

F4 IS BACK – DIRECTIONS FOR GROUP PROJECT IN AC 220

LEARNING OUTCOMES

1. In this group project, your ability to **calculate and account for equity transactions in partnerships** (Course Learning Outcome #3), will be assessed.
2. At the program level, your ability to demonstrate **basic knowledge and/or skills in** the different functional areas of business – **accounting**, management, marketing, economics, and finance – by emphasizing their importance in an organization and describing their interrelationship in the organization’s attempt to achieve its objectives (PSLO #1), will likewise be assessed.
3. At the institutional level, the focus of assessment in this project is your **Quantitative Reasoning** ability (ISLO #8).

GENERAL GUIDELINES

1. Your group’s performance will be graded against a rubric, a copy of which will be given to you.
2. All members of your group, without exception, will receive the same grade for this group project. So it is important that all members cooperate fully.
3. Follow the directions and take note of the assumptions below. Make sure you refer to the criteria in the rubric as you perform the required tasks.
4. Submit your work in a folder, on or before the last day of instruction, i.e., **Monday, May 4, 2015**. Late projects will not receive any credit.
5. Your folder should contain these documents in the following order:
 - 1) Title Page (see sample)
 - 2) One-Page Essay: Your Findings and Recommendations
 - 3) Income Statement
 - 4) Statement of Partners’ Equity
 - 5) Balance Sheet
 - 6) Chart of Accounts
 - 7) Work Sheet
 - 8) Trial Balance
 - 9) General Journal
 - 10) T-Accounts (or General Ledgers)
 - 11) Source Documents (see DOCUMENTATION below)
 - 12) List of Assumptions

DIRECTIONS

DOCUMENTATION

1. Paste each source document on a clean sheet of paper.
2. At the bottom of the paper, write a short description or explanation of the transaction. The narrative should include the date, amount, name of parties involved, the accounts to be debited and credited, and other important information based on your analysis of the transaction.
3. As you analyze the transactions, list down possible accounts that you will use in recording them. From this list, develop a Chart of Accounts for the business.

RECORDING

1. Based on your analysis of transactions from source documents (see DOCUMENTATION), record the transactions in general (two-column) journal form.
2. Post your journal entries to T-Accounts. (NOTE: If you prefer to use the four-column ledgers instead of T-Accounts, you may do so. Extra points will be awarded for exercising this option.)

SUMMARIZING

1. Foot your T-Accounts. (NOTE: Skip this requirement if you opt to use the four-column ledgers instead of T-Accounts.)
2. Prepare a trial balance.
3. From your analysis of pertinent documents, determine needed adjustments.
4. Prepare a work sheet.
5. Prepare a classified income statement and statement of partner's equity for the day ended April 10, 2015, and a classified balance sheet as of April 10, 2015.
6. Journalize, and post to T-Accounts, all adjusting and closing entries.
7. Prepare a post-closing trial balance.

LIST OF ASSUMPTIONS

1. Each "F4 is Back" business is organized as a partnership.
2. Group members are considered as partners.
3. Partners' capital contributions are in the form of cash.
4. Goods (as opposed to cash contributions) brought in by partners are treated as purchases on account.
5. Goods purchased or brought in for sale are considered merchandise.
6. Goods purchased or brought in for use are either supplies or equipment, depending on the item.
7. Cash Count Sheet shows the cash balance at end of business day, but before withdrawals by partners (see #8 about withdrawals).
8. For businesses that earn a profit, partners shall withdraw 50%, or half, of their profit share. For business that incur a loss, partners shall withdraw amounts equal to 10% of their capital contribution.
9. The business uses periodic inventory system.
10. Ignore income taxes.

ADDITIONAL ASSUMPTIONS

Your group is permitted to make additional assumptions that you might consider necessary to complete this project and meet your learning outcomes. For example, source documents provided to your group may be unclear, inaccurate, or incomplete. You should first attempt to contact the group whose business was assigned to your group, and try to get the missing or correct information that you need. If this is not possible, then you may add your own assumptions to the list above.

Make sure to write down those assumptions clearly, and include the entire list in the documents (#12) that you will submit in a folder.