

Syllabus and study guide

# Accounts Preparation (F1)

**July 2027 to August 2028**

Designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

# Contents

1. Overall aim of the syllabus.....	3
2. Introduction to the syllabus .....	3
3. Main capabilities .....	3
4. Intellectual levels .....	3
5. The syllabus .....	4
6. Detailed study guide .....	5
7. Approach to examining the syllabus .....	9
8. Guide to ACCA examination structure and delivery mode .....	9
9. Guide to ACCA examination assessment .....	9
10. Learning hours and education recognition .....	10

## 1. Overall aim of the syllabus

The overall aim of the syllabus is to develop knowledge and understanding of the underlying principles and concepts relating to preparing and maintaining financial records and technical proficiency in the use of double-entry bookkeeping, including the preparation of basic financial statements.

## 2. Introduction to the syllabus

The syllabus for F1, Accounts Preparation, introduces the candidate to the fundamentals of preparing and recording financial documentation from originating documents, processing business transactions, maintaining financial records and preparing basic financial statements for a sole trader. It also covers relevant banking procedures associated with bookkeeping, maintaining and reconciling cash and petty cash records, preparing journal entries, updating relevant general ledger accounts, identifying and correcting errors and posting year-end adjustments.

## 3. Main capabilities

On successful completion of this course of study, candidates should be able to:

- Understand the key accounting principles, concepts and characteristics which underpin financial accounting
- Prepare, process and report on a range of transactions and events within a computerised accounting environment, using double-entry bookkeeping and accounting principles
- Prepare key reconciliations to ensure the accuracy of financial records
- Prepare a trial balance, correct errors and prepare financial statements for a sole trader

## 4. Intellectual levels

This course of study assesses both knowledge and skills within an accounting or business context. The assessment of knowledge is denoted by a superscript <sup>k</sup> and the assessment of skills is denoted by the superscript <sup>s</sup> shown at the end of each learning outcome.

## 5. The syllabus

### A Accounting principles, concepts and characteristics

1. Key principles and concepts of accounting
2. Types of business transaction and documentation
3. Maintaining financial records

### B Double-entry bookkeeping

1. Double-entry bookkeeping
2. Elements of the financial statements
3. Recording financial data and understanding the flow of accounting information

### C The preparation of journal entries and general ledger accounts

1. Preparation of journal entries
2. Preparation of general ledger accounts

### D Recording transactions and events

1. Sales and purchases
2. Payroll
3. Cash and cash equivalents
4. Inventories and cost of sales
5. Tangible non-current assets and depreciation
6. Receivables and payables
7. Accrued expenses (accruals), prepaid expenses (prepayments), accrued income and deferred income
8. Capital and sources of finance

### E Reconciliations

1. Purpose of reconciliations
2. Bank reconciliations
3. Payables reconciliations

### F Preparing a trial balance and correcting errors

1. Trial balance
2. Suspense accounts and the correction of errors

### G Preparing the financial statements of a sole trader

1. Preparation of financial statements, including incomplete records

## 6. Detailed study guide

### A Accounting principles, concepts and characteristics

#### 1. Key principles and concepts of accounting

- a) Define the following key principles and concepts of accounting:<sup>[K]</sup>

- (i) Going concern.
- (ii) Accrual accounting.
- (iii) Materiality.
- (iv) Consistency.
- (v) Prudence.
- (vi) Duality.
- (vii) Business entity.
- (viii) Historical cost.

#### 2. Types of business transaction and documentation

- a) Describe a range of business transactions including:<sup>[K]</sup>

- (i) Sales and purchases.
- (ii) Receipts and payments.
- (iii) Petty cash.
- (iv) Payroll.

- b) Describe the purpose and content of a range of business documents, including:<sup>[K]</sup>

- (i) Customer (sales) and supplier (purchase) invoices.
- (ii) Credit and debit notes.
- (iii) Delivery notes.
- (iv) Remittance advices.
- (v) Statements of account and supplier statements.

#### 3. Maintaining financial records

- a) Describe the importance of maintaining financial records for internal and external use and the importance of a formal document retention policy.<sup>[K]</sup>

- b) Describe the key features of a computerised accounting system.<sup>[K]</sup>

### B Double-entry bookkeeping

#### 1. Double-entry bookkeeping

- a) Describe the accounting equation and illustrate how it impacts double-entry bookkeeping.<sup>[S]</sup>

#### 2. Elements of the financial statements

- a) Describe income, expenses, assets, liabilities and capital (equity) in an accounting context.<sup>[K]</sup>
- b) Identify the financial statement line items for a sole trader.<sup>[K]</sup>

