

BUGEMA UNIVERSITY



SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING

MAIN AND KAMPALA CAMPUS

COURSE OUTLINE

BACC 1202 FUNDAMENTALS OF ACCOUNTING 2

SEMESTER 1, 2020/2021

Lecturer's Name: Amoah Gyamfuaa Rose; MBA Accounting BBA Accounting

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Timing and Location: Mon and Wed 07a.m – 09a.m; M4 at our virtual online class

Contact Hours: 4 hours per TOPIC; 15 TOPICs in a semester = 60 hours

Mode of delivery: Online lectures, online presentations, online tutorials and discussions

Mode of assessment: Tests, Assignments and Examinations

COURSE DESCRIPTION

This course is a continuation of BACC 1101 that introduces accounting concepts to the learner. This course expounds topics such as Receivables and short term investments, inventory valuation methods, different methods of computing depreciation and amortization of tangible and intangible fixed assets, liabilities and their classification, and other related topics. It also highlights the preparation of cash flow statements, financial statements analysis, budgeting and many more areas.

COURSE OBJECTIVES

By the end of this course, learners should be able to:

- Describe short term investments in debt and equity securities.
- Estimate uncollectibles using methods based on sales and accounts receivable.
- Explain depreciation and the factors affecting its computation.
- Distinguish between revenue and capital expenditures, and account for these expenditures.
- Compute and record employee payroll deductibles and liabilities.
- Explain how to account for contingent liabilities.
- Compute times interest earned ratio and use it to analyze liabilities
- Identify characteristics of partnership and similar organisations.
- Describe the component of stockholders' equity.
- Compute bond financing with stock financing.
- Prepare a statement of cash flows.
- Define and apply ratio analysis of financial statements.

COURSEWORK AND PROCEDURE

Classes will meet two times for two hours each TOPIC as per schedule. There will be TOPICly quizzes covering each chapter completed. A maximum of 8 quizzes will be given, out of which the best 5 will be picked for inclusion in the final marks of the course.

GRADING

Grading shall consist of the following: -

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|---------------|-----|
| • Course work | 50% |
| • Exam | 50% |

GRADING SCALE AND ASSESSMENT

The following is a guideline of how score percentages translate into letter grades:

FROM	TO	GRADE	GPA	RATING
80.00	100	A	5.00	Excellent
75.00	79.99	B+	4.50	Very Good
70.00	74.99	B	4.00	Good
65.00	69.99	C+	3.50	Above average
60.00	64.99	C	3.00	Above average
55.00	59.00	D+	2.50	Average
50.00	54.99	D	2.00	Below average
0.00	49.99	F	0.00	Failure

COURSE CONTENT

TOPIC	TOPIC
TOPIC 1	Plant Assets, Natural Resources and Intangibles PLANT ASSETS Cost Determination <ul style="list-style-type: none">• Land• Land improvement• Buildings• Machinery and Equipment• Lump-Sum Purchase Depreciation <ul style="list-style-type: none">• Factors in Computing Depreciation• Depreciation Methods Reporting Depreciation Disposal of Plant assets <ul style="list-style-type: none">• Discarding Plant Assets• Selling Plant assets NATURAL RESOURCES <ul style="list-style-type: none">• Cost Determination and Depletion• Plant Assets Used in Extracting INTANGIBLE ASSETS <ul style="list-style-type: none">• Cost Determination and Amortization• Types of intangibles

TOPIC 2	<p>Current Liabilities and Payroll Accounting</p> <p>Characteristics of Liabilities</p> <ul style="list-style-type: none"> • Defining liabilities • Classifying liabilities • Uncertainty in liabilities <p>Known Liabilities</p> <ul style="list-style-type: none"> • Accounts payable • Sales tax payable • Unearned revenues • Short term notes payable • Payroll liabilities • Multi period Known Liabilities <p>Estimated liabilities</p> <ul style="list-style-type: none"> • Health and pension benefits • Vacation benefits • Bonus plans • Warranty liabilities • Multi period estimated liabilities <p>Contingent liabilities</p> <ul style="list-style-type: none"> • Accounting for contingent liabilities • Reasonably possible contingent liabilities • Uncertainties that are not contingencies • Decision Analysis—Times Interest Earned Ratio
TOPIC 3	<p>Accounting for Partnerships</p> <p>Partnership form of Organisation</p> <ul style="list-style-type: none"> • Characteristics of Partnerships • Organisations with Partnership Characteristics • Choosing a business form <p>Basic Partnership Accounting</p> <ul style="list-style-type: none"> • Organizing a Partnership • Dividing income or loss • Partnership Financial Statements <p>Admission and Withdrawal of Partners</p> <ul style="list-style-type: none"> • Admission of a Partner • Withdrawal of a Partner

