

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY

SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

Course Outline: Introduction to Accounting

Code Number : ACC 107

Program : Business - Semester I

Semester : Fall

Date : September 1994

Previous Outline : September 1993

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Approved: *R. C. C.*

Dean, Business & Hospitality

94/05/25

Date

INTRODUCTION TO ACCOUNTING

Total Credits: 5

Prerequisites: None

PHILOSOPHY/GOALS:

To enable the student to begin using Generally Accepted Accounting Principles when preparing and maintaining the accounting records of a business.

STUDENT PERFORMANCE OBJECTIVES:

Upon successful completion of this course the participant will be able to:

1. Identify and correctly apply the Generally Accepted Accounting Principles which relate to the preparation of the Income Statement, Balance Sheet and Statement of Owner's Equity.
2. Prepare the appropriate Accounting Journals when recording the daily financial transactions of a business.
3. Journalize transactions, post these transactions to the General Ledger and prepare a Trial Balance at the end of each accounting period.
4. Prepare and journalize the month end and year end closing entries and post the entries to the General Ledger. A post closing Trial Balance will be required at the close of the company's Fiscal year.

TOPICS TO BE COVERED:

- 1) Balance Sheet Equation Debit and Credit Rules
- 2) Accounting Principles applicable to Journalizing and Posting of transactions.
- 3) The General Journal
- 4) The General Ledger
- 5) Balance Sheets, Income Statements and Owner's Equity Statement Work Sheets
- 6) Special Journals
- 7) Cash reconciliations

LEARNING OBJECTIVES

REQUIRED RESOURCES: Financial Accounting Principles, Larson, Miller, Zin and Nelson. 2nd Canadian Edition, Irwin Publishers

Accounting Working Papers Chapters 1-19
Larson, Miller, Zin and Nelson
Irwin Publishers

Barns Bluff Camping Equipment Company Practice Set
Yackness, Kroshus, Irwin Publishers

LEARNING OBJECTIVES:

After completing the topical material outlined in the study units the participant should be able to:

1.0 Introduction to the Accounting Cycle

- 1.1 Describe the function of Accounting and the nature and purpose of the information it provides.
- 1.2 Recognize and be able to indicate the effects of transactions on the elements of the Accounting equation.

2.0 Recording Transactions

- 2.1 Describe the use of accounts used to record and store the effects of business transactions, the use of a number to identify each account, and the meaning of the words **DEBIT** and **CREDIT**.
- 2.2 State the rules of **DEBIT** and **Credit** and use those rules to analyze transactions and show their effects on the accounts.
- 2.3 Record transactions in a **General Journal**, describe balance column accounts and post entries from the **Journal** to the accounts.
- 2.4 Prepare and explain the use of a **Trial Balance** to discover and correct errors.

3.0 Adjusting the Accounts and preparing the Statements

- 3.1 Explain why the life of a business is divided into accounting periods of equal length and why unrecorded economic events require adjustments at the end of each period.
- 3.2 Prepare adjustments for prepaid expenses, unearned revenues, accrued expenses and accrued revenues.
- 3.3 Define each asset and liability classification appearing on the Balance Sheet, classify balance sheet items, and prepare a classified Balance Sheet.

4.0 The Work Sheet and Closing the Accounts

- 4.1 Explain why a Work Sheet is prepared and be able to prepare a work sheet for a service business.
- 4.2 Prepare the closing entries for a service business and explain why it is necessary to close the temporary accounts at the end of each accounting period.
- 4.3 Prepare a Post-closing trial balance and explain its purpose.

5.0 Accounting for a Merchandising Business

- 5.1 Analyze and record transactions that involve the purchase and resale of merchandise.
- 5.2 Explain the nature of each item entering into the calculation of cost of goods sold and gross profit from sales.
- 5.3 Prepare a work sheet and the financial statements for a merchandise business that uses a period inventory system.
- 5.4 Prepare adjusting and closing entries for a merchandising business.

6.0 Accounting Systems

- 6.1 Describe the five basic components of an accounting system.
- 6.2 Explain how special journals save labour and journalize and post transactions when special journals are used.
- 6.3 Explain how a controlling account and its subsidiary ledger are related and how a subsidiary ledger is used to maintain a separate account for each credit customer or each account payable.
- 6.4 Explain how to test the accuracy of the account balances in the Accounts Payable and Accounts Receivable subsidiary ledgers and prepare schedules of accounts in those subsidiary ledgers.

7.0 Accounting for Cash

- 7.1 Explain the operation of a petty cash fund and be able to prepare journal entries to record petty cash transactions.
- 7.2 Explain why the bank balance and the book balance of cash should be reconciled and be able to prepare a reconciliation.

Method of Assessment:

A) Grading:	A+	90% - 100%
	A	80% - 89%
	B	70% - 79%
	C	60% - 69%
	R	Below 59% - Repeat the course

B) Tests: All students will be required to complete three tests during the course of the term. The total weighting of the three tests will represent 100% of the final term grade. The tests will be administered during the term as follows:

Test #1: Unit of study: Debit and Credit rules, Journal entries, Posting to the General Ledger, Trial Balance. Reference material is Chapter 1, 2 & 3 from Financial Accounting text.

Test #2: Unit of study: Accounting principles for a Service and Merchandising business, Work sheets, Classified Balance Sheets, Income Statements, Accruals, Adjusting Entries and Closing Entries. Reference material is Chapter 4 & 5.

Test #3: Unit of study: Cash receipts journal, Cash payments journal, Sales journal, Purchases journal, Petty Cash and Bank reconciliations. Reference material is Chapter 6 & 7.

Supplementary Test: Administered at the end of the semester. A Student who fails a test or missed writing a test during the regular semester qualifies to write the Supplementary test. The grade received on the supplementary test will replace the lowest failed test or a missed test. The supplementary test is a comprehensive test drawing from all of the material covered during the regular semester.

C) **Practice Set:** As part of the resource material students will complete an Accounting practice set. The purpose of the practice set is to provide the student an opportunity to apply accounting principles in a simulated business environment. The practice set will be introduced at the appropriate intervals in the course study and it will provide the participant the opportunity of assuming the role of a bookkeeper for a small enterprise. The practice set to be used is Barns Bluff Camping Equipment.

Notes to Students:

- a) Attendance is critical to the participant's success in this course.
- b) Successful completion of ACC 107 will allow the participant to enrol in ACC 108 and/or Accounting 101.
- c) Your instructor reserves the right to modify the course as he/she deems necessary to meet the needs of the students.

PRIMARY RESOURCES

- 1) Larson, Miller, Zin, Nelson, Financial Accounting Principles, 2nd Canadian Edition, Irwin Publishers
- 2) Larson, Miller, Zin, Nelson, Working Papers, Chapters 1 - 19
- 3) Yackness, Kroshus, Barns Bluff Camping Equipment Company Practice Set

