

ACCT A100: ACCOUNTING FOR SMALL BUSINESS

Item	Value
Curriculum Committee Approval Date	10/17/2007
Top Code	050200 - Accounting
Units	3 Total Units
Hours	54 Total Hours (Lecture Hours 54)
Total Outside of Class Hours	0
Course Credit Status	Credit: Degree Applicable (D)
Material Fee	No
Basic Skills	Not Basic Skills (N)
Repeatable	No
Open Entry/Open Exit	No
Grading Policy	Standard Letter (S), • Pass/No Pass (B)
Associate Arts Local General Education (GE)	• Area 7 Life Skills, Lifelong Learning, and Self-Development 7A Theory/ Non-activity (OE1)

Course Description

Accounting for small businesses in services and retail. The course includes basic accounting procedures, preparation and analysis of financial statements, banking, payroll processing, and forms. Transfer Credit: CSU.

Course Level Student Learning Outcome(s)

1. Design and prepare payroll records.
2. Demonstrate knowledge of an accounting cycle by completing appropriate activities.
3. Manage and reconcile bank accounts for cash control.

Course Objectives

- 1. Define accounting and explain the importance of accounting information.
- 2. Define and identify asset, liability, owner's equity, revenue, and expense accounts.
- 3. State the fundamental accounting equation and determine the impact of various business transactions on this equation.
- 4. Record business transactions in journals and post these transactions to ledger accounts.
- 5. Complete all steps in the accounting cycle for service and merchandising businesses.
- 6. Prepare and analyze the financial statements of a small business.
- 7. Maintain bank accounts and reconcile bank statements for a business.
- 8. Calculate employee earnings, determine deductions, and create payroll records.
- 9. Complete employer's payroll tax returns and forms.
- 10. Describe and prepare accounting records and financial statements for a professional enterprise.

Lecture Content

ANALYZING BUSINESS TRANSACTIONS: ASSET, LIABILITY, AND OWNER'S EQUITY ACCOUNTS 1. Definition of Accounting 2. Define and identify asset, liability, and owner's equity accounts. Discuss basic accounting equation. 3. Record a group of business transactions, in column form, involving changes in assets, liabilities, and owner's equity. 4. Definition of revenue and expense. Discuss expanded accounting equation. 5. Record a group of business transactions in column form, involving all five elements of the fundamental accounting equation. 6. Preparation of an income statement. 7. Preparation of a statement of owner's equity. RECORDING BUSINESS TRANSACTIONS IN T ACCOUNT FORM; THE TRIAL BALANCE 1. Determine balances of T accounts having entries recorded on both sides of the accounts. 2. Present the fundamental accounting equation with the T account form, and label the plus and minus sides. 3. Record directly in T accounts a group of business transactions involving changes in asset, liability, owner's equity, revenue, and expense accounts for a service business. 4. Present the fundamental accounting equation with the T account form, and label the debit and credit sides. 5. Prepare a trial balance. 6. Recognize the effect of transpositions and slides on account balances. 7. Major financial statements. THE GENERAL JOURNAL AND THE GENERAL LEDGER 1. Record a group of transactions pertaining to a service-type enterprise in a two-column general journal. 2. Post entries from a two-column general journal to general ledger accounts. 3. Prepare a trial balance from the ledger accounts. 4. Correct entries using the ruling method. 5. Correct entries using the correcting entry method. ADJUSTMENTS AND THE WORK SHEET 1. Definition of fiscal period and fiscal year. 2. List classification of accounts that occupy each column of a ten-column work sheet. 3. Complete work sheet for a service-type enterprise, involving adjustments for supplies used, expired insurance, depreciation, and accrued wages. 4. Prepare an income statement, a statement of owner's equity, and balance sheet for a service-type business directly from the work sheet. 5. Journalize and post the adjusting entries. 6. Prepare an income statement, statement of owner's equity, and a balance sheet for a business with more than one revenue account and more than one accumulated depreciation account. CLOSING ENTRIES AND THE POST-CLOSING TRIAL BALANCE 1. Analyze source documents and record business transactions in a journal. 2. Post journal entries to the accounts in the ledger. 3. Prepare a trial balance. 4. Gather adjustment data and record the adjusting entries on a work sheet. 5. Complete work sheet. 6. Prepare financial statements from the data on the work sheet. 7. Journalize and post the adjusting entries from the data on the work sheet. 8. Journalize and post the closing entries. 9. Prepare post-closing trial balance. ACCOUNTING FOR PROFESSIONAL ENTERPRISES: THE COMBINED JOURNAL 1. Understand accounting records for a professional enterprise. 2. Record transactions for both a professional and service-type enterprise in a combined journal. 3. Post from combined journal and determine cash balance. 4. Prepare a work sheet for a professional enterprise. 5. Prepare financial statements for a professional enterprise. 6. Record adjusting and closing entries in a combined journal. BANK ACCOUNTS AND CASH FUNDS 1. Understand procedures for depositing checks. 2. Reconcile a bank statement. 3. Record required journal entries directly from bank reconciliation. 4. Record journal entries to establish and reimburse Petty Cash Fund. 5. Complete petty cash vouchers and petty cash payments records. 6. Record journal entries to establish a Change Fund. 7. Record journal entries for transactions involving Cash Short and Over. PAYROLL ACCOUNTING: EMPLOYEE EARNINGS AND DEDUCTIONS 1. Calculate total earnings based on an hourly, piece-rate, or commission basis. 2. Determine deductions from tables of employees' income tax withholding. 3. Complete a

