Financial and Municipal Accounting

(offered by the Department of Financial Accounting)
Telephone number 012 429 4459

1 Introduction

Financial Accounting involves identifying, measuring and recording events which influence an enterprise's financial position and results.

Municipal Accounting is aimed primarily at students who want to qualify as registered municipal accountants. It entails studying theories and principles related to the finances and accounting of local authorities, applying generally accepted accounting principles and practices in a municipal environment with the objective of providing meaningful financial and other information for management decision-making, and investigating different types of management and financial related problems normally encountered by local authorities.

Municipal accounting forms the most important part of the academic requirements for admission to Associate Membership of the Institute of Municipal Financial Officers (IMFO).

2 General Information

- Students who have passed Accounting (Local Government) II, must pass the modules ACN201 and 202 for non-degree purposes (NDP) before they may register for Accounting on third level.
- Students intending completing the BCom degree under the old curriculum and who have not yet passed Accounting ACT200 can choose ACN201 and ACN202 (Prerequisite for third level Financial Accounting modules) or ACN201 and ACN203 (Prerequisite for third level Cost and Management Accounting modules).
- Credit for a degree is granted for:
  (i) either ACN101 and 102 or ACT100
  (ii) either ACN101 and 103 or ACA100
  (iii) either ACT100 or ACA100 or ACB100
  (iv) either ACN102 or ACN103
  (v) either ACT200 or ACL200
  (vi) either ACT300 or ACC300 or ACL300.
  (vii) either ACN301 – 308 or ACN311 – 318

FOR THE COLLEGE OF HUMAN SCIENCES

- These modules may be taken only for the BInf degree or the Diploma in Development Studies.
- ACN101 and 102 are recommended for students who are registered for the Diploma in Development Studies.

FOR THE COLLEGE OF ECONOMIC AND MANAGEMENT SCIENCES

- Financial Accounting, Management Accounting and Auditing may be taken for the BCom general.
- On second- and third-year level BCom and BAdmin students may choose between Accounting and Municipal Accounting.
- ACN101 and 102 are compulsory for BCompt and BCom students, with the exception of the BCom degree with specialisation in Law for which ACN101 and 103 are prescribed. Other students must register for ACN101 and ACN102.
- Accounting II does not grant admission to third-level modules in Municipal Accounting unless it was passed prior to 1989.
- Graduate students who have passed Accounting II, or who qualify for exemption from it, may register for the Accounting modules at third level (ALG301, 302, 303, 304 and 305) without registering for or passing Municipal Accounting at second level (ALG201 and ACN203). Such registration will be for non-degree purposes (NDP) only.
- Students who have completed a diploma at a Technikon with at least Accounting II are permitted to register simultaneously for Municipal Accounting at second level (ALG201 and ACN203) and at third level (ALG301, 302, 303, 304 and 305) for non-degree purposes (NDP) only.
- Students who have completed a diploma at a Technikon AND have passed Accounting II (including Cost and Management Accounting) at a University may register simultaneously for Municipal Accounting at second level (ALG201) and at third level (ALG301, 302, 303, 304 and 305) for non-degree purposes (NDP) only. Such students must first pass ALG201 before they will be allowed to write the examination for modules at third level.

FOR THE COLLEGE OF LAW

- These modules may be taken only for the BA(Pol) degree.
- Students who wish to include Accounting in their curriculum must pass two ACN modules namely ACN101 and one of ACN102 or 103. ACN103 is recommended for law students.

3 Transitional Arrangements

Students who wish to continue with postgraduate studies must have completed their major subject, in which postgraduate studies will be followed, within ten years prior to registration for their postgraduate qualification.
Students who passed ACT200 may register for modules of Accounting on third level provided that TXN203/213 has also been passed for the third-level modules for which it is also a prerequisite.

Students who passed ACL200, may register for modules of Municipal Accounting on third level.

### Financial Accounting

#### FIRST-LEVEL MODULES

**NB**

Students may not write the examinations in both modules on first level at the same examination unless one of the modules is being repeated.

**ACN101M** Accounting concepts, principles and procedures (S1 and S2)

**Purpose:** to introduce students to the fundamental concepts and principles of accounting; the collecting and processing of accounting data of an enterprise; the recording of transactions from incomplete records.

**ACN102N** Accounting reporting (S1 and S2)

**Prerequisite:** ACN101

**Purpose:** to introduce students to the underlying accounting transactions and the accounting treatment and disclosure of partnerships, close corporations, the equity of companies, cash flow statements; share capital - transaction costs and the tax implications of the preceding topics.

**ACN103P** Accounting reporting for legal practices (S1 and S2)

**Co-requisite:** ACN101

**Purpose:** to introduce students to the underlying accounting transactions and the accounting treatment and disclosure of partnerships, close corporations, the equity of companies and cash flow statements as well as bookkeeping for attorneys, trust investments, transfers and correspondents.

#### SECOND-LEVEL MODULES

**ACN201Q** Financial accounting for companies (S1 and S2)*

**Prerequisite:** ACN101 and (ACN102 or 103)

**Purpose:** to gain knowledge of and insight into the following subject matter as well as the ability to apply this knowledge when preparing a set of annual financial statements: Companies Act requirements; framework for the preparation and presentation of financial statements; presentation of financial statements; share transactions (including preference shares); introduction to financial instruments; property, plant and equipment (including revaluations); inventories; revenue; provisions, contingent liabilities and contingent assets; events after the balance sheet date; investment property; impairment of assets; auditor’s and director’s reports.

