

Recording Financial Transactions (FA1)

Syllabus and study guide

September 2023 to August 2024*

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

*Please note, any candidate sitting an exam on or before 12:00 GMT on Monday 18 September 2023 will be examined under the 2022/23 syllabus. After this date, exams will next be available to sit from 12:00 GMT on Wednesday 20 September 2023. Any candidate sitting an exam from this date onwards will be examined under the 2023/24 syllabus.

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1. Intellectual levels

ACCA qualifications are designed to progressively broaden and deepen the knowledge and skills demonstrated by the student at a range of levels on their way through each qualification.

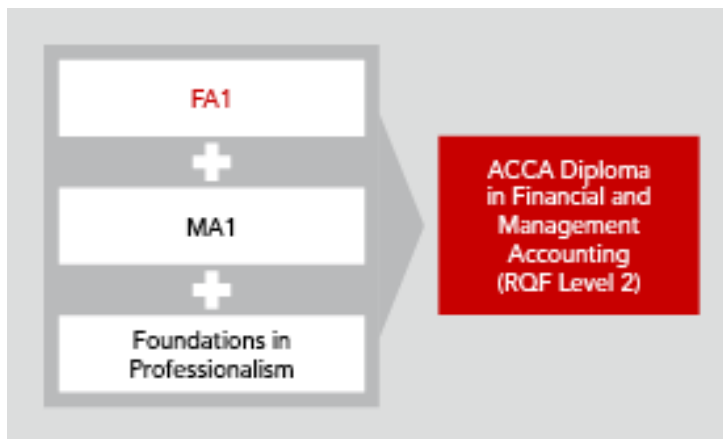
Throughout, the study guides assess both knowledge and skills. Therefore, a clear distinction is drawn, within each subject area, between assessing knowledge and skills and in assessing their application within an accounting or business context. The assessment of knowledge is denoted by a superscript ^K and the assessment of skills is denoted by the superscript ^S.

2. Learning hours and education recognition

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.

3. Qualification structure

The qualification structure requires candidates who wish to be awarded the ACCA Diploma in Financial and Management Accounting (RQF Level 2) to pass both the FA1 and MA1 examinations and successfully complete the Foundations in Professionalism module.



4. Guide to ACCA examination structure and delivery mode

The structure of examinations varies.

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 FIA examinations is 50%.

5. 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 where 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.

For this examination, regulation issued or legislation passed on or before 31 August annually, will be assessed from when the new syllabus commences in September of the following year. 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' relates 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.

6. Relational diagram linking Recording Financial Transactions (FA1) with other exams

The FIA suite of qualifications is designed so that a student can progress through three discrete levels; RQF Level 2, 3, and 4. However, entry is possible at any point. Students are recommended to enter Foundations in Accountancy at the level which is most appropriate to their needs and abilities and to take examinations in order, but this is not a requirement.



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 include both computational and non-computational elements. The examination will consist of 50 two mark questions.

8. Overall aim of the syllabus

To develop knowledge and understanding of the main types of business transactions and documentation and how these are recorded in an accounting system up to the trial balance stage.

