

SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

SAULT STE. MARIE, ON



COURSE OUTLINE

COURSE TITLE: ACCOUNTING BASICS

CODE NO.: ACC2140 - 3 SEMESTER: FOUR

PROGRAM: COMPUTER PROGRAMMER / ANALYST

AUTHOR: Stan Pratt

DATE: Jan. 2002 PREVIOUS OUTLINE DATED: Jan 2001

APPROVED: _____ DATE _____
DEAN, School of Business, Hospitality,
& Natural Resources

TOTAL CREDITS: 3

PREREQUISITE(S): NONE

LENGTH OF COURSE: 15 WKS. TOTAL CREDIT HOURS: 45

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For additional information, please contact: Dean, School of Business, Hospitality & Natural Resources; (705) 759-2554, Ext. 688.

I. COURSE DESCRIPTION:

This course enables the student to begin measuring and evaluating an organization's financial activities. The course will permit the student to employ Generally Accepted Accounting Principles when preparing and maintaining the accounting records of a service, merchandising or manufacturing business. The complete accounting cycle is introduced, along with preparation and analysis of financial statements.

II. LEARNING OUTCOMES AND ELEMENTS OF PERFORMANCE:

A. Learning Outcomes:

1. Identify the key financial statements of a business organization and their purpose. These statements are the Balance Sheet, Income Statement and Statement of Owner's Equity. Identify and correctly apply Generally Accepted Accounting Principles (G.A.A.P.) which relate to the preparation of these statements.
2. Journalize transactions, post these transactions to the General Ledger and prepare a Trial Balance at the end of each accounting period. Prepare financial statements.
3. Prepare and journalize the month-end and year-end adjusting and closing entries. Post the entries to the General Ledger. Prepare a post closing Trial Balance.
4. Prepare the appropriate Accounting Journals when recording the daily financial transactions of a business. Prepare Bank Reconciliation.
5. Apply the methods of amortization (depreciation) of capital assets to a business environment. Calculate and record the journal entries for amortization.
6. Identify and apply key payroll concepts and procedures, reflecting both employee taxes and employer taxes and responsibilities.
7. Apply various generally accepted methods for analyzing financial statements.

B. Learning Outcomes and Elements of the Performance:

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

1. Identify the key financial statements of a business organization and their purpose. These statements are the Balance Sheet, Income Statement and Statement of Changes in Owner's Equity. Identify and correctly apply the Generally Accepted Accounting Principles (G.A.A.P.) related to preparation of these statements. (See Chapter 1 of text)

Elements of performance:

- Recognize the **Balance Sheet**.
- Describe the Balance Sheet and three major components
- Recognize the **Income Statement**
- Describe the Income Statement and two main components
- Recognize the **Statement of Changes in Owner's Equity**
- Describe the Statement of Changes in Owner's Equity and its components
- Interpret each statement as to the organization's financial activities.

- Identify the **concepts and principles** of accounting
- Show application of these concepts and principles
- Define each **asset and liability classification** appearing on the Balance Sheet.
- Classify balance sheet items.
- Prepare a final draft of a **Classified Balance Sheet**.
- Update the **Statement of Owner's Equity** at the end of the relevant accounting period.

This learning outcome will constitute 16% of the course grade.

2. Journalize transactions, post these transactions to the General Ledger and prepare a Trial Balance at the end of each accounting period. (Chapters 2 & 3)

Elements of performance:

- Recognize the effects of transactions on the elements of the **Accounting Equation**.
- State the rules of **Debit** and **Credit** and use the rules to analyze transactions and show their effects on the accounts.
- Record transactions in a **General Journal**.
- Describe **balance columns** for typical ledger accounts.
- Post entries from the **Journal** to the accounts.
- Prepare a **Trial Balance** to discover and correct errors.
- Prepare typical financial statements.

This learning outcome will constitute 18% of the course grade.

3. Prepare and journalize the month-end and year-end adjusting and closing entries. Post the entries to the General Ledger. Prepare a post-closing Trial Balance. Prepare financial statements. (Chapters 4 & 5)

Elements of performance:

- Prepare **adjustments** for **deferrals** (prepaid expenses and unearned revenues), and **accruals** (accrued expenses and accrued revenues).
- Explain why a **Work Sheet** is prepared and be able to prepare typical work sheets for service, merchandising or manufacturing businesses.
- Prepare the **closing entries** for a business.
Explain why it is necessary to close the **temporary accounts** at the end of each accounting period.
- Prepare a **Post-closing Trial Balance** and explain its purpose.

This learning outcome will constitute 22% of the course grade.

