



ACCOUNTING 110
SMALL BUSINESS ACCOUNTING
{CAPS 130– Co/Pre Requisite}

*Additional Computer Applications and use of excel spreadsheets in **BOLD print**: 

A. The Accounting Cycle


1. Define terminology relating to accounting terms and concepts

- a. Be able to explain the purpose of the various terms and concepts
- b. Be able to define and explain terms related to assets, liabilities, and owner's equity
- c. Be able to explain to others the overall reasoning for the use of financial accounting, and who it is used by.
- d. Define the three main forms of business ownership
- e. Explain the importance of ethical business decisions
-  **f. Define terminology relating to computerized accounting systems**
- g. Differentiate between manual and computerized accounting systems**

2. Apply Generally Accepted Accounting Principles (GAAP) and concepts to financial data

- a. Be able to discuss the overall purpose of standardization and the application of the accounting principles
- b. Know that the all entries and financial statements must be in accordance with GAAP
- c. Prepare and use a chart of accounts

3. Explain the double-entry accounting system

- a. Be able to define and explain what is meant by a “debit” and “credit”
- b. Be able to assess a transaction's logical entry(s) as a debit(s) and credit(s)
- c. Know what the proper entries, (i.e. debit or credit) are for; increases and decreases to the accounting categories of assets, liabilities, equity, income, and expense items
- d. Calculate and foot both columns and rows so that there is an equal dollar amount of debits and credits
-  **e. Demonstrate the use of accounting spreadsheets in calculating totals and completing accounting journal entries and worksheets**
- f. Be able to clearly separate and explain in a logical manner entries made under the double-entry accounting system


4. Analyze various business transactions and properly record them in the accounting equation

- a. Describe and prepare various internal and external source documents
- b. Interpret the source document and determine where in the accounting cycle the transaction fits
- c. Recognize and enter transactions in chronological order


5. Analyze various business transactions and record their effect in “T-accounts”

- a. Show a knowledge of the accounting terms used and apply the proper entry format of debits and credits to a “T”-account format
- b. Demonstrate the ability to foot, total, and balance accounts using the “T account form”
- c. Demonstrate the proper debit and credit for overall category classification for assets, liabilities, equity, income, and expense items


6. Record transactions in the General Journal

- a. Show a knowledge of the accounting terms, concepts, and processes and apply that knowledge to the proper recording of transactions in the general journal
- b. Be able to interpret the source document and determine the dollar amount of the transaction
- c. Be able to analyze and segregate each transaction into the proper debit and credit format entry
-  **d. Demonstrate the ability to enter debit and credit source transactions into the general journal function of a computerized excel spreadsheet**
- e. Utilization of the proper accounting category for the entries
- f. Document a brief and concise explanation of each entry
- g. Calculate that the debits and credits are equal for each entry and for the whole journal

7. Post the general journal entries to the various General Ledger accounts

- a. Demonstrate the accuracy of the beginning account balance prior to any entries
- b. Demonstrate the ability to define the terms and concepts, and transferring all of the general journal entries to the proper ledger accounts and recording the entry as an appropriate debit or credit transaction
- c. Be able to explain the basis for the entry to the particular ledger account
- d. Maintain the chronological order by recording the date for each entry
-  **e. Demonstrate through an excel template the computerized ability to accurately post data from the general journal to the general ledger**
- f. Calculate and maintain a net total for each account as either a debit or credit
- g. Indicate the posting reference on both the ledger accounts and the general journal.

