

ACC 300 · CLASS 1 · TUE 9/1 · ROOM 136, BRODY HALL

Before-class trivia

What company created the first commercially available mobile phone?

Don't look it up—guessing is more fun.

ACC 300 · FALL 2026

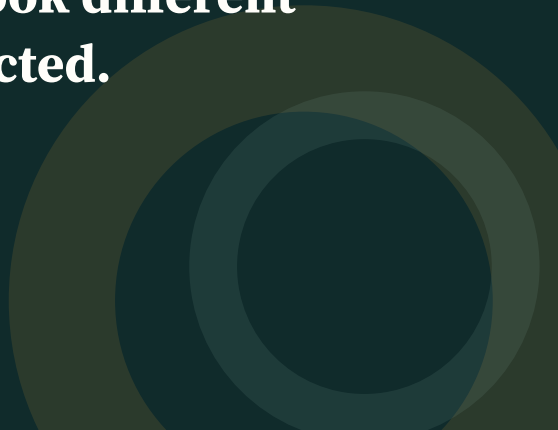
Welcome to ACC 300

Intermediate Financial Accounting I

Jillian Bommarito · Room 136, Brody Hall

**This course might look different
from what you expected.**

That's intentional.



**Humans +
technology**

>

**humans or
technology**

From accounting knowledge to judgment

1 • UNDERSTAND

Know what each amount means and where it belongs.



2 • USE EVIDENCE

Trace amounts to records, documents, and accounting rules.



3 • MAKE A JUDGMENT

Decide whether the accounting is correct and explain your conclusion.

Some assessments test what you can do without outside tools. When tools are permitted, AI use is optional, disclosure is required, and you remain responsible for the result.

Coursework and points

COURSEWORK	WHAT COUNTS	POINTS
In-class assessments	Exam 1 and the Units 3 and 4 mini-exam.	160
Company project	Midpoint analysis, final analysis, and final mini-exam.	140
Attendance and engagement	Attendance points are available in 24 meetings. Answer at least 75% of the questions in 20 meetings for full points.	100
Unit review assignments	7 offered; the best 5 count.	75
Getting started	Rust check, syllabus and technology check, and introduction slide.	25

Unit review assignments

1 · CHECK

Compare the evidence with the accounting.



2 · DECIDE

Accept the work or correct it.



3 · STATE

Give the result and support it.

7

OFFERED

15

POINTS EACH

5

SCORES COUNT

Materials: Course reading, notes, spreadsheets, and other permitted tools. AI use is optional; disclosure is required.

First due: Monday, September 14 at 11:59 PM. Correct answers are released after each deadline.

Due this week

WED., SEP. 2

11:59 PM

Register for iClicker. Attendance checks begin Thursday.

In D2L, complete the 5-point rust check and the 10-point syllabus and technology check. The second assignment uses Respondus LockDown Browser.

BEFORE THURSDAY

Required reading

Read Chapter 1 on the course site.

Optional equivalent: Kieso Chapter 2, sections 2.1–2.2, pages 2-2 through 2-23.

FRI., SEP. 4

11:59 PM

Submit the 10-point introduction slide privately in D2L.

UNIT 1

The reporting system and the accounting cycle

How do transactions become financial statements, and who sets the rules for what those statements report?

From transaction to trial balance

Transactions flow into the unadjusted trial balance. Equal debit and credit totals can still hide missing or incorrect entries.

Learning objective for this meeting

By the end of class, you should be able to:

