Course Number and Title: ACCT 301 FINANCIAL ACCOUNTING

Session: Spring/Summer, 1991 Block 2

Instructor: Kathy Lukcso

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Office Hours:
- Tuesday: 12:30 - 1:30 p.m.
  6:30 - 7:30 p.m.
- Wednesday: 5:30 - 6:30 p.m.
- Thursday: 12:30 - 1:30 p.m.
  6:30 - 7:30 p.m.
  And by Appointment

Credit Hours: 3 hours

Catalog Description: Emphasizes the beginning accounting cycle and integrates accounting principles and their applications to business objectives, financial statement preparation, flow of resources, noncurrent assets, theory of liabilities, equities, inventory evaluation, depreciation methods, budgeting, and a development of accounting principles. Emphasis is given to financial accounting information useful to investors, economists, the general public, and other external groups.

Prerequisites: None


MAJOR OBJECTIVE OF THE COURSE

Upon successful completion of the course in Financial Accounting, the student will have used fundamental accounting theory and procedures to solve a variety of accounting problems, exercises and multiple choice questions at a minimum level of 60%.

COURSE DESCRIPTION

This course is an introduction to the fundamentals of accounting, the student will be expected to learn fundamental accounting theory and procedures and apply them to a variety of accounting problems.

METHOD OF INSTRUCTION

This class is conducted using lecture, socratation and problem-solving techniques. Homework is discussed to the extent time allows. Class instruction is meant to complement and clarify the written text and neither should be considered a substitute for the other. All students are expected to participate in class discussions and activities. It is expected that the student will attend all classes.

The following pages include a list of learning objectives to guide the student through each of the chapters covered in the course. After each objective is listed the exercises and problems that will help the student master the material for the learning objective. Students will be assigned required problems from this list. These assignments are a minimum amount of work needed to familiarize the student with the material, and the student should complete as many other problems as needed in order to master the learning objective.

HOMEWORK

All accounting courses require a large amount of work. This course is no exception. Be prepared to spend many hours mastering the material. There is no substitute for solving problems in accounting.

Students are required to complete the problems listed on the following schedule.

The assigned chapters are to be read BEFORE attending class so that the student can intelligently participate in the class discussion.
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EVALUATION

This course will involve four (4) examinations and four (4) quizzes. Quizzes will include the material covered since the previous exam. The student will drop the lowest of the quizzes. Examinations will consist of a mixture of objective questions and short problems. All responses to test questions must be clearly labeled and all work must be shown to in order to receive credit for the problem. The tests will cover the following material:

- Exam 1: Chapters 1, 2, and 3  
- Exam 2: Chapters 4, 5, and 6  
- Exam 3: Chapters 7, 8, and 9  
- Final: Chapters 10 and 11

100 points  
100 points  
100 points  
30 points

No makeup exams are given. No exams can be taken late or early. Be on time for all exams as additional time cannot be added to the test period. Students may use calculators for the exams.

The student’s work will be weighted as follows:

- Exam 1  
- Exam 2  
- Exam 3  
- Exam 4  
- Quizzes

100 points  
100 points  
100 points  
70 points  
30 points

400 points

25.0%  
25.0%  
25.0%  
17.5%  
7.5%

100.0%

Grade Distribution:

- A  
- B  
- C  
- D

400 - 360 points  
359 - 320 points  
319 - 280 points  
279 - 240 points

(100% - 90%)  
(89% - 80%)  
(79% - 70%)  
(69% - 60%)

The instructor reserves the right to change or adjust any part of this syllabus as circumstances necessitate. All changes will be announced in class.
Learning Objectives

Chapter 1: Entities and the Balance Sheet

Major objectives of Chapter 1: After reading Chapter 1 and doing assigned problems, the student will be able to:

1. Define and give an example of an asset account, a liability account and an owner's equity account, which are the three major elements of a balance sheet. 1-1
2. Define transaction and reliability and their relationships to accounting. 1-16
3. Define accounting entity and describe how to determine whether a transaction is a personal or business transaction. 1-22
4. Illustrate the direct effects of typical transactions on the balance sheet items of an entity. 1-2, 1-20
5. Describe the advantages and disadvantages of each form of business entity - proprietorship, partnerships, and corporations and illustrate the differences. 1-26
6. Prepare a balance sheet. 1-20, 1-23, 1-29

Chapter 2: The Income Statement: The Accrual Basis

Major objectives of Chapter 2: After reading Chapter 2 and doing assigned problems, the student will be able to:

1. Define and illustrate revenues, expenses, net income, dividends and retained earnings. 2-10, 2-11, 2-12, 2-13, 2-14, 2-17, 2-18
2. Define, distinguish between and illustrate dividends and expenses, unexpired costs and expired costs and the cash and accrual bases of accounting. 2-3, 2-7, 2-21, 2-26, 2-27, 2-38
3. Use the expanded balance sheet equation for doing typical transactions of an entity and for constructing a set of financial statements. 2-2, 2-6, 2-37
4. Define and illustrate accounting time period, revenue recognition, matching of revenue and expense, cost recovery and stable monetary unit concepts. 2-32 and see definitions throughout the chapter
5. Compute and explain four popular ratios relating to the earnings, dividends and market prices of the common stock of corporations. 2-40, 2-41

Chapter 3: The Recording Process: Journal and Ledgers

Major objectives of Chapter 3: After reading Chapter 3 and doing assigned problems, the student will be able to:

1. Analyze transactions in the form of debits and credits and with the help of a general ledger. 3-18, 3-19, 3-20, 3-24
2. Prepare (journalize) journal entries and post them to the general ledger. 3-23, 3-29, 3-36
3. Verify the accuracy of the posting by preparing a trial balance. 3-26, 3-27, 3-28
4. Prepare an income statement, balance sheet and retained income statement using a trial balance. 3-30
5. Define and illustrate going concern, materiality and cost-benefit. (See definitions in the chapter)

Chapter 4: Accounting Adjustments and Financial Statement Preparation

Major objectives of Chapter 4: After reading Chapter 4 and doing assigned problems, the student will be able to:

1. Make adjustments for the expiration of unexpired costs, the realization (earning) of unearned revenue, the accrual of unrecorded expenses and the accrual of unrecorded revenues. 4-6, 4-10, 4-21, 4-23, 4-27, 4-28
2. Prepare a fundamental balance sheet and explain the relationships therein. 4-30
3. Prepare a single-step and multiple-step income statement and describe the differences between them. 4-13, 4-24, 4-30
4. Identify terms used to describe items in the income statement. 4-5

Chapter 5: Accounting Cycle: Recording and Formal Presentation

Major objectives of Chapter 5: After reading Chapter 5 and doing assigned problems, the student will be able to:

1. Analyze and journalize transactions that relate to the adjustments of the preceding period. 5-1, 5-42
2. Journalize closing entries for pertinent accounts. 5-2, 5-26
3. Correct erroneous entries and describe how errors affect accounts. 5-37, 5-38
4. Use T-accounts to aid the discovery of unknown amounts. 5-43
5. Use a worksheet to prepare adjustments, financial statements and closing entries. 5-33
6. Prepare adjustments when alternative recording methods are used for the related originating transactions 5-32
7. Explain and illustrate the steps in the accounting cycle. 5-33
8. Prepare a cash basis and accrual basis income statement. 5-39

Chapter 14: Appendix 14B: Special Journals

Major objectives of Appendix 14B: After reading Appendix 14B and doing assigned problems, the student will be able to:

1. Record transactions using special journals. 14-39

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Major objectives of Chapter 6: After reading Chapter 6 and doing assigned problems, the student will be able to:

1. Compute gross profit rates and explain why they are important to managers and shareholders. 6-1, 6-53
2. Describe and illustrate the proper time to record a particular revenue account on the income statement. 6-2, 6-9, 6-29, 6-33, 6-34, 6-35, 6-36
3. Describe the importance of cash and how to "manage" it. 6-38, 6-45, 6-47
4. Describe and illustrate how accounts receivable are valued using the specific write-off method and the allowance methods of accounting for uncollectible accounts. 6-3, 6-19, 6-40, 6-43, 6-48
5. Reconcile the cash balance in an organization's books with that shown by the bank. 6-44, 6-46
6. Establish and replenish petty cash fund. 6-47

Major objectives of Chapter 7: After reading Chapter 7 and doing assigned problems, the student will be able to:

1. Describe and illustrate the differences between perpetual and periodic inventory systems. 7-31, 7-33, 7-35, 7-36
2. Identify and illustrate the items included in the cost of merchandise bought. 7-32
3. Describe and illustrate the differences between various inventory valuation methods and their effects on the measurements of assets and net income. 7-2, 7-3, 7-7
4. Describe and illustrate the meaning and impact of the liquidation of LIFO inventories and the presence of LIFO reserves. 7-55
5. Describe and illustrate the effects of income taxes and inventory valuation methods. 7-43, 7-50
6. Describe and illustrate the relationship of the Lower of Cost or Market test and the valuation of inventories. 7-47, 7-51
7. Describe and illustrate the uses of the gross profit equation and inventory turnover measures. 7-39, 7-42, 7-44, 7-57
8. Describe and illustrate the effects of inventory errors on measurements of financial performance and position. 7-58