#### 3. Recording financial data and understanding the flow of accounting information

- a) Describe how financial data is initially recorded in a computerised accounting system.<sup>[K]</sup>
- b) Describe the reasons for closing off general ledger accounts and producing a trial balance.<sup>[K]</sup>
- c) Describe the process of preparing financial statements from a trial balance.<sup>[K]</sup>

### C The preparation of journal entries and general ledger accounts

#### 1. Preparation of journal entries

- a) Prepare journal entries using an appropriate format.<sup>[S]</sup>

#### 2. Preparation of general ledger accounts

- a) Describe the purpose of general ledger accounts.<sup>[K]</sup>

- b) Prepare general ledger accounts by processing journal entries.<sup>[S]</sup>
- c) Describe the year-end procedures performed on the general ledger accounts.<sup>[K]</sup>

## D Recording transactions and events

### 1. Sales and purchases

- a) Calculate and prepare journal entries to record cash and credit sales and purchases (including sales returns and purchase returns).<sup>[S]</sup>
- b) Describe the nature of trade and settlement discounts, calculate discounts and prepare journal entries to account for these.<sup>[S]</sup>
- c) Identify sources of information on sales tax and describe the relationship between the sole trader and the relevant government agency (revenue/tax authority).<sup>[K]</sup>
- d) Describe the general principles of sales tax, including the:<sup>[K]</sup>
  - (i) Requirements for registration.
  - (ii) Main information to be included on business documentation .
  - (iii) Types of taxable supplies and their classification for sales tax.
  - (iv) Accounting for a payment/refund of sales tax.
  - (v) Penalties for late returns/payment of sales tax.
- e) Calculate sales tax on transactions and prepare journal entries to account for this.<sup>[S]</sup>

### 2. Payroll

- a) Calculate staff costs and employee deductions.<sup>[S]</sup>
- b) Prepare journal entries to account for payroll transactions.<sup>[S]</sup>

### 3. Cash and cash equivalents

- a) Describe the need for a record of petty cash transactions.<sup>[K]</sup>
- b) Describe the concept of an imprest and a non-imprest system of maintaining petty cash records and prepare relevant petty cash reconciliations.<sup>[S]</sup>
- c) Calculate amounts relevant to cash transactions, including petty cash, and prepare journal entries to account for these.<sup>[S]</sup>

### 4. Inventories and cost of sales

- a) Identify which costs should be included in inventories.<sup>[K]</sup>
- b) Describe the need for adjustments to inventories when preparing financial statements.<sup>[K]</sup>
- c) Calculate the value of inventories by comparing cost to net realisable value.<sup>[S]</sup>
- d) Prepare journal entries to account for cost of sales and inventories.<sup>[S]</sup>

### 5. Tangible non-current assets and depreciation

- a) Define non-current assets and identify the differences between current and non-current assets.<sup>[K]</sup>
- b) Describe the difference between asset expenditure and expenses charged to profit or loss and classify these appropriately in the financial statements.<sup>[K]</sup>
- c) Prepare journal entries to account for the acquisition of tangible non-current assets.<sup>[S]</sup>
- d) Calculate gains or losses on the disposal of tangible non-current assets and prepare journal entries to account for these.<sup>[S]</sup>

- e) Describe the purpose of depreciation.<sup>[K]</sup>
- f) Calculate depreciation charges using straight-line and diminishing balance (reducing balance) methods and prepare journal entries to account for these.<sup>[S]</sup>
- g) Describe the purpose, function and content of a non-current asset register.<sup>[S]</sup>
- h) Calculate the carrying amount of tangible non-current assets to be presented on the statement of financial position.<sup>[S]</sup>

## 6. Receivables and payables

- a) Describe the nature of trade receivables and trade payables.<sup>[K]</sup>
- b) Calculate and prepare journal entries to account for the write off of an irrecoverable debt and the subsequent recovery of debts previously written off.<sup>[S]</sup>
- c) Identify the impact of irrecoverable debts, allowances for irrecoverable debts and the subsequent recovery of debts previously written off on the financial statements.<sup>[S]</sup>
- d) Calculate and prepare journal entries to account for the creation of and movements in an allowance for irrecoverable debts.<sup>[S]</sup>
- e) Calculate the trade receivables and trade payables balances to be presented on the statement of financial position.<sup>[S]</sup>

## 7. Accrued expenses (accruals), prepaid expenses (prepayments), accrued income and deferred income

- a) Describe how accrual accounting applies to accruals, prepayments, accrued income and deferred income.<sup>[K]</sup>
- b) Calculate the manual adjustments required for accruals, prepayments, accrued income and deferred income.<sup>[S]</sup>

