Course Outline for Business 7
ACCOUNTING FOR SMALL BUSINESS

Catalog Description:

BUS 7 - Accounting for Small Business 3.00 units
Bookkeeping practices and accounting cycle for service and merchandising sole proprietorship. Double-accounting entry system (debits and credits), books of original entry (journals), ledgers, adjusting and closing entries, income statement, balance sheets, and statement of owner’s equity, cash, banking activities, payroll, special journals, merchandising firms.

Requisites: none

Grading Option: Optional

Discipline:

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<th>Units</th>
<th>Lecture</th>
<th>Laboratory</th>
<th>Clinical</th>
<th>Total</th>
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Contact Hours: 52.50, 17.50, 0.00, 70.00

Prerequisite Skills:
None

Measurable Objectives:

Upon completion of this course, the student should be able to:
1. solve and apply the fundamental accounting equation and its logical bookkeeping applications to an accounting system of a sole proprietorship;
2. describe basic accounting theory and practice as it relates to a sole proprietorship for both a service and a merchandising operation;
3. perform routine bookkeeping duties;
4. critically assess business ethics dilemmas typical for an accounting position within a small business;
5. summarize stages of the accounting cycle;
6. discuss specifics of bank accounts and cash funds;
7. differentiate among various special journals, enter data into special journals and AR and AP ledgers, complete necessary reports;
8. prepare, relate, and analyze financial statements for a sole proprietorship;
9. perform basic payroll accounting functions and distinguish between employee earnings, deductions, and payroll taxes.

Course Content:

1. Concepts and procedures
   A. Assets, liabilities, owner’s equity, revenue, expenses, and withdrawals
   B. The fundamental accounting equation
   C. The financial statements for a sole proprietorship
2. Debits and credits
   A. Fundamental definition; the double-entry accounting system
   B. Trial balance
3. The accounting cycle
   A. Journalizing – general journal
   B. Posting – ledger
   C. Adjustments
   D. Worksheet
   E. Closing
   F. Post-closing trial balance
4. Banking procedures and control of cash
   A. Checking accounts
   B. Bank reconciliations
   C. Petty cash
   D. Cash short or over
5. Difference in bookkeeping practices for a service and merchandising sole proprietorship
6. Special journals for a small merchandising firm
   A. Sales journals
   B. Cash receipts journal
   C. Purchase journal
   D. Cash payments journal
   E. Accounts Receivable and Accounts Payable Subsidiary ledgers
7. Basic payroll accounting for a small business
   A. Employee earnings (regular and overtime calculations, gross pay) and deductions (social security, Medicare, and income taxes)
   B. Bookkeeping practices for payroll accounting (payroll register, journal entries)
C. Employer payroll taxes, forms (940 and 941), unemployment taxes, and workers' compensation insurance  

8. Business ethics and ethical dilemmas in the accounting field

Methods of Presentation
1. Lecture/Discussion  
2. Problem Solving  
3. Case studies on business ethics and current events  
4. Small group assignments  
5. Accounting cycle project

Assignments and Methods of Evaluating Student Progress
1. Typical Assignments  
   A. Using transactions and a chart of accounts, journalize the transactions and post them to the general ledger.  
   B. Find five job advertisements for a bookkeeper / accounting clerk on www.monster.com for Oakland/East Bay Area. Prepare a written report to summarize the jobs’ salary range, five common responsibilities, skills, educational requirements. List specific skills/qualifications that you must develop to better qualify for these job openings.

2. Methods of Evaluating Student Progress  
   A. Graded problems  
   B. Exams/Tests  
   C. Internet-based assignments  
   D. Case studies  
   E. Current articles’ summaries  
   F. Accounting cycle project  
   G. Final Examination

3. Student Learning Outcomes  
   Upon the completion of this course, the student should be able to:  
   A. Develop competency in creating the income statement, balance sheet, and statement of owners equity  
   B. Develop critical thinking by preparing and analyzing financial statements for merchandising firms  
   C. Students will be able to record transactions in journal and ledger for a sole proprietorship business

Textbooks (Typical):

Special Student Materials
1. Calculator

Abbreviated Class Schedule Description:

Bookkeeping practices and accounting cycle for service and merchandising sole proprietorship. Double-accounting entry system (debits and credits), books of original entry (journals), ledgers, adjusting and closing entries, income statement, balance sheets, and statement of owner’s equity, cash, banking activities, payroll, special journals, merchandising firms.

Requisites: none