8. Prepare the “worksheet”

- a. Demonstrate a knowledge of what the worksheet’s purpose is and how to use it
- b. Properly label each column title for the entire worksheet
- c. List each of the ledger accounts along the left hand side of the worksheet
- d. Transfer the balances from the ledgers to the “Trial Balance” Columns
- e. Calculate the totals of the debit and credit columns (footing) and showing the equality of debits and credits
-  **f. Be able to prepare a worksheet utilizing the Microsoft 2007 Excel spreadsheet software program**
- g. If out of balance, be able to determine the source of the error and correct the problem
- h. Be able to determine which accounts would need “adjusting entries” and to accurately calculate and enter each adjusting figure as the appropriate debit or credit entry in the “Adjustments” column
- i. If out of balance, be able to determine the source of the error and correct the problem
- j. Calculate the new balance for each ledger account, on a line by line basis, and posting this balance to the proper debit or credit column in the “Adjusted Trial Balance” column
- k. Calculate the totals of the debit and credit columns (footing) for the “Adjusted Trial Balance” column
- l. Demonstrate the equality of the debits and credits for the “Adjusted Trial Balance” column
- m. If out of balance, be able to determine the source of the error and correct the problem
- n. Extend the worksheet trial balance figures to the appropriate income statement and balance sheet columns
- o. Calculate the totals of the debit and credit columns (footing) for “Income Statement” and “Balance Sheet” columns
- p. Calculate the amount of “net income” or “net loss” and record on the proper line

9. Journalize and post the adjusting entries


- a. Demonstrate a knowledge of the terms and concepts related to making adjusting entries
- b. Show why, and which accounts, would need adjusting entries
- c. Be able to determine the classification of the account to be adjusted
- d. Record the entry in the general journal along with the date and explanation of the entry
- e. Calculate the adjustment and be able to support the reasoning for the adjustment
- f. Show the proper adjusting entries with the equality of debits and credits

- g. Foot the total of debits and credits
- h. Date and post to the general ledger in the appropriate debit or credit column
- i. Demonstrate the ability to explain why and show how the entries were made
- j. Record the posting reference in both the general journal and general ledger
- k. Foot the columns in the general ledger and prove that the debits equal credits
- l. If out of balance, be able to determine the source of the error and correct the problem

10. Journalize and post the closing entries

- a. Show the knowledge of the terms and concepts associated with closing out the books at year end
- b. Explain why certain accounts are considered “temporary” accounts and why they must be closed out
- c. Determine which accounts are to be closed and journalize the appropriate entry to zero out the account
- d. Close out the required ledger accounts by making an entry in both the general journal and general ledger
- e. For each entry, the date is entered
- f. Provide a description for each entry
- g. Zero out the affected ledger accounts
- h. If out of balance, be able to determine the source of the error and correct the problem

11. Prepare the post-closing trial balance

- a. Show a working knowledge of the accounting terms and concepts related to the post-closing trial balance
- b. Explain why a post-closing trial balance is prepared
- c. Properly label the post-closing trial balance
-  **d. Demonstrate the ability to produce a computer generated post-closing trial balance**
- e. Record all remaining accounts
- f. Foot columns and ensure that debits equal credits
- g. If out of balance, be able to determine the source of the error and correct the problem

12. Prepare and maintain accounts related to banking activities

- a. Be able to define terms related to cash control
- b. Identify different types of cash control procedures
- c. Demonstrate proper preparation of checks, register, and deposit slips
- d. Know the differences between and be able to identify various types of special endorsements
- e. Be able to read and explain the information on a bank statement
- f. Reconcile a bank statement to company records by comparing canceled check amounts and arranging cancelled checks by serial number
- g. Be able to track and compare a cancelled check with the check register and bank statement
- h. Identify and list all outstanding checks and deposits in transit
- i. Be able to locate bank service charges and interest income on a bank statement
- j. Prepare and reconcile cash on a bank reconciliation form
- k. If an error is found, the source of the error is determined and corrected
- l. File cancelled checks, deposit slips, and bank statements
- m. Make appropriate entries to the general journal and general ledger for any necessary changes

13. Establish and maintain petty cash and change funds along with the respective auxiliary record keeping

- a. Be able to demonstrate a knowledge of proper petty cash procedures along with maintaining records
- b. Describe how to maintain the security of the physical “cash”
- c. Develop and complete vouchers for each expenditure
- d. Maintain a petty cash record book
- e. Calculate the amount needed to periodically replenish the petty cash account

- f. Prepare a voucher or check to replenish the petty cash account
- g. Journalize and post entries pertaining to Cash Short and Over
- h. Be able to physically replenish the Cash Funds and increase/decrease the Cash Funds.

