



ACCT 2 - Financial Accounting

Catalog Description

Transfer Status: CSU/UC

Unit(s): 4.00

Lecture: 68.00 Contact hours/136.00 Out of class hours/204.00 Total hours/4.00 Unit(s)

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Course Description: This is the study of accounting as an information system, examining why it is important and how it is used by investors, creditors, and others to make decisions. The course covers the accounting information system, including recording and reporting of business transactions with a focus on the accounting cycle, the application of generally accepted accounting principles, the financial statements, and statement analysis. Includes issues relating to asset, liability, and equity valuation, revenue and expense recognition, cash flow, internal controls, and ethics. (C-ID ACCT 110).

Objectives

Upon successful completion of this course, the student should be able to:

- 1. Explain the nature and purpose of generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS). Explain and apply the components of the conceptual framework for financial accounting and reporting, including the qualitative characteristics of accounting information, the assumptions underlying accounting, the basic principles of financial accounting, and the constraints and limitations on accounting information.
2. Define and use accounting and business terminology.
3. Explain what a system is and how an accounting system is designed to satisfy the needs of specific businesses and users; summarize the purpose of journals and ledgers.
4. Apply transaction analysis, input transactions into the accounting system, process this input, and prepare and interpret the four basic financial statements.
5. Distinguish between cash basis and accrual basis accounting and their impact on the financial statements, including the revenue recognition and matching principles.
6. Identify and illustrate how the principles of internal control are used to manage and control the firm's resources and minimize risk.
7. Explain the content, form, and purpose of the basic financial statements (including footnotes) and the annual report, and how they satisfy the information needs of investors, creditors, and other users.
8. Explain the nature of current assets and related issues, including the measurement and reporting of cash and cash equivalents, receivables and bad debts, and inventory and cost of goods sold.
9. Explain the valuation and reporting of current liabilities, estimated liabilities and other contingencies.
10. Identify and illustrate issues relating to long-term asset acquisition, use, cost allocation, and disposal.
11. Distinguish between capital and revenue expenditures.
12. Identify and illustrate issues relating to long-term liabilities, including issuance, valuation, and retirement of debt (including the time value of money).
13. Identify and illustrate issues relating to stockholders' equity, including issuance, repurchase of capital stock, and dividends.
14. Explain the importance of operating, investing and financing activities reported in the Statement of Cash Flows.
15. Interpret company activity, profitability, liquidity and solvency through selection and application of appropriate financial analysis tools.
16. Identify the ethical implications inherent in financial reporting and be able to apply strategies for addressing them.

Course Content

Topic Titles / Suggested Time Topic

Lecture

Table with 2 columns: Topics and Lec Hrs. Topics include Purposes and uses of accounting information, The accounting cycle and accounting information system, Cash and accrual accounting concepts, Internal control and cash, Financial reporting rules and disclosure, Reporting and analyzing current assets, Reporting and analyzing current liabilities, Reporting and analyzing long-term assets, Reporting and analyzing long-term liabilities, Reporting and analyzing stockholder's equity.

<u>Topics</u>	<u>Lec Hrs</u>
Measuring cash flow	5.00
Financial statements and statement analysis	5.00
Ethical issues	5.00
Total Hours:	68.00

Methods of Instruction

- A. Class Activities
- B. Group Discussions
- C. Guest Speakers
- D. Homework: Students are required to complete two hours of outside-of-class homework for each hour of lecture
- E. Instructor Demonstrations
- F. Lecture
- G. Multimedia Presentations
- H. Practice and drill on new procedures using manual and computerized methods.

Methods of Evaluation

- A. Exams/Tests
- B. Quizzes
- C. Projects
- D. Homework
- E. Class participation

Examples of Assignments

Reading Assignments

1. Read the Accounting For Receivables chapter and be prepared to explain the different methods used to account for bad debts as well as the different conventions used to calculate interest.
2. Read the instructions and transactions of the accounting simulation, then complete the assigned practice set. This will include recording February's transactions in the general journal, posting to the general ledger, preparing a trial balance, journalizing and posting adjusting entries, preparing an adjusted trial balance, compilation of financial statements. Be prepared to share with the class.

Writing Assignments

1. In one double-spaced page, discuss how your assigned company's annual report was formatted differently than introduced in class. Explain which notes to the financial statements were necessary to complete the accounts receivable turnover ratio for your assigned company.
2. Read the Lenovo Group's most recent annual report and answer the following questions: 1) who audited the company's financial statements 2) what contingent liabilities does the company note 3) what method does the company use to calculate the value of inventory 4) what risk factors does the company reference 5) what products and services does the company provide 6) what regions does the company operate in and what percentage of revenue is derived from each region.

Out-of-Class Assignments

1. Complete homework problems in Excel or a similar spreadsheet program, print, and bring to class. Be prepared to discuss your answers and how the various interest conventions and methods for calculating the allowance for doubtful accounts affected your answers.
2. Complete the exercises to demonstrate competency in accounting for bad debts, notes receivable, factoring receivables, and credit card payments. Submit the exercises via learning management system and be prepared to discuss in class.

Recommended Materials of Instruction

Wild, John J. (2021). Financial Accounting Fundamentals. *McGraw Hill*, 8th. 9781264111718.

Other Learning Materials

Course packet containing, class notes, class problems, practice set, homework problems, and practice problems.

Minimum Qualifications

Accounting (Masters Required)

Created/Revised by: Christensen, Patrick

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