



Course Description

ACG2021 | Financial Accounting | 3.00 credits

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

Course competencies

Competency 1: The student will demonstrate knowledge of the role of accounting in business administration by:

1. Describing the nature of a business
2. Describing the role of accounting in business
3. Describing the importance of business ethics and the basic principles of proper ethical conduct
4. Describing the profession of accounting
5. Summarizing the development of accounting principles and relating them to practice
6. Stating the accounting equation and defining each element of the equation
7. Explaining how business transactions can be stated in terms of the resulting changes in the three basic elements of the accounting equation
8. Describing the financial statements of a corporation and explaining how they interrelate

Competency 2: The student will demonstrate knowledge in analyzing transactions by:

1. Explaining why accounts are used to record and summarize the effects of transactions on financial statements
2. Explaining the characteristics of an account, the journal, and the general ledger
3. Listing the rules of debit and credit and the normal account balances
4. Journalizing and posting general business transactions
5. Preparing a trial balance and explaining how it can be used to discover errors
6. Discovering errors in transactions and making corrections

Competency 3: The student will illustrate the matching concept and the adjusting process by:

1. Explaining how the matching concept relates to the accrual basis and cash basis of accounting
2. Explaining why adjustments are necessary and listing the characteristics of adjusting entries
3. Journalizing and posting entries for accounts requiring adjustment
4. Summarizing the adjustment process and preparing an adjusted trial balance
5. Analyzing the effects of omissions of adjustments on the financial statements

Competency 4: The student will demonstrate knowledge in completing the accounting cycle by:

1. Explaining the difference between permanent and temporary accounts
2. Identifying and preparing a classified balance sheet
3. Journalizing and posting closing entries
4. Explaining the difference between a fiscal year and a natural business year
5. Demonstrating an understanding of the steps of the accounting cycle
6. Showing a full understanding of the steps of the accounting cycle

Competency 5: The student will illustrate the accounting for a merchandising business by:

1. Control and defining and giving examples of the five elements of internal control
2. Describing the nature of cash and the importance of internal control over cash
3. Summarizing basic procedures for achieving internal control over cash receipts
4. Summarizing the basic procedures for achieving internal control over cash payments, including using a voucher system
5. Describing the nature of a bank account and its use in controlling cash
6. Preparing a bank reconciliation and journaling any necessary entries
7. Accounting for small cash transactions using a petty cash fund

Competency 6: The student will demonstrate a knowledge of receivables by:

1. Listing the common classification of receivables
2. Summarizing and providing examples of internal control procedures that apply to receivables
3. Describing the nature of and the accounting for uncollectible receivables
4. Journalizing the entries for the allowance method of accounting for uncollectible, and estimating uncollectible receivables based on sales and on an analysis of receivables
5. Journalizing the entries for the direct write-off method of accounting for uncollectible receivables
6. Describing the nature and characteristics of promissory notes
7. Journalizing the entries for notes receivable transactions
8. Describing the presentation of receivables on the balance sheet

Competency 7: The student will demonstrate knowledge of accounting concepts, principles and procedures related to merchandise inventory by:

1. Summarizing and providing examples of internal control procedures that apply to inventory
2. Describing the effect of inventory errors on the financial statements
3. Describing the three main inventory cost flow assumptions and how they impact the financial statements.
4. Computing the inventory cost under the periodic inventory system, using the fifo (first-in, first-out), lifo (last-in, first-out), and average cost method
5. Computing the inventory cost under the perpetual inventory system, using fifo (first-in, first-out) and lifo (last-in, first-out)
6. Comparing and contrasting the use of the three main inventory costing methods
7. Computing the proper inventory valuation at other than cost, using the lower-of-cost or market concept
8. Describing the presentation of merchandise inventory on the balance sheet
9. Estimating the inventory cost using the retail and gross profit methods

Competency 8: The student will demonstrate knowledge of accounting for fixed and intangible assets by:

1. Defining fixed assets, natural resources, and intangible assets
2. Identifying what items are included in the cost of a fixed asset
3. Classifying fixed asset costs as either capital expenditures or revenue expenditures
4. Computing depreciation using the following methods: straight-line, units-of-production, and declining-balance method
5. Computing depletion and journalizing the entry for depletion
6. Journalizing entries for the disposal of fixed assets

7. Describing internal controls over fixed assets
8. Describing how depreciation expense is reported in an income statement
9. Describing the presentation of fixed assets, natural resources, and intangible assets on the balance sheet
10. Understanding the accounting for intangible assets, including amortization

Competency 9: The student will illustrate accounting procedures for current liabilities by:

1. Journalizing entries for short-term notes payable
2. Describing the accounting treatment for contingent liabilities and product warranties
3. Determining employer liabilities for payroll
4. Describing the accounting for payroll and the use of a payroll register
5. Journalizing payroll, employers' liability, and employee fringe benefits
6. Determining gross pay, deductions, and net pay for an individual employee

Competency 10: The student will explain the nature of the corporate form of organization and how a corporation accounts for stock by:

1. Describing the characteristics of the corporate form of organization
2. Listing the major sources of paid-in capital, including the two main classes of stock
3. Journalizing the entries for issuing stock
4. Journalizing the entries for treasury stock transactions
5. Stating the effect of stock splits on corporate financial statements
6. Journalizing the entries for cash dividends and stock dividends
7. Determining dividend distribution for the two main classes of stock

Competency 11: The student will utilize technology in recording and summarizing accounting information by:

1. Using a general ledger system
2. Preparing spreadsheets in excel
3. Utilizing online homework management systems
4. Using the internet to access examples of corporate financial statements

Competency 12: The student will reinforce their knowledge of critical thinking and oral and written communication skills by:

1. Reading accounting material published in books, journals, and other sources of information online
2. Writing and presenting reports on basic accounting ethical issues and current events

Learning outcomes:

- Communicate effectively using listening, speaking, reading, and writing skills
- Use quantitative analytical skills to evaluate and process numerical data
- Solve problems using critical and creative thinking and scientific reasoning