Credit Hours: 3

Contact Hours: This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 14-20 hours per week in each course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

COURSE DESCRIPTION AND OUTCOMES

Course Description:
This course provides students with a fundamental introduction to the theory, concepts, terminology, and principles of accounting relevant to all business specialties. Primary emphasis is on the financial accounting system for corporations and the procedures for recording, summarizing, and reporting results of business activities. In addition, this course provides an understanding of the financial statements by which a business communicates its financial position and the financial results of its operations. Successful students will master problem-solving processes involving an understanding of financial data in contexts of transaction analysis, financial statement analysis, and strategic and operational management.

Recommended Prior Course: MTH122 College Algebra

Course Overview:
This course is an introduction to financial accounting with a primary focus on the corporate form of business. Students will be introduced to accounting terms and concepts, basic accounting procedures and the four basic financial statements. The accounting cycle, the double-entry bookkeeping system, and procedures for accrual-based accounting will be emphasized.

All business persons need a basic understanding of accounting terminology and concepts to carry out their responsibilities effectively. The relationships among assets, liabilities, stockholders’ equity, revenues, and expenses are key concepts which successful managers must know and understand. Basic accounting serves as a foundation for all other business courses.

Course Learning Outcomes:
1. Apply the accounting equation.
2. Perform the steps of the accounting cycle.
3. Explain and demonstrate concepts and practices related to accounting for inventory.
4. Explain and demonstrate concepts and practices related to accounting for receivables.
5. Explain and demonstrate concepts and practices related to accounting for long-term assets.
6. Explain and demonstrate concepts and practices related to accounting for liabilities.
7. Explain and demonstrate concepts and practices related to accounting for stockholder’s equity.

PARTICIPATION & ATTENDANCE
Prompt and consistent attendance in your online courses is essential for your success at CSU-Global Campus. Failure to verify your attendance within the first 7 days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.

Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

**COURSE MATERIALS**

Textbook Information is located in the CSU-Global Booklist on the Student Portal.

**COURSE SCHEDULE**

Due Dates
The Academic Week at CSU-Global begins on Monday and ends the following Sunday.

- **Discussion Boards**: The original post must be completed by Thursday at 11:59 p.m. MT and Peer Responses posted by Sunday 11:59 p.m. MT. Late posts may not be awarded points.
- **Opening Exercises**: Take the opening exercise before reading each week’s content to see which areas you will need to focus on. You may take these exercises as many times as you need. The opening exercises will not affect your final grade.
- **Mastery Exercises**: Students may access and retake mastery exercises through the last day of class until they achieve the scores they desire.
- **Critical Thinking**: Assignments are due Sunday at 11:59 p.m. MT.
- **Live Classroom**: Although participation is not required, Live Classroom sessions are held during Weeks 1, 3, 5, and 7. There are four total sessions.

**WEEKLY READING AND ASSIGNMENT DETAILS**

**Module 1**

**Readings**

- Read and view materials presented in the module: Fundamentals of Accounting.

**Opening Exercise (0 points)**

**Discussion (25 points)**

**Live Classroom (0 points)**

**Mastery Exercise (10 points)**

**Critical Thinking (60 points)**

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

**Option #1: Using the Accounting Equation to Analyze Transactions**
Bank One just approved a loan for Dante Inc. to start a website design and maintenance business. Dante Inc. is ready to purchase needed equipment, hire administrative help, and begin designing websites. During June, Dante’s first month of business, the following transactions occurred:

a. Dante Inc. signed a note at the bank and received $20,000 cash.
b. Dante issued shares of capital stock to its shareholders in the amount of $3,000 cash.
c. Dante purchased a new computer and additional equipment for $3,000 cash.
d. Dante purchased supplies worth $200 on account that should last two months.
e. Dante hires Nancy Po to assist with administrative tasks. She will charge $100 per website for her assistance.
f. Dante began working on its first two websites, one for J. Sanchito, and the other for Pauline Smith, a local businesswoman.
g. Dante completed the website for Mr. Sanchito and sent him a bill for $700.
h. Dante completed the website for Ms. Smith and sent her a bill for $540.
i. Dante collected $600 in cash from Mr. Sanchito.
j. Dante paid Nancy $100 cash for her work on Mr. Sanchito’s Web site.
k. Dante received $500 cash in advance to work on a website for a local restaurant. Work on the site will not begin until July.
l. Dante paid taxes of $200 in cash.

Required:

Using the Excel template, complete the following activities:

a. Analyze each transaction’s effect using the accounting equation, if needed.
b. Provide a written explanation (one sentence) on the effect of the transaction on the accounting equation.

