

Des Moines Area Community College

COURSE INFORMATION

Acronym/Number ACCT 101

Title Principles Of Accounting I

Credit breakout 4 4 0 0 0
(credit lecture lab practicum work experience)

PREREQUISITE(S):

COURSE DESCRIPTION:

Introduces the student to the principles of accounting with emphasis placed on the users and uses of accounting information. The double-entry bookkeeping system is presented with a focus on the end result of the accounting cycle, financial statements.

COURSE COMPETENCIES:

During this course, the student will be expected to:

1. Explain the role of accounting in business.
 - 1.1 Describe the nature of a business.
 - 1.2 Describe the role of accounting in business.
 - 1.3 Describe the importance of business ethics and the basic principles of proper ethical conduct.
 - 1.4 Describe the profession of accounting.
 - 1.5 Summarize the development of accounting principles.
 - 1.6 Relate accounting principles to practice.
 - 1.7 State the accounting equation.
 - 1.8 Explain how business transactions can be stated in terms of the resulting changes in the basic elements of the accounting equation.
 - 1.9 Describe the financial statements of a proprietorship.
 - 1.10 Explain how financial statements interrelate.
 - 1.11 Calculate the ratio of liabilities to owner's equity.
 - 1.12 Analyze the ability of a business to withstand poor business conditions.

2. Analyze transactions.
 - 2.1 Explain why accounts are used to record and summarize the effects of transactions of financial statements.
 - 2.2 Describe the characteristics of an account.
 - 2.3 List the rules of debit and credit and the normal balances of accounts.
 - 2.4 Analyze the financial statement effects of transaction.

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- 2.5 Summarize the financial statement effects of a transaction.
 - 2.6 Prepare a trial balance.
 - 2.7 Explain how the trial balance can be used to discover errors.
 - 2.8 Discover errors in recording transactions.
 - 2.9 Correct errors in recording transactions.
 - 2.10 Use horizontal analysis to compare financial statements from different periods.
3. Explain how the matching concept relates to the accrual basis of accounting.
 - 3.1 Explain the accounting period assumption.
 - 3.2 Explain why adjustments are necessary.
 - 3.3 Journalize entries for accounts requiring adjusting entries.
 - 3.4 List the characteristics of adjusting entries such as:
 - 2.4.1 deferred expenses
 - 2.4.2 deferred revenues
 - 2.4.3 accrued revenues
 - 2.4.4 accrued expenses
 - 3.5 Summarize the adjustment process.
 - 3.6 Prepare an adjusted trial balance.
 - 3.7 Use vertical analysis to compare financial statements and industry averages.
4. Interpret the accounting cycle.
 - 4.1 Prepare a worksheet.
 - 4.2 Compile financial statements from the worksheet.
 - 4.3 Record adjusting entries from the worksheet.
 - 4.4 Explain the purpose of closing entries.
 - 4.5 Record closing entries from the worksheet.
 - 4.6 Review the seven basic steps of the accounting cycle.
 - 4.7 Explain what is meant by the fiscal year.
 - 4.8 Explain what is meant by the natural business year.
 - 4.9 Explain the time period assumption.
 - 4.10 Analyze the financial solvency of a business.
 - 4.10.1 Calculate working capital.
 - 4.10.2 Calculate the current ratio.
 - 4.11 Interpret the financial solvency of a business.
5. Explain the role of an accounting system in business.
 - 5.1 Define an accounting system.
 - 5.2 Describe the implementation of an accounting system.
 - 5.3 List three objectives of internal control.
 - 5.4 Define the five elements of internal control.
 - 5.5 Journalize transactions that use subsidiary ledgers and special journals.
 - 5.6 Post transactions using subsidiary ledgers and special journals.
 - 5.7 Describe additional subsidiary ledgers and modified special journals.
 - 5.8 Apply computerized accounting to the revenue and collection cycle.
6. Distinguish the accounts used to record transactions for a merchandising company.
 - 6.1 Differentiate the activities of a service business from the activities of a merchandising business.

