- perform basic VAT calculations (VAT exclusive and VAT inclusive amounts as well as mark-ups and gross margins); and
- complete a VAT201 form accurately and correctly

Recording cash transactions

- Explain the difference between the cash flow and the profit of a business;
- identify the different subsidiary journals and the transactions unique to each of these journals;
- define cash transactions;
- explain the purpose of every column in each of the three cash journals;
- record cash transactions in the cashbook receipts;
- record cash transactions in the cashbook payments;
- record cash transactions in the petty cash journal;

- account for VAT in the journals by recording a variety of different cash transactions that involve standard rated, zero-rated, exempt and non-allowable items;
- post the cash journals to the general ledger and balance the general ledger accounts; and index the general ledger accounts with their respective balances in a trial balance;

Recording credit and sundry transactions

- Explain why offering credit can benefit a business, while also focusing on the risks associated with offering credit to customers;
- define credit transactions;
- record credit purchases in the creditors journal from original credit invoices;
- record original credit notes in the creditors allowances journal;
- record credit sales in the debtors journal from duplicate credit invoices;
- record duplicate credit notes in the debtors allowances journal;
- record sundry transactions in the general journal;
- complete a comprehensive exercise in which all subsidiary journals are combined;
- account for VAT in the journals by recording a variety of different transactions that involve standard rated, zero-rated, exempt and non-allowable items;
- post a completed set of subsidiary journals to the general ledger;
- balance the ledger accounts and draft a trial balance.

Inventory systems

- Explain why some businesses choose not to use a perpetual inventory system, but a periodic system instead;
- calculate cost of sales using a periodic inventory system;
- demonstrate the working of the purchases and purchases returns accounts under a periodic inventory system;
- demonstrate the working of the carriage on purchases and similar accounts that affect the calculation of cost of sales under a periodic inventory system;
- analyse inventory-related transactions under the accounting equation when using a periodic inventory system;
- record inventory-related transactions in the subsidiary journals when using a periodic inventory system; and
- explain which one of the two inventory systems is most desirable for a business to make use of.

Individual accounts for debtors and creditors, and supplier and general ledger reconciliations

- Explain why it is important to have separate debtors' accounts in a separate ledger;
- illustrate the structure of individual accounts in the debtors ledger;
- explain why it is important to have separate creditors' accounts in a separate ledger;
- illustrate the structure of individual accounts in the creditors ledger;
- explain the control account system;
- demonstrate how the debtors list is reconciled with the debtors control account in the general ledger;

- demonstrate how the creditors list is reconciled with the creditors control account in the general ledger;
- demonstrate how errors and omissions in the books of the business are corrected by means of corrective entries in the general journal and/or creditor's individual account;
- demonstrate how errors on the statement received from the creditor are outlined on the creditors reconciliation statement (remittance advice); and
- prepare a General ledger reconciliation statement.

The bank reconciliation process

- Discuss the daily banking process of a business;
- understand the information included in a bank statement;
- outline the steps in the bank reconciliation procedure;
- compare the credits on the bank statement with the bank column in the cashbook receipts to identify any differences which need to be updated in the cashbook;
- compare the debits on the bank statement with the bank column in the cashbook payments to identify any differences which need to be updated in the cashbook;
- total the cashbook receipts and cashbook payments, and post to the bank account in the general ledger;
- transcribe the closing bank statement balance onto the bank reconciliation statement;
- clear any remaining amounts from the previous month's reconciliation statement and carry forward any unresolved amounts to the current month's reconciliation statement;
- enter un-reconciled cashbook amounts in the bank reconciliation statement;
- interpret and investigate any outstanding items on the current month's bank reconciliation statement; and
- identify the alternative steps which may be followed when conducting a bank reconciliation.

Drafting financial statements

- apply lateral thinking with respect to double entries, journals, ledgers and the trial balance;
- interpret the balances/totals on a trial balance from a business perspective;
- demonstrate how to prepare the final accounts in the books of account at year-end;
- explain the difference between financial performance and financial position;
- prepare a simple income statement; and
- prepare a simple balance sheet.