

BASIC ACCOUNTING

Course Curriculum



Modules

Total Modules: 18

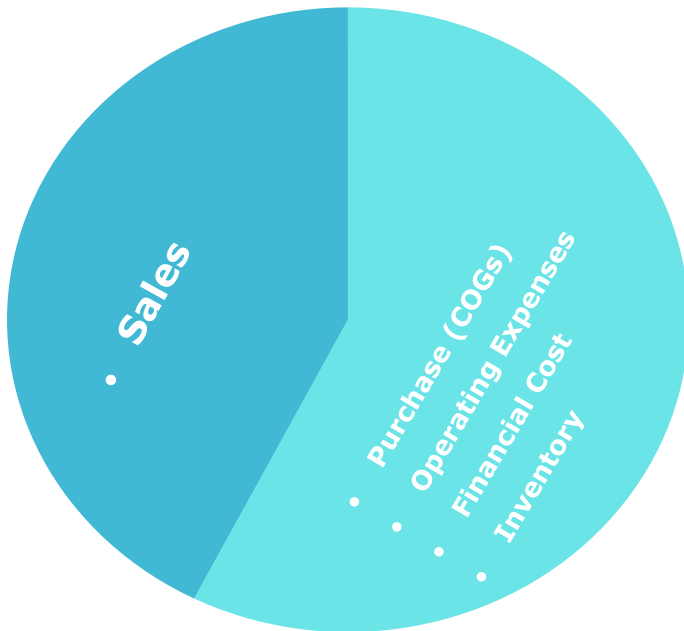
Duration: 2+ Hours

1. Introduction to Basic Accounting #Fundamental
 - Revenues
 - Expenses
 - Cost of Good sold(COGs)
 - Inventory
 - Financial cost
2. Case Study 2 - Accounts Receivables
3. Case Study 3 -Cash disbursement process
4. Case Study 4 - Account payables
5. Case Study 5 - Understand risk
6. Case Study 6 -Understand internal controls
7. Case Study 7 - Bank reconciliation
8. Case Study 8 - Financial reporting
 - Consolidated Income staments
 - Consolidated Balance sheet
9. Case Study 9 - Professional Best practices
10. Case Study 10 - Taxation

***This course includes chapter-wise MCQs & a Final Assessment**

Module 1: Accounting Fundamental

1. Sales transaction



Bookkeeping: Dr Cash or Bank
Cr Sales (Item sold)



2. Purchase or payment transaction



Bookkeeping: Debit (Dr) Item purchased
Credit (Cr) Bank or Cash



Accounting fundamental

Learn about transactions, Journal entries
Debit, Credit

• Sales

• Expenses

• Cost of Good sold (COGs)

• Inventory

- **Debit side** : is where an accountant record Money received when item sold by Cash or Bank or Receivable when item sold on credit. Item purchased which is an expense or an assets. (Assets and Expenses)
- **Credit side**: is where an accountant record Money paid

Eg:3. TFCCO make the payment of net staff salaries for Rwf 2,000,000 by Cash

Bookkeeping or Journal entry:

Debit Net salaries: Rwf 2,000,000
Credit (Cr) Cash: Rwf 2,000,000

CLICK HERE



Module 2 : Account receivable process

Account receivables process

Learn about company's receivables, when the company make credit sales or any other. In general journals entries, you w'll

Debit A/c receivables

Credit Income A/c

- Sales day book (invoice) or sales journal: learn about transaction of redit sales

✚ In the journal entry we record transaction by

- Debiting Account receivable
- Crediting Sales (item sold)

Eg:1. TFCCO sold moto vehicle on credit at 01st Feb 2025 for Rwf 5,000,000

Bookkeeping or Journal entry:

Debit Receivable: Rwf 5,000,000

Credit Moto vehicle :Rwf 5,000,000

[CLICK HERE](#)



Module 3: Cash disbursements process

Cash disbursements process:

Lean about the cash disbursement process when the company makes payment, how you can do account for that. In general journal you w'll

Debit Expense A/c

Credit Cash/Bank A/c

- Cash receipts process: Learn about transactions of sales made by cash or bank

✚ In the journal entries, we record transaction by

- Debiting Cash or Bank
- Crediting Sales (Item sold)

eg:1. TFCCO sold moto vehicle on 01/01/2025 for Rwf 5,000,000 by Cash.