	<ul style="list-style-type: none"> • Death of a Partner Liquidation of a Partnership <ul style="list-style-type: none"> • No capital Deficiency • Capital Deficiency • Decision Analysis—Partner Return on Equity
TOPIC 4	Accounting for Corporations Corporate Form of Corporations <ul style="list-style-type: none"> • Characteristics of Corporations • Corporate Organisation and Management • Stockholders of Corporations • Basics of Capital Stock

	Common Stock <ul style="list-style-type: none"> • Issuing Par Value Stock • Issuing No-Par Value Stock • Issuing Stated Value Stock • Issuing Stock for Noncash Assets Dividends <ul style="list-style-type: none"> • Cash Dividends • Stock Dividends • Stock Splits Preferred Stocks <ul style="list-style-type: none"> • Issuance of Preferred Stock • Dividend Preference of Preferred Stock • Convertible Preferred Stock • Callable Preferred Stock • Reasons for Issuing Preferred Stock
TOPIC 5	Long Term Liabilities Basics of Bonds <ul style="list-style-type: none"> • Bond Financing • Bond Trading • Bond Issuing Procedures Bond Issuances <ul style="list-style-type: none"> • Issuing Bonds at Par Bond Discount or Premium • Issuing Bonds at a Discount • Issuing Bonds at a Premium • Bond Pricing

	<p>Bond Retirement</p> <ul style="list-style-type: none"> • Bond Retirement at Maturity • Bond Retirement before Maturity • Bond Retirement at Conversion <p>Long Term Notes Payable</p> <ul style="list-style-type: none"> • Instalment Notes • Mortgage Notes and Bonds <p>- Decision Analysis—Debt Features and the Debt-to-Equity Ratio</p>
TOPIC 6	<p>Investments and International Operations</p> <p>Basics of Investments</p> <ul style="list-style-type: none"> • Motivation for Investments • Classification and Reporting • Debt Securities: Accounting Basics • Equity Securities: Accounting Basics <p>Reporting of Non-influential Investments</p> <ul style="list-style-type: none"> • Trading Securities • Held-to-Maturity Securities • Available-for-Sale Securities <p>Reporting of Influential Investments</p> <ul style="list-style-type: none"> • Investment in Securities with Significance Influence • Investment in Securities with Controlling Influence • Decision Analysis—Components of Return on Total Assets
TOPIC 7	<p>Reporting the Statement of Cash Flows</p> <p>Basics of Cash Flow Reporting</p> <ul style="list-style-type: none"> • Purpose of the Statement of Cash Flows • Importance of Cash Flows • Measurement of Cash Flows • Classification of Cash Flows • Noncash Investing and Financing • Format of the Statement of Cash Flows • Preparing the Statement of Cash Flows <p>Cash Flows from Operating Activities</p> <ul style="list-style-type: none"> • Indirect and Direct Methods of Reporting

	<ul style="list-style-type: none"> • Application of the Indirect Method of Reporting • Summary of Adjustments for Indirect Method <p>Cash Flows from Investing Activities</p> <ul style="list-style-type: none"> • Three Stage Process of Analysis • Analysis of Noncurrent Assets • Analysis of other Assets <p>Cash Flow from Financing Activities</p> <ul style="list-style-type: none"> • Three Stage Process of Analysis • Analysis of Noncurrent Liabilities • Analysis of Equity • Proving Cash Balances
TOPIC 8	<p>Analysis of Financial Statements</p> <p>Basics of Analysis</p> <ul style="list-style-type: none"> • Purpose of Analysis • Building Blocks of Analysis • Information for Analysis • Standards for Comparisons • Tools of Analysis <p>Horizontal Analysis</p> <ul style="list-style-type: none"> • Comparative Statements • Trend Analysis <p>Vertical Analysis</p> <ul style="list-style-type: none"> • Common-Size Statements • Common-Size Graphics <p>Ratio Analysis</p> <ul style="list-style-type: none"> • Liquidity and Efficiency • Solvency • Profitability • Market Prospects

REFERENCES

John Wild, Ken Shaw & Barbara Chiappetta. (2011). *Fundamental Accounting Principles*, 20th ed. Published by McGraw-Hill/Irwin, New York.

Kieso, D., Weydgandt, J., & Kimmel, P. (2012). *Accounting Principles*, 10th ed. Published by John Wiley & Sons Inc.

Frank Wood & Alan Sangster (2005). *Frank Wood's Business Accounting 1*. 10th ed. Prentice Hall: Financial times

Frank Wood & Alan Sangster (2005). *Frank Wood's Business Accounting 2*. 10th ed. Prentice Hall: Financial times