14. Analyze, calculate and post payroll activity


- a. Demonstrate the knowledge of payroll terms
- b. Calculate time cards
- c. Be able to prepare payroll records for the payroll process
- d. Be able to complete employee W-4 forms
- e. Be familiar with the year end W-2 forms
- f. Calculate regular and overtime gross and net earnings
- g. Calculate appropriate taxes using formulas and tables
- h. Calculate FIT (federal income tax), FICA (social security), FUTA and SUTA (federal and state unemployment tax)
- i. Calculate and record Worker's Compensation costs
- j. Identify federal, state, and local payroll reports
- k. Prepare a payroll register
- l. Journalize and post entries related to payroll

15. Use of special journals and ledgers

- a. Demonstrate the knowledge of terms, concepts and procedures dealing with the analysis and recording of transactions relating to:


1.) Sales journal

- a.) Be able to set up a sales journal including columns for sales, sales returns and allowances, sales tax payable, and accounts receivable
- b.) Post sales transactions to both the general ledger and subsidiary accounts receivable ledger.

-  c.) **Demonstrate the ability to enter data into a spreadsheet to accumulate and report on sales transactions**


2.) Purchases journal

- a.) Set up a purchases journal with proper columns including; purchases, freight-in, and accounts payable subsidiary account information.
- b.) Post these transactions from the purchases journal to the appropriate general ledger accounts and subsidiary account payable ledger (vendor's account).

-  c.) **Demonstrate the ability to enter data into an excel spreadsheet for "purchases" and record transaction postings in the proper ledger accounts.**


3.) Cash receipts journal

- a.) Set up a cash receipts journal and make appropriate entries to the cash, accounts receivable, sales tax payable, sales discounts and sales accounts
- b.) Post these items from the cash receipts journal to the appropriate ledger accounts

-  c.) **Demonstrate the ability to enter data into an excel spreadsheet for "cash receipts"**

4.) Cash payments journal

- a.) Set up a cash payments journal and make appropriate entries to cash, purchases discount, and accounts payable accounts
- b.) Post these items from the cash payments journal to the appropriate ledger accounts

-  c.) **Demonstrate the ability to enter data into an excel spreadsheet for "cash payments"**

5.) Payroll register

- a.) Be able to set up a payroll register spreadsheet that will track several employees gross pay, tax withholdings, deductions, and net pay
- b.) Be able to record the correct number of hours, pay rate, and gross pay & net pay using mathematical calculations in a table format
- c.) Post the column totals from a payroll register to the various ledgers including taxes, deductions, net pay and other payroll items

- d.) **Demonstrate the ability to enter data into an excel spreadsheet “payroll” and generate applicable reports**

16. Summarizing financial data & preparing financial information reports

- a. Demonstrate the ability to complete the accounting cycle using spreadsheets**
- b. Gather appropriate totals from the asset, liability, and equity accounts and prepare a standardized Balance Sheet
- c. Be able to properly align columns and rows so that the information is presented in accordance with Generally Accepted Accounting Principles
- d. Properly group accounting items by categorizing them according to short vs. long term classifications
- e. Be able to prepare a Balance Sheet for a sole proprietorship, corporation, merchandizing business, and a service business
- f. Explain and calculate the various components of the Balance Sheet
- g. Be able to prepare a Statement of Owner’s Equity with appropriate categorization of ledger items
- h. Be able to generate a Statement of Owner’s Equity utilizing a spreadsheet**
- i. Explain and calculate the various components of the Statement of Owner’s Equity
- j. Gather appropriate totals from the income and expense accounts so as to prepare a standardized Income Statement
- k. Be able to generate an Income Statement utilizing a spreadsheet**
- l. Explain the various components of the Income Statement
- m. Be able to properly align income and expense items so that the information is presented in accordance with Generally Accepted Accounting Principles
- n. Prepare a schedule of accounts receivable
- o. Prepare a schedule of accounts payable
- p. Demonstrate the ability to generate an accounts payable and account receivable listing utilizing a spreadsheet**
- q. Prepare a “Practice Set” assignment with due diligence
- r. Prepare a research paper to learn about accounting software capabilities, cost, availability, support. review and compare at least two accounting software packages currently used by small businesses.**

