

ILLINOIS VALLEY COMMUNITY COLLEGE



COURSE OUTLINE

DIVISION: Natural Sciences Business

COURSE: ACT 1010 – Financial Accounting

Date: 12-12-13

Credit Hours: 3

Prerequisite(s): Sophomore standing with a 2.0 GPA or completion of one year of high school accounting or completion of ACT 1210 with a grade of C or consent of instructor.

Delivery Method:

<input checked="" type="checkbox"/> Lecture	3 Contact Hours (1 contact = 1 credit hour)
<input type="checkbox"/> Seminar	0 Contact Hours (1 contact = 1 credit hour)
<input type="checkbox"/> Lab	0 Contact Hours (2 contact = 1 credit hour)
<input type="checkbox"/> Clinical	0 Contact Hours (3 contact = 1 credit hour)
<input type="checkbox"/> Online	
<input type="checkbox"/> Blended	

Offered: Fall Spring Summer

IAI Equivalent –**Only for Transfer Courses**-go to <http://www.itransfer.org>: NONE

CATALOG DESCRIPTION:

An introduction to financial accounting as an information processing system that communicates relevant financial data regarding the business entity to external decision makers. Emphasizes the basic concepts, principles, and techniques used in the generation of accounting data for financial statement preparation, interpretation, and use.

GENERAL EDUCATION GOALS ADDRESSED

[See the last page of this form for more information.]

Upon completion of the course, the student will be able:

[Choose those goals that apply to this course.]

- To apply analytical and problem solving skills to personal, social and professional issues and situations.
- To communicate orally and in writing, socially and interpersonally.
- To develop an awareness of the contributions made to civilization by the diverse cultures of the world.
- To understand and use contemporary technology effectively and to understand its impact on the individual and society.
- To work and study effectively both individually and in collaboration with others.
- To understand what it means to act ethically and responsibly as an individual in one's career and as a member of society.
- To develop and maintain a healthy lifestyle physically, mentally, and spiritually.
- To appreciate the ongoing values of learning, self-improvement, and career planning.

EXPECTED LEARNING OUTCOMES AND RELATED COMPETENCIES:

[Outcomes related to course specific goals.]

Upon completion of the course, the student will be able to:

1 Uses of Accounting Information and the Financial Statements

- 1.1 Define accounting and describe its role in making informed decisions, identify business goals and activities, and explain the importance of ethics in accounting.
- 1.2 Identify the users of accounting information.
- 1.3 Explain the importance of business transactions, money measure, and separate entity.
- 1.4 Describe the characteristics of a corporation.
- 1.5 Define financial position, and state the accounting equation.
- 1.6 Identify the four basic financial statements.
- 1.7 Explain how generally accepted accounting principles (GAAP) relate to financial statements and the independent CPA's report, and identify the organizations that influence GAAP.

2 Analyzing Business Transactions

- 2.1 Explain how the concepts of recognition, valuation, and classification apply to business transactions and why they are important factors in ethical financial reporting.
- 2.2 Explain the double-entry system and the usefulness of T accounts in analyzing business transactions.
- 2.3 Demonstrate how the double-entry system is applied to common business transactions.
- 2.4 Prepare a trial balance, and describe its value and limitations.
- 2.5 Show how the timing of transactions affects cash flows and liquidity.

3 Measuring Business Income

- 3.1 Define net income, and explain the assumptions underlying income measurement and their ethical application.
- 3.2 Define accrual accounting, and explain how it is accomplished.
- 3.3 Identify four situations that require adjusting entries, and illustrate typical adjusting entries.
- 3.4 Prepare financial statements from an adjusted trial balance.
- 3.5 Describe the accounting cycle, and explain the purposes of closing entries.
- 3.6 Use accrual-based information to analyze cash flows.

4 Financial Reporting and Analysis

- 4.1 Describe the objective of financial reporting and identify the qualitative characteristics, conventions, and ethical considerations of accounting information.
- 4.2 Define and describe the conventions of consistency, full disclosure, materiality, conservatism, and cost-benefit.
- 4.3 Identify and describe the basic components of a classified balance sheet.
- 4.4 Describe the features of multistep and single-step classified income statements.
- 4.5 Use classified financial statements to evaluate liquidity and profitability.

5 The Operating Cycle and Merchandising Operations

- 5.1 Identify the management issues related to merchandising businesses.
- 5.2 Describe the terms of sale related to merchandising transactions.
- 5.3 Prepare an income statement and record merchandising transactions under the perpetual inventory system.
- 5.4 Prepare an income statement and record merchandising transactions under the periodic inventory system.
- 5.5 Describe the components of internal control, control activities, and limitations on internal control.
- 5.6 Apply internal control activities to common merchandising transaction.

