

Catholic District School Board Writing Partnership

Business Studies

Course Profile

Principles of Financial Accounting

Grade 12

University/College Preparation

BAT4M

- *for teachers by teachers*

This sample course of study was prepared for teachers to use in meeting local classroom needs, as appropriate. This is not a mandated approach to the teaching of the course. It may be used in its entirety, in part, or adapted.

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Acknowledgments

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Course Overview

Principles of Financial Accounting, BAT4M, Grade 12, University/College Preparation

Policy Document: *The Ontario Curriculum, Grades 11 and 12, Business Studies, 2000.*

Prerequisite: Introduction to Financial Accounting, Grade 11, University/College Preparation

Course Description

This course emphasizes the study of accounting principles related to financial statements. Students will learn about ways in which information in these statements is used in making business decisions, and about the effects of using different methods of inventory valuation and adjusting and reversing entries on financial statements. Students will also study the various ways of financing a business and ways in which the strength of a corporation can be determined through the reading of its annual report.

How This Course Supports the Ontario Catholic School Graduate Expectations

The study of business practices at the secondary school level provides students with opportunities to examine the factors necessary for achieving success in both the corporate and not-for-profit worlds. Given that the business theories and skills are presented within a Catholic context, a substantial emphasis should be placed on procedures and decision making that reflects spiritual values. Students taking BAT4M will likely enter the workforce following college or university; it is the responsibility of business educators in Catholic schools to provide these students with a desire and foundation for becoming valued contributors within the community. As the Ontario Catholic School Graduate Expectations state: “students should strive to become responsible citizens that take initiative and demonstrate Christian leadership.” Accounting and financial statement analysis assist companies in making effective decisions regarding business operations and profit. These practices should parallel a discussion of the moral and social responsibilities of Catholic witnesses. For each unit and activity in the Course Profile, Ontario Catholic School Graduate Expectations have been selected to act as guiding principles for course delivery. These expectations are the foundation for sharing the message that success in the world of business can be measured by more than just profit.

Course Notes

This course prepares students for further study in business at the college or university level.

In Unit 1, interest and motivation are developed through the use of community partners (guest speakers) from the three accounting designations. This unit reviews student knowledge from the Grade 11 prerequisite course and emphasizes both manual and computerized accounting systems.

In Unit 2, students perform an in-depth study of the accounting for short-term assets, capital assets, and inventory control.

In Unit 3, students are introduced to various methods of financing a business (e.g., partnerships, private and public corporations, bonds, and debt financing). Venture capital funding and federal Crown Corporation funding, which exist to finance upstart and fledgling small business enterprises, are discussed.

In Unit 4, students perform an in-depth study and evaluation of annual reports for prominent Canadian businesses.

In Unit 5, technology is used to study and compare ethical mutual funds. Students analyse scenarios to examine challenges and ethical issues that may arise in the accounting profession.

Overall experience and practical accounting knowledge can be enhanced by class participation in school and community activities, such as accounting for theatrical productions, Junior Achievement programs, sporting events, school stores, vending machines, and other related financial endeavours.

In setting up classroom expectations, the teacher should consider using conflict-resolution strategies and case studies to prepare students for postsecondary studies and the corporate world.

Units: Titles and Times

Unit 1	The Accounting Cycle	20 hours
Unit 2	Advanced Accounting Practices for Assets	30 hours
Unit 3	Financing	20 hours
Unit 4	Financial Analysis/Decision Making and Understanding Annual Reports	18 hours
* Unit 5	Societal and Technological Issues in Accounting	22 hours

* This unit is fully developed in this Course Profile.

Unit Overviews

Unit 1: The Accounting Cycle

Time: 20 hours

Unit Description

Students are introduced to the financial reporting process, including the roles played by financial statements, generally accepted accounting principles, independent audits, and professional judgement. Students describe the information contained in the financial statements of a business and prepare simple financial statements for a sole-proprietorship, a partnership, and a corporation. They perform the journalizing process as part of the accounting cycle and indicate the effects of transactions on the elements of an accounting equation. Merchandising activities, accounting systems, internal control, and audits are examined.

Unit Overview Chart

Cluster	Learning Expectations	Assessment Categories	Focus
1	ACV.01, AC1.01 CGE5a, 5b, 5c, 5d, 5f, 5h	Knowledge/Understanding Communication	Discuss the motivation for becoming a professional accountant and the roles and remuneration of successful accountants in public practice and in industry.
2	ACV.01, AC1.01, AC1.04 CGE7b	Knowledge/Understanding Communication Thinking/Inquiry Application	Review GAAPs from BAF3M and discuss their effect on accounting practices.
3	ACV.01, AC1.03 CGE7a, 7b	Knowledge/Understanding Thinking/Inquiry Communication	Discuss the roles of accounting organizations and regulatory agencies (CICA, ICAO, OSC, CGA Association, SMA) and their effect on practices in Canada.

Cluster	Learning Expectations	Assessment Categories	Focus
4	ACV.02, AC2.01, AC2.02, AC2.03 CGE2b	Knowledge/Understanding Application	Review of debit/credit theory and the accounting equation using a service business example.
5	ACV.02, AC2.01 CGE2b, 2c, 2e, 3b	Knowledge/Understanding Thinking/Inquiry Application	Review the journalizing process using manual and computerized systems.
6	ACV.04, AC4.03 CGE2b, 4e, 4f	Knowledge/Understanding Thinking/Inquiry Application	Review the depreciation methods (straight line, declining balance, capital cost allowance [CCA]) and their effect on financial statements.
7	ACV.02, ACV.04, AC2.03, AC4.02 CGE2b, 4e, 4f	Knowledge/Understanding Thinking/Inquiry Application	Review adjusting, closing, and reversing entries for a service business. Use manual and computerized examples.
8	ACV.02, ACV.04, AC2.02, AC4.01 CGE2b, 4e, 4f	Knowledge/Understanding	Review uses and preparation of informal and formal financial statements using manual and computerized systems. Note the advantages of using computerized systems.
9	ACV.04, AC4.01 CGE2b, 4e, 4f, 5g	Knowledge/Understanding Thinking/Inquiry Communication Application	Review the merchandising income statement using both perpetual and periodic inventory systems. Show sample financial statements for a manufacturing company and note the differences.
10	ACV.01, AC1.02 CGE2b, 3b, 3c, 4f	Thinking/Inquiry Communication Application	Analyse the financial statements from the perspective of a credit rating bureau. Explain the impact of good vs. bad credit ratings for businesses and individuals.

Unit 2: Advanced Accounting Practices for Assets

Time: 30 hours

Unit Description

In this unit, students focus on the accounting procedures for short-term assets, with an emphasis on internal control, the nature of accounts receivable and notes receivable, and the accounting principles relating to the acquisition, use, and disposal of capital assets. The elements of depreciation methods used for plant and equipment are studied in depth, as well as the accounting for intangible assets and for natural resources. The different methods of allocating the costs of purchased merchandise between inventory and the cost of goods sold, including the valuation of inventory, are covered, as well as the taking of a physical inventory and the methods for estimating the cost of goods sold.

Unit Overview Chart

Cluster	Learning Expectations	Assessment Categories	Focus
1	APV.01, ACV.03, AP1.01, AC3.02, AC3.03 CGE2b, 3b, 3c, 3d, 7a, 7b	Knowledge/Understanding Thinking/Inquiry Communication Application	Describe cash management and explain the steps in achieving internal control over cash transactions (e.g., voucher system, bank reconciliation statement, petty cash fund).
2	APV.01, ACV.03, AP1.01, AC3.01 CGE2b, 4e	Knowledge/Understanding Thinking/Inquiry Communication Application	Explain accounts receivable, the statement presentation of uncollectible accounts receivable, writing off uncollectible accounts, and recording later recoveries.
3	APV.01, AP1.01 CGE2b, 4e	Knowledge/Understanding Communication	Explain accounting of sales to customers using credit cards and debit cards
4	APV.01, AP1.02 CGE2b, 4e	Knowledge/Understanding Communication	Explain promissory notes.
5	APV.01, AP1.03 CGE2b, 4e	Thinking/Inquiry	Compare capital expenditures and revenue expenditures.
6	APV.02, AP2.01 CGE2b, 7a, 7b, 7h, 7i	Knowledge/Understanding Application	Define plant and equipment and the major categories included – tangible plant assets, intangible assets, and natural resources.
7	APV.02, AP2.01, AP2.02 CGE2b, 3c	Knowledge/Understanding Thinking/Inquiry Communication Application	Examine accounting events and issues relating to plant and equipment (e.g., acquisitions, depreciation, sale or disposal, gain/loss, book value).
8	APV.02, AP2.02 CGE2b, 4e, 4f	Knowledge/Understanding Thinking/Inquiry Communication Application	Examine the process of depreciation, the causes of depreciation, and the three most commonly used methods of computing depreciation (straight-line, fixed-percentage-of-declining-balance, units of production).
9	APV.02, AP2.03 CGE2b, 7a, 7b, 7h, 7i	Knowledge/Understanding Thinking/Inquiry Application	Describe methods of accounting for tangible assets, intangible assets, and natural resources.
10	APV.03, AP3.01, AP3.02 CGE2b, 3c	Knowledge/Understanding Thinking/Inquiry Communication Application	Explain the perpetual inventory system to determine the cost of goods sold using (a) specific identification, (b) average cost, (c) first in, first out (FIFO), (d) last in, first out (LIFO).
11	APV.03, AP3.04 CGE2b, 7a, 7b, 7c	Knowledge/Understanding Application	Explain taking of physical inventory, recording shrinkage losses, and other year-end adjustments to inventory.
12	APV.03, AP3.01, AP3.02, AP3.03 CGE2b, 3c	Knowledge/Understanding Thinking/Inquiry Application	Use the periodic inventory system to determine the ending inventory and the cost of goods sold using (a) average cost, (b) FIFO, (c) LIFO.