Each assignment must include a title page and reference page. Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

Option #2: Analyzing the Effect of Transactions Using the Accounting Equation

Detroit Roofing Company began operations in August and completed the following transactions during that first month of operations.

<table>
<thead>
<tr>
<th>August</th>
<th>1</th>
<th>Detroit Roofing Company’s stockholders invested $45,000 cash in the company.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td></td>
<td>The company purchased $25,000 in office equipment. It paid $5,000 in cash and signed a note payable promising to pay the $1,000 over the next three years.</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>The company rented office space and paid $3,000 cash for the August rent.</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>The company installed a new roof for a customer and immediately collected $5,000.</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td>The company paid a supplier $2,000 for roofing materials used on the August 6 job.</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td>The company purchased a $2,500 copy machine for office use on credit.</td>
</tr>
</tbody>
</table>
The company completed work for additional customers on credit in the amount of $16,000.

The company paid its employees’ salaries of $2,300 for the first half of the month.

The company installed a new roof for a customer and immediately collected $2,400.

The company received $10,000 in payments from the customers billed on August 9.

The company paid $1,500 on the copy machine purchased on August 8. It will pay the remaining balance in June.

The company paid its employees’ salaries of $2,400 for the second half of the month.

The company paid a supplier $5,300 for roofing materials used on the remaining jobs completed during August.

The company paid $450 cash for this month’s utility bill.

Required:

Using the Excel Template provided in the course, complete the following:

Show the effects of the transactions on the accounts using the accounting equation. Record increases and decreases in the appropriate columns in the table. Do not determine new account balances after each transaction. Determine the final total for each account and verify that the equation is in balance.

Each assignment must include a title page and reference page. Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

Module 2

Readings

• Read and view materials presented in the module: Double Entry System and Financial Statements.

Opening Exercise (0 points)
Discussion (25 points)
Mastery Exercise (10 points)
Critical Thinking (60 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

Option #1: The Four Steps in the Accounting Process

You own an independent CPA firm. One client had the following transactions in January 20x7.
1. Issued share capital for $5,000 cash
2. Purchased $3,000 of equipment on credit
3. Paid $600 cash for this month’s rent
4. Purchased on credit $3,000 of supplies to be used next month
5. Billed $3,500 to customers for repairs made to date
6. Paid cash for one-half of the amount owing in Transaction 4
7. Collected $400 cash of the amount billed in Transaction 5
8. Sold one-half of the equipment purchased in Transaction 2 for $1,200 in cash

Required:

Use the four steps in the accounting process to analyze business transactions, a) Identifying transactions and source documents, b) Analyzing transactions using the accounting equation, c) Recording the journal entry and d) Posting the entry to the ledger to complete the following:

1. Prepare journal entries for each of the above transactions.
2. Post the journal entries to T–accounts and total the accounts.
3. From the T–accounts, prepare an unadjusted trial balance. List expenses in alphabetical order.

Use the following chart of accounts names and template:
Cash, Capital Stock, Equipment, Accounts Payable, Rent, Supplies, Accounts Receivable, Revenue.

Each assignment must include a title page and reference page. Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

Option #2: Preparing Financial Statements

Using the information presented below, prepare an income statement and the balance sheet from the adjusted trial balance of McTangy Spices.

| McTangy Spices.  
| Adjusted Trial Balance  
| December 31 |
|-----------------------|-----------|
| Cash                  | $3,050    |
| Accounts receivable   | 400       |
| Prepaid insurance     | 830       |
| Office supplies       | 80        |
| Office equipment      | 4,200     |
| Accumulated depreciation–office equipment | $1,100 |
| Buildings             | 98,000    |
| Accumulated depreciation–buildings | 28,000 |
| Land                  | 115,000   |
Wages Payable | 880
---|---
Property taxes payable | 1,400
Interest payable | 2,200
Unearned rent | 460
Notes payable | 150,000
McTangy Spices, Capital Stock | 40,340
McTangy Spices, Dividends | 21,000
Rent earned | 57,500
Wages expense | 25,000
Utilities expense | 1,900
Property taxes expense | 2,400
Insurance expense | 800
Office supplies expense | 250
Depreciation expense–office equipment | 400
Depreciation expense–buildings | 5,570
Interest expense | 3,000
Totals | $281,880

Required:

Use a spreadsheet to prepare the:

a) Income Statement
b) Balance Sheet

Each assignment must include a title page and reference page. Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

Module 3
Readings
- Read and view materials presented in the module: Accrual Based Accounting.

