

Fundamentals of Accounting BSMG6201

Course Outline

Description: Make more informed management decisions by having a working understanding of how financial accounting data can be used to analyze a business. This course provides a basic understanding of financial statements, accounting theory and the structure of accounting systems. Through analysis, this course will give you the ability to understand and interpret financial statements in order to improve management decision-making.

Course Goals: The overarching goal of the fundamentals of accounting course is to provide the student with a broad exposure to financial and managerial accounting principles and practices that can be used to analyze businesses and to make more informed financial decisions.

Course Content: The course has three main topics:

Part 1: Financial Accounting

This section of the course provides a basic overview of financial accounting. Financial accounting is referred to as “the language of business” and as with any language, those who use it must understand the rules and components. We will concentrate on some of the basic financial accounting rules and principles used to prepare financial statements.

Part 2: Cash Management

Two cash-based statements will be discussed in this section. The Statement of Cash Flows is a financial accounting tool that highlights the sources and uses of a business’ cash. It is used to assist management in determining how well the business uses its cash resources. The Cash Budget is a managerial tool that is used to highlight management predictions of cash inflows and outflows. It is used to assist in the determination of cash requirements for the upcoming year. Internal controls to protect cash and other assets will be discussed.

Part 3: Management Accounting

This section considers analytical tools which practicing managers may utilize to help make operational decisions when financial information is a relevant consideration. You will be exposed to various costing methods, the use of cost data for making management decisions, and a short-term decision-making model (framework).

Course Objectives: At the completion of this course, the student will be able to:

1. Identify the users and uses of accounting, describe the primary forms of business organization and explain the three main types of business activity.
2. Identify the sections of classified financial statements; calculate ratios for analyzing a company’s liquidity, solvency, and profitability. As well as describe the framework for the preparation and presentation of financial statements.

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3. Record and analyze the effects of business transactions by applying generally accepted accounting principles and practices.
4. Prepare a trail balance.
5. Explain when revenues and expenses are recognized and how this forms the basis of accrual accounting.
6. Record adjusting entries and prepare financial statements.
7. Perform all necessary steps to complete the accounting cycle.
8. Account for transactions within a merchandising operation using perpetual and/or a periodic inventory system.
9. Calculate the gross profit margin and profit margin.
10. Describe the steps in determining inventory quantities; apply various methods of cost determination and explain the effects of inventory errors as well as demonstrate the presentation and analysis of inventory.
11. Explain the activities that help achieve internal control and prevent fraud. Apply control activities to cash receipts and payments as well as prepare a bank reconciliation.
12. Explain how accounts receivable and notes receivable are recognized, valued, and presented. Apply the principles of sound accounts receivable management.
13. Determine the cost of capital assets, calculate depreciation and account for disposal of capital assets as well as illustrate how long-lived assets are reported in the financial statements.
14. Account for current liabilities, notes payable, and bonds payable as well as identify the requirements for the financial statement presentation and analysis of liabilities.
15. Record common share and preferred share transactions as well as prepare the entries for cash dividends, stock dividends, and stock splits, and understand their financial impact. Indicate how shareholders' equity is presented and evaluate dividend and earnings performance.
16. Complete the statement of cash flows and evaluate a company's liquidity and solvency using the cash flow statement.
17. Explain the distinguishing features of managerial accounting and the importance of business ethics, as well as identify the three board functions of management.
18. Define the three classes of manufacturing costs and differentiate between product costs and period costs as well as explain how costs are affected by changes in the level of business activity.
19. Compute costs in a job-order cost accounting system and distinguish between under- and over-applied overhead as well as discuss methods of adjusting overheads.
20. Explain the flow and assignment of manufacturing costs in a process cost system. Calculate equivalent units using the weighted-average method and using the FIFO method when preparing a production cost report.
21. Identify and apply the steps in the development of an activity-based costing system, understand the benefits and limitations of an activity-based costing system and differentiate between value-added and non-value added activities.
22. Understand and apply basic cost-volume-profit concepts, explain the term sales mix and its effect on the break-even sales, and understand how cost structure and operating leverage affect profitability.
23. Identify relevant costs and use incremental analysis in making various business decisions.
24. Calculate a target cost using various cost methods, and determine a transfer price using negotiated, cost-based, and market-based approaches. Explain issues involved in transferring goods between divisions in different countries and different tax rates.