Bookkeeping or Journal entry:

Debit Cash: Rwf 5,000,000

Credit Moto vehicle :Rwf 5,000,000

Module 4: Account payables

Account payables process :

Learn about company's payables, when the company makes Credit purchase or any other payments not yet paid by the company. In general journal you w'll

Debit Expense A/c

Credit account payables

- Purchase day book (Bill) or purchase journal

- ✚ In the journal entry we record transaction by
- Debiting Purchase (Item purchased)
 - Account payable

Eg:1. TFCCO purchases moto vehicle on credit at 31st March 2025 for Rwf 3,000,000

Bookkeeping or Journal entry:

Debit Moto vehicle: Rwf 3,000,000

Credit Payable: Rwf 3,000,000

[CLICK HERE](#)

Module 5: Understand risks

Understanding risks:

Learn about the different risks that impact a business and what it means for you

As an accountant in organization.

You can prevent the company's risk through mis posting transactions of the expenses accounts like tax withheld by public sectors and Expenses that substrate to RRA tax account, when the company has refunded by RRA.

Module 6: Understanding internal controls

Understanding internal controls

Learn about to minimization strategies of an expense and increase of company's income in order to maximize more efficiency and effectiveness.

Module 7: Bank reconciliation

Bank reconciliation:

Learn about the bank reconciliation process but more importantly learn how to perform bank reconciliation. How to update financial software by debiting and crediting items appearing in the bank statements but not appear in the financial software, like **Bank charges, Repayment loan, commission charges, standing order**

payments and standing order receipts.

Module 8: Financial reporting standard

Financial reporting standards

Learn about the elements of the financial statements

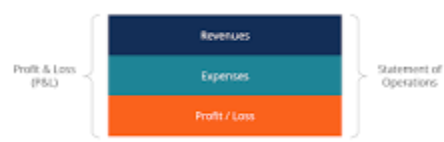
10 elements of financial statements:

assets, liabilities, equity (net assets), revenues, expenses, gains, losses, investments by owners, distributions to owners, and comprehensive income.

What are the Components of Financial Statements?

- Top 4 Components of Financial Statements:
 - Balance Sheet. Assets. Liabilities. Owners Equity, Income Statement, Statement of Changes in Equity, Cash Flow Statement.

What are the 8 components of profit and loss statement?



Structure of the Profit and Loss Statement

Revenue (or Sales)
 Less Cost of Goods Sold (or Cost of Sales),
 $\text{Cost of goods sold} = \text{Opening stock} + \text{Purchase} - \text{Return out word} - \text{Closing stock}$
 Gross profit (Sales - Cost of goods sold)
 Less Marketing
 Less Advertising.
 Less Selling
Profit from operation
 Less General & Administrative Expenses (SG&AE)
 Less Financial cost

 Profit Before tax
 Tax (28%)
 Profit After tax

What are the 4 important types of financial statement?



- Balance sheet.
- Income statement.
- Cash flow statement.
- Statement of owner's equity

Module 9: Professional Best practices

Professional Best practices

Learn the best ways to conduct yourself professionally in the workplace.

You can also review and analyse financial statements and provide professional guidance for financing issue.

Module 10: Taxation

Taxation:

Learn about the different taxes that impact companies in your Rwanda.

Corporate income tax, withholding taxes, district taxes, payroll deductions and VAT computation and declaration

How to calculate **VAT**, and **IQP-CIT of 3%** withheld by the public sectors and declarations. And how to format and fill excel tables used to validate data.

How to make Bookkeeping transactions of different taxes like Refund from RRA that have been posted to RRA tax account where every Tax declaration is subtracted to such tax account.

