

ACT 145 - Basic Accounting Procedures

I. ACT 145 - Basic Accounting Procedures – 3 Semester Hours

II. Course Description

This course focuses on basic bookkeeping procedures and elementary accounting principles. Emphasis is on analyzing and recording financial transactions, classifying and summarizing data, and preparing financial statements. Upon completion of this course, the student will be able to apply basic bookkeeping procedures and elementary accounting principles.

III. Prerequisite

None

IV. Textbook

Textbook: College Accounting current edition

Publisher: McGraw-Hill Publishing

Authors: Price, Haddock, Brock

V. Course Objectives

The student will:

1. learn to use accounting as an information.
2. learn to process business transactions.
3. learn to prepare adjusting entries.
4. learn the steps in completing the accounting cycle for a service type business.
5. learn the steps in the accounting cycle for a merchandising business.
6. learn how to use special journals.

VI. Course Outline of Topics

The student will learn to use accounting as an information system.

- a) identify the uses of accounting information.
- b) identify generally accepted accounting principles.
- c) discuss the importance of ethics in accounting.
- d) define the business entity concept and compare the different types of business ownership.
- e) construct the accounting equation and define assets, liabilities, and owner equity.
- f) analyze business transactions using the accounting equation.
- g) prepare simple versions of the income statement, statement of change in owner equity, and the balance sheet.

The student will learn to process business transactions.

- a) identify commonly used accounts and describe a chart of accounts.
- b) learn the rules for the use of debits and credits.
- c) analyze transactions using debits and credits in accounts.
- d) describe the function of a general ledger and the information contained in the ledger accounts.
- e) learn the purpose of a general journal and record transactions into the journal.
- f) learn the steps used to post transactions from the general journal to the general ledger.
- g) learn the purpose of the trial balance and prepare a trial balance.

- h) using the trial balance, will prepare a simple income statement, statement of change in owner equity, and balance sheet.

The student will learn to prepare adjusting entries.

- a) discuss the period concept and describe the differences in the cash and accrual basis of accounting.
- b) describe and perform adjusting entries for prepaid expenses.
- c) describe and perform adjusting entries for accrued expenses.
- d) describe and perform adjusting entries for accrued revenue.
- e) describe and perform adjusting entries for unearned revenue.
- f) describe the nature of depreciation and record transactions for depreciation expense.
- g) present depreciable assets and accumulated depreciation in the plant section of the balance sheet.

The student will learn the steps in completing the accounting cycle for a service type business.

- a) gain an understanding of the need for a work sheet and prepare a work sheet.
- b) using a completed work sheet, the student will prepare the following statements for a service type business:
 - 1) an income statement
 - 2) a statement of change in owner equity
 - 3) a classified balance sheet
- c) using the work sheet, the student will journalize and post the adjusting entries.
- d) learn the purpose of closing entries and using the work sheet will journalize and post the closing entries.
- e) learn the purpose of a post-closing trial balance and using the general ledger accounts will prepare a post-closing trial balance.

The student will learn the accounting cycle for a merchandising firm. Analyze, record, and post transactions involving the sale of merchandise for cash and on account.

- a) analyze, record, and post transactions involving sales returns for cash and on account, and collections from credit customers.
- b) analyze, record, and post transactions involving the purchase of merchandise for cash and on account.
- c) analyze, record, and post transactions involving purchase returns for cash and on account, and payments to merchandise creditors.
- d) determine who is responsible for freight, record and post transactions when the terms are: FOB Factory-Collect and prepaid and FOB destination-collect and Prepaid.
- e) using a completed work sheet the student will prepare:
 - 1) a classified income statement
 - 2) a statement of change in owner equity
 - 3) a classified balance sheet
- f) using the work sheet the student will:
 - 1) journalize and post the adjusting entries
 - 2) journalize and post the closing entries
- g) using the general ledger accounts the student will prepare a post-closing trial balance.

The student will learn how to use special journals.

- a) learn to record transactions in a combination journal.
- b) learn to post transactions from the journal to the general ledger accounts and to the Accounts Receivable and Accounts Payable Subsidiary Ledger.
- c) learn to record transactions in the following special journals:
 - 1) Sales
 - 2) Purchases

- 3) Cash Receipts
- 4) Cash Disbursements
- d) learn which transactions are recorded in a general journal when special journals are used. The student will record selected transactions in the general journal.
- e) post transactions from the special journals and general journal to the accounts in the general ledger.
- f) post from the sales journal and selected accounts in the general journal to the Accounts Receivable Subsidiary Ledger.
- g) post from the purchase journal and selected transactions in the general journal to the Accounts Payable Subsidiary Ledger.

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).