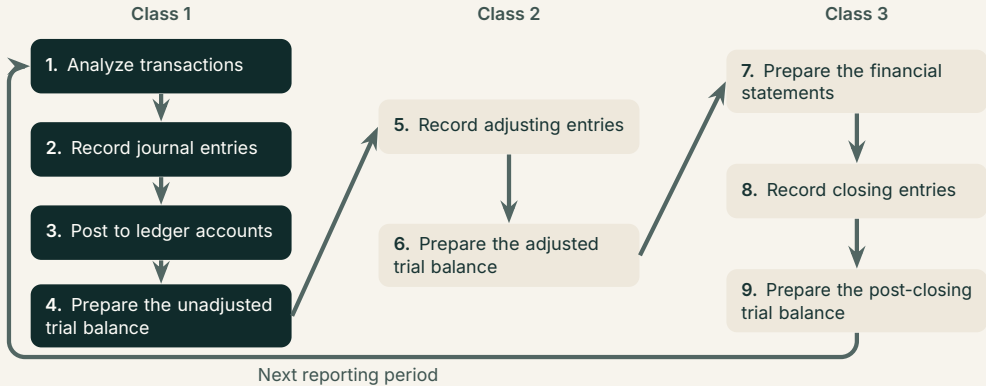
1.1

ANALYZE ●●●○○

Follow a transaction from the event through the journal and the ledger to the trial balance, and explain what equal trial balance totals test and which recording errors can remain hidden.

Where today's work fits in the accounting cycle

The same cycle repeats for each reporting period.



Refresher: find the net change in assets

This is prerequisite material. See what you remember.

Equipment costs \$10,000. The company pays \$2,000 cash and signs a note for the other \$8,000. What happens to total assets?

- A. They fall \$2,000.
- B. They rise \$10,000.
- C. They do not change.
- D. They rise \$8,000.

Refresher answer: total assets rise \$8,000

Answer D. Equipment rises \$10,000 and Cash falls \$2,000.

Assets

Equipment +\$10,000

Cash -\$2,000

Net change: +\$8,000

Liabilities + Equity

Notes payable +\$8,000

Equity: no change

Net change: +\$8,000

Both sides of Assets = Liabilities + Equity rise by \$8,000.

Refresher: classify cash received before work

This is prerequisite material. See what you remember.

A customer pays \$4,500 before the company provides any service. What changes when the company receives the cash?

- A. Assets and revenue increase.
- B. Assets and liabilities increase.
- C. Liabilities and expenses increase.
- D. Nothing changes until the company works.

Refresher answer: cash and a liability both increase

Answer B. The company has the cash and still owes the service.

Asset

Cash +\$4,500

The company controls the cash.

Liability

Unearned service revenue +\$4,500

The company still owes the service.

Revenue does not increase until the company performs the service.

Debit and credit name the 2 sides of an account

Name of account	
DEBIT	CREDIT
Left side	Right side

Debit and credit do not mean increase or decrease by themselves. The account type determines which side records an increase.

Find the balance of this Cash account

The balance is the difference, shown on the larger side.

Cash			
DEBIT		CREDIT	
Receipt	12,000	Payment 1	2,000
		Payment 2	3,000
Balance	7,000		

Cash has a **\$7,000 debit balance**: \$12,000 – \$5,000.

Which side normally increases each account type?

The side used for increases is the account's normal balance.

Normal debit balance

Assets

Expenses

Dividends

Normal credit balance

Liabilities

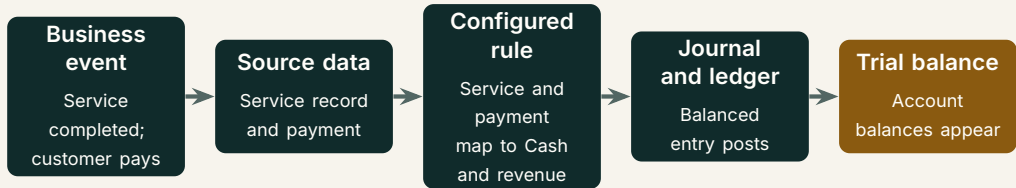
Equity

Revenue

Memory cue: DEAD / COLR

Debits increase Expenses, Assets, and Dividends. Credits increase Owners' equity, Liabilities, and Revenue.

How routine transaction data reaches the trial balance



Meet Red Cedar Paddle Co.

