**BCOM 110: Principles of Accounting I**

Today, more people than ever before recognize the importance of accounting information and the profound effect that unethical and misleading financial reports can have on a business, its owners, its employees, its lenders, and the financial markets. In this course, we learn the basics of accounting including how to make and interpret financial statements.

**Course Outline**

* Historical development, definition and fields/branches of accounting.
* Conceptual framework of accounting – an introduction.
* Objectives of financial reporting.
* Fundamental concepts of accounting.
* Recording of transactions and events.
* The nature of accounting equation and role of double entry system.
* Accounting cycle. Journalising, posting, trial balance and accounting errors, adjustments, closing and reversing entries.
* Preparation of financial statements; Income statements, the balance sheet, and cash flow statements.
* Interpretation of financial statements.
* Control accounts.
* Accounting for merchandising concerns.
* Uses of managerial accounting and financial accounting.

**References**

1. Needles/ Powers (2011), *Principles of Financial Accounting*, South-Western Cengage Learning, Mason, OH, USA.
2. Wood/ Sangster (2005), *Business Accounting 1*, Pearson Education Limited, Harlow, Essex.
3. Wood/ Horner (2010), *Business Accounting Basics*, Prentice Hall, Harlow, Essex.

**Assignment 1**

1. Tell whether each of the following accounts is an asset, a liability, a revenue, an expense, or none of these:

a. Accounts Payable

b. Supplies

c. Withdrawals

d. Fees Earned

e. Supplies Expense

f. Accounts Receivable

g. Unearned Revenue

h. Equipment

Tell whether the normal balance of each account aboveis a debit or a credit.

**Assignment 2**

Leon Bear started a computer programming business, Bear’s Programming Service. For each transaction that follows, indicate which account is debited and which account is credited.

May 2 Leon Bear invested Ksh.5,000 in cash.

5 Purchased a computer for Ksh.2,500 in cash.

7 Purchased supplies on credit for Ksh.300.

19 Received cash for programming services performed, Ksh.500.

22 Received cash for programming services to be performed, Ksh.600.

25 Paid the rent for May, Ksh.650.

31 Billed a customer for programming services performed, Ksh.250.

Set up T accounts and record each transaction above. Determine the balance of each account.

From the T accounts created in above, prepare a trial balance dated May 31, 2010.