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- 6.2 Journalize the entries for merchandise transactions.
 - 6.3 Prepare a chart of accounts for a merchandising business.
 - 6.4 Prepare an income statement for a merchandising business.
 - 6.5 Describe the accounting cycle for a merchandising business.
 - 6.6 Compute the ratio of net sales to assets.
 - 6.7 Analyze how effectively a business is using its assets.
7. Assess the importance of internal control.
- 7.1 Describe the nature of cash.
 - 7.2 Explain the importance of internal control over cash.
 - 7.3 Summarize the procedures involved in internal control of cash.
 - 7.4 Summarize basic procedures for achieving internal control over cash payments.
 - 7.5 Describe the nature of a bank account.
 - 7.6 Explain how a bank account is used in controlling cash.
 - 7.7 Prepare a bank reconciliation.
 - 7.8 Account for small cash transactions using a petty cash fund.
 - 7.9 Summarize how cash is presented on the balance sheet.
 - 7.10 Compute the ratio of cash to current liabilities.
 - 7.11 Interpret the ratio of cash to current liabilities.
8. Demonstrate accounting for accounts receivable and bad debts expense.
- 8.1 Identify the common classifications of receivables.
 - 8.2 Summarize internal control procedures that apply to receivables.
 - 8.3 Describe the nature of uncollectible accounts.
 - 8.4 Explain why accountants must provide for uncollectible accounts to match revenues and expenses on the income statement.
 - 8.5 Journalize accounting entries under the allowance method to record the bad debts adjustment.
 - 8.6 Prepare accounting entries under the allowance method to write off uncollectible accounts.
 - 8.7 Journalize the entries for the direct write-off of uncollectible accounts.
 - 8.8 Explain the allowance and direct write-off methods as they affect the income statement and the balance sheet.
 - 8.9 Describe the nature and characteristics of promissory notes.
 - 8.10 Calculate the interest for a promissory note.
 - 8.11 Journalize the entries for note receivable transactions.
 - 8.12 Prepare adjusting entries for notes receivable.
 - 8.13 Prepare the current assets presentation of receivables on the balance sheet.
 - 8.14 Calculate the accounts receivable turnover and the number of days' sales in receivables.
 - 8.15 Interpret the accounts receivable turnover and the number of days' sales in receivables.
 - 8.16 Identify the internal control issues involved with accounts receivable.
9. Account for inventory according to generally accepted accounting principles.
- 9.1 Summarize internal control procedures for inventories.
 - 9.2 Describe the effect of inventory errors on the financial statements.

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- 9.3 Describe three inventory cost flow assumptions.
 - 9.4 Explain how inventory cost-flow assumptions impact the income statement and balance sheet.
 - 9.5 Calculate the cost of inventory under the perpetual inventory system using LIFO.
 - 9.6 Calculate the cost of inventory under the perpetual inventory system using FIFO.
 - 9.7 Calculate the cost of inventory under the perpetual inventory system using average cost.
 - 9.8 Calculate the cost of inventory under the periodic inventory system using LIFO.
 - 9.9 Calculate the cost of inventory under the periodic inventory system using FIFO.
 - 9.10 Calculate the cost of inventory under the periodic inventory system using average cost.
 - 9.11 Contrast the use of the three inventory costing methods.
 - 9.12 Compute the proper valuation of inventory at other than cost, using the lower-of-cost-or-market and net realizable value concepts.
 - 9.13 Prepare a balance sheet presentation of merchandise inventory.
 - 9.14 Estimate the cost of inventory using the retail method.
 - 9.15 Estimate the cost of inventory using the gross profit method.
 - 9.16 Compute the inventory turnover ratio.
 - 9.17 Calculate the number of days' sales in inventory.
 - 9.18 Interpret the inventory turnover ratio.
 - 9.19 Interpret the number of day's sales in inventory.
10. Perform accounting procedures for long-term assets.
- 10.1 Define fixed assets.
 - 10.2 Determine the cost of tangible plant assets.
 - 10.3 Define "depreciation."
 - 10.4 Explain factors that affect the computation of depreciation.
 - 10.5 Compute depreciation using the following:
 - 10.5.1 Straight-line method.
 - 10.5.2 Units of Production method.
 - 10.5.3 Double declining-balance method.
 - 10.6 Differentiate revenue expenditures from capital expenditures.
 - 10.7 State the procedures for revising depreciation expense.
 - 10.8 Describe the accounting procedures for recording the sale, retirement, or exchange of tangible plant assets.
 - 10.9 Define a lease.
 - 10.10 Summarize the rules related to the leasing of fixed assets.
 - 10.11 Describe internal controls over fixed assets.
 - 10.12 Discuss accounting issues for natural resources.
 - 10.13 Compute depletion.
 - 10.14 Journalize the entry for depletion.
 - 10.15 Explain the accounting issues associated with intangible assets.
 - 10.16 Compute amortization.
 - 10.17 Journalize the entries for acquiring intangible assets.
 - 10.18 Describe how depreciation expense is reported in an income statement.
 - 10.19 Prepare a balance sheet that includes fixed and intangible assets.
 - 10.20 Calculate the ratio of fixed assets to long-term liabilities.
 - 10.21 Interpret the ratio of fixed assets to long-term liabilities.