Cluster	Learning Expectations	Assessment Categories	Focus
13	APV.03, AP3.04 CGE2b, 3c	Knowledge/Understanding Thinking/Inquiry Application	Explore the effects of an inventory error on the income statement for the current and the following year.
14	APV.03, AP3.01 CGE2a, 3b, 3c, 3d, 7a, 7b	Knowledge/Understanding Thinking/Inquiry Application	Examine factors that management should consider in determining the optimal size of an organization's inventory (e.g., inventory turnover rate, idle inventory, Just-In-Time).
15	APV.03, AP3.05 CGE2b, 2c, 3c	Knowledge/Understanding Application	Discuss the role of technology in the management and control of inventory.

Unit 3: Financing

Time: 20 hours

Unit Description

Students examine the financing of a partnership and a corporation. Both debt and equity financing together with their respective advantages and disadvantages are discussed. The corporate life cycle (partnership, to private corporation, to public corporation) is analysed.

Unit Overview Chart

Cluster	Learning Expectations	Assessment Categories	Focus
1	FIV.01, FI1.03 CGE2a, 2b, 3b, 3c, 3d	Knowledge/ Understanding Communication Application	Using a sample partnership, explain how partners can invest their portion (cash, property, other assets) of the overall investment.
2	FIV.01, FI1.02 CGE2a, 2b, 3b, 3c, 3d, 5e, 7a	Knowledge/ Understanding Communication Application	Using a sample existing partnership, explain how to admit new partners or retire existing partners.
3	FIV.01, FI1.01 CGE2a, 2b, 2c	Knowledge/ Understanding Communication Thinking/ Inquiry	Explain how partnerships can use notes payable to help cover short-term cash needs.
4	FIV.02, FI2.01, FI2.03, FI2.04, FI2.05, FI2.06, FI2.07, ACV.04, AC4.04 CGE2a, 2b, 2c, 3b, 3c, 4e, 4f, 4g	Knowledge/ Understanding Thinking/ Inquiry Communication Application	Using a publicly-traded Canadian corporation as an example: describe the corporate structure of the company, including duties and responsibilities of management, board of directors and shareholders; explain the features of a company's preferred vs. common stock; explain the corporate entity's statement of shareholder's equity; prepare sample retained earnings; explain why a Canadian controlled private corporation (CCPC) has decided to go public, including giving details of the initial public offering (IPO) of the stock and how the stock market reacted to the IPO; demonstrate the impact of declaring and paying both stock dividends and cash dividends; show how the shareholder's equity section changed.

Cluster	Learning Expectations	Assessment Categories	Focus
5	FIV.03, FIV.02, FI3.01, FI3.02, FI2.02 CGE2b, 2c, 3c	Knowledge/ Understanding Thinking/ Inquiry Communication Application	Using an example, demonstrate the effect of debt financing and equity financing on the profitability and liquidity of a company. Outline when debt financing is preferable to equity financing (e.g., long-term debt issue to improve short-term liquidity).
6	FIV.03, FI3.03 CGE2b, 2c, 3b, 3c, 7h	Knowledge/ Understanding Application	Outline specific sources of funding available to Canadian businesses (e.g., venture capital, Federal Business Development Bank, government grants).

Unit 4: Financial Analysis/Decision Making and Understanding Annual Reports

Time: 18 hours

Unit Description

Students explore the annual reports of various Canadian corporations. Students gain insights into the purpose and need of annual reports and how and why annual reports have a specific format. Students have the opportunity to assess strengths and weaknesses of corporations by analysing their financial status using accounting information in decision making.

Unit Overview Chart

Cluster	Learning Expectations	Assessment Categories	Focus
1	ACV.03, AC3.01 CGE2b, 2c, 3b, 3c, 3d, 4e, 4f, 5d, 5e, 5f, 5g, 5h	Knowledge/ Understanding Communication	Explain how a controller can check the work of accounts payable (A/P) and accounts receivable (A/R) clerks.
2	ACV.03, AC3.02 CGE2b, 2c, 3c, 3d, 7e	Knowledge/ Understanding Thinking/Inquiry Communication Application	Give examples of trademarks, copyrights, and goodwill of current international businesses. Analyse the effect of these legal restrictions and how to account for them.
3	ACV.03, AC3.03 CGE2b, 2c, 3b, 3c, 3d, 4e, 4f, 5d, 5e, 5f, 5g, 5h	Communication Application	Based on research from local accountants or accounting firms, describe internal control systems and procedures and analyse their strengths and weaknesses.
4	FAV.02, FA2.01, FA2.02 CGE 2a, 3b, 3c	Knowledge/ Understanding Thinking/Inquiry Communication	Outline how obtaining customer credit reports costs businesses money. List the risks to the business of selling on credit.
5	FAV.02, FA2.03 CGE2b, 2c, 3c	Knowledge/ Understanding Thinking/Inquiry Application	Outline ratio analysis, prepare trend analysis, and prepare common-size financial statements.
6	FAV.02, FA2.02 CGE2a, 3c, 4f, 5d, 5e, 5f, 5h	Knowledge/ Understanding Thinking/Inquiry Communication	Using business managers as guest speakers, outline how they use accounting information for decision making.

Cluster	Learning Expectations	Assessment Categories	Focus
7	FAV.01, FA1.01 CGE2b, 2c	Knowledge/ Understanding Thinking/Inquiry Communication Application	Using annual reports from prominent or local Canadian businesses: (a) describe the purpose of each section;
8	FAV.01, FA1.02 CGE2b, 2c, 3c	Knowledge/ Understanding Thinking/Inquiry Communication Application	(b) compare two annual reports and identify similarities and differences;
9	FAV.01, FA1.03 CGE2b, 2c, 3b, 3c	Knowledge/ Understanding Thinking/Inquiry Communication Application	(c) perform an analysis of two annual reports and outline current and projected strengths of the businesses. Consideration should be given to current Canadian business trends (e.g., Baby Boom and Echo Effect) and the impact on the two businesses.
10	FAV.03, FA3.02 CGE2b, 3c	Knowledge/ Understanding Communication Thinking/Inquiry	Outline the effect of a high inflation rate on an annual report (comparative financials).

Unit 5: Societal and Technological Issues in Accounting

Time: 22 hours

Unit Description

In this unit, students understand and apply the concept of professional judgement and the rules of professional conduct. Scenario analysis is effective in studying potential abuses of accounting data (preparation, interpretation, and opinion), internal control weaknesses, and implications of global competition. Students use current technology to evaluate alternative ethical mutual funds.

Unit Overview Chart

Cluster	Learning Expectations	Assessment Categories	Focus
1	FAV.03, FA3.01 CGE1c, 1d, 3f	Knowledge/ Understanding Thinking/ Inquiry	Examine legal, ethical, and environmental issues and the impact on methods and practices in accounting (e.g., appropriate disclosures, serving the public interest, code of professional ethics, values, corporate social responsibility).
2	FAV.03, ACV.03, FA3.01, AC3.03 CGE1c, 1d, 2c, 3d, 3e, 4a, 4e, 5a, 5e, 5h, 7a, 7j	Knowledge/ Understanding Thinking/ Inquiry Communication Application	Identify the challenges that accountants encounter while acting in a legal and ethical manner. Use various scenarios to assess ethical and environmental issues and their impact on accounting.
3	FAV.03, FA3.03, FA3.04 CGE2e, 3b	Knowledge/ Understanding	Make use of current technology to gather, classify, process, and present financial data and summaries of accounting information.

