

ACCOUNTING 201 COURSE GUIDE

Financial Accounting

Text: Edmonds – Edmonds – McNair – Olds (6th Edition)

Primary Learning Objectives: Develop students who can explain how any given business transaction will affect the Income Statement, Balance Sheet and Statement of Cash Flows. Develop a functional knowledge of basic financial accounting principles which will include at a minimum:

- (1) the ability to recognize the impact of basic business transactions on accounts and financial statements,
- (2) an understanding of the relationship between the major financial statements of a business,
- (3) an awareness as to the basic forms of business organization and legal characteristics related to each,
- (4) an appreciation as to the influence of information needs, technological capability, and professional judgment in an organization's accounting system,
- (5) and the ability to apply concepts of ethical conduct to situations likely to arise in the accounting environment.

Specific Learning Standards emphasized in this course include:

Communication Skills - Uses standard English grammar in oral & written forms. Applies listening skills appropriate to situations. Reads with comprehension. Communicates effectively in oral and written forms.

Leadership Skills - Applies effective interpersonal skills. Demonstrates ability to work effectively in individual and team situations.

Critical Thinking - Analyzes, synthesizes, and evaluates from a wide variety of information sources. Utilizes logic.

Technological Proficiency - Demonstrates knowledge and use of current technology for problem solving including: appropriate software tools, internet, and discipline-specific applications.

Ethics – Demonstrates knowledge of moral concepts. Recognizes ethical dilemmas.

Course Specifics: Enrollment in Accounting 201 requires sophomore standing. All students who intend to major in Accounting must earn at least a “C” average in this course.

The following indicates the learning objectives in each chapter that should be given the most emphasis in lecture, problem assignments, and testing. Other learning objectives may be covered at the instructor's discretion.

Chp#	Chapter Title	Learning Objectives to be Emphasized
1	An Introduction to Accounting	<ul style="list-style-type: none"> • Identify the major elements of financial statements and prepare the four basic financial statements • Describe the relationships expressed in the accounting equation • Record business events in general ledger accounts using financial statements model
2	Accounting for Accruals	<ul style="list-style-type: none"> • Explain the concept of accrual versus cash accounting and identify business events that involve accruals • Explain how accrual transactions affect the financial statements • Explain the effects of end-of-period adjustments related to accruals
3	Accounting for Deferrals	<ul style="list-style-type: none"> • Identify business events that involve deferrals and record under an accounting equation • Prepare financial statements that include cash, accrual and deferral events • Explain how deferral events affect the financial statements • Explain the effects of end-of-period adjustments related to deferrals • Analyze financial statements using debt-to-assets ratio, return on assets ratio and return-on-equity ratio
4	The Double-Entry Accounting System	<ul style="list-style-type: none"> • Explain the fundamental concepts associated with double-entry accounting systems • Describe business events using debit/credit terminology • Record transactions in T-accounts • Identify the events that need adjusting entries and record them • State the need for and record closing entries
5	Accounting for Merchandising Businesses	<ul style="list-style-type: none"> • Distinguish between service and merchandising businesses • Name and explain the primary features of the perpetual inventory system • Explain the meaning of terms used to describe transportation costs, cash discounts, and returns or allowances • Show how lost, damaged, or stolen inventory affects financial statements • Use ratio analysis to evaluate managerial performance

6	Accounting for Inventories	<ul style="list-style-type: none"> • Explain how different inventory cost flow methods affect financial statements • Demonstrate the computational procedures for LIFO, FIFO and weighted average • Apply lower-of-cost rule to inventory valuation • Show how inventory errors and inventory turnover affects a company's profitability
7	Internal Control and Accounting for Cash	<ul style="list-style-type: none"> • Explain the types and purposes of internal controls • Identify the special internal controls for cash and prepare a bank reconciliation • Explain the use of a petty cash fund
8	Accounting for Receivables and Payables	<ul style="list-style-type: none"> • Explain the importance of offering credit terms to customers and show how credit card sales affect the financial statements • Explain how the allowance and direct write-off methods of accounting for bad debts affect financial statements
9	Accounting for Long-Term Operational Assets	<ul style="list-style-type: none"> • Distinguish between tangible and intangible assets • Identify different types of long-term operational assets and determine their cost • Explain how expense recognition (depreciation) affects financial statements throughout the life cycle of a tangible asset • Show how different depreciation methods affect the amount of expense recognized in a particular accounting period • Explain how continuing expenditures for operational assets affect financial statements • Explain how expense recognition for natural resources (depletion) and intangible assets (amortization) affects financial statements
10	Accounting for Long-term Debt	<ul style="list-style-type: none"> • Show how the amortization of long-term notes affects financial statements • Explain why bonds are issued at face value, a discount, or a premium • Show how bond liabilities and their related interest costs affect financial statements • Explain the time value of money
11	Accounting for Equity Transactions	<ul style="list-style-type: none"> • List the primary characteristics of a sole proprietorship, partnership and corporation and show how their financial statements differ • Explain the accounting treatment for different types of stock issued by corporations • Explain the effects of treasury stock transactions on a company's financial statements • Explain the effects of a declaration and payment of cash dividends on a company's financial statements • Explain the effects of stock dividends and stock splits on a company's financial statements
12	Statement of Cash Flows	<ul style="list-style-type: none"> • Identify the type of business events that are reported in the three sections of the statement of cash flows • Prepare a statement of cash flows • Explain how cash flow from operating activities reported under the indirect method differs from that reported under the direct method