

W e l c o m e to the exciting world of Accounting



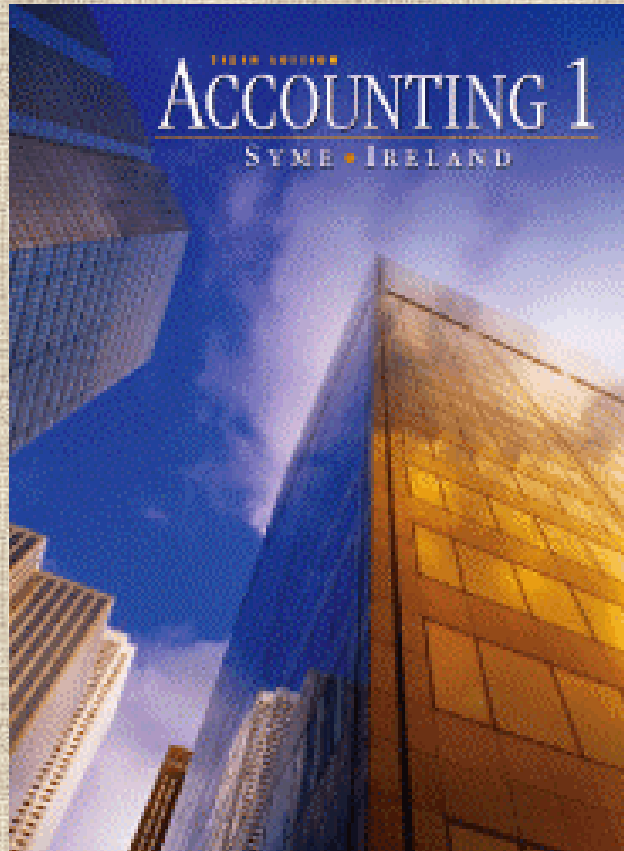
Introduction to Financial Accounting

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The Accounting Textbook



<http://www.pearsoned.ca/accounting1/>

Chapter 1

Accounting and Business



Accounting and Business

- **1.1 What is Accounting?**
- **1.2 Why Study Accounting?**
- **1.3 Characteristics of Business**
- **1.4 The Nature of Accounting**
- **1.5 Becoming a Professional Accountant**
- **1.6 Roles in Accounting**
- **1.7 How Accountants Use Computers**



Defined by Activities:

1. gathering financial information
2. preparing and collecting permanent records
3. rearranging, summarizing, and classifying
4. preparing information reports and summaries
5. establishing controls to promote accuracy and honesty

Defined by Questions:

1. Is the company making money? *investors*
2. How much do we owe XYZ Company? *owner*
3. Can we finance a business expansion? *owner*
4. Should we lend money to your company? *banker*
5. Is the business paying fair taxes? *government*



Accounting Defined:

Accounting is the **art** and **science** of **recording**, **classifying**, **summarizing**, and **interpreting** financial information. It also involves the **implementation** of that data. (Minnesma, 1978)

Activity: “Taking Care of Business”



Knowledge of accounting is useful for:

1. Accounting helps get business jobs
2. Accounting is helpful for daily life: personal finance, tax returns, bank accounts, mortgage, investments
3. Accounting is helpful when owning you own business
4. Accounting is a great profession.
5. Accounting helps you understand the complexities of the business world



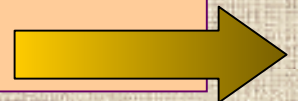
Types of Businesses:

def: A business is a commercial venture engaged in the production and/or sale of goods/services for profit