Evaluation:

Weightings of the various segments of the course (Evaluation) as are follows:

Homework assignments	25%
Participation	10%
Mid Term Exam	30%
Final Exam	<u>35%</u>
Total	100%

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Notes on assignments (papers and reports):

- Must be academic in style and content
- Must have a clear focus
- Must present ideas in a logical and well thought-out flow
- Arguments, analysis and conclusions must be based on clearly identified research and sources
- Must cite all references from other sources
- Must be in paragraph format
- Must be double-spaced, and typewritten
- Must follow APA style

Policy on Cheating and Academic Misconduct:

Academic honesty is a cornerstone of conduct at Western University. We cannot have freedom of expression without integrity. Students are responsible for understanding the nature of and avoiding the occurrence of plagiarism and other academic offences; please refer to the section on “Scholastic Offences” in the current University Academic Calendar, or on the web at <http://www.westerncalendar.uwo.ca>. Such offences include plagiarism, cheating on an examination, submitting false or fraudulent assignments or credentials, impersonating a candidate, or submitting for credit in any course any academic work for which credit has previously been obtained or is being sought in another course in this University or elsewhere (without the knowledge and approval of the instructor to whom the work is submitted). Students enrolled in non-degree courses are expected to abide by the University’s code of conduct.

Code of Student Conduct:

The purpose of the Code of Student Conduct is to define the general standard of conduct expected of students registered at Western University, provide examples of behaviour that constitutes a breach of this standard of conduct, provide examples of sanctions that may be imposed, and set out the disciplinary procedures that the University will follow. For the complete Code of Student Conduct: <http://www.uwo.ca/univsec/pdf/board/code.pdf>.

Plagiarism:

All required papers may be subject to submission for textual similarity review to the commercial plagiarism detection software under license to the University for the detection of plagiarism. All papers submitted will be included as source documents in the reference database for the purpose of detecting plagiarism of papers subsequently submitted to the system. Use of the service is subject to the licensing agreement, currently between Western University and Turnitin.com (<http://www.turnitin.com>).

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Course Schedule:*

FA = Financial Accounting textbook
MA = Managerial Accounting textbook

<u>Week</u>	<u>Topic</u>
1	Course Overview Read: FA Chapter 1: The Purpose and Use of Financial Statements FA Chapter 2: A Further Look at Financial Statements
2	Read: FA Appendix A (Back of book; review for discussion) FA Chapter 3: The Accounting Information System FA Chapter 4: Accrual Accounting Concepts
3	Read: FA Chapter 5: Merchandising Operations FA Chapter 6: Reporting and Analyzing Inventory
4	Read: FA Chapter 8: Reporting and Analyzing Receivables FA Chapter 9: Reporting and Analyzing Long-live Assets
5	Read: FA Chapter 10: Reporting and Analyzing Liabilities FA Chapter 11: Reporting and Analyzing Shareholders' Equity
6	<u>MIDTERM EXAM</u>
7	Read: FA Chapter 7: Internal Controls and Cash FA Chapter 13: Statement of Cash Flows
8	Read: MA Chapter 10: Budgetary Planning MA Chapter 11: Budgetary Control and Responsibility Planning
9	Read: MA Chapter 1: Managerial Accounting MA Chapter 2: Managerial Cost Concepts and Cost Behaviour Analysis MA Chapter 6: Decision-making: Cost-Volume-Profit
10	Read: MA Chapter 3: Job-Order Cost Accounting MA Chapter 4: Process Cost Accounting MA Chapter 5: Activity Based Costing
11	Read: MA Chapter 7: Incremental Analysis MA Chapter 9: Pricing
12	(Study/Review)
13	<u>FINAL EXAM</u>

*Subject to Change