

## **Financial Accounting TCSU BUS 110**

### **A. Description**

Explores what financial accounting is, why it is important, and how it is used by investors and creditors to make decisions. Covers the accounting information system and the recording and reporting of business transactions with a focus on the accounting cycle, the application of generally accepted accounting principles, the classified financial statements, and statement analysis. Includes issues relating to asset, liability, and equity valuation, revenue and expense recognition, cash flow, internal controls and ethics.

### **B. Recommended Preparation**

Second year algebra or passing score on ELM, Computer Literacy – including a working knowledge of a spreadsheet program such as Microsoft Excel.

### **C. Prerequisites**

None

### **D. Minimum Unit Requirement**

3 semester units

### **E. Course Topics**

(representing at least 80% of course coverage)

1. Purposes and uses of accounting information
2. The accounting cycle
3. Cash and accrual accounting
4. Internal controls
5. Financial reporting rules and disclosure
6. Current assets
7. Current liabilities
8. Long-term assets
9. Long-term liabilities
10. Stockholders' equity and reporting requirements
11. Measuring cash flow
12. Financial statements and statement analysis
13. Ethical issues

### **F. Student Learning Outcomes**

Upon successful completion of the course, students will be able to:

1. Explain the nature and purpose of generally accepted accounting principles (GAAP);
2. 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;

3. Define and use accounting and business terminology;
4. Explain what a system is and how an accounting system is designed to satisfy the needs of specific businesses; summarize the purpose of a journal and a ledger;
5. Apply transaction analysis, input transactions into the accounting system, process this input, and prepare and interpret the four basic financial statements;
6. Distinguish between cash basis and accrual basis accounting and their impact on the financial statements, including the matching principle;
7. Identify and illustrate how the principles of internal controls are used to manage and control the firm's resources and minimize risk;
8. 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;
9. Explain the nature of current asset issues including measuring and reporting receivables and bad debts, measuring and reporting inventory and cost of goods sold;
10. Explain the valuation and reporting of current liabilities, estimated liabilities, and other contingencies;
11. Identify and illustrate issues relating to long-term asset acquisition, use, depreciation, and disposal;
12. Distinguish between capital and revenue expenditures;
13. Identify and illustrate issues relating to long-term liabilities including valuation of debt, issuance, and retirement;
14. Identify and illustrate issues relating to stockholders' equity including issuance, repurchase of capital stock, and dividends;
15. Explain the importance of operating, investing and financing activities reported in the Statement of Cash Flows when evaluating solvency and liquidity of the firm;
16. Interpret company activity, profitability, and liquidity through selection and application of appropriate financial analysis tools; and
17. Identify the ethical implications inherent in financial reporting and be able to apply strategies for addressing them.