Cluster	Learning Expectations	Assessment Categories	Focus
4	FAV.03, FA3.01, FA3.02, FA3.03, FA3.04 CGE1c, 3b, 3d, 4f, 4g, 5e, 7b	Thinking/ Inquiry Communication Application	Using websites to access ethical mutual funds, students prepare a computerized summary to compare the investment portfolios for three funds. Discuss whether the investments listed fit the criteria for ethical funds

Teaching/Learning Strategies

Because this is a dual destination course and the range of student learning styles must be addressed, the teacher should use a wide variety of teaching strategies. Strategies fall into three categories: teacher-centred, learner-centred, and self-directed.

i) Teacher-centred Strategies

Teacher-centred strategies are those in which the teacher directs the learning. Teacher-centred strategies have a definite place in this course as students learn to handle a broad range of topics. Teachers may find these strategies useful as ways to model how to set up notebooks or databases, to present complex concepts, or to make the best use of time.

ii) Learner-centred Strategies

Learner-centred strategies, which are activity-based, provide students with opportunities to actively apply what they have learned. The expectation for the use of these teaching strategies is that students develop problem-solving as well as collaborative skills.

iii) Self-directed Strategies

Self-directed strategies may be used to promote independence and self-reliance. The benefits of these strategies are that students learn to take responsibility for and to manage their own learning.

Teacher-centred	Learner-centred	Self-directed
<ul style="list-style-type: none"> • Board work • Teacher-led review • Overhead • Video • Note taking • Mnemonic (trigger recall) • Socratic • Liquid Crystal Display (LCD) panel • Demonstration • Brainstorming • Conferences 	<ul style="list-style-type: none"> • Text referencing • Note making • Collaborative technologies • Demonstration • Audio/visual • Visual organizers • Case studies • Group discussion • Online review activities • Computer work • Field trip • Jigsaw 	<ul style="list-style-type: none"> • Presentations • Workbook • Scenarios • Electronic media research • Computer-assisted learning • Jigsaw • Editing

Assessment & Evaluation of Student Achievement

Teachers should employ assessment strategies frequently in order to communicate the expectations of the course to students, make appropriate adjustments to teaching/learning strategies as required, and accommodate the special needs of students. Student input to the assessment process should be welcomed and valued. Assessment and evaluation are based on the provincial curriculum expectations and the Achievement Chart levels outlined in *The Ontario Curriculum, Grades 11 and 12, Business Studies, 2000*.

Seventy per cent of the grade will be based on formative assessments as well as evaluations conducted throughout the course. Thirty per cent of the grade will be based on a final summative evaluation in the form of an examination, performance task, essay, and/or other methods of evaluation. An example of a culminating activity is an accounting cycle project for a service business, as found in texts, CGA modules, or the computerized equivalents.

Diagnostic Assessment	Formative Assessment	Summative Evaluation
<ul style="list-style-type: none">• Informal observation• Checklists• Quizzes	<ul style="list-style-type: none">• Informal and formal observation• Interviews• Verbal feedback• Written feedback• Graphic organizers• Presentations• Individual and group assignments• Rubrics	<ul style="list-style-type: none">• Assignments• Portfolios• Learning journals• Projects• Quizzes/tests• Rubrics

Accommodations

The teacher should consult individual student IEPs for specific direction on accommodation for individuals.

(Note: *The Electronic Curriculum Planner* and the *Special Education Companion* are excellent resources when developing accommodations for students.)

Reading

- Read questions first.
- Adjust reading requirements.
- Use reading partners.
- Pre-teach concepts/vocabulary.
- Read instructions and highlight notes.
- Provide opportunities for alternate modes of information sharing (e.g., videos, visuals).

Math

- Review daily and check work after each example.
- Relate problems to real life.
- Modify complexity of examples and adjust number of problems.
- Teach and encourage use of diagrams and teach use of calculators.
- Use hands-on manipulatives.
- Provide samples for reference purposes.

Memory

- Teach students to verbalize concepts.
- Check that daily assignments are recorded in visual clues.
- Give demonstrations.
- Teach mnemonics.
- Allow students to tape lessons for more intensive review at a later time.

Oral Language

- Provide non-threatening environments and do not ask students to respond to questions without forewarning.
- Use cooperative learning.
- Work one-to-one.
- Have realistic expectations.
- Provide choices.
- Use electronic medium.
- Permit small groups.

Written Language

- Vary assignments.
- Give explicit instructions.
- Allow more time.
- Provide photocopied notes and allow students to use point-form notes.
- Provide assistance in correcting mechanics.
- Use peer editing and teach the use of spell check for word-processing programs.
- Allow assistive devices as outlined in IEP.
- Provide oral discussion prior to writing.

Attention

- Provide a variety of activities and teaching techniques.
- Give blocks of information and vary the activities frequently.
- Use cooperative learning.
- Ask students to repeat instructions to you.
- Move around room and provide immediate feedback.
- Use visuals.
- Ensure students see an end in sight.
- Seat students in an area of the classroom that minimizes distractions.

ESL

- Pair or group students with proficient English speakers and promote peer tutoring.
- Provide note-making guides.
- Encourage use of first-language English dictionaries for assignments and assessment.
- Pair written instructions with verbal instructions and provide visual and auditory clues.
- Allow extra time for reading or writing assignments.

Enrichment

- Students conduct an independent study, e.g., research the price history of 20 Canadian Stocks and make their “buy recommendations” for the next few months.
- Students participate in: Junior Achievement – Venture Program; Sir Wilfrid Laurier Stock Market Competition; Business Club/School Store, e.g., general manager responsibilities; and mentorship programs

Resources

Units in this Course Profile make reference to the use of specific texts, magazines, films, videos, and websites. The teachers need to consult their board policies regarding use of any copyrighted materials. Before reproducing materials for student use from printed publications, teachers need to ensure that their board has a Cancopy licence and that this licence covers the resources they wish to use. Before screening videos/films with their students, teachers need to ensure that their board/school has obtained the appropriate public performance videocassette licence from an authorized distributor, e.g., Audio Cine Films Inc. Teachers are reminded that much of the material on the Internet is protected by copyright. The copyright is usually owned by the person or organization that created the work. Reproduction of any work or substantial part of any work from the Internet is not allowed without the permission of the owner.

Print

Violence Prevention Education

Kearns, Tim, et al. *Managing Conflict*. Toronto, ON: OSSTF, 1992. ISBN 0-920930-54-9

Accounting Textbooks and Workbooks

Horngren, Harrison, Bamber, et al. *Accounting: Canadian Edition, Volume 1*. Don Mills, ON: Pearson Education Canada, 2002. ISBN 0-13-089693-4

Horngren, Harrison, Bamber, et al. *Accounting: Canadian Edition, Volume 2*. Don Mills, ON: Pearson Education Canada, 2002. ISBN 0-13-089694-2

Kaluza, H. and M. Howard, et al. *Accounting: A Systems Approach*. McGraw-Hill Ryerson, 2002. ISBN 0-07-549679-8

Larson, Jensen, and Carroll. *Fundamental Accounting Principles*. Whitby, ON: McGraw-Hill Ryerson, 2002. ISBN 0-07-088992-9

Meigs, R.F. and W.B. Meigs. *Accounting: The Basis for Business Decisions*. Toronto: McGraw-Hill Ryerson, 1995. ISBN 0-07-552680-8

Purbhoo and Purbhoo. *Using Simply Accounting*. Don Mills, ON: Pearson Education Canada, 2002. ISBN 0-20-171690-9

Slater and Zwicker. *College Accounting*. Don Mills, ON: Pearson Education Canada, 2002. ISBN 0-13-020471-4

Websites

The URLs for the websites were verified by the writers prior to publication. Given the frequency with which these designations change, teachers should always verify the websites prior to assigning them for student use.

