

# ILLINOIS VALLEY COMMUNITY COLLEGE



## COURSE OUTLINE

DIVISION: Natural Sciences Business

COURSE: ACT 1210 Fundamentals of Accounting

Date: 09-16-13

Credit Hours: 3

Prerequisite(s): None

Delivery Method:  **Lecture**                    **3 Contact Hours** (1 contact = 1 credit hour)  
 **Seminar**                    **0 Contact Hours** (1 contact = 1 credit hour)  
 **Lab**                                **0 Contact Hours** (2 contact = 1 credit hour)  
 **Clinical**                    **0 Contact Hours** (3 contact = 1 credit hour)  
 **Online**  
 **Blended**

Offered:  **Fall**     **Spring**     **Summer**

IAI Equivalent –**Only for Transfer Courses**-go to <http://www.itransfer.org>.

### CATALOG DESCRIPTION:

Emphasis is placed on the procedural aspects of financial accounting for a sole proprietorship. The accrual basis is used, debit and credit is studied as it relates to the accounting equation. The entire accounting cycle is covered for both service and merchandising businesses, including adjustments, preparation of financial reports, and closing procedures. Also included are bank statement reconciliation, petty cash, special journals, and payroll accounting procedures. A practice set is included at the end of the semester. Intended for students who plan to take only one semester of accounting or for those who need preparation before enrolling in ACT 1010.

## GENERAL EDUCATION GOALS ADDRESSED

*[See the last page of this form for more information.]*

### Upon completion of the course, the student will be able:

[Choose those goals that apply to this course.]

- To apply analytical and problem solving skills to personal, social and professional issues and situations.
- To communicate orally and in writing, socially and interpersonally.
- To develop an awareness of the contributions made to civilization by the diverse cultures of the world.
- To understand and use contemporary technology effectively and to understand its impact on the individual and society.
- To work and study effectively both individually and in collaboration with others.
- To understand what it means to act ethically and responsibly as an individual in one's career and as a member of society.
- To develop and maintain a healthy lifestyle physically, mentally, and spiritually.
- To appreciate the ongoing values of learning, self-improvement, and career planning.

### EXPECTED LEARNING OUTCOMES AND RELATED COMPETENCIES:

*[Outcomes related to course specific goals.]*

### Upon completion of the course, the student will be able to:

#### Asset, Liability, Owner's Equity, Revenue, and Expense Accounts

- 1.1 Define and identify asset, liability, and owner's equity accounts.
- 1.2 Record a group of business transactions, in column form, involving changes in assets, liabilities, and owner's equity.
- 1.3 Define and identify revenue and expense accounts.
- 1.4 Record a group of business transactions, in column form, involving all five elements of the fundamental accounting equation.

#### T Accounts, Debits and Credits, Trial Balance, and Financial Statements

- 2.1 Determine balances of T accounts having entries recorded on both sides of the accounts.
- 2.2 Present the fundamental accounting equation using the T account form, and label the plus and minus sides.
- 2.3 Present the fundamental accounting equation using the T account form, and label the debit and credit sides.
- 2.4 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.
- 2.5 Prepare a trial balance.
- 2.6 Prepare (a) an income statement, (b) a statement of owner's equity, and (c) a balance sheet.
- 2.7 Recognize the effect of transpositions and slides on account balances.

## **The General Journal and the General Ledger**

- 3.1 Record a group of transactions pertaining to a service business in a two-column general journal.
- 3.2 Post entries from a two-column general journal to general ledger accounts.
- 3.3 Prepare a trial balance from the ledger accounts.
- 3.4 Correct entries using the manual ruling method.
- 3.5 Correct entries using the manual or computerized correcting method.