9. Introduction to the syllabus

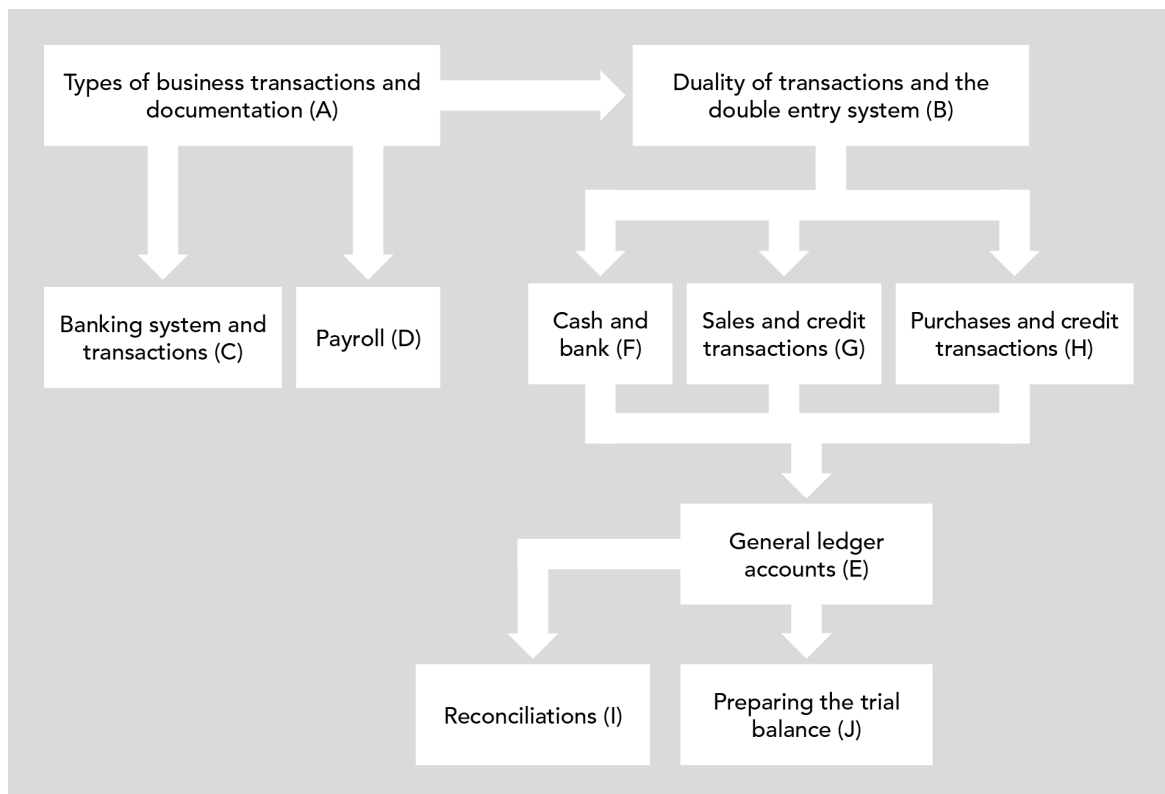
The syllabus for FA1, Recording Financial Transactions, introduces the candidate to the fundamentals of preparing and recording financial documentation from originating documents and processing business transactions up to the trial balance stage. It also covers relevant banking procedures associated with bookkeeping, maintaining and reconciling cash and petty cash records, preparing journal entries, updating relevant general ledger accounts and identifying and correcting errors.

10. Main capabilities

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

- A Describe types of business transactions and documentation
- B Explain the duality of transactions and the double entry system
- C Summarise the banking system and transactions
- D Process payroll transactions
- E Prepare general ledger accounts
- F Record cash and bank transactions
- G Record sales and credit transactions
- H Record purchases and credit transactions
- I Perform reconciliations
- J Prepare the trial balance

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



11. The syllabus

A Types of business transactions and documentation

1. Types of business transaction
2. Types of business documentation
3. Process of recording business transactions within the accounting system

B Duality of transactions and the double entry system

1. Double entry system
2. Journal entries
3. Elements of the financial statements

C Banking system and transactions

1. The banking process
2. Documentation

D Payroll

1. Processing payroll transactions within the accounting system

E General ledger accounts

1. Prepare general ledger accounts

F Cash and bank

1. Maintaining cash records
2. Maintaining a petty cash record

G Sales and credit transactions

1. Recording sales, customer account balances and trade receivables

H Purchases and credit transactions

1. Recording purchases, supplier account balances and trade payables

I Reconciliation

1. Purpose of reconciliations
2. Reconcile the cash records
3. Reconcile individual supplier accounts

J Preparing the trial balance

1. Prepare the trial balance
2. Correcting errors

12. Detailed study guide

A Types of business transactions and documentation

1. Types of business transaction

- a) Describe a range of business transactions including:^[K]
 - i) Sales
 - ii) Purchases
 - iii) Receipts
 - iv) Payments
 - v) Petty cash
 - vi) Payroll
- b) Define types of discounts including, where applicable, the effect that trade discounts have on sales tax.^[K]
- c) Describe the processing and security procedures relating to the use of:^[K]
 - i) Cash
 - ii) Cheques
 - iii) Credit and debit cards
 - iv) Digital payment methods

2. Types of business documentation

- a) Summarise the purpose and content of a range of business documents to include but not limited to:^[K]
 - i) Sales invoice
 - ii) Supplier (purchase) invoice
 - iii) Credit note
 - iv) Debit note
 - v) Delivery note
 - vi) Remittance advice
- b) Prepare the financial documents to be sent to credit customers including:^[S]
 - i) Sales invoice
 - ii) Credit note
 - iii) Statements of account
- c) Prepare remittance advice to accompany payments to suppliers.^[S]
- d) Prepare a petty cash voucher including the sales tax element of an expense

when presented with an inclusive amount.^[S]

