

# ACTG 1A: FINANCIAL ACCOUNTING I

## Foothill College Course Outline of Record

Heading	Value
<b>Units:</b>	5
<b>Hours:</b>	5 lecture per week (60 total per quarter)
<b>Advisory:</b>	Elementary Algebra or equivalent; demonstrated proficiency in English by placement via multiple measures OR through an equivalent placement process OR completion of ESLL 125 & ESLL 249.
<b>Degree &amp; Credit Status:</b>	Degree-Applicable Credit Course
<b>Foothill GE:</b>	Non-GE
<b>Transferable:</b>	CSU/UC
<b>Grade Type:</b>	Letter Grade (Request for Pass/No Pass)
<b>Repeatability:</b>	Not Repeatable

## Student Learning Outcomes

- Explain financial accounting terminology, concepts, principles, and frameworks. [SLO1a:Theory].
- Perform related calculations and demonstrate the ability to use methods and /or procedures to solve financial accounting problems.

## Description

Study of accounting as an information system, examining why it is important and how it is used by investors, creditors, and others to make decisions. The course covers the accounting information system, including recording and reporting of business transactions with a focus on the accounting cycle, ethics in accounting, the application of generally accepted accounting principles, international financial reporting standards, the financial statements, and financial statement analysis. Includes issues relating to asset, liability, and equity valuation, revenue and expense recognition, cash flow, internal controls, and ethics. Financial Accounting is covered over a 2-course sequence: ACTG 1A and ACTG 1B.

## Course Objectives

The student will be able to:

- Describe the accounting field and its various career opportunities.
- Explain the nature and purpose of generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS). 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.
- Define and use accounting and business terminology.
- Explain what a system is and how an accounting system is designed to satisfy the needs of specific businesses and users; summarize the purpose of journals and ledgers.

- Apply transaction analysis, input transactions into the accounting system, process this input, and prepare and interpret the four basic financial statements.
- Distinguish between cash basis and accrual basis accounting and their impact on the financial statements, including the revenue recognition and matching principles.
- Identify and illustrate how the principles of internal control are used to manage and control the firm's resources and minimize risk.
- 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.
- Explain the nature of current assets and related issues, including the measurement and reporting of cash and cash equivalents, receivables and bad debts, and inventory and cost of goods sold.
- Identify the ethical implications inherent in financial reporting and be able to apply strategies for addressing them.

## Course Content

- The accounting profession and the business environment
  - the accounting profession and the organizations that govern it.
  - the career opportunities in the accounting profession.
  - forms of business organizations.
  - the advantages and disadvantages of forms of business organizations.
  - service, merchandising and manufacturing businesses.
  - accounting and business terminology.
- Purposes and uses of accounting information
  - the decision makers and users of accounting information.
  - types of information decisions makers and users of accounting information need.
  - the accounting equation.
  - preparation of financial statements.
  - the content, form, and purpose of the annual report, notes to financial statements, and how they satisfy the information needs of decision makers and users of accounting information.
  - the criteria used to determine revenue recognition.
  - the information in the financial statements as it relates to the needs of decision makers.
  - links among financial statements.
  - using financial statements to evaluate business performance.
- Financial reporting rules and disclosure
  - the nature and purpose of generally accepted accounting principles (GAAP).
  - the nature and purpose of the International Financial Reporting Standards (IFRS).
  - the components of the conceptual framework for financial accounting and reporting.
  - the qualitative characteristics of accounting information.
  - fundamental accounting concepts underlying financial statements, and the constraints and limitations on accounting information.
- The accounting cycle
  - the significance of debits and credits as they are used in an accounting information system.
  - the effects of accounting transactions on assets, liability, and owner's equity accounts.
  - the use of journals and ledgers.
  - adjustments and/or corrections needed at the end of the accounting period.
  - preparation of the worksheet and financial statements.
  - the closing entries and post-closing trial balance.
- Cash and accrual accounting

1. cash basis of accounting and accrual basis of accounting.
2. the design of cash and accrual accounting systems in order to satisfy the needs of specific businesses.
3. the effect of cash basis and accrual basis on accounts and financial statements.
4. the effect of GAAP on cash basis and accrual basis.
- F. Accounting for merchandiser transactions
  1. the nature of merchandising operations.
  2. inventory.
  3. periodic inventory system.
  4. perpetual inventory system.
  5. Explain sale of inventory.
  6. adjusting and closing merchandising accounts.
- G. Internal controls
  1. the elements of internal control.
  2. the detective and preventive measures of internal control.
  3. the principles of internal controls are used to manage and control the firm's resources and minimize risk.
  4. the Sarbanes-Oxley Act.
  5. the internal control for e-commerce.
- H. Current assets
  1. cash.
    - a. the internal control measure over cash.
    - b. the preparation of bank reconciliation.
    - c. control over cash receipts.
    - d. control over cash payments.
    - e. the petty cash fund.
  2. inventory.
    - a. inventory costing methods.
    - b. accounting for inventory in a perpetual system.
    - c. accounting for inventory in a periodic system.
    - d. the effects of inventory errors.
3. receivables.
  - a. trade receivables.
  - b. accounting for bad debts using direct write-off and allowance methods.
  - c. accounting for credit cards and debit cards.
  - d. notes receivables and maturity value.
- I. Ethical issues
  1. ethics and accounting.
  2. the role of ethics in preparation of financial statements.
  3. the ethical implications inherent in financial reporting.
  4. corporate and professional codes of conducts.

## Lab Content

Not applicable.

## Special Facilities and/or Equipment

Access to PC lab and Excel software. When taught as an online distance learning section, students and faculty need ongoing and continuous internet and email access.

## Method(s) of Evaluation

The student will demonstrate proficiency by:

- A. Quizzes
- B. Exams
- C. Class participation
- D. Homework

- E. Assignments requiring the use of general ledger software, spreadsheet, word-processor, and presentation applications, such as Quickbooks, MS Excel, MS Word, and MS PowerPoint, respectively
- F. Team projects
- G. Research assignments
- H. Case study analysis
- I. Oral and/or written presentations

## Method(s) of Instruction

Lecture, electronic discussions, group work, case studies.

## Representative Text(s) and Other Materials

Miller-Nobles, Mattison, and Matsumura. Accounting. 12th ed. New York, New Jersey: Pearson Publishing, 2018.

Pasewark, William R. Understanding Corporate Annual Reports. 7th ed. Burr Ridge, IL: Irwin McGraw-Hill, 2010.

## Types and/or Examples of Required Reading, Writing, and Outside of Class Assignments

- A. Students will be expected to read approximately 40 pages per week, in addition to completing associated assignments for an estimated total of 10 hours out-of-class commitment per week
- B. Applying basic Excel commands to prepare financial statements, bank reconciliation, budgets and accounting reports
- C. Reading of corporate annual reports
- D. Writing assignment responding to questions related to the corporate annual reports of publicly-held corporations
- E. Written research paper and/or project
- F. Reading of internet articles and writing on accounting topics or accounting-related current events and/or careers
- G. Reading Wall Street Journal, Business Week, and Fortune

## Discipline(s)

Accounting