



## MASTER COURSE OUTLINE

A. ACCT 2011 Principles of Financial Accounting

B. COURSE DESCRIPTION:

This course is an introduction to financial accounting concepts and principles through a study of business transactions and their effect on financial statements. Topics/concepts included are: accounting as an information system; transactions and the accounting cycle; financial statements (including the Income Statement, Statement of Equity, Balance Sheet, and the Cash Flow Statement); and analysis of profitability, liquidity, and risk. Accounting practices will be applied to measure, classify and report current and long-term assets, current and long-term liabilities, and equity. The course focus will be on corporate accounting. This course is part of the Associate in Applied Science Accounting degree which is accredited by the Accreditation Council for Business Schools and Programs (ACBSP).

**(4 Cr – 4 lect, 0 lab)**

C. **\*\*Core Theme: Critical Thinking**

D. MAJOR CONTENT AREAS:

- Purpose of Generally Accepted Accounting Principles and the conceptual framework
- Application of the accounting equation to analyze business transactions
- Internal controls and integrity of financial information
- Financial statement preparation and interpretation
- Accounting for current assets (cash, receivables and bad debts, short-term investments, inventory and cost of goods sold, and prepaid expenses)
- Accounting for long-term assets (acquisition, use, depreciation, disposal)
- Accounting for current liabilities and long-term liabilities
- Accounting for stockholders' equity (issuance of stock, treasury stock, dividends)
- Effect of valuation methods and estimates on financial measures
- Impact of cash flows on performance and solvency
- Financial performance measures and ratio analysis

E. GOAL TYPE, OBJECTIVES, AND OUTCOMES:

<u>GOAL TYPE</u>	<u>OBJECTIVES</u> Students will be able to	<u>OUTCOMES</u> The student will successfully
** <u>Critical Thinking</u>	gather factual information and apply it to a given problem in a manner that is relevant, clear, comprehensive, and conscious of possible bias in the information selected.	1. complete entire accounting cycle for a service business and a merchandising business.

<u>CS</u>	understand the nature and purpose of generally accepted accounting principles (GAAP), the objective of financial reporting, the conceptual framework, the elements of financial statements, and related accounting assumptions and principles.	<ol style="list-style-type: none"> <li>1. summarize the role of accounting in society.</li> <li>2. identify the different accounting entities involved in business events.</li> <li>3. name and define the major elements of financial statements.</li> <li>4. summarize how accounting assumptions and principles affect financial statements.</li> </ol>
<u>CS</u>	apply the accounting equation to analyze business transactions and understand the impact on financial statements.	<ol style="list-style-type: none"> <li>1. construct an accounting equation and determine how business events affect the equation.</li> <li>2. record business events using debit/credit terminology.</li> <li>3. demonstrate the accounting cycle, including a trial balance, adjustments and closing.</li> </ol>
<u>CS</u>	understand how internal controls are used to manage and control a firm's resources, minimize risk and ensure accurate reporting.	<ol style="list-style-type: none"> <li>1. identify the key elements of a strong system of internal control.</li> <li>2. identify special internal controls for cash, including the use of petty cash.</li> <li>3. prepare a bank reconciliation</li> <li>4. summarize the auditor's role in financial reporting.</li> </ol>
<u>CS</u>	understand and apply the information conveyed in each of the four basic financial statements and how this information may be used by management, investors, creditors and regulators.	<ol style="list-style-type: none"> <li>1. prepare an income statement, a statement of changes in stockholders' equity, balance sheet, and cash flow statement.</li> <li>2. illustrate how gains, losses, and other items are shown on a multi-step income statement.</li> <li>3. prepare a classified balance sheet.</li> </ol>
<u>CS</u>	apply accounting practices to measure, classify and report current assets, accounts receivable and bad debts, short-term investments, inventory and cost of goods sold, and prepaid expenses.	<ol style="list-style-type: none"> <li>1. determine how current assets (including receivables and prepaids) affect financial statements.</li> <li>2. record and report inventory transactions using the perpetual system.</li> <li>3. determine how transportation costs, cash discounts, returns and allowances, and inventory shrinkage affect financial statements.</li> <li>4. determine the amount of cost of goods sold and ending inventory using the specific identification, FIFO, LIFO, and weighted average cost flow methods.</li> <li>5. use the allowance method and direct write-off method to determine uncollectible accounts expense and show how each affects</li> </ol>

