

**HIBBING COMMUNITY COLLEGE  
COURSE OUTLINE**

**COURSE NUMBER & TITLE:** BUS 2230: Principles of Accounting 1

**CREDITS:** 4 (4 Lec / 0 Lab)

**PREREQUISITES:** MATH 0971: Beginning Algebra

**CATALOG DESCRIPTION:**

Principles of Accounting 1 examines accounting principles and practices, the accounting cycle, inventories, accounting systems, cash, receivables, temporary investments, plant assets, intangible assets, payroll, notes payable, accounting concepts, and partnerships. This course is intended for all accounting, business administration, and economics majors.

**OUTLINE OF MAJOR CONTENT AREAS:**

- I. Basic structure of accounting
  - A. Accounting principles and practices
  - B. Accounting systems for recording business transactions
  - C. The matching concept and adjusting process
  - D. Completion of the accounting cycle
- II. Accounting for merchandising enterprises
  - A. Merchandising transactions
    - 1. Periodic inventory systems
    - 2. Perpetual inventory systems
  - B. Financial statements
- III. Accounting systems
  - A. Special journals
    - 1. Cash receipts journal
    - 2. Cash payments journal
    - 3. Purchases journal
    - 4. Sale journal
  - B. Cash
  - C. Receivables
  - D. Temporary investments
  - E. Inventories
    - 1. First in first out (FIFO)
    - 2. Last in first out (LIFO)
    - 3. Average cost
  - F. Plant assets
  - G. Intangible assets
  - H. Payroll
  - I. Notes payable
- IV. Accounting principles
  - A. Concepts
    - 1. Business entity

- 2. Going concern
- 3. Objectivity
- 4. Unit of measure
- 5. Accounting period
- B. Principles
  - 1. Matching
  - 2. Adequate disclosure
  - 3. Consistency
  - 4. Materiality
  - 5. Conservatism
- V. Partnerships
  - A. Formation
  - B. Income distribution
  - C. Liquidation

### **COURSE GOALS/OBJECTIVES/OUTCOMES:**

Students will

1. analyze the accounting equation.
2. prepare and interpret financial statements.
3. identify the basic accounting principles and concepts.
4. analyze the rules dealing with debits and credits.
5. complete the accounting cycle.
6. journalize and post transactions using the special journals and subsidiary ledgers.
7. discover errors in recording transactions and correct them.
8. journalize the entries for merchandise transactions from the buyers and sellers point of view using both perpetual and periodic inventory methods.
9. summarize the basic procedures for achieving internal control over cash, receivables, inventories, and plant assets.
10. prepare a bank reconciliation and prepare all necessary adjusting entries.
11. set up and use different fund accounts, such as petty cash.
12. journalize the entries for the direct write-off method for uncollectable account receivables.
13. journalize the entries for the allowance method for uncollectable account receivables.
14. estimate uncollectable receivables based on an analysis of receivables and on a percentage of sales.
15. identify the accounting implications of promissory notes.
16. journalize the entries for notes receivable transactions.
17. compute the cost of inventory under both the periodic and perpetual inventory systems using the following methods; first-in first-out, last-in first-out, and average cost.
18. estimate the cost of inventory using the retail method, gross profit method, and the lower of cost or market method.
19. compute depreciation using the following methods; straight line, declining

- balance, sum of the year's digits, units of production, and modified accelerated cost recovery system.
20. classify plant asset costs as either revenue expenditures or capital expenditures.
  21. journalize the entries for the disposal of plant assets.
  22. journalize the entries for trading plant assets.
  23. compute and journalize the entries for depletion.
  24. journalize the entries for acquiring and amortizing intangible assets.
  25. determine and record payroll and payroll taxes using a payroll register, employees' earnings records, and a general journal.
  26. examine warranties.
  27. identify the basic characteristics of a partnership.
  28. identify and apply the following basic accounting concepts and principles: business entity, going concern, objectivity, unit of measure, accounting period, matching, adequate disclosure, consistency, materiality, and conservatism.
  29. journalize the entries for formation of partnerships, dividing partnership net income or loss, partnership dissolution, and liquidating partnerships.

**MNTC GOALS AND COMPETENCIES MET:**

N/A

**HCC COMPETENCIES MET:**

Thinking creatively & critically

**STUDENT CONTRIBUTIONS:**

The student will attend class regularly, participate in class discussion, and complete assignments, unit exams, and a final examination. Students should spend at least five hours per week preparing for class.

**STUDENT ASSESSMENT SHALL TAKE PLACE USING INSTRUMENTS SELECTED/DEVELOPED BY THE COURSE INSTRUCTOR.**

**SPECIAL INFORMATION: (SPECIAL FEES, DIRECTIVES ON HAZARDOUS MATERIALS, TEXTBOOK USED, ETC.)**

<b>AASC APPROVAL DATE: May 13, 2014</b>
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<b>REVIEW DATE: May 2019</b>
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