



Course Name: Principles of Financial Accounting

Course Number: ACC* 113

Credits: 3

Catalog description: A study of the basic principles and procedures of the accounting process as they relate to the recording, measurement and communication of the business entity's financial data. Emphasis is placed on the recording process, income determination and the development of financial statements.

Prerequisite, Corequisite, or Parallel: ENG*043

General Education Competencies Satisfied:

HCC General Education Requirement Designated Competency Attribute Code(s):

None

Additional CSCU General Education Requirements for CSCU Transfer Degree Programs:

None

Embedded Competency(ies):

None

Discipline-Specific Attribute Code(s):

BUS Business elective

Course objectives:

General Education Goals and Outcomes:

None

Course Specific Objectives:

1. Apply arithmetic skills to problem solving
2. Analyze business financial transactions
3. Record transactions in a journal
4. Prepare adjusting entries
5. Prepare an adjusted trial balance
6. Prepare financial statements "in good form"
7. Prepare a bank reconciliation
8. Compute the net realizable value of receivables applying the allowance and direct methods



9. Understand and compute various inventory valuation methods
10. Understand and compute various depreciation methods
11. Identify the components of current and long-term liabilities
12. Identify the components of stockholder's equity

Course Content:

THE FINANCIAL STATEMENTS

- a) The language of accounting
- b) Basic accounting principles, assumptions, and concepts
- c) The accounting equation
- d) The four GAAP

TRANSACTION ANALYSIS

- a) Identifying business transactions
- b) The three basic types of accounts
- c) Double-entry accounting recording transactions
- d) Recording transactions
- e) The Trial Balance

ACCRUAL ACCOUNTING AND INCOME

- a) Accrual versus cash-based accounting
- b) The adjusting process
- c) Closing accounts
- d) Classifying assets and liabilities based on liquidity
- e) Formatting financial statements
- f) Accounting ratios

INTERNAL CONTROL AND CASH

- a) Fraud and ethics
- b) Components of internal control
- c) Internal control procedures
- d) Preparing bank reconciliations
- e) Control over cash receipts and cash payments

SHORT-TERM INVESTMENTS AND RECEIVABLES

- a) Short-Term investments
- b) Accounts and notes receivable
- c) Accounting for uncollectible receivables



- d) Speeding up cash flow
- e) Key ratios used regarding receivables and liquidity

INVENTORY AND COST OF GOODS SOLD

- a) Accounting for inventory
- b) Inventory costing
- c) Accounting principles related to inventory
- d) Reporting inventory on financial statements

PLANT ASSETS AND INTANGIBLES

- a) Types of assets
- b) Depreciation methods
- c) Depreciation for tax purposes
- d) Accounting for disposal of depreciated assets
- e) Accounting for intangibles

Liabilities

Account for Current and Contingent Liabilities

- A. Current Liabilities of Known Amount
 - 1. Accounts Payable
 - a. Accounts Payable Turnover
 - b. Days Payable Outstanding
 - 2. Short-Term Notes Payable
 - 3. Sales Tax Payable
 - 4. Accrued Liabilities (Accrued Expenses)
 - 5. Payroll Liabilities
 - 6. Unearned Revenues
 - 7. Current Portion of Long-Term Debt
- B. Current Liabilities that Must Be Estimated – Estimated Warranty Payable
- C. Contingent Liabilities
 - 1. Probable Contingent Liabilities
 - 2. Reasonably Possible Contingent Liabilities
 - 3. Remote Contingent Liabilities
- D. Balance Sheet Reporting
- I. Financing with Debt Versus Equity
 - A. Leverage Ratio
 - B. Times-Interest-Earned Ratio



- II. Long-Term Liabilities
 - A. Lease Defined
 - B. Types of Leases
 - 1. Operating Lease
 - 2. Capital Lease
 - C. Pensions and Post-Retirement Liabilities
- III. Reporting Liabilities
 - A. Balance Sheet
 - B. Disclosing Fair Value of Long-Term Debt
 - C. Reporting Financing Activities on Statement of Cash Flows

Chapter #10

- I. Corporations
 - A. Corporations Defined and Features of Corporation
 - 1. Separate Legal Entity
 - 2. Continuous Life and Transferability of Ownership
 - 3. Limited Liability
 - 4. Separation of Ownership and Management
 - 5. Corporate Taxation
 - 6. Government Regulation
 - B. Organizing a Corporation
 - C. Stockholders' Rights
 - 1. Vote
 - 2. Dividends
 - 3. Liquidation
 - 4. Preemption
 - D. Stockholders' Equity
 - 1. Paid-in Capital
 - 2. Retained Earnings
 - E. Classes of Stock
 - 1. Common and Preferred
 - 2. Par Value and No-Par
- II. Account for the Issuance of Stock
 - A. Common Stock
 - 1. Common Stock at Par
 - 2. Common Stock above Par



3. No-Par Common Stock
4. No-Par Common Stock with a Stated Value
5. Common Stock Issued for Assets Other Than Cash
6. Common Stock Issued for Services
7. Ethical Challenges
- B. Preferred Stock
- C. Authorized, Issued, and Outstanding Stock
- III. Treasury Stock
 - A. Recording of Treasury Stock
 - B. Retirement of Stock
 - C. Resale of Treasury Stock
 - D. Treasury Stock for Employee Compensation
- IV. Account for Retained Earnings, Dividends
 - A. Dividends Defined
 - B. Cash Dividends
 1. Declaration Date
 2. Date of Record
 3. Payment Date

Chapter # 12

- I. Identify the Purposes of the Statement of Cash Flows
- II. Distinguish Among Operating, Investing, and Financing Activities
 - A. Operating Activities
 - B. Investing Activities
 - C. Financing Activities
 - D. Two Formats for Operating Activities
 1. Indirect Method
 2. Direct Method
- III. Prepare a Statement of Cash Flows by the Indirect Method
 - A. Cash Flows from Operating Activities
 1. Depreciation, Depletion, and Amortization Expenses
 2. Gains and Losses on the Sale of Assets
 3. Changes in the Current Asset and Current Liability Accounts
 - B. Cash Flows from Investing Activities
 1. Computing Purchases and Sales of Plant Assets
 2. Computing Purchases and Sales of Investments, and Loans and Collections



- C. Cash Flows from Financing Activities
 - 1. Computing Issuances and Payments of Long-Term Debt
 - 2. Computing Issuances of Stock and Purchases of Treasury Stock
 - 3. Computing Dividend Declarations and Payments
- D. Noncash Investing and Financing Activities

Chapter # 13

- I. Perform Horizontal Analysis
- II. Perform Vertical Analysis
- III. Prepare Common-Size Financial Statements
 - A. Benchmarking
 - B. Benchmarking against a Key Competitor

Date Course Created:

Date of Last Revision: 04/01/2017