6 Inventories

- 6.1 Explain the management decision related to inventory accounting, evaluation of inventory level, and the effects of inventory misstatements on income measurement.
- 6.2 Define inventory cost, contrast goods flow and cost flow, and explain the lower-of-cost-or-market (LCM) rule.
- 6.3 Calculate inventory cost under the periodic inventory system using various costing methods.
- 6.4 Explain the effects of inventory costing methods on income determination and income taxes.
- 6.5 Calculate inventory cost under the perpetual inventory system using various costing methods.
- 6.6 Use the retail method and gross profit method to estimate the cost of ending inventory.

7 Cash and Receivables

- 7.1 Identify and explain the management and ethical issues related to cash and receivables.
- 7.2 Define cash equivalents, and explain methods of controlling cash, including bank reconciliations.
- 7.3 Apply the allowance method of accounting for uncollectible accounts.
- 7.4 Define promissory note, and make common calculations for promissory notes receivable.

8 Current Liabilities and Fair Value Accounting

- 8.1 Identify the management issues related to current liabilities.
- 8.2 Identify, compute, and record definitely determinable and estimated current liabilities.
- 8.3 Distinguish contingent liabilities from commitments.
- 8.4 Identify the valuation approaches to fair value accounting, and define time value of money and interest and apply them to present values.
- 8.5 Apply present value to simple valuation situations.

9 Long-Term Assets

- 9.1 Define long-term assets, and explain the management issues related to them.
- 9.2 Distinguish between capital expenditures and revenue expenditures, and account for the cost of property, plant, and equipment.
- 9.3 Compute depreciation under the straight-line, production, and declining-balance methods.
- 9.4 Account for the disposal of depreciable assets.
- 9.5 Identify the issues related to accounting for natural resources, and compute depletion.
- 9.6 Identify the issues related to accounting for intangible assets, including research and development costs and goodwill.

10 Long-Term Liabilities

- 10.1 Identify the management issues related to long-term debt.
- 10.2 Describe the features of a bond issue and the major characteristics of bonds.
- 10.3 Record bonds issued at face value and at a discount or premium.
- 10.4 Use present values to determine the value of bonds.
- 10.5 Amortize bond discounts and bond premiums using the straight-line and effective interest methods.
- 10.6 Account for the retirement of bonds and the conversion of bonds into stock.
- 10.7 Record bonds issued between interest dates and year-end adjustments.

11 Contributed Capital

- 11.1 Identify and explain the management issues related to contributed capital.
- 11.2 Identify the components of stockholders' equity.
- 11.3 Identify the characteristics of preferred stock.
- 11.4 Account for the issuance of stock for cash and other assets.
- 11.5 Account for treasury stock.

12 The Corporate Income Statement and the Statement of Stockholders' Equity

- 12.1 Define quality of earnings, and identify the components of a corporate income statement.
- 12.2 Show the relationships among income taxes expense, deferred income taxes, and net of taxes.
- 12.3 Compute earnings per share.
- 12.4 Define comprehensive income, and describe the statement of stockholders' equity.
- 12.5 Account for stock dividends and stock splits.
- 12.6 Calculate book value per share.

13 The Statement of Cash Flows

- 13.1 Describe the principal purposes and uses of the statement of cash flows, and identify its components.
- 13.2 Analyze the statement of cash flows.
- 13.3 Use the indirect method to determine cash flows from operating activities.
- 13.4 Determine cash flows from investing activities.
- 13.5 Determine cash flows from financing activities.

14 Financial Performance Measurement

- 14.1 Describe the objectives, standards of comparison, sources of information, and compensation issues in measuring financial performance.
- 14.2 Apply horizontal analysis, trend analysis, vertical analysis, and ratio analysis to financial statements.
- 14.3 Apply ratio analysis to financial statements in a comprehensive evaluation of a company's financial performance.

15 Investments

- 15.1 Identify and explain the management issues related to investments.
- 15.2 Explain the financial reporting implications of short-term investments.
- 15.3 Explain the financial reporting implications of long-term investments in stock and the cost-adjusted-to-market and equity methods used to account for them.
- 15.4 Explain the financial reporting implications of consolidated financial statements.
- 15.5 Explain the financial reporting implications of debt investments.

