

SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

SAULT STE. MARIE, ONTARIO



Sault College

COURSE OUTLINE

COURSE TITLE: ACCOUNTING PRINCIPLES I

CODE NO. : ACC108 **SEMESTER:** 2

PROGRAM: ACCOUNTING

AUTHOR: G. DUNLOP

DATE: January 2001 **PREVIOUS OUTLINE DATED:** January 2000

APPROVED:

DEAN

DATE

TOTAL CREDITS: 6

PREREQUISITE(S): ACC107

LENGTH OF COURSE: 6 Hours/Week for 16 weeks **TOTAL CREDIT HOURS:** 96

Copyright ©1998 The Sault College of Applied Arts & Technology
Reproduction of this document by any means, in whole or in part, without prior written permission of Sault College of Applied Arts & Technology is prohibited.

*For additional information, please contact
School of Business, Hospitality and Natural Resources
(705) 759-2554, Ext.668*

Course Name

Code No.**I. COURSE DESCRIPTION:**

This course enables the accounting major to demonstrate a thorough understanding of the concepts of Introductory Accounting. The course will establish the analytical skills required to progress through the advanced accounting curriculum.

II. LEARNING OUTCOMES AND ELEMENTS OF THE PERFORMANCE:

Upon successful completion of this course, the student will demonstrate the ability to:

1. Recognize the need for adjusting the accounts periodically and demonstrate how the adjusted trial balance is prepared.

Potential Elements of the Performance:

- Explain the importance of periodic reporting and the time period principle.
 - Describe the purpose of adjusting accounts at the end of a period.
 - Explain accrual accounting and how it adds to the usefulness of financial statements.
 - Identify the types of adjustments and their purpose.
 - Prepare and explain adjusting entries for prepaid expenses, amortization, and unearned revenue.
 - Prepare and explain adjusting entries for accrued expenses and accrued revenues.
 - Explain how accounting adjustments link to financial statements.
 - Explain and prepare an adjusted trial balance.
 - Prepare financial statements from an adjusted trial balance.
 - Record and describe entries for later periods that result from accruals.
2. Complete the accounting cycle and prepare classified balance sheets.

Potential Elements of the Performance:

- Explain why temporary accounts are closed each period.
- Describe and prepare closing entries.
- Explain and prepare a post-closing trial balance.
- Prepare a worksheet and explain its usefulness.
- Identify the steps in the accounting cycle.
- Explain and prepare a classified balance sheet.

Course Name

Code No.

3. Account for merchandising company transactions, perpetual inventories, and the completion of the merchandising business cycle, as well as prepare several types of income statements.

Potential Elements of the Performance:

- Review merchandising activities.
 - Identify and explain the important components of income for a merchandising business.
 - Identify and explain the inventory asset of a merchandising company.
 - Describe both periodic and perpetual inventory systems.
 - Analyze and record various transactions using a perpetual system.
 - Prepare adjustments and close accounts for a merchandising company.
 - Define and prepare multiple-step and single-step income statements.
 - Analyze and interpret accruals and cash flows for merchandising activities.
4. Distinguish between the different Inventory valuation methods and be able to calculate the inventory of a business using the acceptable methods.

Potential Elements of the Performance:

- Compute inventory in a perpetual system using the methods of specific identification, weighted average, FIFO, LIFO.
 - Identify the items making up merchandise inventory.
 - Identify the costs of merchandise inventory.
 - Analyze the effects of inventory methods for financial reporting.
 - Analyze the effects of inventory errors on current and future financial statements.
 - Compute the lower of cost or market value of inventory.
 - Apply both the retail inventory and the gross profit methods to estimate inventory.
5. Analyze the temporary investments and the accounts receivable of a business and prepare the proper journal entries for recording of uncollectible accounts, temporary investments and the effects of Notes Receivable.

Potential Elements of the Performance:

- Describe accounts receivable and how they occur and are recorded.

Course Name

Code No.

- Apply the direct write-off and allowance methods to account for bad debts.
 - Estimate uncollectibles using methods based on sales and accounts receivable.
 - Describe a note receivable and the computation of its maturity date and interest.
 - Record various transactions relating to receivables.
 - Describe temporary investments in debt and equity securities.
 - Record lower of cost or market adjustments and sale of temporary investments.
6. Account for capital assets. Apply the methods of amortization of capital assets to a business environment. Calculate and record the journal entries for capital asset transactions and amortization.

Potential Elements of the Performance:

- Describe capital assets and issues in accounting for them.
 - Apply the cost principle to compute the cost of capital assets.
 - Explain amortization and the factors affecting its computation.
 - Compute and record amortization using the methods of straight-line, units-of-production, and declining-balance.
 - Compare and analyze amortization for different methods.
 - Explain amortization for partial years and when estimates change.
 - Distinguish between revenue and capital expenditures, and account for these expenditures.
 - Account for asset disposal through discarding, selling, or exchanging an asset.
7. Distinguish between accounting for current and long-term liabilities as well as contingent liabilities. Apply the concepts of present value to accounting for long term liabilities.