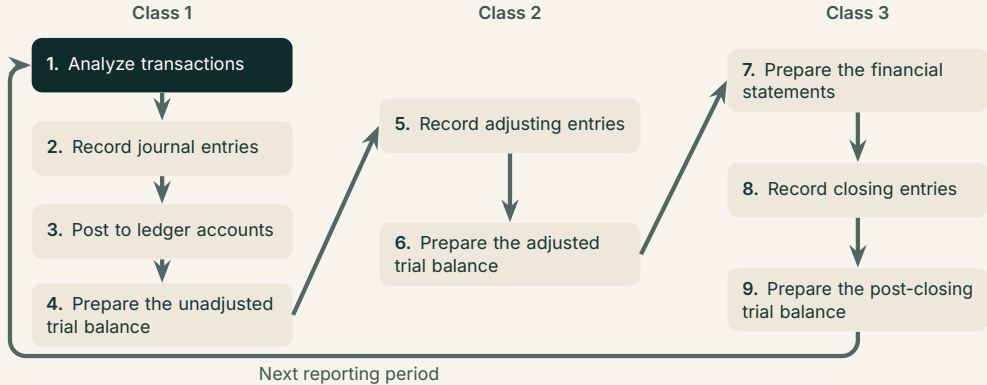
An East Lansing corporation that rents paddling equipment and runs river tours.

Red Cedar begins operations on June 1, 2026. Its short first fiscal year ends June 30. The company will accept customer payments, buy equipment, pay employees, and provide services during June.

The first event is an investment by the owners:

Red Cedar issues common stock and receives **\$30,000 cash**.

Step 1: Analyze the transaction



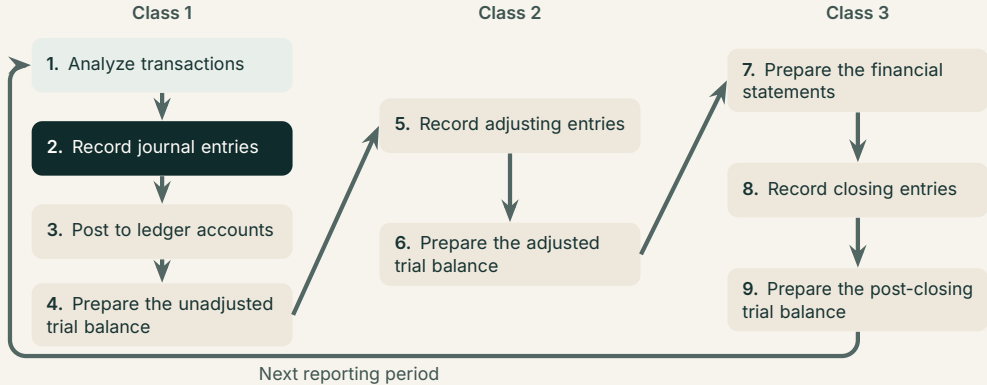
Worked example: analyze the stock issue

June 1: Red Cedar receives \$30,000 for common stock.

What happened?	Red Cedar received cash from its owners.
Which accounts?	Cash and Common stock.
Which types?	Cash is an asset. Common stock is equity.
Which sides?	The asset increases with a debit. Equity increases with a credit.

Assets rise \$30,000. Equity rises \$30,000. The accounting equation stays balanced.

Step 2: Record the journal entry



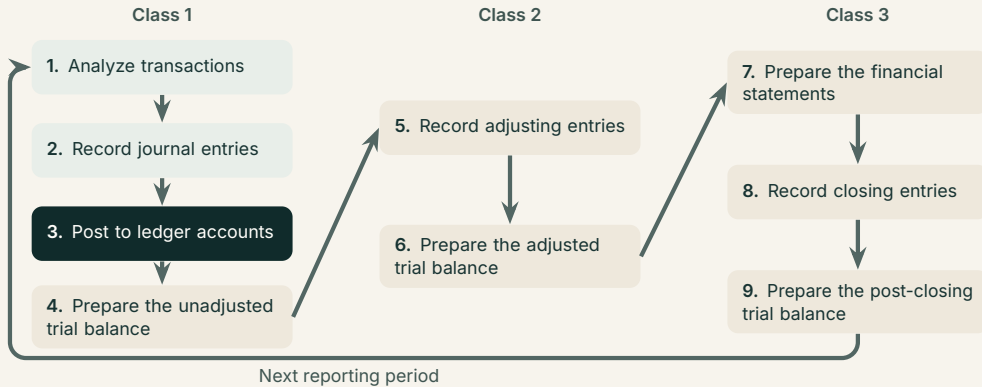
The stock issue reaches the journal

June 1: Red Cedar receives \$30,000 for common stock.

