

ACCA Diploma in Financial and Management Accounting (RQF Level 2)

FA1

Recording Financial Transactions

STUDY TEXT

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INTRODUCTION

This is the new edition of the Foundations in Accountancy study text for FA1, *Recording Financial Transactions*, approved by the ACCA and fully updated and revised according to the examiner's comments.

Tailored to fully cover the syllabus, this study text has been written specifically for Foundations level students. A clear and comprehensive style, numerous examples and highlighted key terms help you to acquire the information easily. Plenty of activities and self-test questions enable you to practise what you have learnt.

At the end of most of the chapters you will find multiple-choice questions. These are exam-style questions and will give you a very good idea of the way you will be tested.

SYLLABUS AND STUDY GUIDE

Position of this examination syllabus in the overall syllabus

No prior knowledge is required before commencing study for FA1. The syllabus content for FA1 provides the basic techniques required to enable candidates to prepare financial statements for various enterprises at a later stage. Candidates will, therefore, need a sound knowledge of the methods and techniques introduced in this examination syllabus to ensure they can employ them in later studies and examinations. The methods used in this syllabus are extended in FA2, *Maintaining Financial Records*, and further developed in FA, *Financial Accounting*.

Syllabus

A TYPES OF BUSINESS TRANSACTION AND DOCUMENTATION

1 Types of business transaction

- (a) Understand a range of business transactions including:
- (i) Sales
 - (ii) Purchases
 - (iii) Receipts
 - (iv) Payments
 - (v) Petty cash
 - (vi) Payroll **Ch's 2 – 5**
- (b) Understand the various types of discount including where applicable the effect that trade discounts have on sales tax **Ch's 5& 9**
- (c) Describe the processing and security procedures relating to the use of:
- (i) Cash
 - (ii) Cheques
 - (iii) Credit and debit cards
 - (iv) Debit cards for receipts and payments and electronic payment methods. **Ch's 2 & 4**

2 Types of business documentation

- (a) Outline the purpose and content of a range of business documents to include but not limited to:
- (i) Invoice
 - (ii) Credit note
 - (iii) Remittance advice **Ch's 2 & 5**

- (b) Prepare the financial documents to be sent to credit customers including:
- (i) Sales invoices
 - (ii) Credit notes
 - (iii) Statements of account. **Ch's 2 & 5**
- (c) Prepare remittance advices to accompany payments to suppliers. **Ch. 2**
- (d) Prepare a petty cash voucher including the sales tax element of an expense when presented with an inclusive amount. **Ch's 2 & 10**

3 Process of recording business transactions within the accounting system

- (a) Identify the characteristics of accounting data and the sources of accounting data records, showing understanding of how the accounting data and records meet the business' requirements. **Ch's 1 & 2**
- (b) Understand how users can locate, display and check accounting data records to meet user requirements and understand how data entry errors are dealt with. **Ch's 1 & 2**
- (c) Outline the tools and techniques used to process accounting transactions and period-end routines and consider how errors are identified and dealt with. **Ch. 14 (and throughout)**
- (d) Consider the risks to data security, data protection procedures and the storage of data. **Ch. 2**
- (e) Understand the principles of coding in entering accounting transactions, including
- (i) describing the need for a coding system for financial transactions within a double entry bookkeeping system
 - (ii) describe the use of a coding system within a filing system. **Ch. 3**