## **Adjusting Entries and the Work Sheet**

- 4.1 Define fiscal period and fiscal year.
- 4.2 List the classification of the accounts that occupy each column of a ten-column work sheet.
- 4.3 Complete a work sheet for a service enterprise, involving adjustments for expired insurance, depreciation, and accrued wages.
- 4.4 Prepare an income statement, a statement of owner's equity, and a balance sheet for a service business directly from the work sheet.
- 4.5 Journalize and post the adjusting entries.
- 4.6 Prepare (a) an income statement involving more than one revenue account and a net loss, (b) a statement of owner's equity with an additional investment and either a net income or a net loss, (c) a balance sheet for a business having more than one accumulated depreciation account, and (d) a balance sheet containing the statement of owner's equity information.

## **Closing Entries and the Post-Closing Trial Balance**

- 5.1 List the steps in the accounting cycle.
- 5.2 Journalize and post closing entries for a service enterprise.
- 5.3 Prepare a post-closing trial balance.
- 5.4 Define the following methods of accounting: cash basis and accrual basis.
- 5.5 Prepare interim statements.

## **Bank Accounts and Cash Funds**

- 6.1 Describe the procedure for depositing checks.
- 6.2 Reconcile a bank statement.
- 6.3 Record the required journal entries from the bank reconciliation.
- 6.4 Record journal entries to establish and reimburse a Petty Cash Fund.
- 6.5 Complete petty cash vouchers and petty cash payments records.
- 6.6 Record the journal entries to establish a Change Fund.
- 6.7 Record journal entries for transactions involving Cash Short and Over.

## **Employee Earnings and Deductions**

- 7.1 Understand the role of income tax laws that affect payroll deductions and contributions.
- 7.2 Calculate total earnings based on an hourly, salary, piece-rate, or commission basis.
- 7.3 Determine deductions from gross pay, such as federal income tax withheld, Social Security tax, and Medicare tax, to calculate net pay.
- 7.4 Complete a payroll register.
- 7.5 Journalize the payroll entry from a payroll register.
- 7.6 Maintain employees' individual earnings records.

## **Employer Taxes, Payments, and Reports**

- 8.1 Calculate the amount of payroll tax expense and journalize the entry.
- 8.2 Journalize the entry for the deposit of employee's federal income taxes withheld and FICA taxes (both employees' withheld and employer's matching share) and prepare the deposit coupon.
- 8.3 Journalize the entries for the payment of employer's state and federal unemployment taxes.
- 8.4 Journalize the entry for the deposit of employees' state income taxes withheld.
- 8.5 Complete Employer's Quarterly Federal Tax Return, Form 941.
- 8.6 Prepare W-2 and W-3 forms and Form 940.
- 8.7 Calculate the premium for workers' compensation insurance, and prepare the entry for payment in advance.
- 8.8 Determine the amount of the end-of-the-year adjustments for (a) workers' compensation insurance and (b) accrued salaries and wages, and record the adjustments.

## **Sales and Purchases**

- 9.1 Describe the specific accounts used by a merchandising firm.
- 9.2 Journalize sales transactions in a general journal, and post to the accounts receivable ledger and general ledger.
- 9.3 Prepare a schedule of accounts receivable.
- 9.4 Journalize sales returns and allowances, including credit memorandums and returns, in a general journal, and post to the accounts receivable ledger and general ledger.
- 9.5 Journalize sales transactions and returns involving sales tax.
- 9.6 Journalize purchase transactions in a general journal, and post to the accounts payable ledger and general ledger.
- 9.7 Prepare a schedule of accounts payable.
- 9.8 Journalize transactions involving purchases returns and allowances in a general journal, and post to the accounts payable ledger and general ledger.
- 9.9 Describe the procedures for handling freight charges on merchandise and other goods.
- 9.10 Journalize transactions in a sales journal, and post to the accounts receivable ledger and general ledger.
- 9.11 Journalize transactions in a three-column purchases journal, and post to the accounts payable ledger and general ledger.

## **Cash Receipts and Cash Payments**

- 10.1 Determine cash discounts according to credit terms.
- 10.2 Journalize sales transactions in a general journal involving cash receipts from credit customers who are entitled to deduct the cash discount.
- 10.3 Journalize purchase transactions in a general journal involving cash payments when entitled to deduct the cash discount.
- 10.4 Journalize transactions involving trade discounts.
- 10.5 Journalize transactions for a merchandising business in a cash receipts journal and post from a cash receipts journal to a general ledger and an accounts receivable ledger.
- 10.6 Journalize transactions for a merchandising business in a cash payments journal and post from a cash payments journal to a general ledger and an accounts payable ledger.

