Financial Accounting ACC103
3 credit hours
Summer term 2016, Instructor: Theresa Powell, CPA, Tuesdays 6:00 – 10:00 p.m.

Textbook (Required): Cornerstones of Financial and Managerial Accounting, 6th Edition
Authors: John Wild, Ken Shaw, Barbara Chiappetta

Note: If you choose to purchase the book on your own, you may purchase the access for Connect for $130 from the publisher.


OFFICE HOURS: By appointment
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Class Start Date: May 31, 2016. Please note: The term starts May 23rd, however, I will be out of town. Therefore, this class will start on May 31 instead.
End Date: July 19, 2016 will be our final class meeting. The term ends later that week.

Course Description
This course is designed to provide introductory knowledge of accounting principles, concepts, and practices. Included topics are the balance sheet, income statement, statement of owners’ equity, statement of cash flows, worksheets, journals, ledgers, accruals, adjusting and closing entries, internal controls, inventories, fixed and intangible assets, liabilities, equity, and financial statement analysis. This course provides a foundation for more advanced work in the fields of accounting and business.

The goal of this course is to provide students with the skills necessary to understand the language of accounting and, with this ability, to interpret financial information using accounting techniques and procedures.

Supplies Required: Calculator

Course Grade Information:
90 – 100 = A
80 - 89 = B
70 – 79 = C
60 – 69 = D
Below 60 = F
Other Grading Information:
12 assignments @ 50 points each
12 quizzes @ 100 points each

The Doane Academic Integrity Policy will be adhered to in this class. All projects and tests will represent your own work. Any use of other ideas and words without proper citation of sources is plagiarism and will result in penalties to be determined by the instructor and/or dean of undergraduate studies.

STUDENT INFORMATION: The Family Educational and Privacy Rights Act (FERPA), places restrictions upon school personnel, including instructors, regarding disclosure of personal information, including grades. Students may request exam results or grades by emailing a request from the Doane email account. Please do not ask to receive exam results or grades via phone or another email address. The instructor reserves the right to revise the schedule and/or assignments as the term develops. I am in the process of reviewing the chapters and assignments which may well change. It is the student’s responsibility to keep up to date with any revisions.

**Curriculum**

A) Prepare journal entries

Learning Objectives:

- Identify asset, liability, owners’ equity, revenue, and expense accounts.
- State the accounting equation.
- Explain the effect of a transaction on the accounting equation.
- Determine where debits and credits are found in a T-Account.
- Determine which accounts are increased with debits and which accounts are increased with credits.
- Illustrate the journalizing process.

B) Prepare a trial balance, adjusting entries, and financial statements

Learning Objectives:

- Explain the purpose of a trial balance.
- Prepare a trial balance.
- Explain the purpose of adjusting entries.
- Prepare and adjusting entries to record the following:
  - Revenues earned but not yet received
  - Expenses incurred, but not yet paid
  - Expired portion of a prepaid asset
  - Updated balance in the unearned revenue account
- Identify the accounts included on a balance sheet.
- Identify the accounts included on an income statement.
- Identify the accounts included on the statement of retained earnings.
- Describe the three activities in which individual cash flow items are classified.
- Explain how financial statements tie together.
- Prepare and income statement, statement of retained earnings, balance sheet, and a statement of cash flows.
C) Complete the closing process in the accounting cycle
Learning Objectives:
Define real accounts.
Define nominal accounts.
Explain the purpose of preparing closing entries.
Describe the closing process.
Prepare closing entries.
Identify the accounts usually listed on the post-closing trial balance.
Prepare a post-closing trial balance.

D) Evaluate a company’s management of receivables
Learning Objectives:
Define bad debts.
Describe the direct write-off method of accounting for bad debts.
Describe the allowance method of accounting for bad debts.
Contrast the allowance method and the direct write-off method of accounting for bad debts.
Record the adjusting entries for bad debts under both the allowance method and the direct write-off method.
Compute the accounts receivable turnover ratio.
Compute the average collection period.
Interpret the results of the accounts receivable turnover and the average collection period ratios.

E) Evaluate a company’s management of inventories
Learning Objectives:
Define inventory and cost of goods sold.
Prepare journal entries assuming a perpetual inventory system.
Prepare journal entries assuming a periodic inventory system.
Prepare closing entries under both the periodic and perpetual inventory systems.
Calculate cost of goods sold and ending inventory using the following:
- Specific identification method
- FIFO method
- LIFO method
- Average cost method
Interpret the result of the inventory turnover and number of days sales in inventory ratios.

F) Produce an income statement summarizing operating activities, other revenue and expenses, extraordinary items, and earnings per share
Learning Objectives:
Determine the portion of the income statement that represents operating activities.
Define other revenues and expenses.
Define extraordinary items.
Identify items to be categorized as other revenues and expenses and extraordinary items on the income statement. Prepare an income statement summarizing operating activities, other revenues and expenses, and extraordinary items. Compute earnings per share on income before extraordinary items, on extraordinary items, and on net income.

G) Use GAAP to account for investments in tangible and intangible operating assets

Learning Objectives:
- Identify the two major categories of long-term operating assets.
- Clarify the factors in deciding whether to acquire a long-term operating asset.
- Illustrate how to record the acquisition of property, plant, and equipment through a simple purchase as well as through leasing, self-construction, or through a basket purchase.
- Compute depreciation utilizing straight-line, units of production, and accelerated methods. Exercise how to account for changes in depreciation estimates.
- Demonstrate how to account for repairs and improvements of PPE.
- Record the acquisition and amortization of intangible assets.
- Compute the fixed asset turnover ratio to determine how efficiently a company is using its PPE.

H) Apply GAAP fundamental to the accounting for long-term debt financing arrangements

Learning Objectives:
- Use present value concepts to measure long-term liabilities.
- Be able to record long-term liabilities, including notes payable and mortgage payable.
- Be able to record capital lease obligations.
- Be able to record bonds, including original issuance, payment of interest, and retirement.
- Determine the degree of company’s leverage and its ability to repay loans.
- Illustrate how to amortize bond discounts and bond premiums using either the straight-line method or the effective-interest rate method.

I) Employ fundamental GAAP for equity financing transactions

Learning Objectives:
- Distinguish between debt and equity financing.
- Describe the advantage and disadvantages of organizing a business as a proprietorship or a partnership.
- Describe the basic characteristics of a corporation and the nature of common and preferred stock.
- Illustrate how to account for the issuance and repurchase of common and preferred stock.
- Illustrate how to record dividends.
- Prepare a statement of stockholders’ equity.
- Explain prior-period adjustments.
- Illustrate how to account for stock splits.