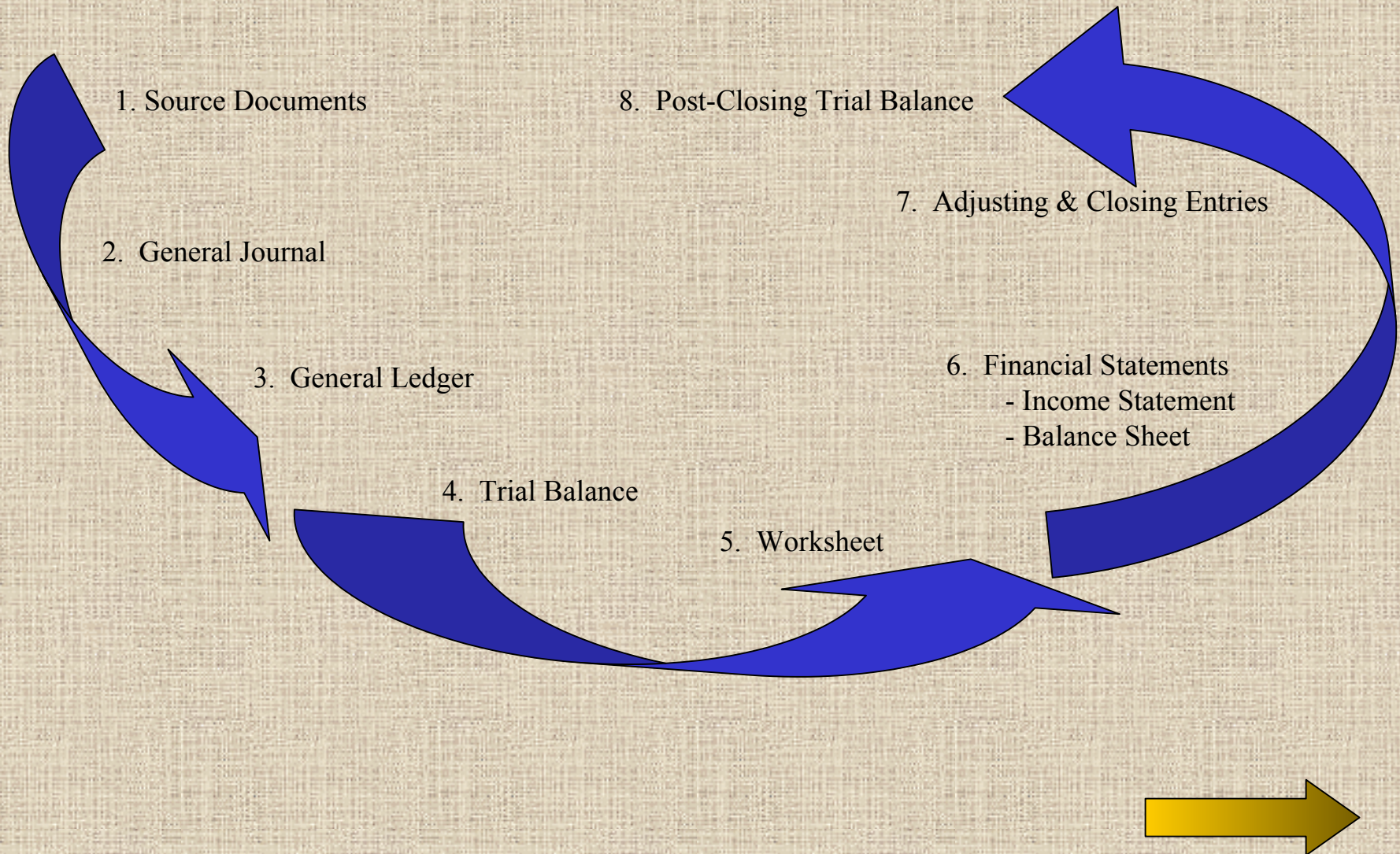
1. Merchandising Businesses
2. Service Businesses
3. Manufacturing Businesses
4. Non-Profit Businesses

Forms of Businesses Ownership:

1. Sole Proprietorship
2. Partnership
3. Corporation



The Accounting Cycle:



Professional Accounting Designations:

1. Certified General Accountants (CGA)
2. Certified Management Accountants (CMA)
3. Chartered Accountants (CA)

Activity: Determine what it takes to become a professional accountant



Bookkeeping vs Accounting

- ***recording & classifying***

- *record day-to-day financial transactions*
- *balance the books*
- *do the payroll*
- *do the banking*

- ***summarizing, interpreting, and implementation***

- *determine accounting systems*
- *ensuring Generally Accepted Accounting Principles are followed*
- *prepare Financial Statements*
- *interpret data and make decisions*
- *supervise employees and systems*



Accounting and Computers:

1. Specific skills:

- a. Spreadsheets: Excel, Quattro
- b. Accounting Software: Simply Accounting, AccPac, QuickBooks
- c. Windows (application & management)

2. General skills:

- a. Analytical skills
- b. Problem-solving skills
- c. Communication skills



Chapter Objectives

Now that you have completed Chapter 1, you should:

- have a broad understanding of the **objectives** of accounting;
- know the **four** main kinds of businesses and the **three** forms of business organization;
- know the **benefits** to be gained by having a background in accounting;
- know what is meant by **professional** accountant and **public** accountant;
- know the type of work performed by an **accounting department**;
- understand what is meant by the **accounting cycle**;
- know the different ways that you can **become** an accountant;
- know the names of the **three** national professional accounting organizations;
- understand the value of computer **skills** to an accountant.



Activities and Assignments

- ***Know the 16 **Accounting Terms**;***
- ***Answer the 20 **Review Questions** in your notebook;***
- ***Complete the exercises 1-3 from **Using Your Knowledge** in your workbook;***
- ***Conduct a brief **Interview** as instructed in exercise 4.***

