

ACC111 Principles of Financial Accounting – Administrative Outline FALL 2008

Course Information

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| Organization | Mercer County Community College |
| Credits | 4 |
| Contact Hours | 4 |

Description

Study of the accounting cycle and how accounting data impacts business decisions. Emphasis on understanding the "why" of accounting as well as the "how".

Prerequisites

MAT034 or equivalent proficiency

Course Competencies/Goals:

The student will be able to:

- A. Define the basic principles and concepts as they relate to practical accounting problems.
- B. Demonstrate an understanding of the concepts of accrual accounting.
- C. Discuss and identify the three types of business activities and how to account for each.
- D. Explain how accounting can be used as a tool to assist in making business decisions.
- E. Analyze a business transaction into its debit and credit elements.
- F. Complete the accounting cycle: journalize entries, post to general ledger, adjust accounts, and prepare financial statements.
- G. Interpret various accounting data and appropriately apply basic principles of accounting to the data.
- H. After analyzing case study situations, recommend to management a possible accounting solution.

General Education Knowledge Goals:

Goal 1: Communication. Students will communicate effectively in both speech and writing.

Goal 2: Mathematics: Students will use appropriate mathematical and statistical concepts and operations to interpret data and to solve problems.

Goal 9: Ethical Reasoning and Action. Students will understand ethical issues and situations.

MCCC Core Skills:

Goal A: Written and Oral Communication in English: Students will communicate effectively in speech and writing, and demonstrate proficiency in reading.

Goal B: Critical Thinking and Problem-solving. Students will use critical thinking and problem solving skills in analyzing information.

Goal C: Ethical Decision-Making: Students will recognize, analyze and assess ethical issues and situations.

Goal F: Collaboration and Cooperation. Students will develop the interpersonal skills required for effective performance in group situations.

Units of Study in Detail

Competencies:

1. Explain what accounting information is, its uses, and users

Learning Objectives:

- a. Describe the purpose of accounting. (Course Competencies A; General Education 1; MCCC Core A)
- b. Identify the primary users of accounting information. (Course Competencies A; General Education 1; MCCC Core A)
- c. Describe the environment of accounting. (Course Competencies A; General Education 1; MCCC Core A)

2. Describe the components of basic financial statements

Learning Objectives:

- a. Describe the basic elements, uses, and limitations of the balance sheet. (Course Competencies A; General Education 1; MCCC Core A)
- b. Describe the basic elements and uses of the income statement. (Course Competencies A; General Education 1; MCCC Core A)
- c. Define individual cash flow items used in the statement of cash flows. (Course Competencies A, C; General Education 1; MCCC Core A)
- d. Explain the fundamental concepts and assumptions that underlie financial accounting. (Course Competencies A; General Education 1; MCCC Core A)

3. Perform the mechanics of accounting

Learning Objectives:

- a. Analyze transactions and determine how those transactions affect the accounting equation. (Course Competencies B, E; General Education 2; MCCC Core B)
- b. Record the effects of transactions using journal entries. (Course Competencies B, E; General Education 2; MCCC Core B)
- c. Summarize the resulting journal entries through posting and prepare a trial balance. (Course Competencies B, E; General Education 2; MCCC Core B)

4. Complete the accounting cycle

Learning Objectives:

- a. Describe how accrual accounting allows for timely reporting. (Course Competencies B, D; General Education 1; MCCC Core A)
- b. Calculate and journalize adjusting entries for: Unrecorded receivables, unrecorded liabilities, prepaid expenses, and unearned revenues. (Course Competencies B, E; General Education B 1, 2; MCCC Core A, B)

- c. Explain the preparation of financial statements. (Course Competencies F, G; General Education 1,2; MCCC Core A, B, C)
- d. Complete the closing process in the accounting cycle.(Course Competencies E, G; General Education 1, 2; MCCC Core A, B, C)

5. Describe the accounting for the selling of a product or a service

Learning Objectives

- a. Understand the three basic types of business activities: operating, investing and financing.(Course Competencies A, B,C; General Education 1; MCCC Core A, B)
- b. Account for the collection of cash. (Course Competencies B, E; General Education 1, 2; MCCC Core A,B)
- c. Reconcile a checking account.(Course Competencies D, E; General Education 1, 2; MCCC Core A, B)
- d. Record the losses from credit customers who do not pay their bills using the allowance method. (Course Competencies B, D, G; General Education 1, 2; MCCC Core A,B)
- e. Assess how well companies manage their receivables. (Course Competencies D, G; General Education 1, 2; MCCC Core A, B)
- f. Account for the impact of changing exchange rates on the value of accounts receivable. (Course Competencies A, D, E, G; General Education 1, 2; MCCC Core A, B)

