

PROJECT 1A: STUDENT-DESIGNED SERVICE BUSINESS

The purpose of Project 1A is for students to design their own sole proprietorship service business. In Chapters 9, 10 and Project 1 (Part 2 of the book), your students learned how to complete PCA's Computer Accounting Cycle.

The students will select the type of service business they want, edit the business's Chart of Accounts, create source documents, and complete PCA's Computer Accounting Cycle. Project 1A also gives your students an opportunity to review the software features learned so far.

Students are reminded that they have been working on sole proprietorship service businesses in Part 2 of the book. They might want to design a business similar to those. Service businesses include: accountants, beauty salons, architects, hotels, airlines, cleaning stores, doctors, artists, etc.

Another suggestion is that students use their own financial records. If they have a checking account and receive a monthly bank statement, they could use these records for their source documents.

Before your students begin, they will need the following:

1. Company information that includes business name, address, and telephone number. (*Hint: Students should select period 12, December 1-31, so that they can close the fiscal year.*)
2. One of PCA's sample companies.
3. A Chart of Accounts: 25 accounts minimum; 30 accounts maximum.
4. One month's transactions for their business. They will need a Balance Sheet for the opening entry, checkbook register, and a bank statement for the Account Reconciliation. The checkbook register should include a minimum of 15 transactions and a maximum of 25. Students should have at least four adjusting entries.

If they don't want to use a checkbook register and bank statement, they must create a Balance Sheet and write 15 to 25 narrative transactions.

In order to grade Project 1A you should look at the following printouts:

1. Chart of Accounts
2. Account Reconciliation Report
3. Cash Account Register
4. General Ledger Trial Balance (unadjusted)
5. Cash Receipts Journal
6. Cash Disbursements Journal
7. December 31, 200X General Journal
8. General Ledger
9. General Ledger Trial Balance (adjusted)
10. Balance Sheet
11. Income Statement
12. Statement of Retained Earnings
13. Statement of Cash Flow
14. Statement of Changes in Financial Position
15. Post-Closing Trial Balance

The student-designed service business gives your students an opportunity to problem solve. A look at an income statement could lead to a discussion about profit or loss. Did their service business generate enough revenue to cover expenses? Did they have enough cash flow? What was the difference between the beginning cash balance and the ending cash balance?