DATE	ACCOUNT	DEBIT	CREDIT
Jun 1	Cash	30,000	
	Common stock		30,000

The journal entry records the same change as the accounting equation: assets increase by \$30,000, and equity increases by \$30,000.

Step 3: Post to the ledger



The journal entry reaches the ledger

June 1: post each line to its ledger account.

DATE	ACCOUNT	DEBIT	CREDIT
Jun 1	Cash	30,000	
	Common stock		30,000

Cash	
DEBIT	CREDIT
Jun 1 30,000	
Balance 30,000	

Common stock	
DEBIT	CREDIT
	Jun 1 30,000
	Balance 30,000

Posting sends each journal-entry line to its account. Cash now has a \$30,000 debit balance. Common stock has a \$30,000 credit balance. Those balances will appear in the same columns of the trial balance.

Your turn: equipment bought on account

June 3: Red Cedar buys a transport trailer for \$6,000 and will pay later.

Identify the accounts and whether each one increases or decreases.

Then write the journal entry and identify the trial-balance column for each resulting balance.

Answer: the purchase increases an asset and a liability

June 3: Red Cedar buys a \$6,000 trailer and will pay later.

DATE	ACCOUNT	DEBIT	CREDIT
Jun 3	Equipment	6,000	
	Accounts payable		6,000

Equipment increases assets by \$6,000. Accounts payable increases liabilities by \$6,000. The Equipment balance appears in the debit column of the trial balance. The Accounts payable balance appears in the credit column.

Your turn: a 12-month insurance payment

June 4: Red Cedar pays \$3,600 for a policy that begins that day.

The system receives the payment record. Which entry should it produce?

CHOICE	ACCOUNT	DEBIT	CREDIT
A	Prepaid insurance	3,600	
	Cash		3,600
B	Insurance expense	3,600	
	Cash		3,600
C	Insurance expense	300	
	Cash		300
D	No entry before the coverage is used.		

Answer: unused insurance coverage is an asset

Answer A. On June 4, the 12-month coverage period begins.

DATE	ACCOUNT	DEBIT	CREDIT
Jun 4	Prepaid insurance	3,600	
	Cash		3,600

The policy gives Red Cedar a right to future insurance coverage. Paying cash does not always create an asset; the unused coverage does. Prepaid insurance appears in the trial balance's debit column. Cash decreases by the same amount.

Your turn: cash received before a tour

June 20: a resort pays \$4,500 before Red Cedar provides 3 tour days.

Which accounts should the system increase on June 20?

- A. Cash and Unearned service revenue.
- B. Cash and Service revenue.
- C. Service revenue only.
- D. No accounts until the first tour.

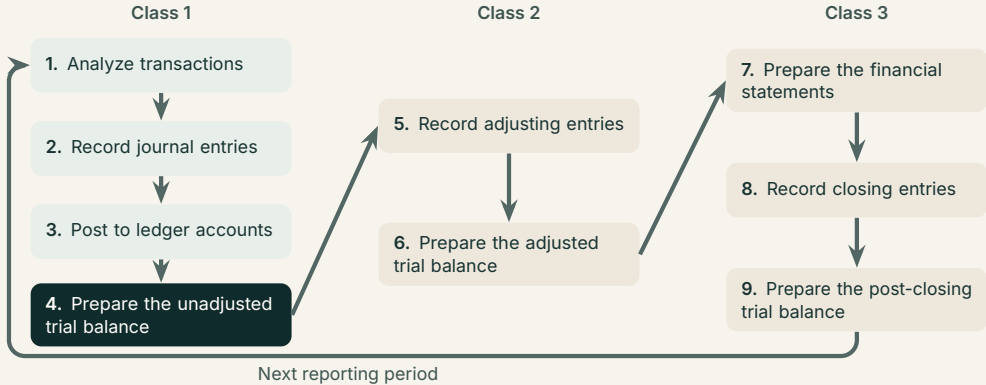
Answer: cash before service creates a liability

Answer A. Red Cedar has the cash and owes 3 tour days.

DATE	ACCOUNT	DEBIT	CREDIT
Jun 20	Cash	4,500	
	Unearned Service Revenue		4,500

Unearned service revenue is a liability, even though its name includes the word revenue. Red Cedar records revenue only as it provides the tours. Until then, Red Cedar has an obligation to provide the tours to the resort.