Business Associations

Canada/Ontario Business Services – www.cbcs.org/ontario/index.html

Canadian Shareowners’ Association – www.shareowner.ca

Credit Counselling Service of Ontario – www.creditcanada.com

Investor Learning Centre of Canada – www.investorlearning.ca

Junior Achievement of Canada – www.jacan.org

Ontario Ministry of Economic Development and Trade – www.ontario-canada.com/medtt

Guidance and Career Education

Bridges Career Planning Site – www.cx.bridges.com

College related – www.ocas.on.ca

Monster Online Job Classified – www.monster.ca

University related – www.ouac.on.ca

Accounting Associations

Canadian General Accountants – www.cga-canada.org

Canadian Institute of Chartered Accountants – www.cica.ca

Canadian Management Association – www.cma-canada.org

Accounting Corporations

Arthur Andersen – www.arthurandersen.com

BDO Dunwoody – www.bdo.ca

Deloitte and Touche – www.dttus.com

KPMG – www.kpmg.com

Price Waterhouse Coopers – www.pricewaterhousecoopers.com

Business-related Websites

BizSTOP.com: Business Community –

www.bmscentre.com/brc_courses/brccourses/MiniCourses/markstra/mod4/m4_sub3/m4_s1-04a.htm

Canada One: A Canadian Business Forum – www.canadaone.com

Canada's Information Resource Page – www.cs.cmu.edu/Unofficial/Canadiana/

Canada's SchoolNet – www.schoolnet.ca

(share resources, enhance learning, develop information and technology skills, and encourage the use of technology in the classroom)

Corporate Social Responsibility Indicators – www.abellsgroup.com/welcome/welcome.html

Economics for People and The Planet – www.chebucto.ns.ca/Environment/SCN/CommLink/EPP.html

Ethics, Business, and Gospel Infusion – www.smcdsb.edu.on.ca/secondary/business/infusion.html

(ethics and gospel values applied to business curriculum with relevant links to other sites)

Pitscho's Ask an Expert – www.askanexpert.com/askanexpert

(making connections with experts who have volunteered their time to answer questions online, broken down into different categories with more than 300 websites and e-mail addresses)

Presenting Solutions – www.presentingsolutions.com/effectivepresentations.html

Research a Canadian Company – www.fin-info.com

Accounting Project

Witness Fitness Module. CGA Association, contact: Lisa Morabito, coordinator of school programs,

Tel. 416-322-6520 x257

Accounting Software

ACCPAC Discovery Series. ACCPAC International.

BusinessWorks. Sage Software.

MYOB. M.Y.O.B. Software.

Simply Accounting. ACCPAC International.

Investment Resource Guide

Investing in Your Future. Investor Learning Centre. Contact: 416-681-2199

Videos

Business Buffet Video Series. Toronto, ON: McLeod & Frank, 2000. Contact: 905-450-5836 or e-mail: info@businessbuffet.com

OSS Considerations

Principles of Financial Accounting, Grade 12, University/College Preparation is an optional credit, or it may be used as the additional compulsory credit from health and physical education, or the arts, or business studies.

Coded Expectations, Principles of Financial Accounting, Grade 12, University/College Preparation, BAT4M

The Accounting Cycle

Overall Expectations

ACV.01 · demonstrate an understanding of accounting principles and practices;

ACV.02 · demonstrate an understanding of the accounting cycle for a service company and a merchandising company;

ACV.03 · explain the need for internal financial controls in a business;

ACV.04 · analyse the ways in which service, merchandising, and manufacturing companies interpret financial statements.

Specific Expectations

Accounting Principles and Practices

AC1.01 – explain the Generally Accepted Accounting Principles (e.g., the accounting entity concept, the cost principle, the objectivity principle);

AC1.02 – demonstrate an understanding of the roles of credit-rating and regulating agencies (e.g., protecting consumers) and their effects on businesses (e.g., by influencing the cost of borrowing);

AC1.03 – describe the roles of various agencies (e.g., Canadian Institute of Chartered Accountants, Ontario Securities Commission, Certified General Accountants Association of Ontario, Society of Management Accountants of Ontario) and their effects on accounting practices;

AC1.04 – demonstrate an understanding of the relationship between accounting principles and accounting practices.

Accounting Cycle

AC2.01 – demonstrate the skills required to record transactions, using computer software, for a service business and a merchandising business;

AC2.02 – explain the advantages of preparing a trial balance and financial statements using computer software;

AC2.03 – explain how to record adjusting and closing entries using computer software.

Financial Controls

AC3.01 – describe the relationship between subsidiary ledgers and control accounts in the general ledger;

AC3.02 – explain the methods used to safeguard the assets of a business (e.g., copyright, trademarks, goodwill);

AC3.03 – evaluate the effects of implementing a control system in small and medium-sized businesses (e.g., the effects of separation of duties, division of responsibilities).

Financial Statements

AC4.01 – distinguish between the financial statements of a service business, a merchandising business, and a manufacturing business;

AC4.02 – describe the effects of adjusting and reversing entries on financial statements;

AC4.03 – analyse alternative methods of amortization and their effects on financial statements;

AC4.04 – demonstrate an understanding of the skills necessary to prepare a Statement of Retained Earnings and to complete the Shareholders' Equity section of the balance sheet.

Advanced Accounting Practices for Assets

Overall Expectations

APV.01 · explain accounting procedures for short-term assets;

APV.02 · assess methods of accounting for capital assets;

APV.03 · explain accounting procedures for inventories.

Specific Expectations

Short-Term Assets Accounting

AP1.01 – differentiate between journal entries for all sales (e.g., accounts receivable, credit card sales, debit card sales);

AP1.02 – explain the purpose of a promissory note;

AP1.03 – distinguish between capital expenditures and revenue expenditures.

Capital Assets Accounting

AP2.01 – describe costing procedures for plant and equipment, natural resources, and intangibles;

AP2.02 – demonstrate an understanding of amortization and depletion (e.g., methods, revisions, and accounting for disposals);

AP2.03 – describe the methods of accounting for tangible assets, intangible assets, and natural resources (e.g., goodwill, patents, trademarks, copyright).

Inventory Control Accounting

AP3.01 – identify and describe the characteristics of the periodic and perpetual inventory systems;

AP3.02 – describe the appropriate use of different methods of inventory valuation (e.g., average cost; first-in, first-out; last-in, first-out; and specific identification methods);

AP3.03 – explain the effects of each method of inventory valuation on financial statements;

AP3.04 – explain the effects of an error in valuing inventory on financial statements;

AP3.05 – analyse the role of technology in the management and control of inventory.

Financing

Overall Expectations

FIV.01 · demonstrate an understanding of partnership financing;

FIV.02 · demonstrate an understanding of corporation financing;

FIV.03 · compare alternative forms of financing.

Specific Expectations

The Financing of a Partnership

FI1.01 – explain the use of notes payable as a source of funds for short-term financing;

FI1.02 – explain the financial impact of the admission of a new partner and of the retirement of a current partner;

FI1.03 – assess the different methods of investing in a partnership (e.g., cash, property, other assets).

The Financing of a Corporation

FI2.01 – describe the financial structure of a corporate organization;

FI2.02 – explain the use of notes payable as a source of funds for short-term financing;

FI2.03 – describe the features of preferred and common stocks;

FI2.04 – describe an Initial Public Offering and its purpose;

-
- FI2.05** – explain the advantages and disadvantages of public share ownership for a company;
FI2.06 – demonstrate the impact of alternative forms of dividend distribution on shareholders' equity;
FI2.07 – demonstrate an understanding of debt financing (e.g., loans, notes payable) and equity financing (e.g., issuance of capital stock) from both the issuer's and the market's point of view.

Alternative Forms of Financing

- FI3.01** – describe situations in which debt financing is preferable to equity financing;
FI3.02 – explain the advantages of using long-term borrowing (e.g., bonds) as a method of financing;
FI3.03 – describe alternative sources of funding available to business (e.g., venture capital, federal business development bank loans, government grants).

Financial Analysis and Decision Making

Overall Expectations

- FAV.01** · assess the financial strength and weakness of a company on the basis of its annual report;
FAV.02 · demonstrate the use of accounting techniques to analyse and compare accounting data;
FAV.03 · demonstrate an understanding of contemporary issues in accounting.

Specific Expectations

Annual Reports

- FA1.01** – describe the purpose of each section common to a corporation's annual report;
FA1.02 – demonstrate an understanding of the differences in the annual reports of two corporations;
FA1.03 – assess the current and projected financial strength of a corporation from an analysis of its annual report.

Financial Analysis for Decision Making

- FA2.01** – analyse the costs (e.g., use of credit reporting agencies) and risks (e.g., poor credit risks) for a business of selling on credit;
FA2.02 – evaluate the role and impact of accounting information in decision making (e.g., information about the changing size of the labour force, or about the costs and benefits of expansion or downsizing);
FA2.03 – analyse the financial status of a company by using comparative information, trend analysis, common size statements, and ratios.

Issues in Accounting

- FA3.01** – describe the impact of ethical and environmental issues on methods and practices in accounting;
FA3.02 – analyse the effects of inflation on financial reporting;
FA3.03 – demonstrate how to use current technology (e.g., accounting software, websites, spreadsheets, databases) to gather, classify, and process financial data;
FA3.04 – demonstrate how to use current technology (e.g., desktop publishing and spreadsheets) to present summaries of accounting information.

