# LAIKIPIA UNIVERSITY COLLEGE

DEPARTMENT OF MATH AND BUSINESS STUDIES

**BUST 121: FUNDAMENTALS OF FINANCIAL ACCOUNTING**

**COURSE OUTLINE**

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**Introduction**

Accounting is the process of measuring and recording the financial value of the assets and liabilities of a business and monitoring these values as they change with the passage of time. We have management accounting, taxation accounting, and financial accounting e.t.c. Our focus in this course is on the latter. By the end of this course you should be able to:

* Post entries into ledger accounts and make a trial balance.
* Prepare basic financial statements for sole proprietors, partnerships and manufacturing concerns.
* Prepare a bank reconciliation statement and draw control accounts.
* Account for receivables, inventories and fixed assets.

**CONTENT**

1. Nature, purpose and scope of accounting.
2. Accounting principles, concepts and conventions/ constraints.
3. The accounting cycle.
4. Journals.
5. Ledgers.
6. Petty cash and the imprest system.
7. Bank reconciliations.
8. Yearend adjustments.
9. Correction of errors and the suspense account.
10. Control accounts.
11. Preparation of financial statements.
12. Accounting for receivables.
13. Accounting for inventories.
14. Accounting for fixed assets
    1. Deppreciation methods.
    2. Accounting for depreciation.
15. Preparation of financial statements for:
    1. Partnerships.
    2. Manufacturing concerns.

A soft copy of the notes for the course will be availed for each topic. Students are expected to print their own copy for reference. The notes contain assignment question that students should attempt and hand in during the next session. In addition, the following texts are recommended.

**RECOMMENDED TEXTS (AVAILABLE AT LUC LIBRARY)**

1. Larson et al (1999), Fundamental Accounting Principles, 15th edition, McGraw- Hill Companies, NY.
2. Needles et al (1988), Financial and managerial accounting, Houghton Mifflin Company, Boston, MA. USA.