



REPUBLIC OF KENYA

NATIONAL OCCUPATIONAL STANDARDS

FOR ACCOUNTANCY TECHNICIAN

**KNQF LEVEL 6
CYCLE 3**

ISCED CODE: 0411 551A



**TVET CDACC
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NAIROBI**

DEMONSTRATE FUNDAMENTALS OF ACCOUNTING

UNIT CODE: 0411 551 07A

TVET CDACC UNIT CODE: BUS/OS/AC/CC/02/6/MA

UNIT DESCRIPTION

This unit specifies the competencies required to demonstrate fundamentals of accounting. It involves demonstrating understanding of accounting principles and policies, applying double entry concept, classifying capital and liabilities, correcting accounting errors and suspense account, preparing sole trader statement, preparing partnership statements and prepare company statements.

ELEMENTS AND PERFORMANCE CRITERIA

ELEMENT	PERFORMANCE CRITERIA
These describe the key outcomes which make up workplace function .	These are assessable statements which specify the required level of performance for each of the elements. <i>Bold and italicized terms are elaborated in the range.</i>
1. Demonstrate understanding of accounting principles and policies	1.1 Nature and purpose of accounting is established in line with the IFRS. 1.2 Users of accounting information and their information needs is established as per IFRS. 1.3 Qualities of accounting information is determined as per IFRS. 1.4 Accounting concepts/principles are identified as per IFRS. 1.5 Accounting standards are determined IFRS. 1.6 Accounting equation is prepared in line with IFRS.
2. Apply double entry concept	2.1 Accounting source documents are prepared as per IFRS 2.2 Books of original entry are determined as per IFRS 2.3 Double entry system is applied to prepare ledger accounts. 2.4 The trial balance and basic financial statements are prepared in line with the IFRS. 2.5 Computerized accounting systems is applied as per the

	accounting guidelines
3. Classify capital, assets and liabilities.	<p>3.1 Accrued expenses and prepaid expenses are determined as per the accounting principles.</p> <p>3.2 Accounting for <i>revenue</i> as per the accounting principles.</p> <p>3.3 Accounting for accounts receivables, bad debts and allowance for doubtful debts are determined as per the accounting principles.</p> <p>3.4 Property plant and equipment accounts are managed as per the accounting principles.</p> <p>3.5 Inventory is recognized, measured and valued based on cost method.</p> <p>3.6 Accounting for cash and cash equivalents, bank reconciliation is determined as per the accounting principles.</p> <p>3.7 Accounts payable are accounted for including control account as per the accounting principles.</p>
4. Correct accounting errors and suspense account	<p>4.1 Errors that can be detected by the trial balance are determined as per the accounting principles</p> <p>4.2 Errors where the effect of the error causes the trial balance not to balance are identified as per the accounting principles.</p> <p>4.3 Errors where the effect of the error causes the trial balance still balance are identified as per the accounting principles</p> <p>4.4 Procedures of correcting errors are determined as per the organization objectives as per the accounting principles</p> <p>4.5 Errors that can be corrected by suspense account are identified as per the accounting principles</p> <p>4.6 Suspense account is prepared as per the accounting principles</p>

<p>5. Prepare sole trader statement</p>	<p>5.1 Sources of capital for sole trader are established as per the business requirements.</p> <p>5.2 Sole trader Income statement is drafted as per accounting principles.</p> <p>5.3 Statement of financial position is prepared as per accounting principles.</p>
<p>6. Prepare partnership statements</p>	<p>6.1 Contents of a partnership agreement are determined as per the requirements of the law.</p> <p>6.2 Current and capital accounts are prepared as per the accounting standards.</p> <p>6.3 Income Statement is prepared as per accounting standards.</p> <p>6.4 Appropriation of profit and loss account is prepared as per accounting standards.</p> <p>6.5 Statement of financial is prepared as per the organizational requirements</p>
<p>7. Prepare company accounts</p>	<p>7.1. <i>Types of share capital</i> are identified as per company's Act</p> <p>7.2. <i>Types of reserves</i> are determined as per the organizational objectives.</p> <p>7.3. Issue of shares is determined as per the organizational requirements</p> <p>7.4. Rights issues and bonus are calculated as per the company policies</p> <p>7.5. Provisions and reserves are identified as per accounting standards.</p> <p>7.6. Income tax is calculated as per the accounting principles.</p> <p>7.7. Accounting treatment and presentation is conducted as per the accounting standards</p> <p>7.8. Income statement is drafted as per the accounting standards.</p> <p>7.9. Statement of financial position is prepared as per the</p>

	accounting standards.
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RANGE

This section provides work environments and conditions to which the performance criteria apply. It allows for different work environment and situations that will affect performance.

Variable	Range
1. Revenue may include but not limited to:	<ul style="list-style-type: none"> • Accrued income • Prepaid income
2. Types of share capital may include but not limited to	<ul style="list-style-type: none"> • Ordinary shares • preference shares
3. Types of reserves may include but not limited to	<ul style="list-style-type: none"> • Share premium, • Revaluation reserve, • General reserves • Retained profits

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit of competency.

Required skills

The individual needs to demonstrate the following skills:

- Negotiation
- Numeracy
- Analyze errors
- Conduct image analysis
- Interpret and analyze statistics
- Perform mental calculations

- Record with accuracy and precision
- Undertake high level computations

Required knowledge

The individual needs to demonstrate knowledge of:

- Principles of accounts
- Emerging trends
- Formation of companies
- Policies and procedures

EVIDENCE GUIDE

This provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge and range.

1. Critical Aspects of Competency	<p>Assessment requires evidence that the candidate:</p> <ul style="list-style-type: none"> 1.1 Demonstrated understanding of accounting principles and policies in line with IFRS 1.2 Demonstrated the ability to apply double entry concept in line with accounting standards. 1.3 Demonstrated the ability to classify capital, assets and liabilities in line with the accounting standards. 1.4 Demonstrated the ability to correct accounting errors and suspense account in line with the accounting standards. 1.5 Demonstrated the ability to prepare sole trader statement in line with the accounting standards. 1.6 Demonstrated the ability to prepare partnership statements in line with the accounting standards. 1.7 Demonstrated the ability to prepare company statements in line with the accounting standards.
2. Resource	The following resources should be provided:

Implications	<p>2.1 Access to relevant workplace where assessment can take place</p> <p>2.2 Appropriately simulated environment where assessment can take place</p> <p>2.3 Materials relevant to the proposed activity or tasks</p>
3. Methods of Assessment	<p>Competency in this unit may be assessed through:</p> <p>3.1 Practical</p> <p>3.2 Projects</p> <p>3.3 Poe evaluation</p> <p>3.4 Third party reports</p> <p>3.5 Written tests</p>
4. Context of Assessment	<p>4.1 The competency may be assessed in a workplace or a simulated workplace</p>
5. Guidance information for assessment	<p>5.1 Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.</p>