

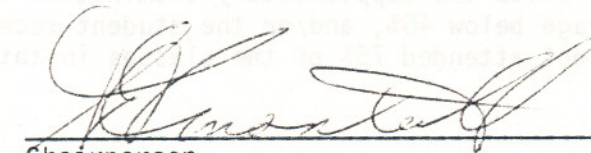
SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY  
SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

Course Title: ACCOUNTING II  
Code No.: ACC 102-68  
Program: ACCOUNTING  
Semester: SECOND  
Date: JUNE 1983  
Author: B. CAMPBELL

New: \_\_\_\_\_ Revision: X

APPROVED:

  
Chairperson

83.08.29  
Date

Accounting II  
Course Name

ACC 102-6  
Course Number

PHILOSOPHY/GOALS:

To provide the accounting major with a thorough understanding and sound background in introductory accounting.

To establish work habits that will allow the student to successfully work towards further accounting education.

METHOD OF ASSESSMENT (GRADING METHOD):

There will be four regular tests and one final comprehensive examination at the end of the semester. The weighting of the tests, practice set and examination is as follows:

Regular Tests (4)	50%
Final Exam	40%
Practice Set	10%
	<u>100%</u>

Grading will be based on the following criteria:

80% and over	A
70% to 79%	B
55% to 69%	C
Below 55%	I

Students receiving an "Incomplete" (I) grade will be required to write a supplementary examination at a time to be determined.

A student may be given an "R" grade (Repeat) at the conclusion of regular classes and denied the right to write the supplementary examination if he/she achieves an overall average below 40%, and/or the student receiving the "Incomplete" (I) grade has not attended 75% of the classes in this subject.

TEXTBOOK(S):

Accounting - The Basis for Business Decision, Third Edition: Meigs, Meigs and Lam.

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UNIT	WEEK	TOPIC
1	1-4	<u>TOPIC #1 - Receivables and Payables</u>
		<u>General Objective:</u> To be knowledgeable of retail credit and borrowing from financial institutions.
		<u>Intermediate Objectives:</u>
		a) to know the functions of a credit department. b) be familiar with procedures for assessing credit worthiness of customers. c) to know the methods for estimating uncollectibles. d) to record the estimated loss from uncollectibles, and recoveries of customer accounts previously written off. e) to know the proper method of showing credit balances in accounts receivable, and debit balances in accounts payable in the financial statements. f) to record notes received as a method for extending credit. g) to calculate the net proceeds of a note discounted. h) to record a defaulted promissory note. i) to record loans from the bank based on a promissory note issued. j) to understand the concept of present value as applied to long-term notes. k) to be familiar with installment receivables.
		<u>TOPIC #2 - Inventories</u>
		<u>General Objectives:</u> To understand the importance of valuation and controls.
		<u>Intermediate Objectives:</u>
		a) to understand the importance of inventories with regard to income reporting and asset valuation.

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UNIT	WEEK	TOPIC
		b) to distinguish between periodic and perpetual inventory systems.
		c) to understand the cost flow assumption associated with inventories.
		d) to know the different methods of inventory valuation and the assumption under which each is used.
		e) to know the methods employed for inventory counts.
		f) to be able to record adjustments to inventory accounts.
		g) to be familiar with the records that must be maintained for different inventory systems.
		h) to be able to record the journal entries required under the different inventory systems.
		i) to be knowledgeable of the different ways to report inventories on the balance sheet.
		j) to know the two methods of estimating ending inventories.
		k) to know what costs are to be included in inventory values.
		l) to be familiar with inventory control procedures and to understand the importance of controls to safeguard the inventories.

TEST

2 5-8 TOPIC #1 - Plant and Equipment Assets

General Objectives: To be able to record, amortize and dispose of long-term assets.

Intermediate Objectives:

- a) to distinguish between capital expenditures and revenue expenditures.