3. Process of recording business transactions within the accounting system

- a) Identify the characteristics of accounting data and the sources of accounting records, showing an understanding of how the accounting data and records meet the business' requirements.^[K]
- b) Describe the key features of a computerised accounting system, including the use of external servers to store data (the cloud).^[K]
- c) Summarise how users locate, display and check accounting data to meet user requirements and understand how data entry errors are dealt with.^[K]
- d) Summarise the tools and techniques used to process accounting transactions and period-end routines and consider how errors are identified and dealt with.^[K]
- e) Identify risks to data security, data protection procedures and the storage of data.^[K]
- f) Explain the principles of coding in entering accounting transactions including:^[K]
 - i) Describing the need for a coding system for financial transactions within a double entry bookkeeping system
 - ii) Describing the use of a coding system within an accounting system
- g) Code sales invoices, supplier invoices and credit notes ready for entry into the accounting system.^[S]
- h) Describe the accounting documents and management reports produced by computerised accounting systems and understand the link between the accounting system and other systems in the business.^[K]

B Duality of transactions and the double entry system

1. Double entry system

- a) Define the accounting equation.^[K]
- b) Demonstrate the use of the accounting equation.^[K]
- c) Describe how the accounting equation relates to the double entry bookkeeping system.^[K]
- d) Explain how transactions are entered into the accounting system.^[K]

2. Journal entries

- a) Explain the use of journal entries including the reasons for and format of journal entries.^[K]
- b) Prepare journal entries for various transactions.^[S]

3. Elements of the financial statements

- a) Define and distinguish between the elements of the financial statements.^[K]
- b) Identify the content of a statement of financial position and a statement of profit or loss and other comprehensive income.^[K]

C Banking system and transactions

1. The banking process

- a) Explain the differences between the services offered by banks and other financial services businesses.^[K]
- b) Describe how the bank clearing system works.^[K]
- c) Identify and compare different forms of payment.^[K]

- d) Summarise the processing and security procedures relating to the use of cash, cheques, credit cards, debit cards and digital payment methods.^[K]

2. Documentation

- a) Explain why it is important for an organisation to have a formal document retention policy.^[K]
- b) Identify the different categories of documents that may be stored as part of a document retention policy.^[K]

D Payroll

1. Process payroll transactions within the accounting system

- a) Calculate and prepare entries in the accounting system to process payroll transactions including:^[S]
 - i) Calculation of gross wages for employees paid by the hour, paid by output and salaried workers
 - ii) Accounting for payroll costs and deductions
 - iii) The employers' responsibilities for taxes, state benefit contributions and other deductions
- b) Identify the different payment methods in a payroll system, e.g. cash, cheques, automated payments.^[K]
- c) Explain why authorisation of payroll transactions and security of payroll information is important in an organisation.^[K]

E General ledger accounts

1. Prepare general ledger accounts

- a) Prepare general ledger accounts, clearly showing the balances brought forward and carried forward as appropriate.^[S]

F Cash and bank

1. Maintaining cash records

- a) Record cash transactions within the accounting system, including any sales tax effect where applicable.^[S]

2. Maintaining a petty cash record

- a) Enter and analyse petty cash transactions in the accounting system including any sales tax effect where applicable.^[S]
- b) Demonstrate the use of the imprest and non-imprest systems of maintaining a petty cash record.^[S]
- c) Reconcile the petty cash record with cash in hand.^[S]
- d) Prepare and account for petty cash reimbursements.^[S]

G Sales and credit transactions

1. Recording sales, customer account balances and trade receivables

- a) Record sales transactions taking into account:^[S]
- Various types of discounts
 - Sales tax
 - The impact on the sales tax ledger account where applicable.
- b) Enter sales invoices and credit notes issued to customers into the accounting system.^[S]
- c) Prepare the trade receivables general ledger account by accounting for:^[S]
- Sales
 - Sales returns
 - Receipts from customers including checking the accuracy and validity of receipts against relevant supporting information
 - Discounts
 - Contra entries

- d) Prepare entries in the accounting system to record cash sales, credit sales and receipts from customers.^[S]

- e) Account for irrecoverable debts and allowances for irrecoverable debts.^[S]

H Purchases and credit transactions

1. Recording purchases, supplier account balances and trade payables

- a) Record purchase transactions taking into account:^[S]
- Various types of discounts
 - Sales tax
 - The impact on the sales tax ledger account where applicable
- b) Enter supplier invoices and credit notes received from suppliers into the accounting system.^[S]
- c) Prepare the trade payables general ledger account by accounting for:^[S]
- Purchases
 - Purchase returns
 - Payments to suppliers including checking the accuracy and validity of the payment against relevant supporting information
 - Discounts
 - Contra entries
- d) Prepare entries in the accounting system to record cash purchases, credit purchases and payments to suppliers.^[S]

