



ILLINOIS VALLEY COMMUNITY COLLEGE

COURSE OUTLINE

DIVISION: Natural Sciences and Business

COURSE: ACT 1010 Financial Accounting

Date: Fall 2022

Credit Hours: 3

Complete all that apply or mark "None" where appropriate:

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.

Enrollment by assessment or other measure? Yes No
If yes, please describe:

Corequisite(s): None

Pre- or Corequisite(s): None

Consent of Instructor: Yes No

Delivery Method: **Lecture** **3 Contact Hours** (1 contact = 1 credit hour)
 Seminar **0 Contact Hours** (1 contact = 1 credit hour)
 Lab **0 Contact Hours** (2-3 contact = 1 credit hour)
 Clinical **0 Contact Hours** (3 contact = 1 credit hour)
 Online
 Blended
 Virtual Class Meeting (VCM)

Offered: **Fall** **Spring** **Summer**

CATALOG DESCRIPTION and IAI NUMBER (if applicable):

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. **IAI Equivalent: BUS903**

ACCREDITATION STATEMENTS AND COURSE NOTES:

None

COURSE TOPICS AND CONTENT REQUIREMENTS:

1. Introduction to Financial Statements
2. Financial Statements and the Accounting System
3. Adjusting Accounts for Financial Statements
4. Reporting and Analyzing Merchandising Operations
5. Reporting and Analyzing Inventories
6. Reporting and Analyzing Cash, Fraud, and Internal Control
7. Reporting and Analyzing Receivables
8. Reporting and Analyzing Long-Term Assets
9. Reporting and Analyzing Current Liabilities
10. Reporting and Analyzing Long-Term Liabilities
11. Reporting and Analyzing Equity
12. Reporting and Analyzing Cash Flows
13. Analyzing and Interpreting Financial Statements

INSTRUCTIONAL METHODS:

1. Class discussion
2. Exercises and problems
3. Financial Statement Analysis
4. Excel assignments
5. Quizzes
6. Exams
7. Lecture

EVALUATION OF STUDENT ACHIEVEMENT:

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

INSTRUCTIONAL MATERIALS:

Textbooks

Financial Accounting Information for Decisions, Wild

Resources:

Inclusive Access for McGraw-Hill Connect

LEARNING OUTCOMES AND GOALS:

Institutional Learning Outcomes

- 1) Communication – to communicate effectively;
- 2) Inquiry – to apply critical, logical, creative, aesthetic, or quantitative analytical reasoning to formulate a judgement or conclusion;

- 3) Social Consciousness – to understand what it means to be a socially conscious person, locally and globally;
- 4) Responsibility – to recognize how personal choices affect self and society.

Course Outcomes and Competencies:

1. Introduction to Financial Statements

- 1.1 Explain the importance of accounting and identify its users
- 1.2 Describe the importance of ethics and generally accepted accounting principles (GAAP)
- 1.3 Define and interpret the accounting equation and each of its components
- 1.4 Compute and interpret return on assets
- 1.5 Analyze business transactions using the accounting equation
- 1.6 Identify and prepare basic financial statements and explain how they interrelate

2. Financial Statements and the Accounting System

- 2.1 Describe an account and its use in recording transactions
- 2.2 Define debits and credits and explain double-entry accounting
- 2.3 Analyze and record transactions and their impact on financial statements
- 2.4 Compute the debt ratio and describe its use in analyzing financial condition
- 2.5 Prepare financial statements from a trial balance

3. Adjusting Accounts for Financial Statements

- 3.1 Explain the importance of periodic reporting and the role of accrual accounting
- 3.2 Explain and prepare a classified balance sheet
- 3.3 Compute and analyze profit margin and current ratio
- 3.4 Prepare adjusting entries for deferral of expenses and revenues
- 3.5 Prepare adjusting entries for accrued expenses and revenues
- 3.6 Prepare financial statements from an adjusted trial balance
- 3.7 Prepare closing entries and a post-closing trial balance

4. Reporting and Analyzing Merchandising Operations

- 4.1 Describe merchandising activities and cost flows
- 4.2 Compute and analyze the acid-test ratio and gross margin ratio
- 4.3 Analyze and record transactions for merchandise purchases using a perpetual system
- 4.4 Analyze and record transactions for merchandise sales using a perpetual system
- 4.5 Prepare adjustments and close accounts for a merchandising company
- 4.6 Define and prepare multiple-step and single-step income statements