Ontario Catholic School Graduate Expectations

The graduate is expected to be:

A Discerning Believer Formed in the Catholic Faith Community who

- CGE1a** -illustrates a basic understanding of the **saving story** of our Christian faith;
- CGE1b** -participates in the **sacramental life** of the church and demonstrates an understanding of the centrality of the Eucharist to our Catholic story;
- CGE1c** -actively reflects on **God’s Word** as communicated through the Hebrew and Christian scriptures;
- CGE1d** -develops attitudes and values founded on Catholic **social teaching** and acts to promote social responsibility, human solidarity and the common good;
- CGE1e** -speaks the **language of life**... “recognizing that life is an unearned gift and that a person entrusted with life does not own it but that one is called to protect and cherish it.” (Witnesses to Faith)
- CGE1f** -seeks intimacy with God and celebrates **communion** with God, others and creation through prayer and worship;
- CGE1g** -understands that one’s purpose or **call in life** comes from God and strives to discern and live out this call throughout life’s journey;
- CGE1h** -respects the **faith traditions**, world religions and the life-journeys **of all people of good will**;
- CGE1i** -integrates faith with life;
- CGE1j** -recognizes that “sin, human weakness, conflict and forgiveness are part of the human journey” and that the cross, the ultimate sign of forgiveness is at the heart of **redemption**. (Witnesses to Faith)

An Effective Communicator who

- CGE2a** -listens actively and critically to understand and learn in light of gospel values;
- CGE2b** -reads, understands and uses written materials effectively;
- CGE2c** -presents information and ideas clearly and honestly and with sensitivity to others;
- CGE2d** -writes and speaks fluently one or both of Canada’s official languages;
- CGE2e** -uses and integrates the Catholic faith tradition, in the critical analysis of the arts, media, technology and information systems to enhance the quality of life.

A Reflective and Creative Thinker who

- CGE3a** -recognizes there is more grace in our world than sin and that hope is essential in facing all challenges;
- CGE3b** -creates, adapts, evaluates new ideas in light of the common good;
- CGE3c** -thinks reflectively and creatively to evaluate situations and solve problems;
- CGE3d** -makes decisions in light of gospel values with an informed moral conscience;
- CGE3e** -adopts a holistic approach to life by integrating learning from various subject areas and experience;
- CGE3f** -examines, evaluates and applies knowledge of interdependent systems (physical, political, ethical, socio-economic and ecological) for the development of a just and compassionate society.

A Self-Directed, Responsible, Life Long Learner who

- CGE4a** -demonstrates a confident and positive sense of self and respect for the dignity and welfare of others;
- CGE4b** -demonstrates flexibility and adaptability;
- CGE4c** -takes initiative and demonstrates Christian leadership;
- CGE4d** -responds to, manages and constructively influences change in a discerning manner;
- CGE4e** -sets appropriate goals and priorities in school, work and personal life;
- CGE4f** -applies effective communication, decision-making, problem-solving, time and resource management skills;
- CGE4g** -examines and reflects on one's personal values, abilities and aspirations influencing life's choices and opportunities;
- CGE4h** -participates in leisure and fitness activities for a balanced and healthy lifestyle.

A Collaborative Contributor who

- CGE5a** -works effectively as an interdependent team member;
- CGE5b** -thinks critically about the meaning and purpose of work;
- CGE5c** -develops one's God-given potential and makes a meaningful contribution to society;
- CGE5d** -finds meaning, dignity, fulfillment and vocation in work which contributes to the common good;
- CGE5e** -respects the rights, responsibilities and contributions of self and others;
- CGE5f** -exercises Christian leadership in the achievement of individual and group goals;
- CGE5g** -achieves excellence, originality, and integrity in one's own work and supports these qualities in the work of others;
- CGE5h** -applies skills for employability, self-employment and entrepreneurship relative to Christian vocation.

A Caring Family Member who

- CGE6a** -relates to family members in a loving, compassionate and respectful manner;
- CGE6b** -recognizes human intimacy and sexuality as God given gifts, to be used as the creator intended;
- CGE6c** -values and honours the important role of the family in society;
- CGE6d** -values and nurtures opportunities for family prayer;
- CGE6e** -ministers to the family, school, parish, and wider community through service.

A Responsible Citizen who

- CGE7a** -acts morally and legally as a person formed in Catholic traditions;
- CGE7b** -accepts accountability for one's own actions;
- CGE7c** -seeks and grants forgiveness;
- CGE7d** -promotes the sacredness of life;
- CGE7e** -witnesses Catholic social teaching by promoting equality, democracy, and solidarity for a just, peaceful and compassionate society;
- CGE7f** -respects and affirms the diversity and interdependence of the world's peoples and cultures;
- CGE7g** -respects and understands the history, cultural heritage and pluralism of today's contemporary society;
- CGE7h** -exercises the rights and responsibilities of Canadian citizenship;
- CGE7i** -respects the environment and uses resources wisely;
- CGE7j** -contributes to the common good.

Unit 5: Societal and Technological Issues in Accounting

Time: 22 hours

Unit Description

Students understand and apply the concept of professional judgement and rules of professional conduct. Scenario analysis is effective in studying potential abuses of accounting data (preparation, interpretation, and opinion), internal control weaknesses, and implications of global competition. Students use current technology to evaluate alternative ethical mutual funds.

Unit Synopsis Chart

Activity	Time	Learning Expectations	Assessment Categories	Tasks
5.1 Ethics Review	2 hours	FAV.03, FA3.01 CGE1c, 1d, 3f	Knowledge/ Understanding Thinking/ Inquiry	Legal, ethical and environmental issues and their impact on methods and practices in accounting, e.g., appropriate disclosures, serving the public interest, code of professional ethics, values, corporate social responsibility, etc.
5.2 Ethical Scenarios	3 hours	FAV.03, ACV.03, FA3.01, AC3.03 CGE1c, 1d, 2c, 3d, 3e, 4a, 4e, 5a, 5e, 5h, 7a, 7j	Knowledge/ Understanding Thinking/ Inquiry Communication Application	Challenges accountants may encounter while acting in a legal and ethical manner. Ways management rationalizes illegal and unethical behaviour are discussed. Scenarios are used to assess legal, ethical, and environmental issues and their impacts on accounting.
5.3 Teaching Technology	4 hours	FAV.03, FA3.03, FA3.04 CGE2e, 3b	Knowledge/ Understanding Communication Application	An explanation of how to use current technology (Internet browsers, presentation software) to gather, classify, process, and present data and summaries of accounting information.
5.4 To Be Ethical or Not to Be Ethical? That is the Question	13 hours	FAV.03, FA3.01, FA3.03, FA3.04 CGE1c, 3b, 3d, 4f, 4g, 5e, 7b	Thinking/ Inquiry Communication Application	Using websites to access three ethical mutual funds, students prepare a report and a computerized summary comparing the types of companies that are ethical according to Appendix 5.4.1 – Is Your Business Socially Responsible?

Activity 5.1: Ethics Review

Time: 2 hours

Description

Students review the Christian Decision-Making Model outlined in BAF3M. In addition, the ICAO member's Code of Conduct and its impact on accounting practitioners are discussed.

Strand(s) & Learning Expectations

Ontario Catholic School Graduate Expectations

CGE1c - actively reflect on God's Word as communicated through the Hebrew and Christian scriptures;

CGE1d - develop attitudes and values founded on Catholic social teaching and act to promote social responsibility, human solidarity, and the common good;

CGE3f - examine, evaluate, and apply knowledge of interdependent systems.

Strand(s): Financial Analysis and Decision Making

Overall Expectations

FAV.03 - demonstrate an understanding of contemporary issues in accounting.

Specific Expectations

FA3.01 - describe the impact of ethical and environmental issues on methods and practices in accounting.

Prior Knowledge & Skills

- In Grade 11, students were introduced to the Christian Ethical Decision-Making Model.
- In Grade 11, the ICAO member's Code of Conduct synopsis was presented.

Planning Notes

- The Christian Ethical Decision-Making Model can be presented in overhead format (Appendix 5.1.1).
- Apply to the ICAO for Associate Member Status to obtain copies of *CheckMark* magazine.
- Value influences exercise can be performed using think/pair/share.

Teaching/Learning Strategies

1. Review the Christian Ethical Decision-Making Model.
2. Show examples of adjectives that describe ethical behaviour (see Appendix 5.1.2 – What is Ethical Behaviour?). In groups, students develop their ideas of the adjectives and their application to ethics.
3. Write the term *ethics* on the board. Students write down what the term means to them.
4. Have students work in groups/pairs to think of people and factors that influence their values, e.g., parents, teachers, employers, teams, sports, television, friends, and celebrities.
5. Using recent copies of *CheckMark* newspapers, outline the consequences for accounting professionals who have behaved illegally and unethically.