I Reconciliation

1. Purpose of reconciliations

- a) Describe the purpose of reconciliations to external documents as a checking device to aid management and help identify errors.^[K]
- b) Explain why it is important to reconcile to external documents regularly and to

deal with discrepancies quickly and professionally.^[K]

2. Reconcile the cash records

- a) Reconcile the cash records to a bank statement and deal with any discrepancies.^[S]

3. Reconcile individual supplier accounts

- a) Reconcile the balances on individual supplier accounts to supplier statements and deal with any discrepancies.^[S]

J Preparing the trial balance

1. Prepare the trial balance

- a) Extract an initial trial balance.^[S]

2. Correcting errors

- a) Identify the types of errors that are revealed by extracting a trial balance.^[K]
- b) Identify the types of errors that are not revealed by extracting a trial balance.^[K]
- c) Prepare journal entries to correct errors in the trial balance.^[S]
- d) Identify when a suspense account is required and clear the suspense account using journal entries.^[S]
- e) Redraft the trial balance following correction of all errors.^[S]

13. Summary of changes to Recording Financial Transactions (FA1)

14. ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders including employers, students, regulatory and advisory bodies and learning providers. Due to the significant changes made to the 2023/24 study guide from the 2022/23 study guide, the following detailed mapping guide has been prepared.

Detailed mapping for FA1 from September 2022/23 to September 2023/24

Key

	The 2022/23 learning outcome has not been remapped for 2023/24, although changes may have been made to the wording
	The learning outcome is new for 2023/24
	The 2022/23 learning outcome has been remapped for 2023/24 and changes may or may not have been made to the wording
	The 2022/23 learning outcome has been removed from the 2023/24 syllabus

2022/23 Learning Outcome	2023/24 Learning Outcome	Summary of changes
A	A	Changed 'transaction' to 'transactions'
A1	A1	No changes
A1(a)	A1(a)	Changed 'Understand' to 'Describe'
A1(b)	A1(b)	Changed 'Understand' to 'Define'
A1(c)	A1(c)	A1(c) (iv) changed from 'Debit cards for receipts and payments and electronic payment methods' to 'Digital payment methods'
A2	A2	No changes
A2(a)	A2(a)	Changed 'Outline' to 'Summarise' and more examples of types of business document added
A2(b)	A2(b)	No changes
A2(c)	A2(c)	Changed 'Advices' to 'Advice'
A2(d)	A2(d)	No changes
A3	A3	No changes
A3(a)	A3(a)	Changed 'accounting data records' to 'accounting records'
NEW FOR 2023/24	A3(b)	New for 2023/24
A3(b)	A3(c)	Remapped - changed 'Understand' to 'summarise'; changed 'accounting data records' to 'accounting data'
A3(c)	A3(d)	Remapped - changed 'Outline' to 'Summarise'
A3(d)	A3(e)	Remapped - changed 'Consider' to 'Identify'
A3(e)	A3(f)	Remapped - changed 'Understand' to 'Explain'; changed 'filing system' to 'accounting system'
A3(f)	A3(g)	Remapped - changed 'a filing system' to 'an accounting system'

A3(g)	A3(h)	Remapped - no changes to wording
B	B	No changes
B1	B1	Removed
B1(a)	REMOVED	Removed
B1(b)	REMOVED	Removed
B1(c)	REMOVED	Removed
B1(d)	REMOVED	Removed
B2	B1	Remapped - no changes to wording
B2(a)	B1(a)	Remapped - no changes to wording
B2(b)	B1(b)	Remapped - changed 'understand and apply' to 'demonstrate the use of'
B2(c)	B1(c)	Remapped - changed 'Understand' to 'Describe'
B2(d)	REMOVED	Removed
NEW FOR 2023/24	B1(d)	New for 2023/24
B3	B2	Remapped - changed 'The journal' to 'Journal entries'
B3(a)	B2(a)	Remapped - changed 'Understand' to 'Explain'; changed 'the journal' to 'journal entries'
B3(b)	B2(b)	Remapped - changed 'directly from transactions, books of prime entry as applicable or to correct errors' to 'for various transactions'
B4	B3	Remapped - no changes to wording
B4(a)	B3(a)	Remapped - no changes to wording
B4(b)	B3(b)	Remapped - no changes to wording
C	C	No changes
C1	C1	No changes
C1(a)	C1(a)	Changed 'banking institutions' to 'other financial services businesses'
C1(b)	C1(b)	No changes
C1(c)	C1(c)	No changes
C1(d)	C1(d)	Changed 'Outline' to 'Summarise'; changed 'credit cards and debit cards for receipts and payments and electronic payment methods' to 'credit cards, debit cards and digital payment methods'
C2	C2	No changes
C2(a)	C2(a)	No changes
C2(b)	C2(b)	No changes
D	D	No changes
D1	D1	No changes
D1(a)	D1(a)	Changed 'Prepare and enter the journal entries in the general ledger' to 'Calculate and prepare entries in the accounting system'
D1(b)	D1(b)	No changes
D1(c)	D1(c)	No changes
E	E	Added 'General'
E1	E1	Added 'general'
E1(a)	REMOVED	Removed