## **Work Sheet and Adjusting Entries**

- 11.1 Prepare an adjustment for supplies.
- 11.2 Prepare an adjustment for unearned revenue.
- 11.3 Prepare an adjustment for merchandise inventory under the periodic inventory system.
- 11.4 Record the adjustment data in a work sheet (including merchandise inventory, unearned revenue, supplies remaining, expired insurance, depreciation, and accrued wages or salaries).
- 11.5 Complete the work sheet.
- 11.6 Journalize the adjusting entries for a merchandising business under the periodic inventory system.
- 11.7 Prepare and journalize the adjusting entry for merchandise inventory under the perpetual inventory system.

## **Financial Statements, Closing Entries, and Reversing Entries**

- 12.1 Prepare a classified income statement for a merchandising firm.
- 12.2 Prepare a classified balance sheet for any type of business.
- 12.3 Compute working capital and current ratio.
- 12.4 Journalize the closing entries for a merchandising firm.
- 12.5 Determine which adjusting entries can be reversed, and journalize the reversing entries.

## **COURSE TOPICS AND CONTENT REQUIREMENTS:**

The Accounting Cycle for a Service Business: Analyzing Business Transactions  
T Accounts, Debits and Credits, Trial Balance, and Financial Statements  
The General Journal and the General Ledger  
Adjusting Entries and the Work Sheet  
Closing Entries and the Post-Closing Trial Balance  
Bank Accounts and Cash Funds  
Employee Earnings and Deductions  
Employer Taxes, Payments, and Reports  
Sales and Purchases  
Cash Receipts and Cash Payments  
Work Sheet and Adjusting Entries  
Financial Statements, Closing Entries, and Reversing Entries

## **INSTRUCTIONAL METHODS:**

Lecture  
Discussion  
Problem solving  
Case studies

## **INSTRUCTIONAL MATERIALS:**

*College Accounting*, McQuaig, Bille, Nobles, Chapters 1-12, 11<sup>th</sup> Edition  
*CONNECT* Access Card

## **STUDENT REQUIREMENTS AND METHODS OF EVALUATION:**

Read the assigned portions of the textbook.  
Attend and participate in classroom sessions.  
Complete assigned question, exercises, problems, practice sets  
Manual problems include a Practice Set.  
Multiple quizzes and chapter exams.