Assessment & Evaluation of Student Achievement

- Students prepare a summary of illegal and unethical practices together with the related consequences for formative assessment.

Accommodations

- Provide opportunities for peer mentoring.

Resources

BAF3M Catholic Course Profile

ICAO – www.icao.on.ca (link to *CheckMark* magazine)

Activity 5.2: Ethical Scenarios

Time: 3 hours

Description

Students apply the Christian Ethical Decision-Making Model process to sample scenarios. Students should consider both personal and professional influences in their evaluations.

Strand(s) & Learning Expectations

Ontario Catholic School Graduate Expectations

CGE1c - actively reflect on God's Word as communicated through the Hebrew and Christian scriptures;
CGE1d - develop attitudes and values founded on Catholic social teaching and act to promote social responsibility, human solidarity, and the common good;

CGE2c - present information and ideas clearly and honestly and with sensitivity to others;

CGE3d - make decisions in light of gospel values with an informed moral conscience;

CGE3e - adopt a holistic approach to life by integrating learning from various subject areas and experiences;

CGE4a - demonstrate a confident and positive sense of self and respect for the dignity and welfare of others;

CGE4e - set appropriate goals and priorities in school, work, and personal life;

CGE5a - work effectively as an interdependent team member;

CGE5e - respect the rights, responsibilities, and contributions of self and others;

CGE5h - apply skills for employability, self-employment, and entrepreneurship relative to Christian vocation;

CGE7a - act morally and legally as a person formed in Catholic traditions;

CGE7j - contribute to the common good.

Strand(s): Financial Analysis and Decision Making

Overall Expectations

ACV.01 - demonstrate an understanding of accounting principles and practices;

ACV.03 - explain the need for internal financial controls in a business;

FAV.03 - demonstrate an understanding of contemporary issues in accounting.

Specific Expectations

AC1.01 - explain the Generally Accepted Accounting Principles (e.g., the accounting entity concept, the cost principle, the objectivity principle);

AC3.03 - evaluate the effects of implementing a control system in small and medium sized businesses;

FA3.01 - describe the impact of ethical and environmental issues on methods and practices on accounting.

Prior Knowledge & Skills

- In Grade 11, students were introduced to the Christian Ethical Decision-Making Model.
- In Grade 11, the ICAO member's Code of Conduct synopsis was presented.

Planning Notes

- Choose a scenario from Appendix 5.2.1 – Ethical Scenarios for whole-class analysis. An overhead format is suggested.
- Photocopy scenario(s) for group analysis. Each scenario is followed by the relevant issues in brackets. Be sure to erase these issues.
- Photocopy scenario(s) for independent analysis.

Teaching/Learning Strategies

1. The class analyses a scenario using the Christian Ethical Decision-Making Model and generally accepted accounting principles (GAAPs) for Scenarios.
2. Discuss the challenges accountants may encounter while acting in a legal and ethical manner.
3. In groups of two or three, students analyse different scenarios using the Christian Ethical Decision-Making Model and GAAPs.
4. For assessment purposes, students independently analyse a scenario to assess legal and ethical issues and their impact on accounting practices.

Assessment & Evaluation of Student Achievement

- Individual assessment of a scenario analysis for summative evaluation.
- Verbal feedback for the group scenario analysis (formative).

Accommodations

- Use teacher-selected groups to ensure a mixture of abilities/perspectives.
- Read notes, directions, and instructions out loud.
- Summarize visual information orally.
- Record scenarios on tape.
- Give instructions both visually and orally.
- Allow students to choose from a variety of response methods (oral, written, demonstration, pictorial).
- Reduce the number of scenarios.

Resources

BAF3M Catholic Course Profile

Berney, K. "Finding the Ethical Edge." *Social Issues Resources Series*, Volume 3, Article 10 (August 1987): pp. 18+.

Covey, Steven. *The Seven Habits of Highly Effective People*. Thorndike, Maine: Hall Publishers, 1997. ISBN 0783881150

Eisele, S. "Exporting Our Ethics." *Social Issues Resource Series*, Volume 4, Article 38 (October 1993): pp. 1C+.

Ethics, Business, and Gospel Infusion – www.smcdsb.edu.on.ca/secondary/business/infusion.html

Singer, A. "The Ultimate Ethics Test." *Social Issues Resources Series*, Volume 4, Article 5 (March 1992): pp.18-22.

Thompson, Roger. "Are Business Ethics Slipping?" *Social Issues Resources Series*, Volume 3, Article 43 (January 1989): p. 3.

Vise, David and Steve Coll. "Wall Street's Long Year of Turmoil." *Social Issues Resources Series*, Volume 3, Article 7 (May 1987): pp. A1+.

Vogel, D. "Is Business Obsessed With Ethics." *Social Issues Resource Series*, Volume 4, Article 40 (December 1993): pp. 30-33.

Activity 5.3: Teaching Technology

Time: 4 hours

Description

Students are introduced to their school board's Responsible Internet Use guideline. Internet browsers and presentation software are introduced and explored in preparation for Activity 5.4.

Strand(s) & Learning Expectations

Ontario Catholic School Graduate Expectations

CGE2e - use and integrate the Catholic faith tradition, in the critical analysis of the arts, media, technology, and information systems to enhance the quality of life;

CGE3b - create, adapt, and evaluate new ideas in light of the common good.

Strand(s): Financial Analysis and Decision Making

Overall Expectations

FAV.03 - demonstrate an understanding of contemporary issues in accounting.

Specific Expectations

FA3.03 - demonstrate how to use current technology to gather, classify, and process financial data;

FA3.04 - demonstrate how to use current technology to present summaries of accounting information.

Prior Knowledge & Skills

- Students completed the school board's Responsible Internet Use form and are given a user name and password. Students have experience using the Internet.

Planning Notes

- Book access to Internet-ready computers for the time required to complete Activities 5.3 and 5.4. An alternative is to plan this unit in stages over the course timeline.
- The teacher should be competent with Internet browsers and presentation software.
- To enhance student learning, use a LCD projector with a computer for demonstration purposes. See Appendix 5.3.3 for instructions on connecting a LCD projector to a computer.

Teaching/Learning Strategies

1. Teach or review Internet use with students. Using an Internet browser, students search for ethical mutual funds using various search engines, e.g., Altavista, Yahoo, Canoe, Google, etc. Provide a list of websites for students to explore. (See Appendix 5.3.1 – Social Investing Websites.)
2. Using a sample multi-media presentation, outline the relevant features of the presentation software package (e.g., *Corel Presentations*, *MS PowerPoint*). Students use a tutorial to familiarize themselves with the software.

Assessment & Evaluation of Student Achievement

Formative:

- Observation of student abilities to ensure basic skills in the preparation of a multi-media presentation. (See Appendix 5.3.2 – Understanding Presentation Software Checklist.)
- Verbal feedback and assistance to ensure adequate skills for preparing the multi-media presentation in Activity 5.4

Accommodations

- Pair students with one who has strong computer skills.
- Provide specialized computer software, if available (voice-activated, etc.).

Resources

Corel Presentations

Microsoft PowerPoint, Internet Explorer

Netscape Navigator/Communicator

Activity 5.4: To Be Ethical or Not to Be Ethical? That is the Question

Time: 13 hours

Description

Using websites to access information on three ethical mutual funds, students prepare a computerized summary comparing the types of companies in their portfolios that are ethical according to information learned in

Activity 5.1, as well as discussions originating from Activity 5.2.

Strand(s) & Learning Expectations

Ontario Catholic School Graduate Expectations

CGE1c - actively reflect on God's Word as communicated through the Hebrew and Christian scriptures;

CGE3b - create, adapt, and evaluate new ideas in light of the common good;

CGE3d - make decisions in light of gospel values in light of the common good;

CGE4f - apply effective communication, decision-making, problem-solving, time, and resource management skills;

CGE4g - examine and reflect on one's personal values, abilities, and aspirations influencing life's choices and opportunities;

CGE5e - respect the rights, responsibilities, and contributions of self and others;

CGE7b - accept accountability for one's own actions.

Strand(s): Financial Analysis and Decision Making

Overall Expectations

FAV.03 - demonstrate an understanding of contemporary issues in accounting.

Specific Expectations

FA3.01 - describe the impact of ethical and environmental issues on methods and practices in accounting;

FA3.03 - determine how to use current technology to gather, classify, and process financial data;

FA3.04 - demonstrate how to use current technology to present summaries of accounting information.