**ACN202R** Selected Generally Accepted Accounting Standards and the valuation of financial instruments (S1 and S2)*

**Prerequisite:** ACN101 and (ACN102 or 103)

**Advice:** First registration for this module is preferable in a semester which follows first registration for ACN201.

**Purpose:** to gain knowledge of and insight into the following subject matter as well as the ability to apply this knowledge when preparing a set of annual financial statements: introduction to group annual financial statements; time value of money; valuation of financial instruments; leases; cash flows; earnings and dividends per share.

#### THIRD-LEVEL MODULES

On third level, certain modules are common to different qualifications and therefore have different module codes. The course material and content are identical in all respects. For example:

- the series ACN31 is offered for the BCompt degree and the BCom degree (with specialisation in Management Accounting)
- the series ACN30 is offered for all other BCom degrees.

**NB**

Students may not write the examinations in ACN301/ACN311, ACN302/ACN312 and ACN303/ACN313 at the same examination unless ACN301/ACN311 is being repeated.

**ACN301T/ACN311V** General financial reporting (S1 and S2)*

**Prerequisite:** ACN201 (or ACT200), TXN203 (or 213)

**Purpose:** to gain knowledge of and insight into the following subject matter as well as the ability to apply this knowledge: the preparation of financial statements based on the accounting framework; the requirements for the presentation of financial statements taking into account certain items which affect the income statement and the balance sheet: the accounting treatment and disclosure of income tax and secondary tax on companies; net profit or loss for the period and the accounting treatment and disclosure of fundamental errors and changes in accounting policy; events after balance sheet date, revenue recognition, provisions, contingent liabilities and contingent assets; share capital - transaction costs and the tax implications of the preceding topics.

**ACN302U/ACN312W** Distinctive financial reporting (S1 and S2)*

**Prerequisite:** ACN201 (or ACT200), TXN203 (or 213)

**Co-requisite:** ACN301 (or 311)

**Purpose:** to gain knowledge of and insight into the following subject matter as well as the ability to apply this knowledge: the recognition and measurement as well as the disclosure and presentation of financial instruments; the accounting treatment and disclosure of foreign exchange transactions property, plant and equipment, investment properties, intangible assets, impairment of assets (excluding cash generating units), discontinuing operations and the tax implications of the preceding topics.
ACN303V/ACN313X  Specific financial reporting (S1 and S2)*
Prerequisite: ACN201 (or ACT200), TXN203 (or 213)
Co-requisite: ACN301 (or 311)
Purpose: to gain knowledge of and insight into the following subject matter, as well as the ability to apply this knowledge to the accounting treatment and disclosure of leases, earnings per share, borrowing costs, segment reporting, related parties, government grants and employee benefits, as well as the tax implication of these topics.

ACN304W/ACN314Y  Group financial reporting (S1 and S2)*
Prerequisite: ACN202 (or ACT200), TXN203 (or 213)
Purpose: to gain knowledge of and insight into the following subject matter as well as the ability to apply this knowledge: the consolidation procedures required for the preparation and presentation of group financial statements namely intercompany transactions, business combinations, losses of a subsidiary, horizontal groups, vertical groups, alternative forms of group statements, consolidated cash flow statements, change in the degree of control, insolvent subsidiaries and the accounting treatment and disclosure of associates and joint ventures.

Municipal Accounting

SECOND-LEVEL MODULES

ACN203S  Cost accounting and control (S1 and S2)
Purpose: See under Accounting

THIRD-LEVEL MODULES

ALG301F  Accounting principles and practices for municipalities (S1 and S2)*
Prerequisite: ALG201
Purpose: to gain knowledge of and insight into the following subject matter as well as the ability to apply this knowledge: accounting standards for municipalities; fund administration; accounting practices distinctive to municipalities; capital accounting; overview of municipal financial statements, and financial statements for municipal services.

ALG302G  Fund accounting and financial statements for municipalities (S1 and S2)*
Prerequisite: ALG201
Purpose: to gain knowledge of and insight into the following subject matter as well as the ability to apply this knowledge: flotation of municipal stock; loan redemption fund; consolidated loans fund; capital development fund; reserves and provisions; land and property development; annual financial statements, and analysis and interpretation of financial statements.

ALG303H  Cost and management accounting for municipalities (S1 and S2)*
Prerequisite: ALG201 and ACN203
Purpose: to gain knowledge of and insight into the following subject matter as well as the ability to apply this knowledge: cost and management accounting; an introduction; costing methods; allocating support service costs; determining tariffs and service charges; standard costing and variance analysis; insurance; evaluating capital expenditure; quantitative techniques for managerial decision making, and cash management.

ALG304J  Financial administration and control for municipalities (S1 and S2)*
Prerequisite: ALG201
Purpose: to gain knowledge of and insight into the following subject matter as well as the ability to apply this knowledge: managing municipalities (in general); managing municipal finances; systems for providing management information; external financial control; internal financial control; loan debt administration, and managing municipal assets.

ALG305K  Financial planning and reporting for municipalities (S1 and S2)*
Prerequisite: ALG201
Purpose: to gain knowledge of and insight into the following subject matter as well as the ability to apply this knowledge: financing municipal services; financing capital expenditure; long-term financial planning; annual budgeting, and financial reporting.