

Date Adopted: _____

Date Reviewed: Aug 2015

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BUS 241 – Principles of Accounting I

I. BUS 241 – Principles of Accounting I– 3 Semester Hours

II. Course Description

This course is designed to provide a basic theory of accounting principles and practices used by service and merchandising enterprises. Emphasis is placed on financial accounting, including the accounting cycle, and financial statement preparation and analysis.

III. Prerequisite

None

IV. Textbook

Required:

Textbook: Accounting with CengageNOW, Access Code Bundle (HARDBACK) 26th Edition

Publisher: Southwestern

Authors: Warren, Reeve, Duchac

Optional:

Textbook: Working Papers Chapters 1-17, 25th Edition

Publisher: Southwestern

Authors: Warren, Reeve, Fess

V. Course Objectives

The student will:

1. The student will gain an understanding of accounting principles and practices.
2. The student will gain an understanding of the accounting cycle for a service enterprise.
3. The student will gain an understanding of the completion of the account cycle for a service enterprise.
4. The student will gain an understanding of accounting for a merchandising enterprise.
5. The student will gain an understanding of periodic reporting for a merchandising enterprise.
6. The student will gain an understanding of accruals.
7. The student will gain an understanding of the inventory valuation.
8. The student will gain an understanding of accounting system design.
9. The student will gain an understanding of cash controls in accounting.
10. The student will gain an understanding of receivables and temporary investments.
11. The student will gain an understanding of fixed assets and intangible assets.

VI. Course Outline of Topics

1. The student will gain an understanding of accounting principles and practices.

The student will:

- a) describe accounting as an information system.
- b) describe the users of accounting information.
- c) describe the profession of accounting and its specialized fields.
- d) explain what is meant by the business entity concept and the cost principle.
- e) describe a business transaction.
- f) identify the accounting equation and its basic elements.
- g) describe and illustrate how all business transactions can be stated in terms of resulting changes in the three basic elements of the accounting equation.

- h) identify and describe the financial statements of a proprietorship and a corporation.
2. The student will gain an understanding of the accounting cycle for service enterprise.
The student will:
- a) The student will describe the nature of an account and the way in which transactions can be presented in an account.
 - b) The student will describe what is meant by the double-entry method of recording transactions.
 - c) The student will discuss the general rules of debit and credit and normal balances for asset, liability, owner equity, revenue, expense, drawing and dividend accounts.
 - d) The student will describe the common classification of accounts for a small service enterprise.
 - e) The student will describe a chart of accounts for a small service enterprise.
 - f) The student will describe and illustrate the flow of accounting data through an accounting system.
 - g) The student will describe and illustrate the use of a two-column account, and a four-column account.
 - h) The student will describe and illustrate the posting of a transaction to the ledger.
 - i) The student will describe and illustrate the preparation of a trial balance and its use in the discovery of errors.
3. The student will gain an understanding of the completion of the accounting cycle for a service enterprise.
The student will:
- a) The student will discuss the matching principle as it relates to the cash basis and the accrual basis of accounting.
 - b) The student will describe the nature of the adjusting process.
 - c) The student will describe and illustrate the basic procedures and adjusting the accounting records prior to the preparation of financial statements.
 - d) The student will describe and illustrate the worksheet for summarizing the accounting data for use in preparing the financial statements.
 - e) The student will describe and illustrate the preparation of financial statements for current period.
 - f) The student will describe and illustrate the basic procedures for preparing the accounting records for use in accumulating data for the following accounting period.
 - g) The student will describe what is meant by a fiscal year and a natural business year.
 - h) The student will describe and diagram the basic phases of the accounting cycle.
4. The student will gain an understanding of accounting for a merchandising enterprise.
The student will:
- a) describe and illustrate the accounting for purchases by a merchandising enterprise.
 - b) describe and illustrate the accounting for sales by a merchandising enterprise.
 - c) describe the sequence of year-end procedures for a merchandising enterprise.
 - d) describe the two merchandise inventory systems.
 - e) describe and illustrate the Cost of Merchandise Sold section of an income statement.