Opening Exercise (0 points)
Discussion (25 points)
Live Classroom (0 points)
Mastery Exercise (10 points)

Critical Thinking (60 points)

Choose one of the following two assignment options to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

Option #1: Preparing Adjusting Entries in a Worksheet

Following is the unadjusted trial balance of Baltimore Rentals Corporation at the end of its first year of operations, December 31, 20X5:

<table>
<thead>
<tr>
<th>Account</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>3,300</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>4,000</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Truck</td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td>Acc. dep. – truck</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Unearned rent revenue</td>
<td>2,400</td>
<td></td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Capital Stock</td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>1,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Rent earned</td>
<td></td>
<td>16,000</td>
</tr>
<tr>
<td>Commissions expense</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense-truck</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Supplies expense</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Salaries expense</td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td>Telephone expense</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Rent expense</td>
<td>5,600</td>
<td></td>
</tr>
</tbody>
</table>

30,400  30,400

The following additional information is available:
a. A physical count indicates that $300 of supplies is still on hand at December 31.
b. The truck was purchased on July 1; it has an estimated useful life of 4 years.
c. One day of salaries for December 31 is unpaid; the unpaid amount of $200 will be included in the first Friday payment in January.
d. The balance in the Unearned Rent Revenue account represents six months’ rental of warehouse space, effective October 1.
e. A $100 bill for December telephone charges has not yet been recorded.
f. Income taxes expense for the year is $300. This amount will be paid in the next fiscal year.

**Required:**

1. Prepare all necessary adjusting entries at December 31, 20x5, including general ledger account numbers. Descriptions are not needed.
2. Using a worksheet template, prepare an adjusted trial balance at December 31, 20x5.
3. Using a worksheet template, prepare an income statement, statement of retained earnings, and a balance sheet.
4. Prepare closing entries including descriptions.

Each assignment must include a title page and reference page. Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

**Option #2: Preparing Adjusting Entries, Closing Entries, and a Post-Closing Trial Balance**

Complete Part 1 and Part 2.

**Part 1**

Shown below is Virginia Travel's adjusted trial balance as of the end of its annual accounting period:

<table>
<thead>
<tr>
<th>Virginia Travel</th>
<th>Adjusted Trial Balance</th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dr.</td>
<td>Cr.</td>
</tr>
<tr>
<td>Cash</td>
<td>$ 25,000</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Office equipment</td>
<td>29,600</td>
<td></td>
</tr>
<tr>
<td>Accumulated depreciation—Office equipment</td>
<td>$5,000</td>
<td></td>
</tr>
<tr>
<td>Notes payable</td>
<td>16,700</td>
<td></td>
</tr>
<tr>
<td>Capital stock</td>
<td>30,260</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Fees earned</td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>Salaries expense</td>
<td>32,800</td>
<td></td>
</tr>
</tbody>
</table>
Rent expense & 16,800 \\
Depreciation expense—Office equipment & 3,960 \\
Office supplies expense & 2,800 \\
Totals & $126,960 & $126,960 \\

(a) Prepare the necessary closing entries.  
(b) Using the spreadsheet template provided, prepare a post-closing trial balance.

Each assignment must include a title page and reference page. Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

**Part 2**

Determine if the following transactions for Michigan Corporation require an adjustment. If an adjusting entry is required, give the correct entry. Where applicable, write the original entry first and then the adjusting entry.

1. At the beginning of the month, Michigan agreed to perform services for the next three months for Ford Corporation for $25,000 per month. Ford paid Michigan $75,000 cash in advance. One month has now passed.

2. Michigan pays its employees every two weeks. At the end of the month, Michigan owes its employees $60,000, but will not pay them until the following week.

3. Michigan paid $100,000 cash for rent at the beginning of the month by debiting prepaid rent and crediting cash. The $100,000 covered five months of occupancy, but only one month has passed.

4. At the beginning of the year, Michigan bought supplies from General Motors Company for $6,000 cash per month for twelve months. A physical count at year end revealed supplies worth $8,000 were still left over. Complete the original journal entry followed by the adjusting entry.

Each assignment must include a title page and reference page. Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

**Module 4**

**Readings**
- Read and view materials presented in the module: Applying the Accounting Process to a Merchandising Company.

**Opening Exercise (0 points)**

**Discussion (25 points)**

**Mastery Exercise (10 points)**

**Critical Thinking (60 points)**
Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

**Option #1: Using the Four Inventory Costing Methods Scenario 1**

The following sales and purchases of the same product were made during 20x1 at Yang Corporation. The opening inventory consisted of 50 units at $2 each.