Prior Knowledge & Skills

- Students should be familiar with the use of the Internet and search engines.
- Students should be familiar with word-processing, spreadsheet, and presentation software.
- Students should be familiar with the concepts of ethics and social responsibility.

Planning Notes

- Book access to Internet-ready computers for Activities 5.3 and 5.4.
- The teacher should be competent with Internet browsers and presentation software.
- A LCD projector if available may be used.
- Arrange for a guest speaker from an investment or mutual fund broker (e.g., CIBC Wood Gundy, Edward Jones, Investor's Group, etc.) to discuss investing and in particular in ethical mutual funds.
- Verify the URLs in Appendix 5.3.1 – Social Investing Websites and prepare handouts (see Appendix 5.4.2 – Ethical Investing Performance Task).

Teaching/Learning Strategies

1. Introduce the concept of *ethical investing*. Students complete a pre-test to gauge their knowledge and awareness of ethical investing, for example, for a range of Canadian companies listed on the Toronto Stock Exchange (TSX). Students can research these companies on the Internet to determine the products and services they provide. Have students outline the ethical approaches/practices followed by these companies. As a class, discuss social responsibility, environmental awareness, and other ethical issues.
2. Define ethical investing and analyse the classifications of a socially responsible (ethical) investment. (See Appendix 5.4.1 – Is Your Business Socially Responsible?) Students may identify additional criteria to be added to the list.
3. Hand out the worksheet (Appendix 5.4.2 – Ethical Investing Performance Task). Students work in groups of two or three to research and analyse three ethical mutual funds. As students research using the Internet, the teacher circulates to ensure proper use of Internet.
4. Students use word-processing, spreadsheet, and presentation software to prepare a report on the funds. An example should be provided by the teacher.
5. Students present their reports to the class. Presentations are assessed.

Assessment & Evaluation of Student Achievement

- Formative assessment of multi-media presentations (Appendix 5.4.3) could be used for self- or peer assessment.
- Summative Assessment: Reports on ethical mutual funds, multi-media presentations (rubrics)

Accommodations

- Provide opportunities for peer mentoring and provide a reader or scribe for the assignment.
- Prepare a guide or outline to assist students when taking notes or completing assignments.
- Record reading materials on tape.
- Students who have difficulty presenting could be encouraged to respond through tape-recorded or videotaped messages.
- Students' roles within groups should be assigned based on their strengths.

Resources

Arens, Loebbecke, et al. *Auditing and other Assurance Services, 8th edition*. Scarborough, ON: Prentice Hall Canada Inc., 2000.

Bhabha, Homi and Lawrence Buell. *The Turn To Ethics*. New York, 2000.

Skinner, David. *The Ethical Investor*. Toronto, 2001.

Thompson, Mel. *Ethics*. Lincolnwood, Illinois, 2000.

Appendix 5.1.1

Steps in the Christian Ethical Decision-making Model (first appeared in Course Profile for Introduction to Financial Accounting)

1. Define the dilemma.
2. List the facts.
3. List your options.
4. Evaluate options: Is it legal? Is it right? Is it Christian?

Does your decision adhere to Gospel Values? Peace, Conflict Analysis and Management, Cooperation, Non-violence, Global Community, Social Justice, Negative Social Impact, Human Rights, Responsible Use of Power, Responsible Stewardship of the Earth, Moral Conscience.

Gospel Value Examples:

Negative Social Impact:	Are our company objectives, advertising, and objectives promoting social sins, such as greed and waste?
Human Rights:	Do we, as part of management, try to take advantage of employees to the point that we are denying employees a real life or a safe working environment?
Responsible Use of Power:	Do we take advantage of third-world countries to benefit our company?
Responsible Stewardship of the Earth:	Do we pollute in order to improve the bottom line or to eliminate our competitors through price wars?
Non-violence:	What concerns do we have about the treatment of employees?
Moral Conscience:	As a Christian and as a professional accountant you must be able to live with the decisions you make. It is your reputation, name, and ultimately your livelihood which are at risk. If a professional accountant is found guilty of professional misconduct or illegal activities, then they lose their ability to practise in Canada.

5. Select an option.
6. Reflection. What if others close to me find out about my decision? What will the Institute of Chartered Accountants do if they find out about my decision?
7. If uncomfortable with your decision, then your moral conscience is talking to you. You need to go back and select another option (see Allan Otten. "Ethics on the Job: Companies Alert Employees to Potential Dilemas." *The Wall Street Journal*. July 14, 1996, p. 17).

Appendix 5.1.2

What is Ethical Behaviour?

There are many adjectives that describe an individual who acts ethically.

Truthful

Being honest, sincere, and straightforward; doesn't cheat, steal, or act deviously; is not "two-faced."

Keeps Promises

Is worthy of trust; keeps promises and fulfills commitments; does not interpret agreements in an unreasonably technical or legalistic manner in order to rationalize or justify breaking commitments.

Loyal

Is faithful and loyal to family, friends, employers, customers, and clients; does not use information learned in confidence; avoids conflicts of interest.

Fair

Is open-minded, willing to admit errors, and, where appropriate, changes positions and beliefs; demonstrates a commitment to justice; is culturally diverse and does not discriminate.

Kind

Caring, compassionate; shares; helps those in need and avoids causing harm to others.

Responsible

Obeys the law and is socially conscious; when in a position of leadership or authority, openly respects and honours democratic processes of decision making, avoids unnecessary secrecy or concealment of information, and assures that others have all the information they need to make intelligent choices and exercise their rights.

Accountable

Is accountable and accepts responsibility for decisions; leads by example; takes whatever actions are necessary to correct or prevent inappropriate conduct of others.

Appendix 5.2.1

Ethical Scenarios

Scenario 1

You are a newly qualified chartered accountant who has recently moved to a midsize town to start a local practice. Your first client requires an audit. Standard procedure requires that you verify the inventory count at the year-end. However, the year-end was a month ago. This would be your first client and would bring in a fee of \$5000. Do you accept the client? If so, under what conditions?

(Issues: materiality, GAAP, objectivity, conflict analysis and management, negative social impact, moral conscience)

Scenario 2

During the review of the accounting procedures for Goggles by Paisano, you realize the company has the same accounting employee taking responsibility for the accounts payable sub-ledger and the general ledger. How will you react if you are performing an audit vs. a review of the corporate financial statements?

(Issues: professional liability, internal control procedures for sub-ledger/control accounts, responsible use of power)

Scenario 3

Iceberg Cold Storage is a client that will have an initial public offering (IPO) in about three months. This company is performing exceedingly well and has recently signed an agreement with a large fast food company to be its only storage facility in Canada. This information is not in the local newspapers and you have been offered shares in the private company before it goes public because of the long-standing relationship you have with the client. Once the IPO takes place, the shares would be converted into shares of the publicly traded company.

(Issues: insider information, conflict of interest, code of behaviour, negative social impact, moral conscience, responsible use of power)

Scenario 4

Attracta Lures is a successful publicly traded company. You own 1000 shares in the company and have recently joined Pimon and Tumba CAs, who are the auditors of Attracta Lures. You know that you will be part of the audit team performing the audit of Attracta Lures. Should you tell the partners of the firm that you own shares in Attract Lures? Why or Why not?

(Issues: conflict of interest, code of behaviour, responsible use of power, moral conscience)

Scenario 5

Farnoosh Furniture Inc. has approached you to be its auditor. You sent a letter to the previous auditors to ask if there was any reason why you shouldn't accept the client. They tell you that last year there were some irregularities that suggested possible illegal activities

(Issues: confidentiality, code of conduct, conflict resolution, moral conscience, negative social impact)

Scenario 6

As the new accountant for the Get Gas Here Truckstop & Restaurant, an employee has told you about a common practice that occurs at the truckstop. Gas bar attendants are frequently asked by truckers to over-bill the gas component of a bill and give the truckers cash in exchange. For example, a trucker who fills up with \$200 worth of gas will have the attendant bill \$300 on the trucker's credit card. To make things balance out, the trucker gets \$100 cash given to them with the \$200 worth of gas. The trucker then bills the trucking company they are working with for \$300 for fuel costs.

(Issues: ICAO Code of Conduct, reliability of financial statements, negative social impact, responsible use of power)

Appendix 5.2.1 (Continued)

Scenario 7

You are performing a review of Santa's Snowplow Inc. (SSI) and, upon sending an information letter to their lawyer Eddie Schakarama, you get a call from Eddie letting you know that a lawsuit is currently in progress against SSI for injury of Sammy Sosi. Sammy was parked in a local business lot when the SSI snowplow slipped on some ice and "T-boned" the car, seriously injuring Sammy and his girlfriend. The appeal is still in progress and the plaintiffs were initially awarded \$125 000 in compensation by the trial court judge. SSI is appealing the initial decision. As the accountant for SSI, do you need to inform shareholders about this potential problem? If no, why not? If so, how?

