

Course Outline

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Department of Accounting and Finance  
School of Business and Economics

ACCT 1000-3  
Financial Accounting (3,0,0)

**Calendar Description**

Students learn to maintain the basic financial records of a small business, including the preparation of financial statements. Topics include the accounting cycle, adjusting entries, preparation of financial statements, merchandising accounting, internal control, sales taxes, cash, temporary investments, accounts and notes receivable, inventory, capital assets, current and long-term liabilities, introductory corporate accounting, cashflow statements, and financial statement analysis.

**Educational Objectives/Outcomes**

Upon completing this course, students will be able to:

1. Describe the system of accounting standards and principles.
2. Demonstrate the accrual method of accounting and the accounting cycle.
3. Prepare a balance sheet, income statement, statement of retained earnings, and a statement of cash flows.
4. Identify the objectives and procedures of internal control.
5. Account for inventories and receivables, including bad debts.
6. Account for the purchase, amortization, and derecognition of tangible and intangible long-term assets.
7. Account for long term-liabilities, including notes, bonds, and leases.
8. Journalize shareholder's equity transactions for share issue and cash and stock dividends.
9. Analyze financial statements utilizing horizontal and vertical analysis and ratio analysis.

**Prerequisites**

Admission to the Diploma in Horticulture and Management, Tourism programs, Adventure Studies programs or permission of program advisor.

Note: Students cannot receive credit for more than one of ACCT 1000, ACCT 1030, ACCT 1210/1220 or ACCT 2210.

**Co-requisites**

None

**Texts/Materials**

Horngren, C., Harrison, W., Johnston, J., Meissner, C., Norwood, P., Accounting, Ninth Canadian Edition, Volumes 1 and 2, Pearson Canada, 2014.

## Student Evaluation

Midterm(s)	30-40%
Assignments and quizzes	10-20%
Final exam	40-50%

Students must pass the final exam to pass the course.

## Course Topics

1. Introduction.
  - Purpose of accounting
  - Professional designations
  - Ethics in Accounting
2. Accounting Events and Entries
  - Defining and classifying accounting events – the chart of accounts
  - Principles of double-entry bookkeeping
  - Advantages of the double-entry system for internal control purposes
  - The process of entering accounting events - the journal
  - The process of assigning events to individual accounts – the ledger
  - The construction of the trial balance from account balances in the ledger
3. Accounting Objectives, Assumptions, Principles and Standards
  - Objectives – relevance, reliability of financial information for users
  - Major assumptions – definition of an accounting entity, going concern, measurement in stable monetary units, accounting time periods
  - Major principles and constraints – historic cost, accrual basis, revenue recognition, matching, materiality, consistency, conservatism full disclosure (subject to cost/benefit considerations)
  - The increasing role of fair market value
  - Accounting standards – GAAP, IFRS
4. Accounting adjustments
  - Application of assumptions and principles to ensure that accounting reports comply with accounting standards
  - Matching revenues to time periods and expenses to revenues and/or time periods as appropriate
  - Making accounting entries to adjust the trial balance
5. Creation of the Financial Statements
  - Relationship between the structure of the trial balance and the financial statements as shown on a worksheet
  - Creation of the income statement, statement of owner's equity and balance sheet

- The role of financial statement disclosures
  - Closing entries and preparation for next accounting period
6. Cash Accounting and Cash Flows
- The difference between cash accounting and accrual accounting and the importance of each
  - The construction of the cash flow statement – direct method
  - Cash controls and security considerations
  - Reconciliation of entity cash statements with bank statements
7. Accounting Controls
- Controls via the accounting system
  - Internal and external audits
  - Physical controls
  - Controls via organization structure and management
  - Limitations of controls; resource constraints; conflicts of interests; regulatory capture and economic power
8. Merchandising and Inventory
- Perpetual versus periodic inventory systems
  - Inventory losses and errors
  - Inventory methods matching costs to revenues
9. Accounts Receivable
- Rationale for selling on credit
  - Application of the matching principle to accounts receivable
  - Allowance for doubtful debts and bad debts expense accounts
  - Bank-related credit instruments; direct debit
10. Long-term Assets
- Cost components of long term assets
  - Depreciation methods
  - Disposal of long-term assets
11. Long-term Liabilities
- Introduction to bonds
  - Notes payable
  - Leases
12. Corporation Accounting
- Issuing shares
  - Cash and stock dividends
  - Stock splits
13. Financial Statement Analysis
- Vertical analysis
  - Horizontal analysis

- Ratio analysis

**Methods for Prior Learning Assessment and Recognition**

As per TRU policy

**Attendance Requirements – Include if different from TRU Policy**

As per TRU policy

**Special Course Activities – Optional**

**Use of Technology – Optional**