<table>
<thead>
<tr>
<th>Date</th>
<th>Units</th>
<th>$ per unit</th>
<th>Date</th>
<th>Units</th>
<th>Unit $Price</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 15</td>
<td>200</td>
<td>3</td>
<td>April 25</td>
<td>250*</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>June 15</td>
<td>600</td>
<td>5</td>
<td>June 30</td>
<td>500**</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

*for specific identification, sold 50 units of opening inventory and 200 units of March 15 purchase

**for specific identification, sold 500 units of June 15 purchase

Requirements:

1. Calculate cost of goods sold and the cost of ending inventory under FIFO, LIFO, specific identification, and weighted average inventory cost flow assumptions. Use the student template #1

2. Prepare calculations comparing the effect on profit of the three inventory cost flow assumptions.

3. The president wants to maximize the company’s net income this year. Write a memo to your immediate supervisor suggesting which inventory method is recommended in accordance with Generally Accepted Accounting Principles (GAAP). Give reasons to support your recommendation.

Your memo should be at least one page and must include the title and reference pages. In addition, your paper must be formatted according to the CSU-Global Guide to Writing & APA. Submit Part 1 in the provided spreadsheet. Submit Parts 2 and 3 in one Word document.

Each assignment must include a title page and reference page. Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

**Option #2: Using the Four Inventory Costing Methods Scenario 2**

a. Microprints Inc. had the following transactions for the month of August 20X1:

Aug. 2 Sold merchandise on account for $25,000; terms 2/10, n/30, FOB shipping point, freight collect.
18 Received payment for the sale of August 2.
20 A total of $1,000 of the merchandise sold on August 2 was returned, and a full refund was made because it was the wrong merchandise.
28 An allowance of $1,300 was granted on the sale from August 2 because some merchandise was damaged; $1,300 cash was returned to the customer.

b. Ashley Company engaged in the following transactions in August 20x1:
Aug. 4  Purchased merchandise on account at a cost of $14,000; terms 2/10, n/30, FOB shipping point, freight collect.
6       Paid freight of $200 on the purchase of August 4.
10      Sold goods for $10,000; terms 2/10, n/30.
12      Returned to the vendor, $2,400 worth of the merchandise purchased on August 4.
14      Paid the amount due on the purchase of August 4.

Requirements:
1. Prepare journal entries for both Microprints and Ashley transactions assuming:
   i) Periodic system.
   ii) Perpetual system.
2. Your client has asked for advice on whether to use the perpetual or periodic inventory system. Recommend an inventory system giving reasons why it is best for your client.

Your response to Part 2 should be at least one page and must include the title and reference pages. In addition, your paper must be formatted according to the CSU-Global Guide to Writing & APA.

Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

Module 5

Readings
- Read and view materials presented in the module: Internal Controls, Cash, and Receivables.

Opening Exercise (0 points)
Discussion (25 points)
Live Classroom (0 points)
Mastery Exercise (10 points)
Critical Thinking (60 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

Option #1: Conducting a Bank Reconciliation

The following information is available to reconcile a company's book balance of cash with its bank statement’s cash balance as of June 30. The June 30 cash balance according to the accounting records is $8,542, and the bank statement cash balance for that date is $8,047.

a. The bank erroneously cleared a $95 check against the account in June that was not issued by the company. The check documentation included with the bank statement indicated the check was issued by another company.
b. On June 30, the bank issued a credit memorandum for $5 interest earned on the company’s account.
c. When the June checks were compared with entries in the accounting records, it was found that Check No. 1727 had been correctly drawn for $450 to pay for advertising. However, it was erroneously entered in the accounting records as $540.
d. A credit memorandum indicated that the bank collected $900 cash on a note receivable for the company, deducted a $30 collection fee, and credited the balance to the company’s Cash account. The company did not record this transaction before receiving the statement.  
e. A debit memorandum of $895 was enclosed with the bank statement for an NSF check for $870 received from a customer. The bank assessed a $25 fee for processing it.  
f. June 30 daily cash receipts of $6,325 were placed in the bank’s night depository on that date, but did not appear on the June 30 bank statement.  
g. June 30 cash disbursements journal indicated that Check No. 1737 for $830 and Check No. 1740 for $280 were both written and entered in the accounting records, but were not among the canceled checks.  
h. A debit memorandum for $85.00 indicated the bank deducted the annual lock box fee for the company.

Instructions

a) Prepare the bank reconciliation for this company as of June 30.
b) Prepare the related journal entries.