## **OTHER REFERENCES**

## Course Competency/Assessment Methods Matrix

| ACT 1210 Fundamentals of Accounting  | Assessment Options             |                |              |                |          |                    |                |         |               |                                    |                   |                                 |                           |                      |             |                 |                      |                     |                     |                                   |                      |                               |                           |                  |                  |  |                |                   |            |           |                |            |
|--|--------------------------------|----------------|--------------|----------------|----------|--------------------|----------------|---------|---------------|------------------------------------|-------------------|---------------------------------|---------------------------|----------------------|-------------|-----------------|----------------------|---------------------|---------------------|-----------------------------------|----------------------|-------------------------------|---------------------------|------------------|------------------|--|----------------|-------------------|------------|-----------|----------------|------------|
| For each competency/outcome place an "X" below the method of assessment to be used.          | Assessment of Student Learning | Article Review | Case Studies | Group Projects | Lab Work | Oral Presentations | Pre-Post Tests | Quizzes | Written Exams | Artifact Self Reflection of Growth | Capstone Projects | Comprehensive Written Exit Exam | Course Embedded Questions | Multi-Media Projects | Observation | Writing Samples | Portfolio Evaluation | Real World Projects | Reflective Journals | Applied Application (skills) Test | Oral Exit Interviews | Accreditation Reviews/Reports | Advisory Council Feedback | Employer Surveys | Graduate Surveys | Internship/Practicum /Site Supervisor Evaluation | Licensing Exam | In Class Feedback | Simulation | Interview | Written Report | Assignment |
|  | Direct/Indirect                | D              | D            | D              | D        | D                  | D              | D       | D             | D                                  | D                 | D                               | D                         | D                    | D           | D               | D                    | D                   | D                   | D                                 | I                    | I                             | I                         | I                | D                | D  | I              | I                 |            |           |                | D          |
| Assessment Measures – Are direct or indirect as indicated. List competencies/outcomes below. |                                |                | X            |                |          |                    |                | X       | X             |                                    | X                 | X                               | X                         |                      | X           |                 |                      | X                   |                     | X                                 |                      |                               |                           |                  |                  |  |                | X                 |            |           |                | X          |
| Prepare 3 basic financial statements   |                                |                | X            |                |          |                    |                |         | X             | X                                  |                   | X                               | X                         | X                    |             | X               |                      |                     | X                   |                                   | X                    |                               |                           |                  |                  |  |                |                   | X          |           |                | X          |
| Journalize business transactions   |                                |                | X            |                |          |                    |                |         | X             | X                                  |                   | X                               | X                         | X                    |             | X               |                      |                     | X                   |                                   | X                    |                               |                           |                  |                  |  |                |                   | X          |           |                | X          |
| Prepare a trial balance  |                                |                | X            |                |          |                    |                |         | X             | X                                  |                   | X                               | X                         | X                    |             | X               |                      |                     | X                   |                                   | X                    |                               |                           |                  |                  |  |                |                   | X          |           |                | X          |
| Be able to complete a work sheet   |                                |                | X            |                |          |                    |                |         | X             | X                                  |                   | X                               | X                         | X                    |             | X               |                      |                     | X                   |                                   | X                    |                               |                           |                  |                  |  |                |                   | X          |           |                | X          |
| Prepare and journalize adjusting entries   |                                |                | X            |                |          |                    |                |         | X             | X                                  |                   | X                               | X                         | X                    |             | X               |                      |                     | X                   |                                   | X                    |                               |                           |                  |                  |  |                |                   | X          |           |                | X          |
| Prepare and journalize closing entries   |                                |                | X            |                |          |                    |                |         | X             | X                                  |                   | X                               | X                         | X                    |             | X               |                      |                     | X                   |                                   | X                    |                               |                           |                  |                  |  |                |                   | X          |           |                | X          |
| Prepare a bank reconciliation  |                                |                | X            |                |          |                    |                |         | X             | X                                  |                   | X                               | X                         | X                    |             | X               |                      |                     | X                   |                                   | X                    |                               |                           |                  |                  |  |                |                   | X          |           |                | X          |
| Prepare a payroll register   |                                |                | X            |                |          |                    |                |         | X             | X                                  |                   | X                               | X                         | X                    |             | X               |                      |                     | X                   |                                   | X                    |                               |                           |                  |                  |  |                |                   | X          |           |                | X          |
| Prepare and journalize payroll entries   |                                |                | X            |                |          |                    |                |         | X             | X                                  |                   | X                               | X                         | X                    |             | X               |                      |                     | X                   |                                   | X                    |                               |                           |                  |                  |  |                |                   | X          |           |                | X          |
| Journalize entries to special journals   |                                |                | X            |                |          |                    |                |         | X             | X                                  |                   | X                               | X                         | X                    |             | X               |                      |                     | X                   |                                   | X                    |                               |                           |                  |                  |  |                |                   | X          |           |                | X          |
| Prepare a cost of goods sold section   |                                |                | X            |                |          |                    |                |         | X             | X                                  |                   | X                               | X                         | X                    |             | X               |                      |                     | X                   |                                   | X                    |                               |                           |                  |                  |  |                |                   | X          |           |                | X          |
| Prepare classified financial statements  |                                |                | X            |                |          |                    |                |         | X             | X                                  |                   | X                               | X                         | X                    |             | X               |                      |                     | X                   |                                   | X                    |                               |                           |                  |                  |  |                |                   | X          |           |                |            |