

Accounting and Finance

Accounting Basics: Complete Guide

©Lilian Anyango Olick

Columbia Global Centers in Nairobi, Kenya



Michael A. Celender is the author of *Accounting Basics: Complete Guide*. Celender was born and raised in Johannesburg, South Africa. He majored in Accounting, Financial Management, and Marketing Options at the University of Johannesburg, attaining top grades (Amazon, 2021).

The book provides an uncomplicated and easy to comprehend subject with basic accounting precepts and techniques to assist the average accounting student to comprehend and succeed at the subject. As a professional in accounting and business education, Celender has taught hundreds of students and designed a range of accounting units in his native South Africa, including basic accounting lessons for publication by a nationwide media company, state accounting courses for the Accounting Standards Board, and diverse college-level classes (Amazon, 2021).

While teaching others at several higher education institutions and during his studies, Celender witnessed the challenges the facilitators in South Africa encountered in delivering knowledge in the Accounting field. He decided to train in Study Technology to address the challenges, which became a new and innovative educational system that assisted him to write books with student comprehension as the preliminary result. He identified Study Technology as the most suitable educational approach worldwide that could help address the core reasons why learners of all age sets and generations labor to excel in their studies (Amazon, 2021).

Celender's background in Accounting and Business Education includes over 600 hours of tutoring higher education institution learners; drafting accounting manuals and other materials for a range of courses, including training modules on South African state accounting, two virtual accounting modules published by a major media company (Johnnic Communications), and the design of six accounting manuals for the Hubbard College of Administration for Africa. He also founded www.accounting-basics-for-students.com, which provides free accounting instruction to thousands of visitors worldwide. Celender also has many years of expertise managing non-profits, marketing and copywriting, not omitting a love of writing fiction and non-fiction screenplays (Amazon, 2021).

Book Review

Accounting Basics: Complete is a compilation of the Accounting basics series, containing the study guide (volume 1), workbook (volume 2), and dictionary (volume 3), all in a single publication. The Accounting basic series presents the subject area in a simple, clear, and comprehensive manner. And although written largely for high school and college students, the reader is also very useful for industry practitioners and professionals looking to peruse and skim through basic accounting concepts and practices. This highly-rated guidebook contains 60

accounting discourses with clear illustrations and models; 88 questions and exercises to assess the readers' understanding as they move along; over 130 images, tables, and diagrams to bring the subject to life; and an accounting dictionary with over 300 accounting and business terms defined (Celender, 2013).

The series can also be purchased independently rather than as a complete guide. The study guide (volume 1) is a comprehensive theoretical book on basic accounting precepts, standards, and conventions. The workbook (volume 2) is a student companion containing over 88 questions and exercises corresponding to all lessons and chapters in the study guide. Lastly, the dictionary (volume 3) is a reader with over 300 definitions of accounting and business terms (Celender, 2013).

The book is divided into seven chapters. An extensive accounting glossary is included at the end of the workbook containing many definitions of accounting terms. The first chapter reviews the basic accounting concepts. Celender starts the discussion with the definition of accounting, which he says is recording information about a business. He then breaks down these concepts into various subcomponents such as accounts, which involve keeping a record of something; accountant is the person who undertakes the specific function; and bookkeeping is the initial function of accounting that entails data collection and entry of data. The information is then summarized in financial statements. Thereafter, Celender introduces the concept of accounting equation, which comprises three components: (1) total assets, (2) liabilities, and (3) equity. He then states that the sum of total assets should be equal to the summation of liabilities and equity. The chapter progresses to describe each component of the accounting equation. Celender defines assets as anything that will add future value to a business, liability as a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits and equity as owners' share of the business. He concludes the chapter with a review of the financial position and a self-assessment section (Celender, 2013).

Chapter 2 examines transactions and the double-entry system, with Celender defining the term as exchanging goods and services. He introduces the income, expenses, gain, and losses precepts to break down the accounting equation. Income is any cash inflows from the sale of goods, the firm's primary objective, in a period of one year, while expenses are cash outflows necessary to earn the income. Gains and losses relate mostly to cash inflows and outflows, respectively, which are not necessarily an organization's objective. An important point to note is that income and expenses may not necessarily involve cash inflows and outflows but rather other notional costs such as depreciation, among others. Furthermore, Celender describes double-entry as a concept whereby every transaction must have two entries: (1) a debit and (2) a credit. Thus, a transaction reduces or increases a component of the accounting equation (Celender, 2013).

The third chapter deals with the debit and credit concepts, two of the most confusing precepts in the field of Accounting. According to Celender, a debit or a credit can either increase or decrease in one of the five components or subcomponents of the accounting equations. The five components include (1) assets, (2) equity, (3) liabilities, (4) expenses, and (5) income. Whether a transaction is a debit or credit will be determined by the type of account, which would be a subcomponent of the accounting equation. For instance, an increase in a cash account (a type of asset) is called a debit, while a decrease in the same account is called a credit (Celender, 2013).

