



**Catalog Description:**

An introduction to financial accounting concepts and analysis with emphasis on corporate financial statements and determination of income.

3 credits

Corequisite: Financial Accounting Lab (ACG 2021L)

**Course Competencies:**

- Competency 1. The Student will demonstrate knowledge of the role of accounting in business administration by:
- Describing the nature of a business.
  - Describing the role of accounting in business.
  - Describing the importance of business ethics and the basic principles of proper ethical conduct.
  - Describing the profession of accounting.
  - Summarizing the development of accounting principles and relate them to practice.
  - Stating the accounting equation and defining each element of the equation.
  - Explaining how business transactions can be stated in terms of the resulting changes in the three basic elements of the accounting equation.
  - Describing the financial statements of a corporation and explaining how they interrelate.
- Competency 2: The student will demonstrate knowledge in analyzing transactions by:
- Explaining why accounts are used to record and summarize the effects of transactions on financial statements.
  - Explaining the characteristics of an account.
  - Listing the rules of debit and credit and the normal balances of accounts.
  - Analyzing and summarizing the financial statement effects of transactions.
  - Preparing a trial balance and explaining how it can be used to discover errors.
  - Discovering errors in recording transactions and correcting them.
- Competency 3: The student will illustrate the matching concept and the adjusting process by:
- Explaining how the matching concept relates to the accrual basis of accounting.
  - Explaining why adjustments are necessary and listing the characteristics of adjusting entries.
  - Journalizing entries for accounts requiring adjustment.
  - Summarizing the adjustment process and preparing an adjusted trial balance.
- Competency 4: The student will demonstrate knowledge in completing the accounting cycle by:
- Preparing a work sheet.
  - Preparing financial statements from a work sheet.
  - Preparing the adjusting and closing entries from a work sheet.
  - Explaining what is meant by the fiscal year and the natural business year.
  - Summarizing the seven basic steps of the accounting cycle.

- Competency 5:** The student will illustrate the accounting merchandising business by:
- a. Distinguishing the activities of a service business from those of merchandising business.
  - b. Journalizing the entries for merchandise transactions, including:
    - 1) Merchandise purchase
    - 2) Merchandise sales
    - 3) Merchandise transportation costs
    - 4) Transactions for both the buyer and the seller
  - c. Preparing a chart of accounts for a merchandising business.
  - d. Preparing an income statement for a merchandising business.
  - e. Describing the accounting cycle for a merchandising business.

- Competency 6:** The student will describe the principles of internal control, accounting systems and cash accounting by:
- a. Defining an accounting system and describing its implementation.
  - b. Describing the components of a computer system and applying the computerized accounting to recording revenues and collections.
  - c. Listing the three objectives of internal control, and defining and giving examples of the five elements of internal control.
  - d. Describing the nature of cash and the importance of internal control over cash.
  - e. Summarizing basic procedures for achieving internal control over cash receipts.
  - f. Summarizing the basic procedures for achieving internal control over cash payments, including the use of a voucher system.
  - g. Describing the nature of a bank account and its use in controlling cash.
  - h. Preparing a bank reconciliation and journalizing any necessary entries.
  - i. Accounting for small cash transactions, using a petty cash fund.
  - j. Summarizing how cash is presented on the balance sheet.

- Competency 7:** The student will demonstrate a knowledge of the receivables by:
- a. Listing the common classification of receivables.
  - b. Summarizing and providing examples of internal control procedures that apply to receivables.
  - c. Describing the nature of and the accounting for uncollectible receivables.
  - d. Journalizing the entries for the allowance method of accounting for uncollectibles, and estimating uncollectible receivables based on sales and on an analysis of receivables.
  - e. Journalizing the entries for the direct write-off of uncollectible receivables.
  - f. Describing the nature and characteristics of promissory notes.
  - g. Journalizing the entries for notes receivable transactions.
  - h. Preparing the Current Assets presentation of receivables on the balance sheet.