- f) describe and illustrate the journal entries for merchandise inventory adjustments at year-end.
5. The student will gain an understanding of periodic reporting for merchandise enterprise.
- The student will:
- a) describe alternative formats and terminology for the income statement, retained earnings statement, and balance sheet for a merchandising enterprise.
 - b) illustrate the preparation of an income statement, retained earnings statement, and balance sheet from the worksheet of a merchandising enterprise.
 - c) describe and illustrate the preparation of adjusting entries and closing entries for a merchandising enterprise.
 - d) describe and illustrate the preparation of reversing entries for a merchandising enterprise.
 - e) describe the preparation of interim financial statements.
 - f) describe and illustrate the procedures for correcting errors in accounting records.
6. The student will gain an understanding of accruals.
- The student will:
- a) identify and describe common classifications of accruals.
 - b) describe and illustrate accounting for prepaid expenses.
 - c) describe and illustrate accounting for unearned revenue.
 - d) describe and illustrate the accounting for accrued liabilities (accrued expenses).
 - e) describe and illustrate the accounting for accrued assets (accrued revenues).
7. The student will gain an understanding of inventory valuation.
- The student will:
- a) describe and illustrate the effect of inventory on the financial statements of the current period and the following period.
 - b) identify and describe the two principal inventory systems.
 - c) identify and illustrate the procedures for determining the actual quantity in inventory.
 - d) describe and illustrate the most common methods of determining the cost of inventory, including the comparison of the effect of the methods on operating results.
 - e) describe and illustrate the valuation of inventory at the lower-of-cost or market.
 - f) describe and illustrate the perpetual inventory system.
 - g) identify and illustrate the proper presentation of inventory in the financial statement.
 - h) describe and illustrate methods of estimating the cost of inventory.
8. The student will gain an understanding of accounting system design.
- The student will:
- a) describe the principles of properly designed accounting systems.
 - b) describe the three phases of accounting system installation and revision.
 - c) describe and illustrate the principles of internal control.
 - d) describe the data processing methods that may be used in accounting systems.
 - e) describe and illustrate the use of ledgers in accounting systems.
 - f) describe the use of electronic data processing to process accounting data.
9. The student will gain an understanding of receivables and temporary investments.
- The student will:
- a) describe and illustrate the use of the bank account for controlling cash, including the preparation of a bank reconciliation.

- b) describe internal controls for cash receipts, including the handling of mail receipts, the use of a cash short and over account, and the use of charge funds.
 - c) describe and illustrate the use of the voucher system for controlling cash payments.
 - d) describe and illustrate the use of a discount lost account and a petty cash account for controlling cash payments.
 - e) describe the recent trends in the use of electronic funds transfer to process cash transactions.
10. The student will gain an understanding of receivables and temporary investments. The student will:
- a) describe the common classification of receivables.
 - b) describe the basic principles of internal control over receivables.
 - c) describe and illustrate the accounting for notes receivable, including the determination of interest and proceeds from discount notes.
 - d) describe and illustrate the allowance method accounting for uncollectible receivables, including the estimation of uncollectible's based on sales and an analysis of receivables.
 - e) describe and illustrate the direct write-off method of accounting for uncollectible receivables.
 - f) describe and illustrate the accounting of temporary investments.
 - g) describe and illustrate the presentation of temporary investments and receivables in the balance sheet.
11. The student will gain an understanding of fixed assets and depreciation concepts and methods. The student will:
- a) be able to calculate and record depreciation on fixed assets.
 - b) be able to prepare the proper balance sheet presentation of fixed assets.

VII. Evaluation and Assessment

Evaluation and assessment will be determined by the instructor and specified on the instructor's class syllabus. Grades will be based upon following scale: A = 90 – 100%, B = 80 – 89%, C = 70 – 79%, D = 60 – 69%, and F = below 60%.

VIII. Attendance

Students are expected to attend all classes for which they are registered. Students who are unable to attend class regularly, regardless of the reason or circumstance, should withdraw from that class before poor attendance interferes with the student's ability to achieve the objectives required in the course. Withdrawal from class can affect eligibility for federal financial aid.

IX. Statement on Discrimination/Harassment

The College and the Alabama State Board of Education are committed to providing both employment and educational environments free of harassment or discrimination related to an individual's race, color, gender, religion, national origin, age, or disability. Such harassment is a violation of State Board of Education policy. Any practice or behavior that constitutes harassment or discrimination will not be tolerated.

X. Americans with Disabilities

The Rehabilitation Act of 1973 (Section 504) and the Americans with Disabilities Act of 1990 state that qualified students with disabilities who meet the essential functions and academic requirements are entitled to reasonable accommodations. It is the student's responsibility to provide appropriate disability documentation to the College. The ADA Accommodations Office is in FSC 305 (205-856-7731).