COURSE TOPICS AND CONTENT REQUIREMENTS:

1. Uses of Accounting Information and the Financial Statements
2. Analyzing Business Transactions
3. Measuring Business Income
4. Financial Reporting and Analysis
5. The Operating Cycle and Merchandising Operations
6. Inventories
7. Cash and Receivables
8. Current Liabilities and Fair Value Accounting
9. Long-Term Assets
10. Long-Term Liabilities
11. Contributed Capital
12. The Corporate Income Statement and the Statement of Stockholder's Equity
13. The Statement of Cash Flows
14. Financial Performance Measurement
15. Investments

INSTRUCTIONAL METHODS:

1. Class discussion
2. Exercises and problems
3. Quizzes
4. Exams
5. Lecture

INSTRUCTIONAL MATERIALS:

Financial Accounting, Needles, Powers, 11th Edition

STUDENT REQUIREMENTS AND METHODS OF EVALUATION:

1. Read and understand text
2. Class participation
3. Complete all homework assignments
4. Quizzes
5. Exams, including comprehensive, departmental final
6. Annual Report Project

OTHER REFERENCES

Working Papers, to accompany *Financial Accounting*

Course Competency/Assessment Methods Matrix

ACT 1010 Financial Accounting		Assessment Options																															
For each competency/outcome place an "X" below the method of assessment to be used.	Assessment of Student Learning	Article Review	Case Studies	Group Projects	Lab Work	Oral Presentations	Pre-Post Tests	Quizzes	Written Exams	Artifact Self Reflection of Growth	Capstone Projects	Comprehensive Written Exit Exam	Course Embedded Questions	Multi-Media Projects	Observation	Writing Samples	Portfolio Evaluation	Real World Projects	Reflective Journals	Applied Application (skills) Test	Oral Exit Interviews	Accreditation Reviews/Reports	Advisory Council Feedback	Employer Surveys	Graduate Surveys	Internship/Practicum /Site Supervisor Evaluation	Licensing Exam	In Class Feedback	Simulation	Interview	Written Report	Assignment	
	Direct/ Indirect	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	I	I	I	I	D	D		I					D
Assessment Measures – Are direct or indirect as indicated. List competencies/outcomes below.																																	
Journalize business transactions		X						X	X			X	X		X			X		X								X					X
Journalize adjusting entries		X						X	X			X	X		X			X		X								X					X
Prepare a worksheet		X						X	X			X	X		X			X		X								X					X
Prepare classified financial statements		X						X	X			X	X		X			X		X								X					X
Journalize perpetual and periodic inventory		X						X	X			X	X		X			X		X								X					X
Identify effects of accounting errors		X						X	X			X	X		X			X		X								X					X
Calculate various financial ratios		X						X	X			X	X		X			X		X								X					X
Journalize entries for uncollectable accounts		X						X	X			X	X		X			X		X								X					X
Journalize entries for notes payable		X						X	X			X	X		X			X		X								X					X
Journalize payroll entries		X						X	X			X	X		X			X		X								X					X
Calculate depreciation using various methods		X						X	X			X	X		X			X		X								X					X
Journalize entries for disposal of assets		X						X	X			X	X		X			X		X								X					X
Journalize bond transactions		X						X	X			X	X		X			X		X								X					X
Identify bank reconciliation items		X						X	X			X	X		X			X		X								X					X
Journalize entries for common stock		X						X	X			X	X		X			X		X								X					X
Journalize entries for treasury stock		X						X	X			X	X		X			X		X								X					X

ACT 1010 Financial Accounting	Assessment Options																		
For each competency/outcome place an "X" below the method of assessment to be used.	Assessment of Student Learning																		
	Article Review	Case Studies	Group Projects	Lab Work	Oral Presentations	Pre-Post Tests	Quizzes	Written Exams	Artifact Self Reflection of Growth	Capstone Projects	Comprehensive Written Exit Exam	Course Embedded Questions	Multi-Media Projects	Observation	Writing Samples	Portfolio Evaluation	Real World Projects	Reflective Journals	
Assessment Measures – Are direct or indirect as indicated. List competencies/outcomes below.	Direct/ Indirect	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	I	I	
Journalize entries for deferred inc tax		X				X	X			X	X		X				X	X	
Journalize entries for stk div and stk split		X				X	X			X	X		X				X	X	
Prepare a Statement of Cash Flows		X				X	X			X	X		X				X	X	
Journalize transactions for S/T Invest		X				X	X			X	X		X				X	X	
Journalize transactions for L/T Invest		X				X	X			X	X		X				X	X	
Prepare elimination entries		X				X	X			X	X		X				X	X	