Each assignment must include a title page and reference page. Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

Option #2: Journalizing Transactions

The following was taken from the records of Smith Company in the year ending December 31, 20X7. Journalize the following transactions in an Excel spreadsheet for year-end 20X7 using the aging method. Assume that the allowance for doubtful accounts has a beginning credit balance of $8,000 on January 1, 20X7. The assignment template is provided in the course.

Label the transactions below as journal entries #1 to #4, along with the dates of the entries:

1. February 20, 20x7: Wrote off Jones account: $250.  
2. May 20, 20x7: Received $410 as partial payment on the $700 account receivable due from Garcia.  
3. August 10, 20x7: Received $725 from Jones on the account written off on February 20, 20x7.  
4. September 15: Wrote off the individual account receivables for the following customers as payment not expected in future: Tang: $400; Mulaka: $210; Quan: $375.

December 31, 20x7: Smith Company prepared the following aging schedule for its accounts receivables:

- $120,000 of Accounts Receivable (A/R) are 0-30 days late: 3% probability of being uncollectible.  
- $30,000 of A/R are 31-60 days late: 10% probability of being uncollectible.  
- $14,000 of A/R are 61-90 days late: 20% probability of being uncollectible.  
- $1,000 of A/R are later than 90 days late: 50% probability of being uncollectible.

Instructions:

Using the Excel spreadsheet template provided for this assignment, submit the following items:

1. The four journal entries (1 to 4 above) with a one-sentence description for each  
2. The T-account for the allowance for doubtful accounts  
3. The journal entry to record bad debt expense
4. The balance sheet presentation of net realizable value, including gross accounts receivables of $29,500

Each assignment must include a title page and reference page. Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

Module 6

Readings

• Read and view materials presented in the module: Accounting for Long-Term Assets.

Opening Exercise (0 points)

Discussion (25 points)

Mastery Exercise (10 points)

Critical Thinking (70 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

Option #1: Computing and Recording Depreciation

On June 1, a machine costing $660,000 with a five-year life and an estimated $50,000 salvage value was purchased. It was also estimated that the machine would produce 200,000 units during its life. The actual units produced during its third year of operation were 40,000.

1. Using the depreciation template provided, determine the amount of depreciation expense for the third year under each of the following assumptions:
   a. The company uses the straight-line method of depreciation.
   b. The company uses the units-of-production method of depreciation.
   c. The company uses the double-declining-balance method of depreciation.

2. Assuming straight line depreciation, prepare journal entry for the third year.

3. Assume the company sold the machine at the end of the fourth year for $100,000. Prepare a journal entry for asset disposal in the fourth year.

4. Assume you are the chief accountant of ABC Inc., a sheetrock manufacturer. Determine how you will choose, based on best industry practices, the depreciation method for ABC Inc. to use.

Your response to Part 4 should be at least one page and must include title and reference pages. In addition, your paper must be formatted according to the CSU-Global Guide to Writing & APA. Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

Option #2: Accounting for Intangible Assets and Natural Resources

Part I
a. Assume you are the chief accountant of Exxon Mobil. Describe to the Board of Directors the accounting for natural resources, including their acquisition, and cost allocation (depletion). Use a real-world example to explain your answers.

b. Assume you are the chief accountant of Microsoft Corporation. Describe to the Board of Directors the accounting for intangible assets, including their acquisition and cost allocation (amortization). Use an example in your explanations.

c. On June 1, ABC Inc. purchased a patent for $75,000 with a useful life of 10 years. Prepare the journal entry to amortize the patent at the end of the first year assuming ABC Inc. follows a calendar year.

d. On January 4, ABC Inc. purchased a music distributor's collection of lyrics and songs for $425,000. The copyrights are expected to last another 10 years. Prepare the journal entry to amortize the copyright at the end of the first year.

Additional requirements

Your responses to the questions (a) and (b) above as well as your analysis should be at least one page and must include the title and reference pages. Your paper must be formatted according to the CSU-Global Guide to Writing & APA. Review the grading rubric to understand how you will be graded on this assignment. Reach out to your instructor if you have questions about the assignment.

Part II

For each item listed below, enter a code letter in the blank space to indicate the usage allocation terminology for the item. Use the following codes for your answer:

A—Amortization     P—Depletion
D—Depreciation     N—None of these

____ 1. Goodwill     ____ 7. Timberlands
____ 2. Land         ____ 8. Franchises (indefinite life)
____ 4. Patents       ____ 10. Land Improvements
____ 5. Copyrights    ____ 11. Oil Deposits
____ 6. Research and development costs ____ 12. Equipment

Module 7

Readings

• Read and view materials presented in the module: Accounting for Liabilities.