When the entity withheld tax by the public institutions

Dr Withholding tax A/c which is created in chart of account as Bank

Cr Income A/c (Sales) Ex: Green tea

Dr Bank or Cash A/c

Cr Income A/c (Sales) Ex: Green tea

Ex: When the entity has the annual income tax 30% of taxable income for **rwf 10,000,000** And tax withheld for **rwf 8,000,000**. The entity has acknowledgement receipt of declaration of (CIT) **rwf 2,000,000** which was paid by using entity's bank account.

Dr CIT (Corporate income tax) A/c	2,000,000
Cr Bank A/c	2,000,000

Dr CIT (Corporate income tax)	8,000,000
Cr Withholding tax	8,000,000

When the entity receive RRA refund and posted to Tax account which is created in chart of account Bank .you will enter the Balance immediately when you create chart of account of Refund as subaccount of Tax account.

- i) When the entity makes payment tax such as VAT, CIT, PAYE by using Tax account.

Dr Tax

Cr refund which is created as subaccount of Tax account

Carriage Inwards

Article by [TFCCO Team](#)

The team of Truly Finance Consultancy &E-FSM Training ([TFCCO](#)) Ltd, [FRM](#) comprises over 40 highly skilled and seasoned writers and editors with expertise in Finance, Business, MS Excel, Accounting software expert ,Business planning and Budget, Strategic plan and procedure manual, Tax preparation and declaration, Tender preparation, Statistics, and Data visualizations, creating top-tier, insightful, unparalleled, accurate, and informed content

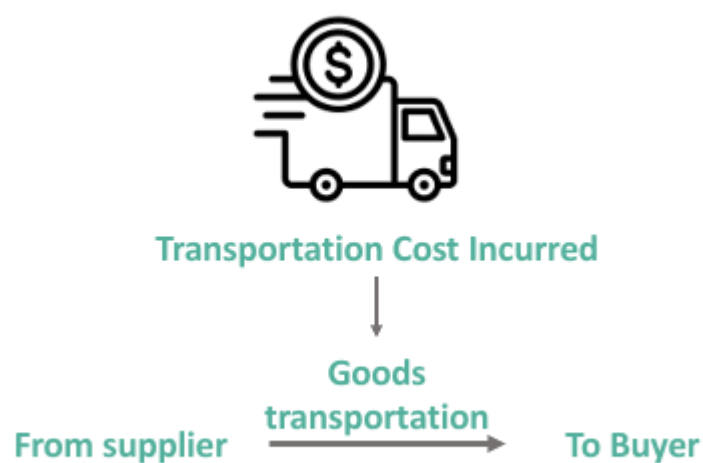
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Truly Finance Consultancy &E-FSM Training ([TFCCO](#)) Ltd, [FRM](#) is Finance Advisory, Financial Analyst and Excel, Business planning, Tax preparation and declaration, Accounting software installation, Chart of Account creation and Bookkeeping. Background as a former Equity Research Analyst, he brings unparalleled proficiency to these key financial domains.

Carriage Inwards Meaning

Carriage, also termed transportation inwards or Freight inwards is the costs incurred towards the Freight and transportation of goods from the supplier's warehouse to the buyer's business. It is treated as a direct expense and is always reflected on the debit (Dr.) side of the trading account, and in most cases, it is the buyer who is responsible for paying off such costs.

Carriage Inwards



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The capitalization of Freight inwards is dependent on the asset that is purchased. The buyer mostly takes care of the payment made towards it. However, it may not be the case for all, and sometimes, even the seller may pay the Freight inwards, or both the seller and the buyer may pay for the same.

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Carriage Inwards Explained

Carriage inwards Freight inwards, or transportation inwards are the charges for transporting goods from the supplier's place to the location of the customer. Freight inwards may or may not always be capitalized. However, this depends on [the type of asset](#) purchased. **Carriage inwards in income statement** must be treated as a direct expense, and the entry for the same must be posted on the [debit](#) side of a buyer's trading account. Carriage-in is a part of the cost of the purchased goods (cost of goods sold, cost of inventory, and cost of the items available). **Carriage inwards in income statement** is an expense that is incurred while transporting goods from the supplier's warehouse to the buyer's warehouse. It can also be learned as costs about the shipping and handling of goods that are, in most cases, incurred by a company that is purchasing Goods from the supplier. It must be treated as a direct expense, and therefore, the same must be considered while calculating the total cost of the goods purchased. It must be included as a part of the cost of inventory, cost of available goods, and COGS ([cost of goods sold](#)).

