

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

COURSE OUTLINE

COURSE TITLE: ACCOUNTING PRINCIPLES I  
CODE NO.: ACC108 SEMESTER: TWO  
PROGRAM: ACCOUNTING  
AUTHOR: JIM GRIMSHAW  
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PREVIOUS OUTLINE DATED:

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APPROVED: *Bob M. Lewis*  
DEAN, SCHOOL OF BUSINESS &  
HOSPITALITY

94/11/23  
DATE



ACCOUNTING PRINCIPLES I

ACC108

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COURSE NAME

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COURSE CODE

Total Credits: 6

Prerequisites: Introduction to Accounting - ACC107

**PHILOSOPHY/GOALS:**

To provide the accounting major a thorough understanding of the concepts of Introductory Accounting. To establish the analytical skills required to progress through the advanced accounting curriculum.

**STUDENT PERFORMANCE OBJECTIVES:**

Upon successful completion of this course the student should be able to:

1. Apply the accounting rules in regards to the Goods and Services Tax and Provincial Sales taxes.
2. Prepare the Payroll Register for a small company by utilizing all of the Revenue Canada Guidelines and accepted accounting principles.
3. Analyze the accounts receivable of a business and prepare the proper journal entries for recording of Uncollectible accounts and the effects of Notes Receivable.
4. Distinguish between the different Inventory valuation methods and be able to calculate the inventory of a business using the acceptable methods.
5. Apply the methods of depreciation of capital assets to a business environment. Calculate and record the journal entries for depreciation.
6. Distinguish between accounting for Partnerships and accounting for Corporations. Apply the rules which are relevant to the respective business structures.



**TOPICS TO BE COVERED:**

- 1) Calculation of the Goods and Services Tax (GST) and the Provincial Sales Tax (PST)
- 2) Accounting Principles applicable to the preparation of Payroll records.
- 3) Analysis of Accounts Receivable.
- 4) Inventory Valuation Methods.
- 5) Depreciation and disposal of Capital Assets.
- 6) Introduction to Partnership Accounting.
- 7) Introduction to Accounting for Corporations.

**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

Payroll Practice Set for use with Financial Accounting Principles, Donald Moffat, Irwin Publishers

**LEARNING OBJECTIVES:**

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

- 1.0 Temporary Investments and Receivables
  - 1.1 Prepare journal entries to account for temporary investments.
  - 1.2 Prepare entries to account for transactions with credit customers including accounting for bad debts under the allowance method and direct write-off method.
  - 1.3 Calculate the interest on promissory notes and prepare entries to record the receipt of notes and their payment.



- 1.4 Calculate the discount and proceeds of discounted notes receivable and prepare the entries to record these calculations.
- 2.0 Inventories and Cost of Goods Sold
- 2.1 Calculate the cost of an inventory and cost of goods sold based on (a) specific invoice prices (b) weighted-average cost (c) FIFO and (d) LIFO.
- 2.2 Calculate the lower-of-cost-or-market amount of an inventory.
- 2.3 Estimate an inventory by the retail method and by the gross profit method.
- 3.0 Capital Assets: Plant and Equipment
- 3.1 Calculate the cost of a plant asset and prepare entries to record plant asset purchases.
- 3.2 Calculate amortization by the straight-line, units-of-production and declining-balance method.
- 3.3 Calculate amortization after revising the useful life of asset.
- 4.0 Capital Asset: Plant and Equipment, Natural Resources, Intangibles
- 4.1 Describe the difference between revenue and capital expenditures and account for costs such as repairs for capital assets.
- 4.2 Prepare entries to record the disposal of capital assets and the exchange of capital assets. Recognize capital gains or losses.
- 4.3 Prepare entries to account for natural resources and intangible assets.
- 5.0 Payroll Accounting
- 5.1 Make the calculations necessary to prepare a Payroll register and prepare the entry to record payroll liabilities.
- 5.2 Prepare journal entries to record the payments to employees.
- 5.3 Calculate the payroll costs levied on employers and prepare the entries to accrue these costs.
- 6.0 Partnership Accounting
- 6.1 List the characteristics of a partnership.
- 6.2 Allocate partnership earnings to partners.



- 6.3 Prepare entries for (a) sale of a partnership interest (b) admission of a new partner (c) retirement or withdrawal of a partner.
- 6.4 Prepare entries required in the liquidation of a partnership.
- 7.0 Accounting for the operations of a Corporation
- 7.1 Explain the advantages, disadvantages and differences in accounting for partnerships and corporations.
- 7.2 Record the issuance of shares in a corporation.
- 7.3 Explain the differences between common shares and preferred shares.
- 7.4 Explain the meaning of par, redemption, book and market value of shares.
- 8.0 Accounting for Taxes
- 8.1 Define the Federal Goods and Services Tax (GST).
- 8.2 Calculate the GST on goods purchased and sold and record the liability for the remittance of the tax.
- 8.3 Define the Provincial Sales Tax (PST).
- 8.4 Calculate and record the effects of PST on Sales and Purchases.

**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 FOUR tests during the course of the term. The total weighting of the FOUR tests will represent 100% of the final term grade. The tests will be administered during the term as follows:

**Test #1:** Unit of study: Temporary Investments and Receivables, Inventories and Cost of Goods Sold. Reference Chapters 8 & 9.



**Test #2:** Unit of study: Capital Assets: Plant and Equipment, Natural Resources, Intangible Assets. Reference Chapters 10 & 11.

**Test #3:** Unit of study: Payroll and Partnership Accounting. Reference chapters 13 & 14.

**Test #4:** Unit of Study: Corporations and Taxes. Reference Chapters 15 & 16.

**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 missed test. The supplementary test is a comprehensive test drawing upon all of the material covered during the regular semester.

**Practice Set:** As part of the resource material, students will complete a Payroll Practice Set. The purpose of the payroll practice set is to provide the student an opportunity to apply accounting principles in a simulated business environment. The payroll practice set will be assigned during the unit of study which relates to Payroll accounting.

#### Notes to Students:

- a) Attendance is critical to the participant's success in this course.
- b) Successful completion of ACC 108 will allow the student to enrol in the advanced accounting courses.
- 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) Moffat, Payroll Practice Set for use with Fundamental Accounting Principles, Irwin Publishers