Fundamentals of Accounting  
BSMG6201

Course Outline (online)

**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.
3. Record and analyze the effects of business transactions by applying generally accepted accounting principles and practices.

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4. Prepare a trial 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.

**Texts:**

*TBD*
Evaluation:

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

<table>
<thead>
<tr>
<th>Component</th>
<th>Weightage</th>
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<tbody>
<tr>
<td>Homework assignments</td>
<td>30%</td>
</tr>
<tr>
<td>Mid Term Exam</td>
<td>35%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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</tbody>
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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

Grading:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
<th>Description</th>
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<tbody>
<tr>
<td>A+</td>
<td>90-100</td>
<td>One could scarcely expect better from a student at this level</td>
</tr>
<tr>
<td>A</td>
<td>80-89</td>
<td>Superior work which is clearly above average</td>
</tr>
<tr>
<td>B</td>
<td>70-79</td>
<td>Good work, meeting all requirements, and eminently satisfactory</td>
</tr>
<tr>
<td>C</td>
<td>60-69</td>
<td>Competent work, meeting requirements</td>
</tr>
<tr>
<td>D</td>
<td>50-59</td>
<td>Fair work, minimally acceptable</td>
</tr>
<tr>
<td>F</td>
<td>below 50</td>
<td>Fail</td>
</tr>
</tbody>
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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

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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).

How often will the instructor communicate with me?

The instructor will log in once a day to answer any questions.

Policy on Late Assignments

No late assignments will be accepted. Extensions will be considered if the professor is approached at least two days prior to the due date. Moreover, only extenuating circumstances will be considered.

Any assignment handed in late that has been approved will be subject to a penalty of two percent (2%) per day including weekends, up to a maximum of 7 days, after which assignments will not be accepted and a grade of zero will be assigned unless documentation for accommodation has been provided in advance. The reason for this seemingly harsh system is:

a) it ensures that people who hand their assignments in on time are not penalized, and
b) it makes it far more likely that you will submit your assignments on time.

When will I receive my grades?

Final grades will be available two (2) weeks after the last scheduled day of the course. A grade report can be printed from myWCS.

How do I hand in assignments?

All assignments will be submitted electronically either through OWL using the assignment drop-box in the course area or the publishers web site. Failure to meet deadlines without the instructor’s written permission will be subject to the late assignment policy. It is the student’s responsibility to ensure that all assignments forwarded to the instructor arrive before the due date. If you experience difficulty in submitting assignments through OWL or the publishers website, you are responsible for contacting the instructor and arranging an alternate method of delivery (e.g., e-mail attachment) for the assignment.

Course Schedule:* (could be subject to change)

FA = Financial Accounting textbook
MA = Managerial Accounting textbook

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
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</table>
| 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)
|      |       | 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

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5  Read:  FA Chapter 10: Reporting and Analyzing Liabilities
       FA Chapter 11: Reporting and Analyzing Shareholders’ Equity

6  **MIDTERM EXAM**

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  **FINAL EXAM**

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