E1(b)	REMOVED	Removed
E1(c)	REMOVED	Removed
F	F	No changes
F1	F1	Changed 'a cash book' to 'cash records'
F1(a)	F1(a)	Changed 'transactions within the cash book' to 'cash transactions within the accounting system'
F1(b)	REMOVED	Removed
F1(c)	REMOVED	Removed
F2	F2	Changed 'book' to 'record'
F2(a)	F2(a)	Changed 'petty cash book' to 'accounting system'
F2(b)	REMOVED	Removed
NEW FOR 2023/24	F2(b)	New for 2023/24
F2(c)	F2(c)	Changed 'petty cash book' to 'petty cash record'
F2(d)	F2(d)	No changes
G	G	No changes
G1	G1	Added ', customer account balances and trade receivables'
G1(a)	G1(a)	Changed 'discount' to 'discounts'
G1(b)	REMOVED	Removed
NEW FOR 2023/24	G1(b)	New for 2023/24
G2	REMOVED	Removed
G2(a)	REMOVED	Removed
G2(b)	REMOVED	Removed
G2(c)	REMOVED	Removed
G2(d)	G1(c)	Remapped - changed 'receivables ledger control account or receivables ledger' to 'trade receivables general ledger account'; changed 'Payments from' to 'Receipts from'; remapped G2(d)(v) into the new G1(e), added 'Contra entries'
NEW FOR 2023/24	G1(d)	New for 2023/24
NEW FOR 2023/24	G1(e)	New for 2023/24
H	H	No changes
H1	H1	Added ', supplier account balances and trade payables'
H1(a)	H1(a)	Changed 'discount' to 'discounts'
H1(b)	H1(b)	Added 'received from suppliers'; changed 'appropriate book of prime entry' to 'accounting system'
H2	H1	Remapped - included as part of H1 for 2023/24
H2(a)	H1(c)	Remapped - changed 'payables control account or payables ledgers' to 'trade payables general ledger account', added 'Contra entries'
NEW FOR 2023/24	H1(d)	New for 2023/24
I	I	No changes
I1	I1	Deleted 'control accounts and'
I1(a)	I1(a)	Changed 'control accounts' to 'reconciliations to external documents'; deleted 'bookkeeping'

I1(b)	I1(b)	Changed 'control accounts' to 'to external documents'
I2	I2	Changed 'book' to 'records'
I2(a)	I2(a)	Changed 'a bank statement with the cashbook' to 'the cash records to a bank statement and deal with any discrepancies'
I3	REMOVED	Removed
I3(a)	REMOVED	Removed
I4	REMOVED	Removed
I4(a)	REMOVED	Removed
NEW FOR 2023/24	I3	New for 2023/24
NEW FOR 2023/24	I3(a)	New for 2023/24
J	J	No changes
J1	J1	No changes
J1(a)	E1(a)	Remapped - changed 'ledger balances' to 'general ledger accounts'; changed 'carried down and brought forward' to 'brought forward and carried forward'
J1(b)	J1(a)	Remapped - no changes to wording
J2	J2	No changes
J2(a)	J2(a)	Changed 'error' to 'errors; deleted 'in a bookkeeping system'; changed 'disclosed' to 'revealed'
J2(b)	J2(b)	Changed 'error' to 'errors; deleted 'in a bookkeeping system'; changed 'disclosed' to 'revealed'
J2(c)	J2(c)	Changed 'Use the journal' to 'Prepare journal entries'; changed 'disclosed by' to 'in'
J2(d)	J2(c)	Remapped - now combined with J2(c) into a single learning outcome
J2(e)	J2(d)	Remapped - changed 'the journal' to 'journal entries'
J2(f)	J2(e)	Remapped - no changes to wording