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11. Account for current liabilities.
 - 11.1 Define current liabilities.
 - 11.2 Journalize entries for short-term notes payable.
 - 11.3 Describe the accounting treatment for contingent liabilities.
 - 11.4 Journalize entries for product warranties.
 - 11.5 Calculate the quick ratio.
 - 11.6 Interpret the quick ratio.
 - 11.7 Analyze the ability of a business to pay its current liabilities.

12. Perform accounting procedures for a corporation's stockholders' equity.
 - 12.1 Define "corporation".
 - 12.2 Describe the nature of the corporate form of organization.
 - 12.3 List the two main sources of stockholders' equity.
 - 12.4 List the major sources of paid-in capital.
 - 12.5 State the various classes of stock.
 - 12.6 Journalize the entries for issuing stock.
 - 12.7 Journalize the entries for treasury stock transactions.
 - 12.8 State the effect of stock splits on corporate financial statements.
 - 12.9 Journalize the entries for cash dividends and stock dividends.
 - 12.10 Calculate the dividend yield on common stock.
 - 12.11 Interpret the dividend yield on common stock.
 - 12.12 State the advantages and disadvantages of using the corporate form of organization.

13. Interpret the effect of business transactions for a corporation.
 - 13.1 Journalize the entries for corporate income taxes.
 - 13.2 Journalize the entries for corporate deferred income taxes.
 - 13.3 Prepare an income statement reporting the following unusual items: discontinued operations, extraordinary items, and changes in accounting principles.
 - 13.4 Prepare an income statement reporting earnings per share data.
 - 13.5 Prepare financial statement presentations of stockholders' equity.
 - 13.6 Describe the concept and the reporting of comprehensive income.
 - 13.7 Describe the accounting for investments in stocks.
 - 13.8 Describe alternative methods of combining businesses.
 - 13.9 Explain how consolidated financial statements are prepared.
 - 13.10 Calculate the price-earnings ration.
 - 13.11 Interpret the price-earnings ration.

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INSTRUCTIONAL MATERIALS:

Textbook(s): For each text used in this course, identify the minimum chapters to be covered in this course.

Accounting Principles, 7th Edition. Weygandt, Kieso, Kimmel, Wiley Publishing. ISBN 0471477265. Chapter 1-14.

Accounting, 20th Edition. Warren Reeve, Fess, Southwestern Publishing.

Study guide The study guide is recommended. The working papers are required.

Transparencies A complete set of teaching transparencies available to instructors in addition to transparencies of solutions to exercises and problems.

Test banks Test resource manual; computerized test bank including True-False, Multiple Choice and Problem type questions; achievement tests A & B each covering two chapters.

Computer hardware/software A number of chapter problems may be solved with the general ledger and spreadsheet software provided free; electronic teaching transparencies covering the major concepts.

Other (example: Laboratory equipment for biology/chemistry class) Practice sets 1 -5; videotape package consisting of 30 half-hour lessons that are correlated to the text.

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Campus: A B C U N W OC

extension: 7247

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Competencies are reviewed annually.