Journal Entry

The journal entry for the **carriage inwards in accounting** will be as follows: Carriage in word is created in chart of account as subaccount of purchases to increase cost of good sold.

Dr Carriage Inwards A/c

Cr Bank A/c or Cash A/c

In the above entry, we see that the carriage inwards has been debited and bank has been credited. From the point of view of the buyer, when some goods are purchased by the business, it is necessary to increase the freight charge because the purchaser has to pay for the transportation cost. Therefore, according to the accounting rules, since expenses are debited, the charge for transportation will also be debited. Since money is going out **carriage inwards in accounting** in the form of payment in cash or credit, there is reduction in asset account. Thus, bank or cash will be credited.

When Freight inwards is paid during the purchase of inventory -

The journal entry passed when it is spent on buying the inventory is:

Particulars	Debit	Credit
Purchases A/cDr	XXX	
Carriage Inwards A/cDr	XXX	
To Bank A/c		XXX

(Entry to record purchases and payment of carriage inwards)

The journal entry passed for transferring carriage inwards to the trading account and added to the COGS or cost of goods sold is:

Particulars	Debit	Credit
Trading A/cDr	XXX	
To carriage Inwards A/C		XXX

(Entry to record carriage inwards to the trading account)

The journal entries in the case of carriage outwards are:

When carriage outwards is paid from bank account:

Particulars	Debit	Credit
Carriage Outwards A/cDr	XXX	
To Bank A/c		XXX

(Entry to record payment of carriage outwards)

When carriage outwards is transferred to the income statement or profit and loss account:

Particulars	Debit	Credit
Profit and Loss A/cDr	XXX	
To Carriage Outwards A/c		XXX

(Entry to record carriage outwards to profit and loss account)

Journal entries passed during the purchase of an inventory are -

The journal entry passed when carriage inwards is paid on buying the inventory is:

Particulars	Debit	Credit
Purchases A/cDr	XXX	
Carriage Inamwards A/cDr	XXX	
To Bank A/c		XXX

(Entry to record purchases and payment of carriage inwards)

The journal entry passed for transferring freight inwards to the trading account and added to the COGS or cost of goods sold is:

Particulars	Debit	Credit
Trading A/cDr	XXX	

Particulars	Debit	Credit
To Carriage Inwards A/c		XXX

(Entry to record carriage inwards to trading account passed)

Journal entry passed during the purchase of a fixed asset is:

When it is paid for purchasing the [fixed asset](#), then it will be added in the cost of the fixed asset and the entry to record this will be as follow:

Particulars	Debit	Credit
Fixed Assets A/cDr	XXX	
To Bank A/c		XXX

(Entry to record purchases of fixed assets and carriage amount paid on such fixed asset)

Example

Let us understand the concept with the help a suitable example.

What will be the journal entry for \$10 paid as charges towards Freight inwards in cash towards purchasing goods worth \$10,000?

Solution

Particulars	Debit	Credit
Purchase A/c.....Dr	\$10,000	
Carriage Inwards A/c.....Dr	\$10	
To Bank A/c		\$10,010

(Entry to record purchases and payment of carriage inwards)

The above examples clearly explain the concept of **carriage inwards in trading account** and other parts of financial statement in detail. Through these examples we can understand how the charges are recorded in the books of accounts.

Carriage Inwards Vs Carriage Outwards

Both the above items are important part of accounting for transactions related to transportation of goods between supplier and customer. But they are different in many ways. Let us identify the differences as given below:

- **Other Names:** Carriage inwards is also known as transportation-inwards or transportation-in or freight-in or freight-inwards, while carriage outwards is also known as transportation-outwards or freight-outwards.
- **Meaning:** Carriage inwards can be learned as freight and transportation costs incurred during the transportation of goods from the supplier's warehouse to the warehouse of the buyer. On the other hand, carriage outwards can be learned as freight and transportation costs incurred by a company while selling off its goods. In other words, Freight inwards is borne during the purchase of goods, whereas carriage outwards during the sale of goods.
- **Treatment:** It receives treatment similar to that of a direct expense, whereas carriage outwards receives treatment identical to that of [an indirect expense](#).