Chapter 4 interrogates the Accounting Cycle, a five-stage process comprising (1) source document, (2) journal, (3) T-ledger accounts, (4) trial balance, and (5) financial statements. Celender establishes that the accounting processes start with retrieving data from source

documents such as invoices, bank statements, and receipts. This stage is followed by the journalizing or recording phase, where data are entered sequentially in a document known as a journal. After that, data from the journals are classified into T-like accounts called ledgers. In this phase, similar transactions are summarized together. These data are then transferred to a trial balance for verification and then summarized in the three financial statements (Celender, 2013).

The fifth chapter analyzes the key types of financial statements and accounting reports, including income statements, balance sheets, and cash flow statements. The income statement summarizes the performance of the business in a period of one year: i.e. how profitable the company was. The balance sheet reviews the wealth position of the business, while the cash flow statement analyses the total of cash inflows and outflows (Celender, 2013).

The different types of inventory held by a firm and the methods of valuation, including first-in-first-out (FIFO), last-in-first-out (LIFO), and the weighted average methods, are the topic of Chapter 6. Celender says that the inventory analysis is imperative, since it determines various income statement components, including the cost of goods sold and the value of closing stock used in the balance sheet. Chapter 7 closes the book with a discussion on other accounting issues, including bank and other reconciliation statements (Celender, 2013).

One aspect that makes the book great is the innovative technologies used to make it more user-friendly and available to many readers. Nonetheless, this aspect can be a limiting factor for those who do not have access to technology. In addition, the series introduces the subject in a simple, clear and comprehensive way. And although written primarily for high school and college students, the book is also very handy for working professionals looking to brush up on basic accounting concepts and practices. The book is also very popular among students in South Africa.

Book's Greatness

While the book has not received citations, it is well mentioned. A search of Google Scholar, for instance, yielded 0 citations as of December 03, 2021. A concentrated Google search, however, produced about 3,570 results in 0.51 seconds. Moreover, the book is very practical, easy to comprehend and apply, and has relatable life examples to help readers manage their finances for prosperity and developmental impact. This aspect is also evident because the book comes in four parts: (1) a workbook, (2) a study guide, (3) a dictionary, and (4) a complete guide that addresses the needs of the various users, including tutors and learners. Because of this unique component, the book therefore addresses the challenges tutors face in delivering knowledge on the subject area. In addition, the book uses simple English language, thereby targeting a population that lacks the knowledge and capacity to understand other A&F books that use more complex philosophical foundations and principles. The use of diagrams and images makes the book more interesting and captivating. One other unique feature of the book is the applicable and practical exercises and assignments at the end of each chapter.

In addition, several scholars and readers have provided positive reviews of the book. For instance, Joseph Roth, Educational Manager at Advanced Technical Institute, comments: "The books have been perfect for our students, and we continue to use them in each class (for their Associate in Occupational Science programs). I do not foresee any need to change them for any other" (Amazon, 2021, p. 1). Karin Lichtenstein, an Instructor, says: "I am a QuickBooks instructor and teach business accounting and financial literacy. I used Accounting Basics: Complete Guide at Western Colorado Community College in our adult education classes. The

book was a tremendous help, and I got good feedback from my students, especially for the self-assessment sections. The exercises were great. Analyzing and recording transactions is what my class liked best. I would recommend the book for educational professionals and career-technical students" (Amazon, 2021, p. 1). Sondra, a college student, states: "I love the way you explain accounting. I am a college student, and I just finished reading 'Statement of Cash Flow.' Kudos, I could not get it until you explained it with examples. I am taking Accounting II, and I hope you have a complete guide to Accounting II for sale? I think you should get the colleges to buy your books instead of the ones they use now" (Amazon, 2021, p. 1). Other reviews include those from Martha McKinney and Maria Golisano, both of whom are Accounting students (Amazon, 2021).

Conclusions and Recommendations

While African scholars have published a considerable number of books on the A&F discipline, they, nonetheless, have produced comparatively fewer books on the field compared to other continents. Thus, there is a great need to fill this gap. Also, A&F African scholars and researchers published most of their books during and after the colonial rule. Most of these books are on personal finance, particularly for non-academic purposes. Most of them are also print books and only a few can be found electronically. The overall review of the great book here reveals that while the book seems popular and has received considerable mentions, it has enjoyed few scholarly citations.

I therefore recommend here that African A&F scholars take a personal initiative and publish more books in the field. Structures and platforms should be established that encourage and support Africans to publish in the field. Another noticeable factor is that most academic books are only popular within a given country and for specific audiences, suggesting that A&F books should have the capability of being relevant to all populations across the board. Finally, African countries should adopt efficient, effective, transparent, and accountable fiscal systems that are fair and just; that will go a long way toward financing Africa's development and growth.

References

Amazon. (2021). About accounting basics: Complete guide. Retrieved on December 3, 2021 from <https://www.amazon.com/Accounting-Basics-Complete-Michael-Celender/dp/1482324814>

Celender, M. A. (2013). *Accounting Basics: Complete Guide*. Scotts Valley, CA: CreateSpace/Amazon.com.