

8.3 Accounting Records

8.3.1 Double-Entry Bookkeeping

The student is introduced to

- Purpose of accounting records
- Steps in accounting
- Source documents and day books (including journal)
- Double-entry bookkeeping and the trial balance
- Distinction between capital and revenue
- Value-added tax and statutory deductions
- Accruals, prepayments and provisions
- Depreciation and appreciation.

On completion the student should

- be aware of the need for accounting records
- know when source documents are sent and received
- understand the function of each day book
- be able to show an understanding of double-entry bookkeeping and the purpose and limitations of the trial balance
- understand and be able to make the distinction between capital and revenue items
- understand the effect of errors in recording capital and revenue items on calculation of profit and consequently the balance sheet
- understand VAT and the basic principles of the appropriate standard
- understand what accruals, prepayments and provisions are
- understand what bad debts are, how they arise and the need to make provision for them
- understand depreciation and the basic principles of the appropriate standard

- understand wear and tear and obsolescence
- understand two methods of depreciation: straight line and diminishing value
- be able to enter accruals, prepayments, bad debts, provisions, value-added tax, PAYE and PRSI in ledger accounts
- be able to use accounts to calculate the correct charge to the profit and loss account and to check profit and loss figures mathematically
- know how to treat accruals, prepayments, provisions, VAT, PAYE and PRSI in the balance sheet
- know how to deal with bad debt recovered and increase or decrease in bad debt provision
- realise that some assets can be re-valued upwards
- be able to deal with disposal of and additions to assets, making appropriate entries in accounts to record each
- be able to interpret ledger entries and balances
- be able to calculate depreciation.