

## **COURSE OUTLINE** **Accounting I**

### **Course Description**

BA 126. Accounting I. 3 hours credit. This course will enable the student to perform basic bookkeeping functions upon completion. The student will complete and understand the entire accounting cycle through learning the theory and practice of modern accounting including journal entries, ledgers, and financial statements. The student will also learn about Notes Receivable, Notes Payable, Inventory systems, and depreciation methods.

### **Course Relevance**

The information learned in this course will enable the student to understand basic accounting procedures and practices relating to sole proprietorships. These skills can be utilized in any career field, or future courses can be taken to specialize in Accounting.

### **Required Materials**

Warren, C., Reeve, J., & Duchac, J., *Accounting*. Mason, OH: South-Western Cengage Learning Publishing Company.

“Cengage Now” Homework Manager. This comes in a folder that is shrink wrapped with the textbook when you buy a new textbook from the Butler bookstore. It can also be purchased separately online.

The student will also need pencils, calculator, and a jump drive.

\* - For complete textbook information, refer to <http://www.butlercc.bkstr.com>

### **Learning Outcomes**

The intention is for the student to be able to:

1. Complete the various steps of the accounting cycle (on paper and as an electronic spreadsheet) and know the purpose of each step
2. Record proper business transactions for assets, liabilities, owner’s equity, notes receivable, notes payable, depreciation, merchandise inventory, and cost of merchandise sold
3. Demonstrate the need for accounting information in the business world

### **Learning PACT Skills that will be developed and documented in this course:**

Through involvement in this course, the student will develop ability in the following PACT skill area(s):

#### **Analytical Thinking Skills**

1. Problem solving
  - By applying skills learned in lessons, students use techniques to correctly solve specific accounting based problems and prepare financial statements for sole proprietorships.

### **Major Summative Assessment Task(s)**

These learning outcome(s) and the Learning PACT skills will be demonstrated by:

1. Completing a departmental project that measures the student's ability to solve problems related to Financial Accounting I functions, including journal entries through the financial statements of the accounting cycle.

### **Course Content**

- I. Skills or Competencies – Actions that are essential to achieve the course outcomes:
  - A. Demonstrate the ability to successfully complete the accounting cycle
  - B. Demonstrate the ability to complete assignments as an electronic spreadsheet
  - C. Explain the need for proper accounting procedures for recording accounting information
  - D. Demonstrate how internal controls can be used in a business to prevent theft and mistakes

### **Learning Units**

- I. An Introduction to Accounting and Business
  - A. Describe the nature of business and accounting, including types of businesses
  - B. Describe and compare the role of Accounting both in the United States and Internationally
  - C. Describe the importance of ethics in business
  - D. Describe the Business Entity Concept and forms of business entities
  - E. State the accounting equation and define each element of the equation
  - F. Describe the effect of business transactions on the basic elements of the accounting equation
  - G. Describe the elements within the financial statements of a sole proprietorship and explain the interrelationships
  - H. Prepare the income statement, statement of owner's equity, and balance sheet
- II. Analyzing Transaction
  - A. Describe the characteristics of an account and a chart of accounts
  - B. Distinguish between debit and credit entries and recognize normal account balances
  - C. Describe and illustrate the journalizing and posting of transactions to accounts
  - D. Prepare an unadjusted trial balance and explain how it can be used to discover errors
  - E. Discover and correct errors in the recording of a transaction
- III. The Adjusting Process
  - A. Describe the nature of the adjusting process and matching principle
  - B. Journalize entries for accounts requiring adjustments

- C. Summarize the adjusting process
  - D. Prepare an adjusted Trial balance
- IV. Completing the Accounting Cycle
- A. Describe the flow of accounting information from the unadjusted trial balance into the adjusted trial balance and financial statements
  - B. Prepare a worksheet
  - C. Prepare financial statements from a worksheet
  - D. Prepare closing entries
  - E. List the seven basic steps of the accounting cycle
  - F. Differentiate between the fiscal and natural business year
- V. Accounting Systems
- A. Describe the basic features of a computerized accounting system
  - B. Understand and demonstrate the use of subsidiary ledgers
  - C. Identify which special journal different business transaction should be recorded
  - D. Describe the basic features of e-commerce
- VI. Accounting for Merchandising Businesses
- A. Compare and contrast the financial statements of a merchandiser to those of a service business
  - B. Prepare the financial statements of a merchandiser
  - C. Journalize the entries for merchandise transactions, to include sales, purchases, sales tax, and transportation costs
  - D. Prepare a chart of accounts for a merchandising business
- VII. Inventories
- A. Describe the importance of control over inventory
  - B. Compute the cost of inventory and cost of merchandise sold using FIFO, LIFO in the perpetual system
  - C. Compute the cost of inventory and cost of merchandise sold using FIFO, LIFO and Average Cost in the periodic system
  - D. Compute the cost of merchandise inventory using the Retail Method and the Gross Profit Method
  - E. Compare and contrast the use of inventory costing methods
  - F. Describe and illustrate the reporting of merchandise inventory on the financial statements.
- VIII. Sarbanes-Oxley, Internal Control, and Cash
- A. Describe the Sarbanes-Oxley Act of 2002 and its impact on internal controls and financial reporting
  - B. List and apply the elements of internal control
  - C. Discuss controls for cash receipts and cash payments
  - D. Summarize the basic internal control procedures over cash payments though the use of a voucher system
  - E. Prepare a bank reconciliation, and journalize any necessary entries

- F. Journalize for petty cash and cash short/over accounts
  - G. Know about electronic funds transfer and give examples of how it is used to process cash transactions
- IX. Receivables
- A. Describe the common classes of receivables
  - B. Calculate the due date, interest revenue, and maturity value of a note receivable
  - C. Journalize entries for note receivable transactions
  - D. Describe and journalize entries for the allowance method for uncollectibles
  - E. Describe and journalize entries for the direct write-off method for uncollectibles
  - F. Compare the direct write-off and allowance methods of accounting for uncollectible accounts
  - G. Describe the reporting of receivables on balance sheet
- X. Fixed Assets and Intangible Assets
- A. Define, classify, and account for the cost of fixed assets
  - B. Compute depreciation using straight-line, units of production, and double declining balance
  - C. Journalize for the disposal of a fixed asset
  - D. Determine if a cost affecting an asset should be capitalized or expensed
- XI. Current Liabilities and Payroll
- A. Journalize for product warranties, vacation pay, and contingent liabilities
  - B. Journalize for a short term notes payable, both interest bearing and discounted notes.
  - C. Calculate and journalize for employee and employer payroll taxes and deductions.

### **Learning Activities**

Learning activities will be geared toward techniques used to help the student analyze and properly record accounting data. Activities may be both independent and in groups. This may include a combination of class lectures, homework problems, electronic spreadsheets, and case studies.

### **Grade Determination**

The student will be graded on assessment tasks, tests/exams, quizzes, homework, computer spreadsheets, class participation and other activities as determined by instructor.