

**Seattle Central Community College**  
**Credit by Examination**

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**Course Title: FINANCIAL ACCOUNTING FUNDAMENTALS I**

**Course Number: ACC 210**

**Credits: 5**

**Instructor: Michael O'Neill (206) 344-4336**

**Prerequisite(s): Accounting 110 or Sophomore standing.**

**Course Description:**

Basic accounting concepts, principles and procedures for recording business transactions and developing financial accounting reports.

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**OBJECTIVES**

This document describes the process by which students can gain credit for the Seattle Central Community College course entitled ACC 210 Fundamentals of Accounting I, the first course in the Accounting sequence. It is assumed that a student taking the credit by examination program may have taken a similar course at another college, or has learned the appropriate concepts in a job setting. The purpose of this document is to outline the process by which a student can prove their level of understanding of basic accounting concepts, so as to move directly to more advanced Accounting courses (such as ACC 220 and ACC 230) or to fulfill academic requirements pursuant to a degree or certificate. Upon successful completion, the student will receive five credits for ACC 210, and a grade based on the quality of work submitted.

**PROCESS BY WHICH THE CREDIT BY EXAMINATION WILL OPERATE**

Accomplishment of ACC 210 Credit by Examination requires completion of the five outcomes listed below:

**OUTCOME TITLE**

- I. Interview/Self Evaluation**
- II. Accounts/Account Relationships**
- III. Accounting Cycle Practice Set**
- IV. Merchandising Income Statement**
- V. Accounting Theory: Short Essay**

**HOW COMPLETED**

- Student only, or with Instructor**
- Closed Book Examination**
- Student Take Home**
- Student Take Home**
- Student Take Home**

**The process by which the credit by examination will operate is as follows:**

1. As a starting point, the student answers the questions contained in the Interview/Self-Evaluation Form (**OUTCOME I**). This outcome can be completed solely by the student or can take the form of a live or phone interview with the instructor. At this time the instructor may review the required steps with the student for completing Credit by Examination and facilitate the student's responses to the form. The student's responses to the Interview/Self-Evaluation Form will help the instructor determine the adequacy of the student's preparation and the suitability of proceeding with Credit by Examination.
2. Upon mutual agreement to proceed with Credit by Examination, the student completes the registration process.
3. The closed-book supervised portion of the examination may take place at this time (**OUTCOME II**) or may be scheduled with the instructor (or appropriate proctor, per established procedures) for a later time. The closed book examination will consist of approximately 50 questions, and will take no more than 90 minutes to complete. Upon student completion, this exam will be returned to the instructor for grading.
4. The handouts to be completed for **OUTCOMES III, IV, and V** are then released to the student, who will complete them on a timely basis (within two weeks or specified time, by mutual agreement). These documents include a small practice set consisting of 12-15 transactions with which the student will demonstrate the accounting cycle (**OUTCOME III**), an incorrectly formatted merchandising income statement that the student will recast (**OUTCOME IV**), and a set of short essay questions to be answered on the topic of accounting theory (**OUTCOME V**). These handout documents can be picked up by the student, or conveyed to the student by conventional mail or E-mail.
5. When the take-home items are complete, and received by the instructor, the student will schedule a short appointment with the instructor. This can be in person or by telephone. At that appointment the student and instructor will review the Interview/Self-Evaluation Form (**OUTCOME I**) and the completed handouts for **OUTCOMES III, IV, and V**. These, together with the instructor's graded answers for **OUTCOME II** will provide ample subject matter for a lively discussion about accounting and sufficient evidence for awarding a grade for ACC 210.
6. At the conclusion of this appointment, the instructor will indicate the grade the student has achieved and will report the grade to Seattle Central according to appropriate procedures.

The various learning outcomes for ACC 210 are detailed below, along with appropriate performance indicators for each outcome. The student desiring to achieve Credit by Examination should evaluate his/her educational background and experience based on these outcomes and indicators. ACC 210 is offered by Seattle Central on a regular basis, both as a regular course (day and night sections) and as a correspondence course. In the event that a student's current educational background does not correspond adequately, these other options should be explored.

### **TEXTBOOK**

Accounting Principals, Fourth Edition, John Wiley & Sons: Weygandt, Kieso & Kell, 1996

### **OUTCOMES AND PERFORMANCE INDICATORS**

**OUTCOME I: Student's self evaluation** of preparation for further study of accounting.

**PERFORMANCE INDICATORS FOR OUTCOME I:** The student, (or instructor and student together) prepare a short written document, indicating the nature of the student's education and/or training in accounting, with an assessment of any perceived strengths or weaknesses in the subject. Questions by either student or faculty member will be addressed, along with an agreement as to how the Credit by Examination will proceed. Suggested questions are listed on the Interview Self-Evaluation Form.