Major objectives of Chapter 8: After reading Chapter 8 and doing assigned problems, the student will be able to:
1. Define depreciation. 8-1
2. Illustrate how depreciation relates to income measurement, income taxes and cash balances. 8-3, 8-17
3. Define some typical depreciation methods. 8-2
4. Compute some typical depreciation methods. 8-36
5. Compare some typical depreciation methods. 8-41, 8-43, 8-47, 8-53
6. Compare the methods of accounting for repairs, maintenance and improvements. 8-48
7. Contrast the accounting for repairs, maintenance and improvements. 8-49, 8-60
8. Illustrate how gains and losses on sales of fixed assets are computed and presented in financial statements. 8-4, 8-13
9. Define depletion and illustrate it. 8-51
10. Define amortization and illustrate it. 8-52
11. Define intangible assets and illustrate the accounting for them. 8-5, 8-65

Chapter 9: Liabilities and Interest

Major objectives of Chapter 9: After reading Chapter 9 and doing assigned problems, the student will be able to:

1. Define liabilities. 9-12, 9-13
2. Explain the nature of various liabilities including payables, product warranties and contingent liabilities. 9-1, 9-13, 9-36
3. Present various liabilities including payables, product warranties, and contingent liabilities. 9-1
4. Explain compound interest. 9-44, 9-46, 9-47, 9-49
5. Explain the use of present value tables. 9-29
6. Distinguish between straight-line amortization and effective interest amortization. 9-23
7. Make the accounting entries for bonds payable and illustrate them. 9-2, 9-3, 9-4, 9-5, 9-6, 9-42, 9-43
8. Do the accounting for the payroll. 9-33
9. Do the accounting for non-interest bearing notes. 9-7

Chapter 10: Stockholder's Equity and the Income Statement

Major objectives of Chapter 10: After reading Chapter 10 and doing assigned problems, the student will be able to:

1. Prepare a stockholder's section of a balance sheet. 10-1
2. Explain the differences between the major types of bonds, stocks and dividends. 10-10, 10-14, 10-19, 10-21
3. Compute financial ratios related to stockholder's equity. 10-36, 10-37
4. Explain financial ratios related to stockholder's equity. 10-36, 10-37
5. Do the accounting for stock dividends and stock splits. 10-2
6. Describe the financial effects of stock dividends and stock splits. 10-44
7. Do the accounting for treasury stock. 10-8, 10-43, 10-45
8. Do the accounting for noncash exchanges. 10-39
9. Do the accounting for conversion of securities. 10-40
Chapter 11: Statement of Cash Flows

Major objectives of Chapter 11: After reading Chapter 11 and doing assigned problems, the student will be able to:

1. Explain the concept of cash flow. 11-11
2. Explain how cash flow relates to the income statement, retained earnings statement and balance sheet. 11-3, 11-42
3. Identify those activities that affect cash and prepare the appropriate section for each one. 11-7, 11-8, 11-9
4. Reconcile net income to net cash provided by operating activities. 11-2, 11-41
5. Prepare a statement of cash flows using the direct method. 11-1, 11-6, 11-42
6. Do the accounting for depreciation in the statement of cash flows. 11-5
7. Do the accounting for some typical transactions and illustrate how they affect income and cash differently. 11-32, 11-33, 11-34, 11-50
8. Prepare a statement of cash flows using the indirect method. 11-43, 11-61

Chinese proverb: "Tell me, I'll forget. Show me, I may remember. But involve me and I'll understand."
SCHEDULE:

Tuesday, May 7........Chapters 1 and 2
Thursday, May 9........Chapters 2 and 3
Tuesday, May 14.......Chapter 3..........................Quiz 1
Thursday, May 16......Exam, Chapters 1-3
Tuesday, May 21.......Chapters 4 and 5, Appendix 14B
Thursday, May 23.......Chapters 5 and 6................Quiz 2
Tuesday, May 28.......Chapter 6
Thursday, May 30.......Exam, Chapters 4-6
Tuesday, June 4........Chapters 7 and 8
Thursday, June 6.......Chapters 8 and 9................Quiz 3
Monday, June 10.......Last day to withdraw
Tuesday, June 11.......Chapter 9
Thursday, June 13.....Exam, Chapters 7-9
Tuesday, June 18.......Chapters 10 and 11
Thursday, June 20.....Chapters 10 and 11...............Quiz 4
Tuesday, June 25.......Final Exam

Assignments:

Chapter 1................. 2, 18, 20, 26
Chapter 2.................. 2, 3, 6, 39, 44
Chapter 3.................. 18, 26, 29, 30, 36
Chapter 4.................. 20, 23, 30
Chapter 5.................. 1, 26, 33, 37
Chapter 6.................. 1, 33, 40, 44, 48
Chapter 7.................. 2, 34, 39, 42, 47, 51
Chapter 8.................. 13, 36, 47, 49, 51, 52
Chapter 9.................. 1, 3, 6, 9, 10, 33, 36
  Note: use straight line amortization
Chapter 10................. 1, 2, 8, 35, 38, 40, 49
Chapter 11................. 32, 33, 34, 42, 43