Potential Elements of the Performance:

- Describe current and long-term liabilities and their characteristics.
- Identify and describe known current liabilities.
- Account for GST transactions.
- Prepare entries to account for short-term notes payable.
- Account for estimated liabilities.
- Explain how to account for contingent liabilities.
- Describe accounting for long-term liabilities.
- Explain and calculate the present value of an amount to be paid at a future date.
- Describe how present value concepts are used in accounting for long-term notes.

Course Name

Code No.

8. Apply the accounting procedures and rules as they relate to the Partnership business structure.

Potential Elements of the Performance:

- Identify characteristics of partnerships and similar organizations and explain the concepts of mutual agency and unlimited liability in a partnership.
 - Prepare entries when forming a partnership.
 - Allocate and record income and loss among partners.
 - Account for the admission and withdrawal of a partner.
 - Prepare entries for partnership liquidation.
9. Distinguish between accounting for Partnerships and accounting for Corporations. Apply the accounting procedures and rules as they relate to the corporate business structure.

Potential Elements of the Performance:

- Identify characteristics of corporations and their organization.
- Describe the components of shareholders' equity.
- Record the issuance of corporate shares.
- Explain the characteristics of common shares and preferred shares.
- Distribute dividends between common and preferred shares.

III. TOPICS:

1. Adjusting Accounts for Financial Statements
2. Completing the Accounting Cycle and Classifying Accounts
3. Accounting for Merchandising Activities
4. Merchandise Inventories and Cost of Sales
5. Receivables and Temporary Investments
6. Capital Assets: Plant and Equipment
7. Current and Long Term Liabilities
8. Partnerships
9. Corporations

Course Name

Code No.

IV. REQUIRED RESOURCES/TEXTS/MATERIALS:

- 1) Larson ,Wild , Chiappetta ,Nelson ,Carroll ,Zin
Financial Accounting Principles, 9th Canadian Edition,
Irwin Publishers
- 2) Larson, etc., **Working Papers**

V. EVALUATION PROCESS/GRADING SYSTEM:

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, each representing 33 1/3 % of the final result. The tests will be administered during the term as follows:

Test #1: Learning Outcomes 1, 2 and 3. Reference chapters 4, 5, & 6.

Test #2: Learning Outcomes 4, 5 and 6. Reference chapters 7, 10, & 12.

Test #3: Learning Outcomes 7, 8 and 9. Reference chapters 13, 14, & 15.

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. . This test is not for the purpose of bettering a grade obtained in the regular course program.

The following semester grades will be assigned to students in postsecondary courses:

<u>Grade</u>	<u>Definition</u>	<u>Grade Point Equivalent</u>
A+	90 - 100%	4.00
A	80 - 89%	3.75
B	70 - 79%	3.00
C	60 - 69%	2.00
R (Repeat)	59% or below	0.00
CR (Credit)	Credit for diploma requirements has been awarded.	
S	Satisfactory achievement in field placement or non-graded subject areas.	

Course Name

Code No.

U	Unsatisfactory achievement in field placement or non-graded subject areas
X	A temporary grade. This is used in limited situations with extenuating circumstances giving a student additional time to complete the requirements for a course (see <i>Policies & Procedures Manual – Deferred Grades and Make-up</i>).
NR	Grade not reported to Registrar's office. This is used to facilitate transcript preparation when, for extenuating circumstances, it has been impossible for the faculty member to report grades.

VI. SPECIAL NOTES:

Special Needs:

If you are a student with special needs (e.g. physical limitations, visual impairments, hearing impairments, or learning disabilities), you are encouraged to discuss required accommodations with your instructor and/or the Special Needs office. Visit Room E1204 or call Extension 493, 717, or 491 so that support services can be arranged for you.

Retention of course outlines:

It is the responsibility of the student to retain all course outlines for possible future use in acquiring advanced standing at other postsecondary institutions.

Plagiarism

Students should refer to the definition of “academic dishonesty” in *Student Rights and Responsibilities*. Students who engage in “academic dishonesty” will receive an automatic failure for that submission and/or such other penalty, up to and including expulsion from the course, as may be decided by the professor. In order to protect students from inadvertent plagiarism, to protect the copyright of the material referenced, and to credit the author of the material, it is the policy of the department to employ a documentation format for referencing source material.

The Professor reserves the right to change the information contained in this course outline depending on the needs of the learner and the availability of resources.

Course Name

Code No.

Substitute course information is available in the Registrar's office.

VII. PRIOR LEARNING ASSESSMENT:

Students who wish to apply for advanced credit in the course should consult the instructor. Credit for prior learning will be given upon successful completion of the following:

VIII. DIRECT CREDIT TRANSFERS:

Students who wish to apply for direct credit transfer (advanced standing) should obtain a direct credit transfer form from the Dean's secretary. Students will be required to provide a transcript and course outline related to the course in question.