Opening Exercise (0 points)
Module 8

Readings

- Read and view materials presented in the module: Accounting for Stockholders’ Equity.

Opening Exercise (0 points)

Discussion (25 points)

Mastery Exercise (10 points)

Portfolio Project (350 points)

Choose one of the following two Portfolio Project options to complete by the end of Week 8. Do not do both assignments. Identify your assignment choice in the title of your submission. When you are ready to submit, click the Week 8 Portfolio Project header on the Assignments page to upload the document.

In the narrative questions, your paper should be two to three pages in length total and conform to CSU-Global Guide to Writing & APA. Include scholarly references as needed in addition to the course textbook to support your views. The CSU-Global Library is a good place to find these references.

Option #1: The Accounting Cycle and Stockholders’ Equity Analysis

Portfolio Project Option #1 is for accounting students who are sensing learners and learn best from concrete materials and examples. If this is your learning style preference, you are practical and careful with detail. For this assignment, you are required to complete Part 1, Part 2, and Part 3. You will present Parts 1 and 2 in Excel, and Part 3 of the Portfolio Project in a Word document, following the exact instructions that accompany each part.

Use the assignment templates are attached below.

Part 1:

Daniel Morgan opens a management consulting business called Arizona Consultants Inc. and completes the following transactions in March:

- **March 1:** As a sole shareholder, Morgan invested $150,000 cash along with $22,000 of office equipment in the company.
- **March 2:** Arizona Consultants Inc. pre-paid $6,000 cash or six months’ rent for their office.
- **March 3:** Arizona Consultants Inc. made credit purchases for office equipment for $3,000 and office supplies for $1,200. Payment is due within 10 days.
March 6: Arizona Consultants Inc. completed services for a client and immediately received $4,000 cash.

March 9: Arizona Consultants Inc. completed a $7,500 project for a client who must pay within 30 days.

March 12: Arizona Consultants Inc. paid $4,200 cash to settle the account payable created on March 3.

March 19: Arizona Consultants Inc. paid a $5,000 cash premium on a 12-month insurance policy.

March 22: Arizona Consultants Inc. received $3,500 cash as a partial payment for the work completed on March 9.

March 25: Arizona Consultants Inc. completed work for another client for $3,820 on credit.

March 29: Morgan paid himself a dividend of $5,100 cash.

March 30: Arizona Consultants Inc. purchased $600 of additional office supplies on credit.

March 31: Arizona Consultants Inc. paid $500 cash for this month’s utility bill.

Instructions:

Using the chart of accounts and template provided in the course, prepare journal entries for the above economic transactions. Include the effect that each transaction has on the accounting equation. Enter your journals to the general ledger using the same file name.

Chart of accounts: cash, office equipment, capital stock, prepaid rent, prepaid insurance, office supplies, accounts payable, consulting revenue, accounts receivable, dividend, utility expense.

Part 2:

The following unadjusted trial balance is for Montana Construction Company as of year-end for the December 31, 20x7 fiscal year. The December 31, 20x6 credit balance of the stockholders’ equity account is $46,900, and the stockholders invested $40,000 cash in the company during 20x7.

<table>
<thead>
<tr>
<th>NO.</th>
<th>Account Title</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>Cash</td>
<td>$7,000</td>
<td></td>
</tr>
<tr>
<td>126</td>
<td>Supplies</td>
<td></td>
<td>$16,000</td>
</tr>
<tr>
<td>128</td>
<td>Pre-paid insurance</td>
<td></td>
<td>$12,600</td>
</tr>
<tr>
<td>167</td>
<td>Equipment</td>
<td></td>
<td>$200,000</td>
</tr>
<tr>
<td>168</td>
<td>Accumulated depreciation – equipment</td>
<td></td>
<td>$14,000</td>
</tr>
</tbody>
</table>
201  Accounts payable   $6,800
251  Long-term notes payable   $30,000
301  Shareholders’ equity   $86,900
302  Dividends   $12,000
401  Demolition fees earned   $187,000
623  Wage expense   $41,400
633  Interest expense   $3,300
640  Rent expense   $13,200
683  Property tax expense   $9,700
684  Repairs expense   $4,700
690  Utilities expense   $4,800
TOTALS   $324,700 $324,700

Instructions:

Use the template provided to:

a) Journalize the following adjusting entries as of fiscal year-end December 31, 20x7.

b) Post the adjusting entries to an unadjusted trial balance and prepare the adjusted trial balance.

c) Create financial statements, namely, i) the income statement, ii) statement of stockholders’ equity, and iii) the balance sheet for 20x7.