- c) Prepare journal entries to account for accruals, prepayments, accrued income and deferred income.<sup>[S]</sup>
- d) Calculate the impact of accruals, prepayments, accrued income and deferred income on the financial statements.<sup>[S]</sup>

## 8. Capital and sources of finance

- a) Describe the differences between capital injected by the sole trader and amounts received from third parties.<sup>[K]</sup>
- b) Describe the impact of changes in capital on the financial statements.<sup>[S]</sup>
- c) Prepare journal entries to account for capital introduced, drawings and retained profits.<sup>[S]</sup>

## E Reconciliations

### 1. Purpose of reconciliations

- a) Describe the general purpose of reconciliations and why it is important to perform regular reconciliations and to deal with discrepancies promptly.<sup>[K]</sup>

### 2. Bank reconciliations

- a) Describe the purpose of bank reconciliations.<sup>[K]</sup>
- b) Identify reasons for differences between the bank general ledger account and external, third-party records.<sup>[S]</sup>
- c) Prepare journal entries to correct errors and/or omissions in the bank general ledger account.<sup>[S]</sup>
- d) Calculate the reconciled bank balance to be presented on the statement of financial position.<sup>[S]</sup>

### 3. Payables reconciliations

- a) Describe the purpose of payables reconciliations.<sup>[K]</sup>

- b) Identify reasons for differences between the trade payables general ledger account and external, third-party records.<sup>[S]</sup>
- c) Prepare journal entries to correct errors and/or omissions in the trade payables general ledger account.<sup>[S]</sup>
- d) Calculate the reconciled trade payables balance to be presented on the statement of financial position.<sup>[S]</sup>

## **F Preparing a trial balance and correcting errors**

### **1. Trial balance**

- a) Describe the purpose, content and limitations of a trial balance.<sup>[K]</sup>
- b) Prepare journal entries to account for year-end adjustments to the trial balance.<sup>[S]</sup>

### **2. Suspense accounts and the correction of errors**

- a) Describe the types of error which may occur in computerised accounting systems and calculate the impact they might have on the financial statements.<sup>[K]</sup>
- b) Identify errors which may or may not be detected when reviewing a trial balance.<sup>[S]</sup>
- c) Describe the purpose of a suspense account.<sup>[K]</sup>
- d) Identify the errors and journal entries which lead to the creation of a suspense account.<sup>[S]</sup>
- e) Prepare journal entries to correct errors and omissions and to clear a suspense account.<sup>[S]</sup>

## **G Preparing the financial statements of a sole trader**

### **1. Preparation of financial statements, including incomplete records**

- a) Identify the format and describe the purpose of the statement of financial position and the statement of profit or loss.<sup>[K]</sup>
- b) Prepare the financial statements of a sole trader from a trial balance.<sup>[S]</sup>
- c) Describe the circumstances which lead to incomplete records and the methods of preparing financial statements using incomplete records.<sup>[K]</sup>
- d) Calculate the amounts to be included in the financial statements using the following incomplete records techniques:<sup>[S]</sup>
  - (i) The accounting equation.
  - (ii) General ledger accounts to calculate missing figures.
  - (iii) Mark-up and margin percentages.
  - (iv) Petty cash and/or banking records.

## 7. Approach to examining the syllabus

The syllabus is assessed by a two-hour computer-based examination. Questions will assess all parts of the syllabus and will test knowledge and some comprehension or application of this knowledge.

The examination will consist of two sections.

Section A will contain 45 two-mark objective test questions (OTs).

Section B will contain one ten-mark multi-task question (MTQ) which will examine syllabus section G: **Preparing the financial statements of a sole trader.**

## 8. Guide to ACCA examination structure and delivery mode

The structure of examinations varies, depending on the level of the qualification.

The Foundations examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

All Foundations examinations are assessed by two-hour computer-based examinations.

The pass mark for all Foundations examinations is 50%.

## 9. Guide to ACCA examination assessment

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For specified financial accounting, audit and tax examinations, except if indicated otherwise, ACCA will publish examinable documents once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions. Regulation issued, or legislation passed on or before 31 August annually, will be assessed from 1 September of the following year to 31 August of the year after. Please refer to the examinable documents for the exam (where relevant) for further information.

Regulation issued or legislation passed in accordance with the above dates may be examinable even if the effective date is in the future. The terms 'issued' or 'passed' relate to when regulation or legislation has been formally approved.

The term 'effective' relates to when regulation or legislation must be applied to entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list, where applicable.

## **10. Learning hours and education recognition**

The ACCA Qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA candidates find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognised and valued by governments and regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognised on the educational frameworks in several countries. Please refer to your national education framework regulator for further information about recognition.