		<p>financial statements.</p> <ol style="list-style-type: none"> <li>6. calculate how accounting for notes receivable and accrued interest affects financial statements.</li> <li>7. record short-term investments and determine the effect on financial statements.</li> </ol>
<u>CS</u>	apply accounting practices to measure, classify and report long-term assets including the acquisition, use, depreciation and disposal of long-lived assets.	<ol style="list-style-type: none"> <li>1. identify and determine cost of long-term operational assets (including natural resources and intangibles.)</li> <li>2. calculate how straight-line, double-declining balance, and units of production depreciation methods affect financial statements.</li> <li>3. calculate how asset disposals effect financial statements.</li> <li>4. determine how continuing expenditures for operational assets affect financial statements.</li> <li>5. calculate how depletion of natural resources and amortization of intangibles affects financial statements.</li> </ol>
<u>CS</u>	apply accounting practices to measure, classify and report current and long-term liabilities.	<ol style="list-style-type: none"> <li>1. determine how accounts payable, notes payable, and related interest expense, and other current liabilities affect financial statements.</li> <li>2. calculate how accounting for unearned revenues affects financial statements.</li> <li>3. determine how to record contingent liabilities.</li> <li>4. calculate how long-term liabilities affect financial statements.</li> <li>5. summarize bond features and show how bonds payable affect financial statements.</li> </ol>
<u>CS</u>	apply issues relating to stockholders' equity including the issuance of stock, repurchase of stock and dividends.	<ol style="list-style-type: none"> <li>1. identify the primary characteristics of sole proprietorships, partnerships, and corporations.</li> <li>2. determine how different types of capital stock affect financial statements.</li> <li>3. calculate how treasury stock transactions affect financial statements.</li> <li>4. calculate how dividends, stock splits, and appropriations affect financial statements.</li> </ol>
<u>CS</u>	analyze how accounting transactions, the use of different valuation methods and management estimates can affect assets, liabilities and equity, earnings and other financial measures.	<ol style="list-style-type: none"> <li>1. apply the lower-of-cost-or-market rule to inventory valuation.</li> <li>2. use the gross margin method to estimate ending inventory.</li> <li>3. identify some income tax issues that</li> </ol>

		<p>affect long-term operational assets.</p> <ol style="list-style-type: none"> <li>4. calculate how revising estimates affects financial statements.</li> <li>5. determine how expense recognition choices and industry characteristics affect financial performance measures.</li> <li>6. list the advantages and disadvantages of debt financing.</li> </ol>
<u>CS</u>	apply understanding of how operating, investing and financing activities are reported in the statement of cash flows and analyze the impact these activities have on a firm's performance and solvency.	<ol style="list-style-type: none"> <li>1. prepare the operating activities section of a statement of cash flows using the direct method.</li> <li>2. prepare the investing and financing activities sections of the statement of cash flows.</li> <li>3. use cash flow data to measure company's performance.</li> </ol>
<u>CS</u>	understand and apply financial performance measures and ratio analysis to compare financial results against expectations, industry standards and competitors.	<ol style="list-style-type: none"> <li>1. common-size financial statements (vertical analysis), horizontal analysis, and ratio analysis to evaluate liquidity, solvency, profitability and other measures of performance.</li> <li>2. use turnover measures for inventory and accounts receivable.</li> <li>3. illustrate uses of accounting information in making stock investment decisions.</li> </ol>

#### F. SPECIAL INFORMATION:

This course may require use of the Internet, the submission of electronically prepared documents and the use of a course management software program. Students who have a disability and need accommodations should contact the instructor or the Student Success Center at the beginning of the semester. This information will be made available in alternative format, such as Braille, large print, or current media, upon request.

#### G. COURSE CODING INFORMATION: Course Code D/Class Maximum 30; Letter Grade

Revision date: 11/29/16; 11/1/17

AASC Approval date: 12/12/17

<b>*Riverland Community College Disciplines</b>	<b>MnTC Goal Number</b>
Communication (CM)	<b>1</b>
Natural Sciences (NS)	<b>3</b>
Mathematics/Logical Reasoning (MA)	<b>4</b>
History and the Social & Behavioral Sciences (SS)	<b>5</b>
Humanities and Fine Arts (HU)	<b>6</b>

<b>**Riverland Community College Core Themes</b>	<b>MnTC Goal Number</b>
Critical Thinking (CT)	<b>2</b>
Human Diversity (HD)	<b>7</b>
Global Perspective (GP)	<b>8</b>
Ethical and Civic Responsibility (EC)	<b>9</b>
People and the Environment (PE)	<b>10</b>

\*These five MnTC Goals have been identified as Riverland Community College Disciplines.

\*\* These five MnTC Goals have been identified as Riverland Community College Core Themes.

NOTE: The Minnesota Transfer Curriculum “10 Goal Areas of Emphasis” are reflected in the five required discipline areas and five core themes noted in the Riverland Community College program of study guide and/or college catalog.

Riverland