Adjustments needed:

1. The supplies available at the end of fiscal 20x7 year are at a cost of $7,900.
2. The cost of expired insurance for the fiscal year is $10,600.
3. Annual depreciation on equipment is $7,000; no other depreciation adjustment was made in 20x7.
4. The December utilities expense of $800 is not included in the adjusted trial balance, because the bill arrived after the trial balance was prepared. The $800 amount owed needs to be recorded.
5. The company's employees have earned $2000 in accrued wages for the fiscal year.
6. The rent expense not yet paid or recorded in the fiscal year is $3000.
7. Additional property taxes of $550 have been assessed for the fiscal year, but have not yet been paid or recorded in the accounts.
8. The $300 accrued interest for December has not yet been paid and reported.
Part 3
Assume you are the chief accountant making a presentation during the stockholders’ annual meeting for your corporation. Provide a brief explanation to stockholders on each of the following questions:

Shares
a) In what ways can shares be “preferred”? In which ways are they similar and different from common shares? Give real world examples.
b) How does the book value of shares of stock differ from the market value of shares of stock? Use a real-world example in your answer.

Dividends
c) Discuss at least three main issues a board of directors considers when making a dividend declaration decision?
d) How does a share dividend differ from a share split?

Retained Earnings
e) Explain why companies place restrictions on some of their retained earnings.

Reminder: Your Part 3 paper should be two to three pages in length total and conform to CSU-Global Guide to Writing & APA. Include scholarly references as needed in addition to the course textbook to support your views. The CSU-Global Library is a good place to find these references.

Option #2: The Accounting Cycle and Inventory Analysis
Portfolio Project Option #2 is for accounting students who are intuitive learners by nature. You learn best from abstract materials like theories and concepts, enjoy challenges, and tend to be more innovative. For this assignment, you are required to complete the accounting case for Denver Works Co in Part 1, KPWC Service in Part 2, and Virginia Company in Part 3. Follow the additional instructions provided below.

Part 1:

Denver Works Co, a global marketing company, completed the following transactions during the first month of operations:

April 1: Stockholders invested $80,000 cash along with equipment valued at $26,000 in the company in exchange for 1,000 shares of stock.

April 2: Denver Works pre-paid $9,000 for 12 months’ rent for their office space.

April 3: Denver Works made credit purchases of $8,000 for office equipment and $3,600 for office supplies. Payment is due within 10 days.

April 6: Denver Works completed services for a client and immediately received $4,000 cash.

April 9: Denver Works completed a $6,000 project for a client who must pay within 30 days.

April 13: Denver Works paid $11,600 cash to settle the accounts payable created on April 3.

April 19: Denver Works paid $2,400 cash for the premium on a 12-month insurance policy.
April 22: Denver Works received $4,400 cash as a partial payment for the work completed on April 9.

April 25: Denver Works completed work for another client for $2,890 on credit.

April 28: Denver Works paid a dividend of $5,500 cash to its stockholders.

April 29: Denver Works purchased $600 of additional office supplies on credit.

April 30: Denver Works paid $435 cash for this month’s utility bill.

Instructions:

Prepare journals for the above economic transactions and include the effect that each transaction has on the accounting equation. Use the following assignment template for Denver Works Co.

Part 2

The unadjusted trial balance of KPWC Service is entered on the partial worksheet below.

<table>
<thead>
<tr>
<th>Account</th>
<th>Unadjusted Trial Balance</th>
<th>Adjustments</th>
<th>Adjusted Trial Balance</th>
<th>Income Statement</th>
<th>Balance Sheet and Statement of Stockholders’ Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Debit</td>
<td>Credit</td>
<td>Debit</td>
<td>Credit</td>
<td>Debit</td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>10,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>14,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobiles</td>
<td>160,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accum. Depr. - Autos</td>
<td></td>
<td>45,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>15,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Account</td>
<td>Amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unearned fees</td>
<td>22,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries payable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Stock</td>
<td>55,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>45,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees earned</td>
<td>275,400</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary expense</td>
<td>115,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent expense</td>
<td>30,400</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>_______</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>412,400</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Instructions**

Complete the worksheet using the following information:

(a) Unpaid and unrecorded salaries earned by employees, $5,000.

(b) Unused supplies still on hand is $2,000.

(c) Machinery depreciation, $25,000.