- **Capitalization:** The capitalization of Freight inwards may or may not take place, and it depends on the asset bought. On the other hand, carriage outwards is not capitalized at all.
- **Reflection in a Statement:** The entries about the **carriage inwards in trading account** are posted in the trading account, whereas the entries about the Freight outwards are posted in the income statement or [profit and loss account](#).
- **Debit/Credit Side:** The entries about the Freight inwards are posted on the debit side of the trading account, whereas the entries about the carriage outwards are posted on the credit side of an [income statement](#) or profit or loss account.
- **Responsibility:** The buyer is mostly responsible for paying off the carriage inwards charges, whereas in the case of Freight outwards, it is the seller or the supplier who is primarily responsible for paying off these charges.
- **Journal Entry:** Journal entry for inward carriage varies on the element and the purpose behind its use.

Thus, the above are some important differences between the two financial terms. It is necessary to understand these differences clearly so that it becomes easy to identify the items from the financial statements. It also helps the accountants who maintain the entries in the books to understand by looking at the invoices and bills, what entry must be recorded in which part of the financial statement so that it reflects a correct view of business transactions.

Carriage Outwards

Carriage outward is created in chart of account as an expenses
A/c

Dr Carriage out word
Cr Cash or Bank A/c

Recommended Articles

This has been a guide to Carriage Inwards and its meaning. We explain the differences with carriage outwards along with journal entry and examples. You can learn more about financing from the following articles -

- [Return Inward](#)
- **Return inword is created inchart of account as subaccount of purchase**

Dr Return inword A/c

Cr Cash or Bank ,Payable A/c

[Return outward](#)

- **Return outward is created in chart of account as subaccount of sales**

Dr Bank or Cash, Receivable A/c when there is no refund
Cr Return outward A/c

- [Finished Goods Inventory Formula](#)
- [Credit Sales Journal Entry](#)

ASSIGNMENT

Question 1. a) On 29/10/2024 VSM COMPANY LTD which is not exempted to value added tax. The official receipt (EBM) of rwf 15,000,000 issued to public institution while the payment will be made after 3% and 18% of tax withheld that has been established by taxes on income governed by the law No 027/2022 of October 2022.

- i) Calculate tax withheld by the public institution and amount paid after withholding tax “use excel formulars”

b) VSM COMPANY LTD has been withheld tax of 3% and 18% for the sale of HYUNDAI Tucson invoiced to Public institution of rwf 12,000,000. During at the end of the year, its Accountant has prepared financial statement that shows the profit before tax of rwf 60,000,000

- i) Calculate the total tax withheld by the public institution
- ii) Calculate Amount VAT exclusive
- iii) Calculate the annual income tax according to the Rwandan rate of income tax which has paid by bank
- iv) Calculate IQP-CIT of tax withheld by the public institution of 3% when the VSM COMPANY LTD is exempted to Value added tax.

C) VSM COMPANY LTD has 4 Employees, two (X&Z) has Gross salary of 400,000 Rwf / each , (Y) has gross salary of 250,000 Rwf and (W) has Gross of 280,000 Rwf

- i) **Make Payroll list which shows Payroll tax, RSSB contributions and Net salaries to take a home by each Employee. N.B:** PAYE, Pension, Maternity, CBHI Scheme and Net Salaries paid Bank.

- d) On 29/10/2024 VSM COMPANY LTD has paid before the staff lunch (F&B) of rwf 105,000 by cash and then after staff consume Lunch of 40,000 Rwf on 30/10/2024.

❖ 1) Make General journal entries of Question 1(a), (b), (c) ,(d) while the public institution made the payment by Bank after withholding tax for the Question 1 (A).

Reader Interactions

[Learn Basic Accounting Ratio Analysis, Accounting software, Bookkeeping, Debit vs Credit in Accounting. Accounting Equation](#)

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