17. Accounting Ethical Standards

- a. Explain, discuss and apply Generally Accepted Accounting Principle to review workplace settings and determine ethical standards.
- b. Identify and apply the accounting principle of adequate disclosure
- c. Identify and apply the accounting principle of the business entity concept
- d. Identify and apply the accounting principle of consistency
- e. Identify and apply the accounting principle of the going concern concept
- f. Identify and apply the accounting principle of the matching principle
- g. Identify and apply the accounting principle of materiality
- h. Identify and apply the accounting principle of objective evidence
- i. Identify and apply the accounting principle of the realization principle

B. Employability Skills

1. Demonstrate skills including knowledge, abilities and personal qualities needed by all workers in order to be successful in the workplace.

a. Basic Skills

- 1.) Research, read, understand and interpret written information in documents such as reports, tables, articles, graphs, and schedules
- 2.) Communicate in both written and verbal form, thoughts, ideas, information and messages, and be able to develop written documents such as letters, instructions and reports
- 3.) Perform basic mathematical computations with accounting data

- 4.) Approach accounting problems by systematically developing a logical solution utilizing various mathematical techniques
- 5.) Receive, interpret, attend to, and respond to verbal messages from other individuals
- 6.) Communicate messages both verbally and in writing
- 7.) Compile and organize data into logical ideas

b. Thinking Skills

- 1.) Be able to gather information and develop a system to problem solve the issue in sequential fashion
- 2.) Recognize a problem and develop a solution which is then systematically implemented
- 3.) Be able to organize and process symbols, pictures, objects and other information
- 4.) Choose and apply certain appropriate rules or principles that specifically pertain to solving the problem at hand

c. Personal Qualities

- 1.) Consistently exert a high level of effort and persevere towards individual goal and group goal attainment
- 2.) Maintain and project a positive view of one's self
- 3.) Demonstrate understanding, friendliness, adaptability, empathy and courtesy in group settings
- 4.) Set personal goals, monitor progress and exhibit self-control
- 5.) Be able to seek out and choose an ethical course of action
- 6.) Be able to work well individually and as a part of a team

d. Resources

- 1.) Demonstrate successful use of time management techniques
- 2.) Allocate material and facility resources by acquiring, storing and distributing materials, supplies, parts, equipment, space or final products in order to make the best use of these items
- 3.) Allocate human resources by assessing knowledge and skills and distributing work accordingly, evaluating performance and providing feedback

e. Information

- 1.) Acquire and evaluate information by identifying need for data, obtaining it from existing sources or creating it, and evaluating its relevance and accuracy



- 2.) **Organize and maintain information by processing and maintaining written or computerized records and other forms of information in a systematic fashion**



- 3.) **Interpret and communicate information by selecting and analyzing information and communicating the results to others using oral, written, graphic, pictorial, or multi-media methods**



- 4.) **Use computer technology to process information by acquiring, organizing, inputting, analyzing and communicating data and information**

f. Interpersonal

- 1.) Participate as a member of a group, or team, by working cooperatively with others and contributing towards the group's goals with ideas, suggestions and effort
- 2.) Communicate, both verbally and in writing, to teach other group members certain skills
- 3.) Serve clients and customers by working, communicating, and interacting with clients and customers so as to meet their needs and satisfy their expectations
- 4.) Exercise leadership by communicating thoughts, feelings, and ideas to justify a belief or position; encourage, persuade, convince or otherwise motivate an individual or group; responsibly challenge existing procedures, policies or authority
- 5.) Negotiate within a group or with clients/customers towards an agreement that may involve the exchange of specific resources or resolving divergent interests
- 6.) Work with cultural diversity by cooperatively working well with both men and women and with a wide variety of ethnic, social or educational backgrounds