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UNIT WEEK

TOPIC

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- b) to recognize expenditures that are to be included with the capital cost of long term assets.
- c) to be familiar with the various depreciation methods and to know when each is best used.
- d) to be able to record correctly the journal entries for disposing of long-term assets.
- e) to be familiar with methods for maintaining control over plant and equipment.
- f) to be able to calculate revisions of depreciation rate.
- g) to know the effect of inflation on depreciation.
- h) to be able to discuss historical costs versus replacement costs methods for basing depreciation.

2 TOPIC #2 - Natural Resource and Intangible Assets

Intermediate Objectives:

- a) to be able to define natural resource and intangible assets.
- b) to know what costs are associated with natural resource assets.
- c) to know the methods for calculating depletion.
- d) to be able to determine the cost base for natural resource assets.
- e) to be familiar with the time limitations associated with amortizing intangible assets.
- f) to understand the basis for goodwill.
- g) to be able to calculate goodwill when given financial data of a business.
- h) to know what costs are classified as deferred charges.

TEST

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UNIT	WEEK	TOPIC
3	9-12	<p><u>TOPIC #1 - Partnerships</u></p> <p><u>General Objectives:</u> To know the characteristics of accounting for partnerships.</p> <p><u>Intermediate Objectives:</u></p> <ul style="list-style-type: none"><li>a) to be acquainted with the advantages and disadvantages of partnerships.</li><li>b) to know the various arrangements for the distribution of partnership earnings.</li><li>c) to record the admission of new partners under different alternatives.</li><li>d) to record the liquidation of a partnership.</li><li>e) to examine the partnership agreement in regard to the duties of the partners and the problem of liability for the partners.</li></ul>
3		<p><u>TOPIC #2 - Corporations</u></p> <p><u>General Objectives:</u> To demonstrate an understanding of the worth of a Corporation - it's share types, reserves and reinvested profits.</p> <p><u>Intermediate Objectives:</u></p> <ul style="list-style-type: none"><li>a) to list and evaluate the main advantage in organizing a Limited Company.</li><li>b) to understand the different types of Capital Stock and demonstrate this knowledge by recording issues at par, no par, premium, discount or for other than cash.</li><li>c) to prepare the Statement of Retained Earnings and understand the Appropriateness related to Retained Earnings.</li><li>d) to record Cash and Stock Dividends and appreciate the legal requirements related to such dividends.</li><li>e) to determine the book value of shares and methods used for acquisition of treasury shares.</li></ul>

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UNIT	WEEK	TOPIC
4	13-15	TOPIC #1 - <u>Investment in Corporate Securities</u> <ul style="list-style-type: none"><li>a) to be familiar with the operations of the securities exchanges.</li><li>b) to know the distinction between marketable securities and long-term investments.</li><li>c) to be able to record transactions involving marketable securities.</li><li>d) to be knowledgeable of the lower-of-cost-or-market rule as it applies to marketable securities.</li><li>e) to be familiar with amortization of bond premium or discounts when bonds are purchased as a long-term investment.</li><li>f) to know the two methods of recording shares in other companies as a long-term investment.</li><li>g) to be able to record investment income from shares held as long-term investments under the two methods.</li><li>h) to be familiar with the valuation account associated with marketable securities when the lower-of-cost-or-market rule is used.</li></ul>
4		TOPIC #2 - <u>Responsibility Accounting</u> <p><u>General Objectives:</u> To introduce the concept of cost and profit centers.</p> <p><u>Intermediate Objectives:</u></p> <ul style="list-style-type: none"><li>a) to understand the basis for departmentization.</li><li>b) to know the various bases for the allocation of expenses.</li><li>c) to prepare departmental income statements under various assumptions.</li><li>d) to be able to analyze actual expenses and costs to the master budget.</li><li>e) to understand the procedures for assigning joint costs.</li><li>f) to be familiar with the contribution approach to decision making.</li></ul>

TEST

