

CATALOG INFORMATION

Dept and Nbr: BAD 1

Title: FINANCIAL ACCOUNTING

Full Title: Financial Accounting

Last Reviewed: 2/11/2019

Units		Course Hours per Week		Nbr of Weeks	Course Hours Total	
Maximum	4.00	Lecture Scheduled	4.00	17.5	Lecture Scheduled	70.00
Minimum	4.00	Lab Scheduled	0	6	Lab Scheduled	0
		Contact DHR	0		Contact DHR	0
		Contact Total	4.00		Contact Total	70.00
		Non-contact DHR	0		Non-contact DHR	0

Total Out of Class Hours: 140.00

Total Student Learning Hours: 210.00

Title 5 Category: AA Degree Applicable

Grading: Grade or P/NP

Repeatability: 00 - Two Repeats if Grade was D, F, NC, or NP

Also Listed As:

Formerly:

**Catalog Description:**  
This course introduces the student to the role of accounting in processing and reporting the effects of economic transactions. It examines financial accounting from both the user and preparer perspectives. It teaches how information is processed and reported by the accounting information system as well as how the reports are used by investors and creditors in making decisions. The economic transactions are also analyzed by type of business activity: operating, investing, or financing and their impact on cash flows and profitability for both service and merchandising concerns. The ability to perform basic spreadsheet functions is highly recommended. The course objectives comply with the California Core Competency Model developed by the California Society of Certified Public Accountants' Committee on Accounting Education. This course will prepare the transfer degree and/or certificate student for business or accounting programs.

**Prerequisites/Corequisites:**

**Recommended Preparation:**  
Eligibility for ENGL 100 OR EMLS 100 (formerly ESL 100) or equivalent

**Limits on Enrollment:**

### **Schedule of Classes Information:**

Description: This course introduces the student to the role of accounting in processing and reporting the effects of economic transactions. It examines financial accounting from both the user and preparer perspectives. It teaches how information is processed and reported by the accounting information system as well as how the reports are used by investors and creditors in making decisions. The economic transactions are also analyzed by type of business activity: operating, investing, or financing and their impact on cash flows and profitability for both service and merchandising concerns. The ability to perform basic spreadsheet functions is highly recommended. The course objectives comply with the California Core Competency Model developed by the California Society of Certified Public Accountants' Committee on Accounting Education. This course will prepare the transfer degree and/or certificate student for business or accounting programs. (Grade or P/NP)

Prerequisites/Corequisites:

Recommended: Eligibility for ENGL 100 OR EMLS 100 (formerly ESL 100) or equivalent

Limits on Enrollment:

Transfer Credit: CSU;UC.

Repeatability: Two Repeats if Grade was D, F, NC, or NP

### **ARTICULATION, MAJOR, and CERTIFICATION INFORMATION:**

<b>AS Degree:</b>	<b>Area</b>	<b>Effective:</b>	<b>Inactive:</b>
<b>CSU GE:</b>	<b>Transfer Area</b>	<b>Effective:</b>	<b>Inactive:</b>

<b>IGETC:</b>	<b>Transfer Area</b>	<b>Effective:</b>	<b>Inactive:</b>
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<b>CSU Transfer:</b>	Transferable	Effective:	Fall 1981	Inactive:
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<b>UC Transfer:</b>	Transferable	Effective:	Fall 1981	Inactive:
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#### **CID:**

CID Descriptor: ACCT 110      Financial Accounting

SRJC Equivalent Course(s):      BAD1

#### **Certificate/Major Applicable:**

Both Certificate and Major Applicable

### **COURSE CONTENT**

#### **Student Learning Outcomes:**

At the conclusion of this course, the student should be able to:

1. Complete the steps in the accounting cycle and apply generally accepted accounting principles  
to determine how transactions are recorded and reported.
2. Analyze, record, summarize, and report the effects of transactions in financial accounting and interpret the accounting information for internal or external decision making purposes.
3. Demonstrate critical thinking skills, analytical ability, interpersonal and collaborative skills, and the ability to write business reports.

#### **Objectives:**

At the conclusion of this course, the student should be able to:

1. Explain how accounting meets the information needs of investors, creditors, managers,

- regulatory agencies, and taxing authorities.
2. Explain the principles, procedures, and concepts underlying the primary financial statements.
  3. Explain how an accounting system is designed to meet the needs of specific businesses; and how to input transactions, process this input and prepare and interpret the financial statements.
  4. Determine the economic transactions for both a service and merchandising concern from the source document through the closing process.
  5. Analyze the difference in accounting methods allowed under generally accepted accounting principles (GAAP) in the accounting for various assets, liabilities and equity transactions.
  6. Categorize the types of business transactions as being operating, investing or financing activities.
  7. Compare the difference between accrual based measurements and cash flows from activities.
  8. List the various ratio and percentage analysis tests along with different financial statements used by people to make better economic decisions.
  9. Make ethical choices displaying honesty and integrity to avoid any legal action protecting your reputation as well as the company's reputation.
  10. Demonstrate analytical, interpersonal, and communication skills in solving problems.