(d) Customers who paid $11,000 in advance have now been provided their services.

(e) Advertising for last quarter of the year in the amount of $4,000 remains unpaid and unrecorded.

(f) The rent expense incurred and not yet paid or recorded at fiscal year-end is $3,000.

**Part 3**

Virginia Company, a battery retailer, began year 20x7 with 23,000 units of product in its January 1 inventory, at a cost of $15 for each unit. It made successive purchases of its product in year 20x7, as follows. The company uses
a periodic inventory system. On December 31, 20x7, a physical count reveals that 40,000 units of its product remain in inventory.

<table>
<thead>
<tr>
<th>Date</th>
<th>Quantity</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 7</td>
<td>30,000 units</td>
<td>@ $18 each</td>
</tr>
<tr>
<td>May 25</td>
<td>39,000 units</td>
<td>@ $20 each</td>
</tr>
<tr>
<td>Aug. 1</td>
<td>23,000 units</td>
<td>@ $25 each</td>
</tr>
<tr>
<td>Nov. 10</td>
<td>35,000 units</td>
<td>@ $26 each</td>
</tr>
</tbody>
</table>

**Instructions**

1. Compute the number and total cost of the units available for sale in year 20x7.
2. Compute the amounts assigned to the 20x7 ending inventory, and the cost of goods sold for FIFO, LIFO, and weighted average.
3. The 110,000 units sold are $35 each. Prepare comparative income statements for the three inventory costing methods of FIFO, LIFO, and weighted average, which include a detailed cost of goods sold section as part of each statement. (Round your average cost per unit to 2 decimal places.)
4. As the chief accountant of Virginia Company, provide recommendations, giving all reasons based on your research on retail industry inventory best practices, management on:
   a) Which inventory method (FIFO, LIFO, average cost, or specific identification) you should use.
   b) Whether it is good idea to keep using the periodic system as opposed to the perpetual inventory system.

Reminder: Your Part 3 paper should be two to three pages in length total and conform to CSU-Global Guide to Writing & APA. Include scholarly references as needed in addition to the course textbook to support your views. The CSU-Global Library is a good place to find these references.
### Course Grading

<table>
<thead>
<tr>
<th>Grading Scale</th>
<th>Percentage Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>95.0 – 100</td>
</tr>
<tr>
<td>A-</td>
<td>90.0 – 94.9</td>
</tr>
<tr>
<td>B+</td>
<td>86.7 – 89.9</td>
</tr>
<tr>
<td>B</td>
<td>83.3 – 86.6</td>
</tr>
<tr>
<td>B-</td>
<td>80.0 – 83.2</td>
</tr>
<tr>
<td>C+</td>
<td>75.0 – 79.9</td>
</tr>
<tr>
<td>C</td>
<td>70.0 – 74.9</td>
</tr>
<tr>
<td>D</td>
<td>60.0 – 69.9</td>
</tr>
<tr>
<td>F</td>
<td>59.9 or below</td>
</tr>
</tbody>
</table>

*Course Grading*

- 20% Discussion Participation
- 0% Opening Exercises
- 0% Live Classroom
- 8% Mastery Exercises
- 37% Critical Thinking Assignments
- 35% Final Portfolio Project
IN-CLASSROOM POLICIES

For information on late work and incomplete grade policies, please refer to our In-Classroom Student Policies and Guidelines or the Academic Catalog for comprehensive documentation of CSU-Global institutional policies.

Academic Integrity
Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, fabrication, facilitating academic dishonesty, plagiarism, reusing /re-purposing your own work (see CSU-Global Guide to Writing & APA for percentage of repurposed work that can be used in an assignment), unauthorized possession of academic materials, and unauthorized collaboration. The CSU-Global Library provides information on how students can avoid plagiarism by understanding what it is and how to use the Library and Internet resources.

Citing Sources with APA Style
All students are expected to follow the CSU-Global Guide to Writing & APA when citing in APA (based on the APA Style Manual, 6th edition) for all assignments. For details on CSU-Global APA style, please review the APA resources within the CSU-Global Library under the “APA Guide & Resources” link. A link to this document should also be provided within most assignment descriptions in your course.

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Maintain an environment free of harassment, stalking, threats, abuse, insults or humiliation toward the instructor and classmates. This includes, but is not limited to, demeaning written or oral comments of an ethnic, religious, age, disability, sexist (or sexual orientation), or racist nature; and the unwanted sexual advances or intimidations by email, or on discussion boards and other postings within or connected to the online classroom. If you have concerns about something that has been said, please let your instructor know.