



ACC 101

FIRST
EDITION



REAL WORLD Accounting

B A S I C

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ACCOUNTING 101: THE ORIGINS & BASICS OF THE GAME

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Where it all began

Way before Excel sheets and accounting software, there was **Luca Pacioli**—aka the OG of modern accounting. In 1494, this Italian mathematician (and lowkey best friend to **Leonardo da Vinci**) dropped a banger of a book titled “Summa de Arithmetica, Geometria, Proportioni et Proportionalita.”

Buried in that heavy title was a revolutionary chapter: “Particularis de Computis et Scripturis.” That’s where Luca introduced double-entry bookkeeping to the world—a method where every debit has a credit. You spend? You record it twice—once where it comes from, once where it goes.

This system wasn’t just a flex for merchants and bankers in Venice—it became the global language of business. Luca didn’t invent accounting per se, but he put structure to the chaos. He laid the blueprint. That moment? It was giving CFO-core, 15th-century edition.

What Every Accounting or Finance Graduate Needs to Know

Now fast-forward to our era: whether you're trying to bag a role at a Big Four firm, run your own practice, or decode business finances like a boss, you need to know the essentials.

1. Accounting Rules vs Accounting Principles

Accounting Rules

Specific do's and don'ts. Think: applied regulations.

E.g., “Always record revenue when it’s earned, not when cash is received” (Revenue Recognition Rule).

Accounting Principles

Big-picture philosophies that shape accounting. They guide why we do what we do.

E.g., Matching Principle—match income with expenses in the same period. So if you earn revenue in June, log the costs that helped earn it in June too.

OTHER BASIC INFO YOU NEED IN YOUR TOOLKIT:

- **The Accounting Equation**

Assets = Liabilities + Equity

This is the spine of the balance sheet. If this doesn't balance, it's red flag central.

- **Double-Entry System**

Every transaction affects two accounts.

Buy office furniture with cash?

Debit: Furniture (Asset up)

Credit: Cash (Asset down)

- **Types of Accounts**

1. Assets – things you own
2. Liabilities – what you owe
3. Equity – ownership value
4. Revenue – income earned
5. Expenses – costs incurred

Golden Rules of Accounting (based on account type):

- Personal Account: Debit the receiver, Credit the giver
- Real Account: Debit what comes in, Credit what goes out
- Nominal Account: Debit expenses/losses, Credit income/gains

“Luca Pacioli brought structure to the madness in 1494. Ever since, accounting has evolved—but its core truths remain unshaken. For finance grads, knowing the difference between rules and principles is your entry ticket. Episode 2? We’ll tear down each one like it’s a Netflix docuseries.”

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