- Competency 8: The student will demonstrate a knowledge of accounting concepts, principles and procedures related to merchandise inventory by:
- a. Summarizing and providing examples of internal control procedures that apply to inventory.
  - b. Describing the effect of inventory errors on the financial statements.
  - c. Describing three inventory cost flow assumptions and how they impact the financial statements.
  - d. Computing the cost of inventory under the periodic inventory system, using the first-in, first-out, last-in, and Average Cost Method.
  - e. Computing the cost of inventory under the periodic inventory system, using the first-in, first-out, last in, first-out, and Average Cost Methods.
  - f. Comparing and contrasting the use of the three inventory costing methods.
  - g. Computing the proper valuation of inventory at other than cost, using the lower-of-cost-or market concept.
  - h. Preparing a balance sheet presentation of merchandise inventory.
  - i. Estimating the cost of inventory, using the retail and gross project method.

- Competency 9: The student will demonstrate a knowledge of accounting for fixed and intangible assets by:
- a. Defining fixed assets.
  - b. Identifying what items are included in the cost of a fixed asset.
  - c. Classifying fixed asset costs as either capital expenditures or revenue expenditures.
  - d. Computing depreciation, using the following methods: straight-line, units-of-production, and declining-balance method.
  - e. Computing depletion and journalizing the entry for depletion.
  - f. Journalizing entries for the disposal of fixed assets.
  - g. Describing internal controls over fixed assets.
  - h. Describing how depreciation expense is reported in an income statement
  - i. Preparing a balance sheet that includes fixed assets and intangible assets.

- Competency 10: The student will illustrate accounting procedures for current liabilities by:
- a. Journalizing entries for short-term notes payable.
  - b. Describing the accounting treatment for contingent liabilities and product warranties.
  - c. Determining employer liabilities for payroll.
  - d. Describing payroll accounting systems that use a payroll register, employee earnings record, and a general journal.
  - e. Journalizing entries for employee fringe benefits.

- Competency 11: The student will explain the nature of the corporate form of organization and how corporation accounts for stock by:
- a. Describing the characteristics of the corporate form of organization.
  - b. Listing the major sources of paid-in capital, including the various classes of stock.
  - c. Journalizing the entries for issuing stock.
  - d. Journalizing he entries for treasury stock transactions.
  - e. Stating the effect of stock splits on corporate financial statements.
  - f. Journalizing the entries for cash dividends and stock dividends.

- Competency 12: The student will demonstrate a knowledge of accounting for corporate income taxes, investments in stocks, and disclosure of unusual items and earnings per share in the income statement by:
- a. Journalizing entries for corporate income taxes, including deferred income taxes.
  - b. Preparing an income statement reporting unusual items.
  - c. Preparing an income statement reporting earnings per share data.
  - d. Describing the accounting procedures for investments in stocks.
  - e. Describing alternative methods of consolidating businesses.
- Competency 13: The student will demonstrate a knowledge of accounting principles relating to issuing long-term debt and accounting for investments in bonds by:
- a. Computing the potential impact of long-term borrowing on the earnings per share of a corporation.
  - b. Describing the characteristics of bonds.
  - c. Computing the present value of bonds payable.
  - d. Journalizing entries for bonds payable.
  - e. Describing bond sinking funds.
  - f. Journalizing entries for bond redemptions.
  - g. Journalizing entries to amortize bond premium or discount.
  - h. Journalizing entries to record the sale of bond investments
  - i. Preparing a corporation balance sheet.
- Competency 14: The student will illustrate the use of the computer as a tool in recording and summarizing accounting information by:
- a. Preparing a computerized practice set.
  - b. Using the internet to access examples of corporate financial statements
- Competency 15: The student will reinforce their knowledge of critical thinking and oral and written communication skills by:
- a. Reading accounting material published in books, journals, and other sources of information.
  - b. Writing and presenting reports about potential solutions to basic accounting problems and cases.

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