5. Reporting and Analyzing Inventories

- 5.1 Identify the items and costs of merchandise inventory
- 5.2 Analyze the effects of inventory methods for both financial and tax reporting
- 5.3 Analyze the effects of inventory errors on current and future financial statements
- 5.4 Assess inventory management using both inventory turnover and days' sales in inventory
- 5.5 Compute inventory in a periodic system using the methods of specific identification, FIFO, LIFO, and weighted average
- 5.6 Compute the lower of cost or market amount of inventory

6. Reporting and Analyzing Cash, Fraud, and Internal Control

- 6.1 Define internal control and identify its purpose and principles
- 6.2 Define cash and cash equivalents and explain how to report them
- 6.3 Compute the days' sales uncollected ratio and use it to assess liquidity
- 6.4 Apply internal control to cash receipts and payments
- 6.5 Explain and record petty cash fund transactions
- 6.6 Prepare a bank reconciliation

7. Reporting and Analyzing Receivables

- 7.1 Describe accounts receivable and how they occur and are recorded
- 7.2 Describe a note receivable, the computation of its maturity date, and the recording of its existence
- 7.3 Explain how receivables can be converted to cash before maturity
- 7.4 Compute accounts receivable turnover and use it to help assess financial condition
- 7.5 Apply the direct write-off method to accounts receivable
- 7.6 Apply the allowance method to accounts receivable
- 7.7 Estimate uncollectibles based on sales and accounts receivable
- 7.8 Record the honoring and dishonoring of a note and adjustments for interest

8. Reporting and Analyzing Long-Term Assets

- 8.1 Compute the cost of plant assets
- 8.2 Explain depreciation for partial years and changes in estimates
- 8.3 Distinguish between revenue and capital expenditures, and account for them
- 8.4 Compute total asset turnover and apply it to analyze a company's use of assets
- 8.5 Compute and record depreciation using the straight-line, units-of-production, and declining-balance methods
- 8.6 Account for asset disposal through discarding or selling an asset
- 8.7 Account for natural resource assets and their depletion
- 8.8 Account for intangible assets

9. Reporting and Analyzing Current Liabilities

- 9.1 Describe current and long-term liabilities and their characteristics
- 9.2 Identify and describe known current liabilities
- 9.3 Explain how to account for contingent liabilities
- 9.4 Compute the times interest earned ratio and use it to analyze liabilities
- 9.5 Prepare entries to account for short-term notes payable
- 9.6 Compute and record employee payroll deductions and liabilities
- 9.7 Compute and record employer payroll expenses and liabilities
- 9.8 Account for estimated liabilities, including warranties and bonuses

10. Reporting and Analyzing Long-Term Liabilities

- 10.1 Explain the types of notes and prepare entries to account for notes
- 10.2 Compare bond financing with stock financing
- 10.3 Analyze the debt-to-equity ratio and assess debt features
- 10.4 Account for par bonds, discount bonds, premium bonds and retirement of bonds

11. Reporting and Analyzing Equity

- 11.1 Identify characteristics of corporations and their organization

- 11.2 Explain characteristics of, and distribute dividends between, common and preferred stock
- 11.3 Explain the items reported in retained earnings
- 11.4 Analyze earnings per share, price-earnings ratio, and dividend yield
- 11.5 Record the issuance of corporate stock
- 11.6 Record transactions involving cash dividends, stock dividends, and stock splits
- 11.7 Record purchases and sales of treasury stock

12. Reporting and Analyzing Cash Flows

- 12.1 Distinguish between operating, investing, and financing activities, and describe how noncash investing and financing activities are disclosed
- 12.2 Analyze the statement of cash flows and apply the cash flow on total assets ratio
- 12.3 Prepare a statement of cash flows
- 12.4 Compute cash flows from operating activities using the indirect method
- 12.5 Determine cash flows from both investing and financing activities

13. Analyzing and Interpreting Financial Statements

- 13.1 Define the building blocks of analysis and the standards for comparisons
- 13.2 Summarize and report results of analysis
- 13.3 Explain and apply methods of horizontal and vertical analysis
- 13.4 Define and apply ratio analysis