6. Explain the process of accounting for inventory

Learning Objectives

- a. Identify what costs should be included in inventory and cost of goods sold. (Course Competencies A, D, E, G; General Education 1, 2; MCCC Core A, B)
- b. Account for purchases of inventory using the perpetual inventory method. (Course Competencies A, D, E, G; General Education 1, 2; MCCC Core A, B)
- c. Apply the inventory cost flow assumptions: FIFO, LIFO, Average Cost using the perpetual inventory method. (Course Competencies A, D, E, G; General Education 1, 2; MCCC Core A, B)
- d. Assess how well companies manage their inventories. (Course Competencies D, G, H; General Education 1, 2; MCCC Core A, B)
- e. Explain the gross margin method of estimating inventories. (Course Competencies A, D, G; General Education 1, 2; MCCC Core A, B)

7. Perform the activities related to the completion of the operating cycle

Learning Objectives

- a. Explain and account for the various components of employee compensation expense. (Course Competencies A, B, D, E, G; General Education 1, 2; MCCC Core A, B)
- b. Account for compensated absences. (Course Competencies A, B, D, E, G; General Education 1, 2; MCCC Core A, B)
- c. Understand when an expenditure should be recorded as an asset and when it should be expensed.(Course Competencies A, B, D, G; General Education 1, 2, MCCC Core A, B)
- d. Summarize operations on an income statement. (Course Competencies A, D, F, G; General Education 1, 2, 9; MCCC Core A, B, C)

8. Describe the accounting procedures for long-term operating assets

Learning Objectives

- a. Identify the two major categories of long-term operating assets: property, plant, and equipment and intangible assets. (Course Competencies A, C, D; General Education 2; MCCC Core A)
- b. Account for the acquisition of property, plant, and equipment. (Course Competencies A, E; General Education A; MCCC Core A, B)
- c. Compute straight-line, units of production declining-balance depreciation expense for plant and equipment. (Course Competencies A, B, D, E; General Education 1, 2; MCCC Core A, B)
- d. Account for repairs and improvements of property, plant, and equipment. (Course Competencies A, B, D, E; General Education 1, 2; MCCC Core A, B)
- e. Account for the disposal of property, plant, and equipment. (Course Competencies A, B, D, E, G; General Education 1, 2; MCCC Core A, B)
- f. Discuss the acquisition and amortization of intangible assets. (Course Competencies A, B, D, E, G; General Education 1, 2; MCCC Core A, B)

9. Explain the concepts related to long-term debt financing

Learning Objectives

- a. Use present value concepts to measure long-term liabilities. (Course Competencies A, D, G; General Education 1, 2; MCCC Core A, B)
- b. Account for: notes payable, mortgages payable, and lease obligations. (Course Competencies A, B, E, F; General Education 1, 2; MCCC Core A, B)
- c. Discuss the nature of bonds. (Course Competencies A, D, G; General Education 1; MCCC Core A, B)
- d. Determine the issuance price of bonds. (Course Competencies A, D, G; General Education 1, 2; MCCC Core A, B)
- e. Describe the accounting for bonds issued at face value. (Course Competencies A, B, E, F, G; General Education 1, 2; MCCC Core A, B)
- f. Use debt related ratios to determine the degree of a company's leverage and its ability to repay loans. (Course Competencies A, D, H; General Education 1, 2; MCCC Core A, B)

10. Discuss equity financing

Learning Objectives

- a. Describe the basic characteristics of a corporation and the nature of common and preferred stock. (Course Competencies A, D; General Education 1; MCCC Core A)
- b. Account for the issuance and repurchase of common and preferred stock. (Course Competencies A, B, D, E; General Education 1, 2; MCCC Core A, B)
- c. Record the entries for cash dividends. (Course Competencies A, D, E; General Education 1, 2; MCCC Core 1,2)
- d. Calculate the dividend payout ratio. (Course Competencies A, D, G; General Education 1, 2; MCCC Core A, B)

11. **Explain the procedures used to ensure the integrity of financial information**

Learning Objectives

- a. Identify the types of problems that can appear in financial statements. (Course Competencies A, B, D,E; General Education 1, 2, 9; MCCC Core A, B, C, F)
- b. Describe the safeguards employed to ensure that financial statements are free from problems. (Course Competencies A, B, D, E; General Education 1, 2, 9; MCCC Core A, B, C, F)
- c. Understand the major parts of the Sarbanes-Oxley Act and how it impacts financial reporting. (Course Competencies A, B, D, E; General Education 1, 9; MCCC Core B, C, F)
- d. Explain the role of the Securities and Exchange Commission. (Course Competencies A, D, E; General Education 1, 9; MCCC Core A, B, C, F)

Grading Information

Grading Scale

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| Tests | 60% (Chapters 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11) |
| Written Projects | 15% (Course Competencies D, E; General Education 1, 2, 9) MCCC Core A, B, C, F) |
| Quizzes/Class | 5% |
| Final Exam | 20% |