payroll register showing deductions from gross earnings and net pay. 4. Journalize payroll entry from a payroll register. 5. Maintain employees' individual earnings record. PAYROLL ACCOUNTING: EMPLOYER'S TAXES, PAYMENTS AND REPORTS 1. Calculate the amount of payroll tax expense and journalize related entry. 2. Journalize entry for deposit of employees' federal income taxes withheld and FICA taxes (both employees' share and employer's matching share). 3. Journalize entries for payment of employer's state and federal unemployment taxes. 4. Complete Employer's Quarterly Federal Tax Return, Form 941. 5. Prepare W-2 and W-3 forms and Form 940. 6. Calculate premium for workers' compensation insurance, and prepare entry for payment in advance. 7. Determine amount of adjustment for workers' compensation insurance at the end of the year, and record the adjustment. ACCOUNTING FOR MERCHANDISE: SALES AND PURCHASES 1. Recognize specific accounts used by a merchandising firm. 2. Record transactions in sales journals. 3. Post from sales journal to an accounts receivable ledger and a general ledger. 4. Prepare a schedule of accounts receivable. 5. Record and post to the ledger accounts, sales returns and allowances, including credit memorandums and returns involving sales tax. 6. Post directly from sales invoices to an accounts receivable ledger and journalize and post a summarizing entry in the general journal. 7. Record transactions in a three-column purchases journal. 8. Post from a three-column purchases journal to an accounts payable ledger and a general ledger. 9. Record transactions involving purchases returns and allowances in a general journal. 10. Prepare a schedule of accounts payable. 11. Record transactions in a multicolumn purchases journal. 12. Post from a multicolumn purchases journal to an accounts payable ledger and a general ledger. 13. Post directly from purchase invoices to an accounts payable ledger and journalize and post a summarizing entry in the general journal. CASH RECEIPTS AND CASH PAYMENTS 1. Record transactions for a retail merchandising business in a cash receipts journal. 2. Post from a cash receipts journal to a general ledger and an accounts receivable ledger. 3. Determine cash discounts according to credit terms, and record cash receipts from charge customers who are entitled to deduct the cash discount. 4. Record transactions in a cash payments journal for a service enterprise. 5. Record transactions in a cash payments journal for a merchandising enterprise involving cash discounts. 6. Record transactions in a check register. 7. Record transactions involving trade discounts. WORK SHEET AND ADJUSTING ENTRIES FOR A MERCHANDISING BUSINESS 1. Prepare an adjustment for merchandise inventory. 2. Prepare an adjustment for unearned revenue. 3. Record the adjustment data in a work sheet (including merchandise inventory, unearned revenue, supplies used, expired insurance, depreciation, and accrued wages or salaries). 4. Complete the work sheet. 5. Journalize the adjusting entries for a merchandising business. FINANCIAL STATEMENTS, CLOSING ENTRIES, AND REVERSING ENTRIES The Income Statement The Statement of Owner's Equity and Balance Sheet Balance sheet classifications Closing entries Reversing entries

Method(s) of Instruction

- Lecture (02)

Instructional Techniques

Lecture; individual and group problem solving activities, computer activities.

Reading Assignments

Assigned from text

Writing Assignments

The completion of a student project - an accounting cycle application.

Out-of-class Assignments

Student project, exam preparation

Demonstration of Critical Thinking

Homework, tests, computerized accounting cycle application.

Required Writing, Problem Solving, Skills Demonstration

The completion of a student project - an accounting cycle application.

Textbooks Resources

1. Required McQuaig, Douglas J.J. and Patricia A. Bille.. College Accounting, 8 ed. Boston: Houghton Mifflin, 2007 Rationale: McQuaig, Douglas J.J. and Patricia A. Bille. College Accounting, 8th Edition, Boston: Houghton Mifflin, 2007