

SELF-GUIDED ACCOUNTING

Workbook for Beginners

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PREFACE

Self-Guided Accounting Book for Beginners is a self-guided manual specially written for first year accounting and non-accounting students as a smart way of learning accounting. The idea of this book is to provide a very simple and understandable material on accounting with additional exercises which are expected to facilitate students to understand better.

This book is written based on topics which are often tested in final examinations which are:

- Introduction to Accounting
- Principles of Double Entry
- Financial Statement
- Bank Reconciliation Statement
- Ratio Analysis
- Partnership

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CHAPTER ONE

INTRODUCTION TO ACCOUNTING

INTRODUCTION

This book aims to assist users to better grasp and understand basic financial accounting and reporting concepts and principles through hands on exercises .The first chapter introduces users to an overview of accounting. The beginning part of the overview deals with definition of accounting, functions and objectives of accounting information. This chapter also emphasises on exercises for users of accounting information who are internal and external users.

There are three types of businesses which constitute sole proprietorship, partnership and limited companies. Users must be able to understand the characteristics of each of the business types. This chapter also touches on the differences between bookkeeping and accounting. The users can capture the overall picture of accounting process through the accounting cycle.

Accounting involves bookkeeping and preparation of financial statements. Therefore, it requires adherence to accounting concepts and principles to be applied in accounting process. We provide different styles of questions to strengthen knowledge of the users to understand different accounting concepts. Towards the end of the chapter, user's knowledge on accounting classification and accounting equation is tested. Accounting classification consists of assets, liabilities, owner's equities, revenues and expenses while accounting equation covers basic accounting equation and expanded accounting equation.

The integral part of this chapter can best be presented through case study exercises. The case study exercises conclude the whole knowledge of chapter one. It helps the users to illustrate applications of the accounting concepts and principles to enhance the understanding of the users in the first chapter.