## **Topics and Scope:**

### **I. Introduction to Accounting**

- A. Users of accounting information and their needs
- B. Financial statements as a means of communications for internal and external decision makers
- C. The objectives of financial reporting using GAAP accounting principles, International Financial Reporting Standards (IFRS), and the role of Financial Accounting Standards Board (FASB)
- D. The accounting profession including Certified Public Accountant (CPA) license as well as the field of auditing
- E. Importance of ethics, reputation, and legal liability in the accounting field.
- F. Develop critical thinking skills, analytical ability, interpersonal and collaborative skills, and the ability to write business reports.

### **II. Financial Statements Providing Information for Investing and Financing Decisions**

- A. The accounting equation
- B. Preparation of financial statements
- C. Financial statement interpretation and analysis
- D. Objective of financial reporting
- E. Qualitative characteristics of accounting information

### **III. Processing Accounting Information for Service Entities**

- A. External and internal transactions
- B. The accounting equation and transactional analysis
- C. The double-entry system and use of "T" accounts
- D. Use of general journal and general ledger to process information
- E. Cash versus accrual accounting and the adjustment process
- F. The adjusting process -- why and how
- G. The closing process -- why and how
- H. The accounting cycle

### **IV. Processing Accounting Information for Merchandising Entities**

- A. Additional accounts and recording merchandising concerns
- B. Periodic vs. perpetual inventory systems
- C. Internal control for a merchandising concern
- D. Inventory valuation and its impact on the financial statements

- E. Lower of Cost or Market and its effect on inventory valuation
- F. Estimating inventory value: the gross profit method and retail inventory method
- G. Effect of inventories on cash flows
- V. Accounting for Assets
  - A. Monetary assets: cash, marketable securities and receivables
    - 1. Valuation issues and their impact on income measurement cash flows
    - 2. Liquidity issues
  - B. Operating Assets: property, plant and equipment, natural resources, and intangibles
    - 1. Acquisition, depreciation and disposal of plant and equipment
    - 2. Subsequent costs: revenue or capital expenditure
    - 3. The matching principle and cost allocation
    - 4. Allocation versus valuation of assets
    - 5. Tax implications of asset dispositions
    - 6. Acquisition and depletion of natural resources
    - 7. Acquisition and amortization of intangible assets
- VI. Accounting for Liabilities
  - A. Current liabilities
    - 1. Current ratio
    - 2. Accounts payable turnover ratio
    - 3. Notes payable
    - 4. Time value of money
  - B. Contingent liabilities
  - C. Working capital
  - D. Present value concepts
- VII. Accounting for Long-term Liabilities
  - A. Bonds
    - 1. Reporting payables and interest expense for sale at par, discount, and premium
    - 2. Debt-to-equity ratio analysis
    - 3. Early retirement
  - B. Other long-term liabilities: leases, deferred taxes, pensions, and other post retirement benefits
  - C. Balance sheet and footnote disclosures
  - D. Impact on the statement of cash flows
- VIII. Stockholders' Equity and Financing Operations
  - A. Components of stockholders' equity; contributed capital and retained earnings
  - B. Types of stock and their characteristics
  - C. Issuance of stock for cash, noncash consideration, and by subscription
  - D. Treasury stock transactions and retirement of shares
  - E. Retained earnings and dividends: Types of dividends and apportionment
  - F. Stock splits
  - G. Valuation issues; book value versus market value
  - H. Effect of stockholders' equity changes on cash flows
- IX. The Statement of Cash Flows
  - A. Cash vs. accrual accounting
  - B. Purpose and reporting requirements for the statement of cash flows
  - C. Direct and indirect methods of computing cash flows from operations
  - D. Noncash investing and financing activities
  - E. Preparing the statement of cash flows
  - F. Use of cash flow information
- X. Financial Statement Analysis
  - A. Horizontal and trend analysis
  - B. Vertical analysis

- C. Common-size statements
- D. Ratio analysis:
  - 1. Profitability analysis
  - 2. Liquidity analysis
  - 3. Solvency analysis
  - 4. Market tests analysis
- E. Limitations of financial statements and analysis
- F. Upholding personal ethical standards and integrity to prevent harm to firms or self when preparing confidential financial statements and reports

### Assignment:

- 1. Reading of text and other written material (20 to 30 pages per week)
- 2. Homework involving problem solving and calculational skills
- 3. Group case research, report, analysis, and presentation
- 4. Exams (2 - 6), mid-term(s) and final exam

### Methods of Evaluation/Basis of Grade:

**Writing:** Assessment tools that demonstrate writing skills and/or require students to select, organize and explain ideas in writing.

Group case research, report, analysis, and presentation

Writing  
10 - 30%

**Problem Solving:** Assessment tools, other than exams, that demonstrate competence in computational or non-computational problem solving skills.

Homework problems

Problem solving  
10 - 25%

**Skill Demonstrations:** All skill-based and physical demonstrations used for assessment purposes including skill performance exams.

Group case research, report, analysis, and presentation

Skill Demonstrations  
10 - 30%

**Exams:** All forms of formal testing, other than skill performance exams.

Exams, mid-term(s) and final exam

Exams  
30 - 60%

**Other:** Includes any assessment tools that do not logically fit into the above categories.

Participation

Other Category  
5 - 10%

### Representative Textbooks and Materials:

Financial Accounting. 9th ed. by Libby, Robert and Libby, Patricia and Hodge, Frank. McGraw-Hill Publishing. 2017

