

# MGMT G163: ACCOUNTING CONCEPTS FOR SMALL BUSINESS

Item	Value
Curriculum Committee Approval Date	12/06/2016
Top Code	050640 - Small Business and Entrepreneurship
Units	1.5 Total Units
Hours	27 Total Hours (Lecture Hours 27)
Total Outside of Class Hours	0
Course Credit Status	Credit: Degree Applicable (D)
Material Fee	No
Basic Skills	Not Basic Skills (N)
Repeatable	No
Grading Policy	Standard Letter (S), • Pass/No Pass (B)

## Course Description

This course is identical to ACCT G163. This course teaches small business owners basic accounting functions such as receivables and payables management, bank reconciliations, and financial statement preparation. This course also covers financial statement analysis to assess operational performance, financial condition, and certainty of cash flows. Development of start-up cost estimates and financial projections will also be explored. Enrollment Limitation: ACCT G163; students who complete MGMT G163 may not enroll in or receive credit for ACCT G163. Transfer Credit: CSU.

## Course Level Student Learning Outcome(s)

1. Course Outcomes
2. Prepare a profit and loss statement with accompanying monthly variance analysis.
3. Compute start-up cost projections for a small business in accordance with the business plan.
4. Compare cash flow statement with net income to analyze certainty of customer collections and timing of vendor payments.

## Course Objectives

- 1. Perform basic accounting functions applicable to a start-up enterprise such as managing receivables and payables to maximize cash flow, reconciling bank accounts, and filing and making estimated tax payments.
- 2. Prepare financial statements and analyze metrics to evaluate operational performance, liquidity and solvency, and certainty of future cash flows.
- 3. Compile start-up cost estimates, revenue trends, and financial projections.

## Lecture Content

Cash receipts billing and invoicing auxiliary charges: freight, handling charges, taxes, fees, etc. credit terms payment terms remittance

Receivables aging categories late fees finance charges collection policies abatement reconciliation of receivables to general ledger ratios: A/R turnover, days in receivables maximizing interest - overnight and sweep funds, money market accounts, CDs, checking and savings accounts Cash disbursements check writing internal controls, positive pay authorized signators, signature card types of discounts: trade, vendor, bulk, cash, etc. Payables the banking relationship purchase commitments and contractual obligations maintaining liquidity - sufficient cash flow, line of credit managing payables - accelerating and deferring payments reconciliation of payables to general ledger ratios: quick (acid test) ratio, current ratio Bank reconciliations the bank statement reconciling items updating the general ledger stale dated checks, escheats Inventory perpetual inventory system: items versus each inventory issues: obsolescence, perishable items, markups, markdowns, clearance determining the cost of inventory (costing) costing a product or service ratios: inventory turnover, days in inventory Fixed assets proper capitalization for book and tax reporting developing depreciation schedules MACRS ratios: ROA, asset turnover Other assets proper capitalization tax treatment ; Debt proper valuation tax treatment Taxes federal and state income taxes quarterly estimated payments returns and extensions recordkeeping - property tax statements, depreciation schedules, insurance and other invoices, business receipts enlisting the services of a CPA sales tax remittance payroll tax remittance - frequency and method forms payroll service companies business tax licenses Basic accounting format ABCs of bookkeeping accrual basis accounting revenues versus other types of cash receipts expenses versus capital expenditures dividends/owner withdrawals Financial statements preparation of income statement, balance sheet, owners equity statement, statement of cash flows horizontal analysis - prior year, budget establishing thresholds management by exception ratios: profit margin, working capital income statement: analyzing profitability and operational performance balance sheet: analyzing financial condition, liquidity, and solvency statement of cash flows: understanding cash activity Budgeting projecting revenues and expenses devising a capital budget compiling a cash budget

## Method(s) of Instruction

- Lecture (02)
- DE Live Online Lecture (02S)
- DE Online Lecture (02X)

## Instructional Techniques

Lecture (online or classroom) Project Activity Presentation materials/slides Reading assignments from handouts and/or textbook.

## Reading Assignments

Textbook chapters Online resources/links Presentation slides Other reading materials as assigned

## Writing Assignments

Financial statements preparation Projects, assignments, and homework as assigned

## Out-of-class Assignments

Weekly reading Online research

## Demonstration of Critical Thinking

Ability to understand and extract the components of fundamental financial statements.

## **Required Writing, Problem Solving, Skills Demonstration**

Ability to perform basic accounting functions and prepare fundamental financial statements.

## **Eligible Disciplines**

Small business development (entrepreneurship): Any bachelors degree and two years of professional experience, or any associate degree and six years of professional experience. Accounting: Masters degree in accountancy or business administration with accounting concentration OR bachelors degree in business with accounting emphasis or business administration with accounting emphasis or economics with an accounting emphasis AND masters degree in business, business administration, business education, economics, taxation, or finance OR the equivalent. Masters degree required. (NOTE: A bachelors degree in accountancy or business administration with accounting concentration, with a CPA license is an alternative qualification for this discipline)

## **Textbooks Resources**

1. Required Rogers, Steven. Entrepreneurial Finance: Finance and Business Strategies for the Serious Entrepreneur, 3rd ed. McGraw-Hill, 2014

## **Software Resources**

1. QuickBooks Pro Desktop 2016. Intuit, 2016 ed. QuickBooks Pro 2016 Small Business Accounting Software with Free QuickBooks Online Essentials 2. QuickBooks Online. Intuit, 2016 ed. QuickBooks Online Simple Start 2016 Small Business Accounting (PC/Mac)