#### **OUTCOME II: Account Placement and Account Relationships**

The student demonstrates the ability to correctly categorize accounts as to whether they are assets, liabilities, or owner's equity accounts; as to whether such accounts would be reported on the income statement, balance sheet, or owner's equity statement; and as to how increases and decreases in such accounts are recorded (debits and credits). Accounts chosen will be those appropriate to a proprietorship engaged in either a service business or a merchandising business. With respect to merchandising, the student may demonstrate their ability assuming either a periodic or perpetual inventory system

**PERFORMANCE INDICATORS FOR OUTCOME II:** For this outcome the student will be given a closed-book, supervised examination consisting of approximately 50 questions, with a time allotment of 90 minutes. The examination can be taken on campus, or elsewhere, using established proctoring procedures.

**The following types of questions will be asked on the examination:**

1. **Classify each of the following accounts** as to whether it is an Asset, a Liability, or Owner's Equity account (Use the codes A=Asset, L=Liability OE=Owner's Equity):

- a) \_\_\_\_\_ Cash
- b) \_\_\_\_\_ Accounts Payable
- c) \_\_\_\_\_ Fees Earned
- d) \_\_\_\_\_ Depreciation Expense
- e) \_\_\_\_\_ Income Summary

2. **Indicate the financial statement** on which each of the following items would be reported. (Use the codes: IS=Income Statement BS=Balance Sheet OE=Owner's Equity Statement.)

- a) \_\_\_\_\_ Sales
- b) \_\_\_\_\_ Unearned Revenue
- c) \_\_\_\_\_ Merchandise Inventory
- d) \_\_\_\_\_ Accumulated Depreciation
- e) \_\_\_\_\_ Johnson, Drawings

3. **For each of the following transactions, indicate the account(s) to be debited and credited.** Additionally, indicate the effect of the transaction on Total Assets, Total Liabilities, and Total Owner's Equity. You may make up appropriate account titles where necessary.

- a) Johnson started a business called Johnson Company with an investment of personal funds in the amount of \$25,000.

Account	Amount	Total Assets	Total Liab.	Total OE
Dr.				
Cr.				

- b) Johnson Company provided \$4,000 of consulting services to a customer on account.

Account	Amount	Total Assets	Total Liab.	Total OE
Dr.				
Cr.				

- c) On January 1, a one-year insurance policy was purchased for \$2400. Today is January 31 and an adjustment must be made to record the insurance used for the month.

Account	Amount	Total Assets	Total Liab.	Total OE
Dr.				
Cr.				

**OUTCOME III: Demonstration of A Complete Accounting Cycle.**

The student demonstrates the major elements of the accounting cycle, including analysis of transactions, journalizing, posting, adjustments, financial statements, and closing.

**PERFORMANCE INDICATORS FOR OUTCOME III:** A list of 8-10 transactions will be given. The student analyzes, journalizes, posts, etc. and completes the accounting cycle, including financial statements (Income Statement, Owner's Equity Statement, and Balance Sheet only). This portion of the credit by examination process may be done on an open-book basis; usage of a computer is encouraged but not mandatory. All details (dates, headings, dollar signs) should be properly formatted, according to normal accounting rules. This outcome should be returned to the instructor within two weeks.

**OUTCOME IV: Merchandising Income Statement**

Demonstration of proper formatting and understanding of information conveyed in a multi-step merchandising income statement.

**PERFORMANCE INDICATORS FOR OUTCOME IV:** The student will be given a merchandising income statement that has various errors in formatting. The student will correct the formatting and discuss the implications of the information conveyed by the income statement, such as: Is the company profitable? In what ways could they improve profitability? This outcome should be returned to the instructor within two weeks.

**OUTCOME V: Accounting Theory**

Demonstration of understanding of basic accounting theories.

**PERFORMANCE INDICATORS FOR OUTCOME V:** The student will answer a series of 5-7 short essay questions on the subject of basic accounting theory. The topics for these questions will be chosen from the following:

1. Comparison of accrual accounting versus cash basis accounting.
2. Definition of various accounting assumptions, principles and exceptions, such as the cost principle, revenue recognition, the matching principle, materiality, the monetary unit assumption.

3. The nature of adjustments and why they are necessary. How are adjustments made for insurance, supplies, unearned revenues, interest revenue or expense, depreciation, salaries expense? How do these adjustments affect the financial statements?
4. What issues are involved in managing and accounting for Cash? Explain the customary methods of internal control of cash receipts and payments.
5. What issues are involved in managing Accounts Receivable? How are accounts written off, according to Generally Accepted Accounting Principles?
6. What issues are involved in managing and accounting for Inventories? What are inventory flow assumptions and how do they apply?

This outcome should be returned to the instructor within two weeks.

After the documents for OUTCOMES I through V have been reviewed by the instructor, student and instructor will meet for an appointment or discuss the outcomes by telephone. The instructor may ask further questions about the work submitted or entertain questions from the student regarding ACC 210 content or related matters. The instructor will notify the student of the grade earned for the Credit by Examination prior to submission to the Registrar's office.