

SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

SAULT STE. MARIE, ONTARIO



COURSE OUTLINE

COURSE TITLE: ACCOUNTING PRINCIPLES III
CODE NO. : ACC 232 **SEMESTER:** 4
PROGRAM: ACCOUNTING
AUTHOR: Grant Dunlop
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INSTRUCTOR: Kaisa Manttari
DATE: June 2011 **PREVIOUS OUTLINE DATED:** JANUARY
2011
APPROVED: "Penny Perrier" June/11

CHAIR DATE
TOTAL CREDITS: 5
PREREQUISITE(S): ACC 221
LENGTH OF COURSE: 15 WEEKS **TOTAL CREDIT HOURS:** 75

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*For additional information, please contact Penny Perrier, Chair
School of Business
(705) 759-2554, Ext. 2754*

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. Accounting based assignments using current technology will be prepared.

II. LEARNING OUTCOMES AND ELEMENTS OF THE PERFORMANCE:

1. Demonstrate a greater understanding of accounting issues related to cash and cash equivalents, receivables and current liabilities, and be able to problem solve situations involving these and determine the effects on the Statement of Income and Statement of Financial Position. This learning outcome will constitute 15% of the course's grade

Potential Elements of the Performance:

- Classify financial instruments
- Explain internal control and the need for it
- Prepare a bank reconciliation
- Determine receivable balances
- Estimate uncollectible accounts
- Present receivables on the Statement of Financial Position
- Current liabilities identification and treatment on financial statements
- Present value analysis relating to short and longer term liabilities

2. Demonstrate a greater understanding of accounting issues related to inventories and cost of sales, and be able to problem solve situations involving these and determine the effects on the Statement of Income and Statement of Financial Position. This learning outcome will constitute 15% of the course's grade

Potential Elements of the Performance:

- Determine the proper cost of inventory
- Define the major inventory classifications for merchandising and manufacturing companies.
- Differentiate between the periodic and perpetual inventory systems.
- Identify the units that should be included in inventory.
- Understand the effects of inventory errors on the Statement of Income and Statement of Financial Position.
- List and apply the three traditional inventory cost flow assumptions; that are, specific identification, average cost,
- FIFO (first in, first out)

Course Name

Code No.

- Understand the major advantages and disadvantages of the various cost flow assumptions.
 - Describe Net Realizable Value and its effect on inventory valuations
 - Understand the rationale behind the lower-of-cost-or-market (LCM) inventory method.
 - Apply LCM to individual inventory items, groups of inventory items, or total inventory.
 - Estimate ending inventory by the gross profit method.
 - Understand the general steps of the retail inventory method.
3. Demonstrate a greater understanding of Long Term Assets, including Property, Plant and Equipment, Intangibles and Goodwill. 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.
 - Discuss the three valuation models for long-term assets
 - Describe component accounting
 - Account for subsequent expenditures
 - Explain the characteristics of intangible assets
 - Describe the general accounting treatment for intangible assets
 - Account for gains or losses on disposal
 - Explain how goodwill arises; measure, record, and amortize goodwill.
4. Demonstrate an understanding of depreciation and amortization methods for allocation of long-term assets. This learning outcome will constitute 15% of the course's grade.

Potential Elements of the Performance:

- Describe the purpose of depreciation and amortization
 - Identify the various methods of depreciation and amortization and prepare calculations over the life of the asset
 - Explain the necessity to review long term asset values for potential writedown on a regular basis
 - Discuss why companies should disclose their depreciation and amortization methods in the financial statements
 - Explain the capital cost allowance system.
5. Demonstrate a greater understanding of debt and shareholders' equity. This learning outcome will constitute 15 % of the course's grade.

Course Name

Code No.

- Potential Elements of the Performance:
 - Describe how investments are classified
 - Explain the methods of accounting for investments
 - Explain why significant disclosures is needed for investments
6. Distinguish various types of long term liabilities such as bonds and notes, 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 and note transactions in a variety of situations. This learning outcome will constitute approximately 15% of the course's grade

Potential Elements of the Performance:

- Compare bond financing versus share financing
- Explain the types of bonds and their issuing procedures
- Prepare entries to record bond issuance and bond interest expense
- Compute and record amortization of bond discount
- Compute and record amortization of bond premium
- record the retirement of bonds
- Explain the types and payment patterns of notes
- Prepare entries to account for notes

III. TOPICS:

Financial Instruments: Cash, Receivables, and Payables

Inventories and Cost of Sales

Property, Plant and Equipment, Intangibles, and Goodwill

Depreciation, Amortization, and Impairment

Financial Instruments: Investments in Debt and Equity Securities

Bonds and Long Term Notes Payable

Course Name

Code No.

IV. REQUIRED RESOURCES/TEXTS/MATERIALS:

Texts: Intermediate Accounting, 5th Canadian Ed.- Beechy / Conrod
Volume 1 and Fundamental Accounting Principles, 13th Canadian Edition
Volume 2– Larson/ Jensen

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%	4.00
B	70 - 79%	3.00
C	60 - 69%	2.00
D	50 – 59%	1.00
F (Fail)	49% 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 and assignments

Test #1 Units 1 & 2	30%
Test #2 Units 3 & 4	30%
Test #3 Units 5 & 6	30%
Assignments	10%

Course Name

Code No.

Grand Total	100%
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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, provided the student has attended 80% of classes.

VI. SPECIAL NOTES:

Attendance:

Sault College is committed to student success. There is a direct correlation between academic performance and class attendance; therefore, for the benefit of all its constituents, all students are encouraged to attend all of their scheduled learning and evaluation sessions. This implies arriving on time and remaining for the duration of the scheduled session.

VII. COURSE OUTLINE ADDENDUM:

The provisions contained in the addendum located on the portal form part of this course outline.