4. Prepare the appropriate Accounting Journals when recording the daily financial transactions of a business. Prepare bank reconciliation. (Chapter 6)

Elements of performance:

- Explain how **special journals** save time and labour (see Chapters 9 & 10).
- Journalize and post transactions using Special journals.
- Explain how a **controlling account** and its **subsidiary ledger** are related and how a subsidiary ledger is used to maintain a separate account for each credit customer or each account payable.
- Explain how to test the accuracy of the account balances in the Accounts Payable and Accounts Receivable subsidiary ledgers and prepare schedules of

- accounts in those subsidiary ledgers.
- Explain the operation of a **petty cash fund**.
- Prepare journal entries to record petty cash transactions.
- Determine why and how the bank balance and the book balance of cash should be reconciled.
- Prepare formal **bank reconciliation**.
- Journalize and post the entries resulting from the bank reconciliation.

This learning outcome will constitute 11% of the course grade.

5. Apply the methods of amortization (depreciation) of capital assets to a business environment. Calculate and record the journal entries for depreciation. (See handouts)

Elements of performance:

- Calculate the cost of a **plant asset** and prepare entries to record plant asset purchases.
- Calculate **amortization** by the **straight-line, units-of-production** and **declining-balance** methods.
- Calculate amortization after **revising the useful life** of asset.
- Describe the difference between **revenue and capital expenditures** and account for costs such as **repairs** for capital assets.
- Prepare entries to record the **disposal** of capital assets and the **exchange** of capital assets. Recognize **capital gains or losses**.

This learning outcome will constitute 8% of the course grade.

6. Identify and apply key payroll concepts and procedures, employee taxes and employer payroll costs and responsibilities. (Chapters 7 & 8).

Elements of performance:

- Calculate gross pay, routine deductions and net pay for an employee.
- Prepare a typical payroll summary.
- Record payroll from the summary.
- Maintain an individual's earnings record.
- Calculate and record typical employer's expenses related to payroll.
- Describe how employers record and remit their deductions and taxes to Revenue Canada.
- Describe an employer's typical annual responsibilities regarding T-4's.

This learning outcome will constitute 15% of the course grade.

8. Apply various generally accepted methods for analyzing financial statements. (see handouts).

Elements of performance:

- Calculate percentage increases and decreases.
- Analyze and interpret Comparative Statements.
- Calculate and interpret trend percentages and Common-Size Comparative Statements.
- Analyze Short-Term Liquidity utilizing the current ratio, acid-test ratio, accounts receivable collection period, days sales uncollected, inventory turnover, days stock on hand, etc.
- Analyze Long-Term Risk and Capital Structure as well as Operating Efficiency

and Profitability.

- Explain and utilize various methods of comparison.

This learning outcome will constitute 10% of the course grade.

III. Method of Assessment:

A) Grading:	A+	90% - 100%
	A	80% - 89%
	B	70% - 79%
	C	60% - 69%
	R	Below 60% - Repeat the course.

B) Tests: 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 test is worth 1/3 of the final grade. The tests will be administered during the term as follows:

Test #1: Learning outcomes # 1, and 2: Financial statements, Accounting concepts and principles, Debit and Credit rules, Journal entries, Posting to the General Ledger, Trial Balance. Reference material is Chapter 1, 2 & 3 from the *College Accounting* text.

Test #2: Learning outcomes # 3 & 4: Accounting principles for Service and Merchandising businesses, Work sheets, Classified Balance Sheets, Income Statements, Accruals, Adjusting Entries and Closing Entries; Cash Receipts journal, Cash Payments journal, Sales journal, Purchases journal, Petty Cash and Bank reconciliations. Reference material is from Chapters 4, 5, and 6 (with reference to Chapters 9 and 10).

Test #3: Learning outcome # 5, 6, and 7: Capital assets and amortization (depreciation); payroll accounting and responsibilities; financial statement analysis techniques. Reference material is from Chapters 7, 8, 9, and 10.

Supplementary Test: Administered at the end of the semester (only if necessary). A student who fails a test or misses a test during the regular semester qualifies to write a supplementary test. The grade received on the supplementary test will replace the lowest failed test or a missed test. The supplementary test is a comprehensive test drawing upon all of the material covered during the regular semester. Qualification to write the test depends on the exclusive discretion of the instructor. Among factors to be considered are attendance, class participation, likelihood of success (based on other tests), etc.

IV. Notes to Students:

- a) **Attendance** and **participation** are **critical** to the student's success in this course.
- b) Your instructor reserves the right to modify the course, as he/she deems necessary to meet the needs of the students.

V. PRIMARY (REQUIRED) RESOURCES:

Slater & Zwicker - ***College Accounting - A Practical Approach*** (Canadian Seventh Edition); Prentice-Hall Canada, Toronto (2000).

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.

NOTE: The Professor reserves the right to change the information contained in this course outline depending on the needs of the learner and/or the class, as well as 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.

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.