

SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

SAULT STE. MARIE, ONTARIO



Sault College

COURSE OUTLINE

COURSE TITLE: ACCOUNTING PRINCIPLES

CODE NO. : ACC 232 **SEMESTER:** 4

PROGRAM: ACCOUNTING

AUTHOR: JOHN MITCHELL

DATE: JANUARY **PREVIOUS OUTLINE DATED:** JAN 00
2001

APPROVED:

	_____	_____
	DEAN	DATE

TOTAL CREDITS: 5

PREREQUISITE(S): ACC 221

LENGTH OF COURSE: 16 WEEKS **TOTAL CREDIT HOURS:** 5

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For additional information, please contact
School of
(705) 759-2554, Ext.

Course Name

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

This course will review and expand on the topics covered in previous accounting courses. A better understanding of financial statements will be the purpose of the theory for this course. The practical component of this subject will involve starting up a business.

II. LEARNING OUTCOMES AND ELEMENTS OF THE PERFORMANCE:

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

1. Demonstrate a greater understanding of inventory classification and valuation assumptions and determine the effects of inventory errors on the income statement and balance sheet. Illustrate the application of various inventory estimation methods. This learning outcome will constitute approximately 30 % of the course's grade.

Potential Elements of the Performance:

- Define the major inventory classifications for merchandising and manufacturing companies.
- Differentiate between the periodic and perpetual inventory systems.
- Calculate cost of goods sold under the periodic inventory system.
- Identify the units that should be included in inventory.
- Understand the effects of inventory errors on the income statement and balance sheet.
- List and apply the four traditional inventory cost flow assumptions; that is, specific identification, average cost, FIFO (first in, first out), and LIFO (last in, first out).
- Understand the major advantages and disadvantages of the various cost flow assumptions.
- Understand the rationale behind the lower-of-cost-or-market (LCM) inventory method.
- Know the meaning of cost and market as they pertain to LCM.
- Apply LCM to individual inventory items, groups of inventory items, or total inventory.
- Prepare appropriate journal entries to record LCM and provide proper balance sheet disclosure in accordance with either the

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- direct adjustment or allowance approach.
 - Handle holding losses that arise under LCM during an interim reporting period.
 - Account for a firm purchase commitment at LCM.
 - Understand the basic valuation measurement technique and accounting issues related to the replacement cost, net realizable value, and standard cost inventory valuation methods.
 - Estimate ending inventory by the gross profit method.
 - Understand the general steps of the retail inventory method.
 - Understand the terminology associated with retail pricing such as original cost, markup and net markdowns.
2. Demonstrate a greater understanding of assets valuation and amortization methods for their allocation. This learning outcome will constitute 15% of the course's grade.

Potential Elements of the Performance:

- Distinguish between expenditures that are capitalized to plant assets and those that are expensed.
 - Apply specific valuation principles for capital assets acquired by means other than cash.
 - Account for the disposal of capital assets.
 - Apply the general principle underlying accounting for depreciation.
 - Apply several depreciation methods and explain the incentives for choosing them.
 - Explain the capital cost allowance system.
3. Demonstrate an understanding of intangible assets This learning outcome will constitute 15% of the course's grade.

Potential Elements of the Performance:

- Explain the characteristics of intangible assets
 - Describe the general accounting treatment for intangible assets
 - Explain how goodwill arises; measure, record, and amortize goodwill.
4. Identify issues of importance in determining current and non-current liabilities and the proper balance sheet reporting. Prepare journal entries for a variety of possible accounting transactions and identify financial statement disclosures. This learning outcome will constitute

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15% of the course's grade.

Potential Elements of the Performance:

- Describe the essential characteristics of liabilities.
 - Distinguish between current liabilities and non-current or long-term liabilities.
 - Identify when obligations that are or will be callable by the creditor should be classified as current liabilities.
 - Recognize when short-term obligations, including the current portion of long-term obligations, should be reported in the non-current liabilities section of the balance sheet.
 - Prepare the journal entries required to account for current obligations (called determinable current liabilities) whose existence and amount due are known with certainty, including trade accounts payable, current notes payable, dividends payable, prepayments, deposits by customers, consumption taxes payable, and payroll-related taxes payable.
 - Prepare the journal entries required to account for current obligations (called current liabilities dependent on operating results) whose amount due, and perhaps existence, can be determined with certainty once operating results for the annual accounting period are known, including income taxes payable and bonuses payable.
 - Describe the essential characteristics of contingencies.
 - Determine when an estimated loss from a contingency should be accrued by a charge to income.
- 5 Distinguish various types of long term liabilities such as mortgages and bonds, calculate selling prices on contract date and between interest dates, understand the rationale for amortizing the premium or discount on bonds and prepare various journal entries to record bond transactions in a variety of situations. This learning outcome will constitute approximately 10% of the course's grade

Potential Elements of the Performance:

- Distinguish between the various types of long term liabilities such as bonds.
- Calculate the selling price of a bond both on the contract date and between interest dates.
- Describe the relationship between the selling price and maturity value of a bond and the stated rate of interest and market rate of

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interest at the date of sale, and the nature of the premium or discount on a bond.

- 6 Demonstrate a understanding of a the start up of a business and its business plan. This learning outcome will constitute approximately 15% of the course's grade.

Potential Elements of the Performance

- Understand the general steps in starting up a business.
- Identify the key elements of the business plan
- Apply the key elements to the startup of a business

III. TOPICS:

1. Inventory valuation
2. Capital Assets: acquisition, disposal and amortization
3. Intangible Assets: intangible and goodwill
4. Current Liabilities and contingencies
5. Long term Liabilities : bonds
6. Business start up and business plan

IV. REQUIRED RESOURCES/TEXTS/MATERIALS:

Text: Intermediate Accounting, 7th Canadian Ed.- Nelson, Conrad Chp 1-14

V. EVALUATION PROCESS/GRADING SYSTEM:

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

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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.	
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.	

The final grade will be based on term work of three tests on the theory portion of the course and a number of lab assignments as follows:

Test #1	30%
Test #2	30%
Test #3	25%
Lab Assignments	15%
Grand Total	100%

An optional final exam will be made available at the end of the semester for those who wish to replace their mark on the exam for a failed or missed test.

VI. SPECIAL NOTES:

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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.

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.