(Issues: disclosure, materiality, moral conscience, cooperation)

Scenario 8

You have a client, 112696 Ontario Ltd. (operating as Smith Farms), that had \$600 000 of farming income last year. Their resulting net income was \$343 000, on which they paid \$90 000 in taxes. The farm was stricken with "Hoof and Mouth" disease, entirely ravaging the farm's livestock. The farmer and controlling shareholder, Mr. Smith, is 76 years old and has decided that this will probably be his last year operating the farms. Smith Farms has over one hundred shareholders from outside the country. This year's financials are showing a net loss of \$453 000. How does this information affect the presentation of your financial statements?

(Issues: adequate disclosure, extraordinary items, unusual events, going concern, conflict analysis and management, responsible use of power)

Scenario 9

While performing audit work for Badasushi Restaurant Inc., your CA student has detected numerous errors. The errors include unrecorded revenues of \$75 000, overstated expenses of \$28 000, related unrecorded accounts payable of \$28 000, and unrecorded accounts receivable of \$75 000. You have estimated that the level of materiality on this particular client is a total of \$100 000. If these errors go unrecorded, what effect will it have on the fairness of the financial statements? The cost of billing out your student's work to the client already exceeds the agreed-upon price. Any further work could not be billed. What do you do? Would your answer be different if the level of materiality on the client was \$200 000?

(Issues: materiality, errors/omissions, supervision of staff, responsible use of power, conflict analysis, negative social impact, moral conscience)

Scenario 10

You have a new client, Buff One Gym Inc., that is very interested in having your firm provide all accounting and tax related services. The owner, has asked if you would perform certain services for a special cash price. He says that he has significant cash inflows that he would like to use to pay off bills. He goes on to say that you don't have to give him a receipt for the cash work as he doesn't want to claim it on the company records as an expense. When you express concern about cash deals, he changes the topic. What action should you take?

(Issues: code of conduct, illegal activity, tax evasion, moral conscience, responsible use of power)

Appendix 5.3.1

Social Investing Websites

www.domini.com/domini-funds/Domini-Money-Market-Account/index.htm

www.goodmoney.com/candfunds.htm

www.coopcca.com/

www.citizensbank.ca/link?menuId=60001

www.cleanenvironment.com/

www.ethicalfunds.com/content/home.asp

www.csi.ca/pub/en/index.html

www.ific.ca/eng/home/index.asp

www.socialinvestment.ca/

www.socialinvest.org/

www.ethicsinaction.com/

www.fidelity.ca

www.web.net/~tccr/

www.globefund.com

Appendix 5.3.2

Understanding Presentation Software Checklist

Name:

- | | | |
|---|---|---|
| 1. Your audience and the purpose of your presentation is identified. | Y | N |
| 2. A consistent background is used in your presentation. | Y | N |
| 3. A consistent font style is used in your presentation. | Y | N |
| 4. Colours are complementary. | Y | N |
| 5. Your font size is between 22 and 36 points for readability. | Y | N |
| 6. Nuggets are utilized to highlight important information. | Y | N |
| 7. The amount of text on each slide is not overbearing to the audience. | Y | N |
| 8. The slides include multimedia, e.g., animation, clip-art, audio, video. | Y | N |
| 9. Slide transitions are used for progression from one slide to the next in the slide show. | Y | N |
| 10. The slide show does not replace the presenter(s). The presenter(s) have a role in the communication of the information. | Y | N |
| 11. Your audience will likely learn something from this presentation. | Y | N |
| 12. There is a logical sequence of information throughout the presentation. | Y | N |
| 13. There are no spelling or grammatical errors in the presentation. | Y | N |
| 14. The graphics and video/audio clips are not exaggerated. | Y | N |

Appendix 5.3.3

Using the LCD Projector

Instructions

- Connect the power cord to the back of the LCD projector.
- Take out the monitor cable (blue dots on the end) and connect one end to the VIDEO 1 slot on the back of the LCD projector.
- Connect the other end of the monitor cable to the Video Out slot on the laptop.
- Turn on the LCD projector and laptop (if not already on).
- Once the LCD projector has warmed up, you should see a blue message screen.
- On most laptops, a function key combination must be pressed to toggle from laptop display to external projector display. On a Compaq laptop, for instance, the combination is Fn + F4.

Appendix 5.4.1

Is Your Business Socially Responsible?

A socially responsible business provides solutions to environmental and social problems and avoids having a negative impact on people, the environment, and animals. “Good” businesses *exhibit*:

Community Involvement

- Active in the community and with volunteer programs
- Charitable giving and fundraising

Continued Education and Training

- Enhances the quality of life and opportunity in the workplace

Health and Safety Policies

- Provides ergonomically friendly equipment/environment to employees
- Supplies special equipment or devices that have health, safety, or environmental applications

Good Employee Relationships

- Employee profit sharing or stock purchase plans
- Equal opportunity employer
- Encourages employee participation in daily activities
- Fair compensation and flexible work hours
- Does not use or support child labour or forced labour

A Code of Conduct/Code of Business Ethics

- The company publishes a statement of business ethics or code of conduct

A Positive Impact on the Environment

- Is engaged in the supply of energy conservation services
- Is engaged in the provision of bus and rail services, or manufacturers of bicycles, buses, and trains
- Supplies and/or uses pollution equipment and monitoring devices
- Recycles waste and/or uses recycled waste in their products
- Protects water supplies and provides water purification services/equipment
- Is engaged in sustainable development
- Reduces or avoids carbon dioxide emissions and other air pollutants

Appendix 5.4.2

Ethical Investing Performance Task

The Task

In this task, students research and analyse three ethical mutual funds. Students apply their values and interests to the process of investing. After the funds have been thoroughly researched, students prepare a computerized summary comparing selected corporations in each fund for their ethical validity. Students also act as Management Accountants and analyse the financial statements of these funds to evaluate the rate of return, net asset value, and net investment income/loss.

1. The class is divided into small groups (two or three students per group). Each group selects three socially responsible mutual funds.
2. Students submit a detailed report that includes:
 - a. the name of each fund;
 - b. the type of fund (equity, balanced, foreign, etc.);
 - c. the year the fund was started;
 - d. the portfolio manager;
 - e. the management expense ratio (%);
 - f. the reasons the fund was chosen by your group;
 - g. the top 10 holdings of the fund, including percentage of portfolio;
 - h. the ethical principles and/or criteria used by the fund company to select corporations;
 - i. a fund summary (performance data) for each fund (usually published online and available where mutual funds are sold) (e.g., financial institutions, financial advisors);
 - j. a financial section which evaluates the rate of return, net asset value, net investment income/loss, and any other pertinent accounting information;
 - k. recommendations on whether the funds should be included in a “socially responsible” investor’s portfolio. Are there any corporations in the fund that should be deleted from your findings based on the criteria?
3. The report is evaluated using a rubric.
4. Students present their findings and summaries of the ethical and accounting information to the class using presentation software. Presentations are thirty minutes in length and are evaluated using Appendix 5.4.3 – Ethical Investing Presentation Checklist.

Appendix 5.4.3

Ethical Investing Presentation Checklist

Name:

Facts and Content

- | | | |
|--|---|---|
| 1. The name, type, and start date of each fund is communicated. | Y | N |
| 2. Pertinent information, such as the fund manager and management expense ratio, is communicated to the class. | Y | N |
| 3. The top 10 holdings of the fund, including percentage of portfolio, is communicated. | Y | N |
| 4. A fund summary for each fund is communicated. | Y | N |

Interpretation and Critical Analysis

- | | | |
|---|---|---|
| 1. A detailed explanation for choosing the fund is given. | Y | N |
| 2. The ethical principles and criteria used by the fund company to select corporations in the fund are explained. | Y | N |
| 3. An evaluation of the rate of return, net asset value, net investment income/loss, and other accounting information is explained. | Y | N |
| 4. Recommendations on whether the funds should be included in a “socially responsible” investor’s portfolio is communicated to the class. | Y | N |

Visual Aids and Class Involvement

- | | | |
|---|---|---|
| 1. Presentation software is utilized to communicate the information to the class. | Y | N |
| 2. Other visual aids, such as charts, booklets, pamphlets, and/or annual reports, are used. | Y | N |
| 3. Opportunities for class involvement are provided. | Y | N |