Step 4: Prepare the unadjusted trial balance



Red Cedar's unadjusted trial balance

The system has posted Red Cedar's June entries. Amounts are in US dollars.

ACCOUNT	DEBIT	CREDIT
Cash	20,800	
Accounts receivable	2,800	
Prepaid insurance	3,600	
Equipment	30,000	
Notes payable		12,000
Accounts payable		6,000
Unearned service revenue		4,500
Common stock		30,000
Service revenue		8,000
Wages expense*	2,100	
Rent expense*	1,200	
Total	60,500	60,500

* These balances come from other June transactions that were not shown in the earlier examples.

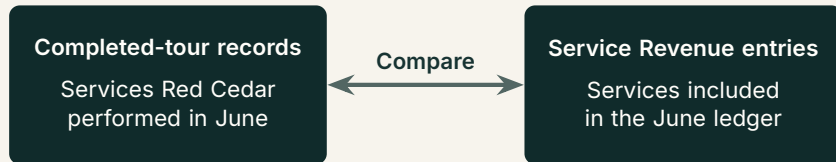
What equal trial-balance totals prove

Red Cedar's debit and credit columns both total \$60,500.

The equality proves that the ledger's debit balances equal its credit balances.

It does not prove that every event was recorded, that each account was correct, or that the balances are current. Red Cedar still needs period-end adjustments for insurance, depreciation, and other timing differences.

Equal totals do not prove that every service was recorded



A tour can appear in Red Cedar's completed-tour records but be missing from the ledger. If both sides of the journal entry are omitted, the trial balance totals can still agree.

Exam check: does a duplicate entry break the balance?

Red Cedar's trial balance totals \$60,500 on each side before the error.

A processing error posts the June 4 \$3,600 insurance entry twice. What are the new trial-balance totals?

- A. Debits \$64,100; credits \$60,500
- B. Debits \$60,500; credits \$64,100
- C. Both columns \$64,100
- D. Both columns \$60,500

Answer: both columns remain \$60,500

Answer D. Both affected accounts have debit balances.

Account	Starting trial balance		Duplicate posting		Resulting trial balance	
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	20,800			3,600	17,200	
Accounts Receivable	2,800				2,800	
Prepaid Insurance	3,600		3,600		7,200	
Equipment	30,000				30,000	
Notes Payable		12,000				12,000
Accounts Payable		6,000				6,000
Unearned Service Revenue		4,500				4,500
Common Stock		30,000				30,000
Service Revenue		8,000				8,000
Wages Expense	2,100				2,100	
Rent Expense	1,200				1,200	
Totals	60,500	60,500	3,600	3,600	60,500	60,500

Equal totals can still hide these errors

Omitted entry

Neither side reaches the ledger.

Duplicate entry

Both sides reach the ledger twice.

Wrong account, right side

The amount reaches the wrong account in the correct column.

Offsetting errors

Separate errors change one column by equal amounts in opposite directions.

Exam check: which error can stay hidden?

Which error would an equal trial balance fail to reveal?

- A. A \$500 debit posted with no credit
- B. A journal entry omitted entirely
- C. A credit column added incorrectly
- D. A \$300 credit posted as a \$300 debit

Answer: the omitted entry can stay hidden

Answer B. An omitted entry changes neither column.

A. A \$500 debit posts with no credit

Debits exceed credits by \$500. The trial balance reveals the error.

B. A journal entry is omitted entirely

Correct. Neither column changes, so the trial balance can stay equal.

C. The credit column is added incorrectly

The column totals no longer agree. The trial balance reveals the error.

D. A \$300 credit posts as a \$300 debit

Debits are \$300 too high and credits are \$300 too low. The totals differ by \$600.

A trial balance tests equality, but it does not show whether the records are complete.

NEXT MEETING · THU 9/3

Adjusting the records at period end

Required before Thursday: Read Chapter 1 on the course site.

Due Wed., Sep. 2, 11:59 PM: Register for iClicker; complete the rust check and the syllabus and technology check.

Optional reading: Kieso Chapter 2, sections 2.1–2.2, pages 2-2 through 2-23.

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