

# ACTG 1B: FINANCIAL ACCOUNTING II

## Foothill College Course Outline of Record

| Heading                 | Value   |
|-------------------------|---|
| Effective Term:         | Summer 2022   |
| Units:                  | 5   |
| Hours:                  | 5 lecture per week (60 total per quarter)   |
| Prerequisite:           | ACTG 1A.  |
| Advisory:               | 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; not open to students with credit in ACTG 1BH. |
| Degree & Credit Status: | Degree-Applicable Credit Course   |
| Foothill GE:            | Non-GE  |
| Transferable:           | CSU/UC  |
| Grade Type:             | Letter Grade (Request for Pass/No Pass)   |
| Repeatability:          | Not Repeatable  |

## Student Learning Outcomes

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

## Description

Continuation of ACTG 1A focusing on accounting as an information system, examining why it is important and how it is used by investors, creditors, and others to make decisions. Long-term assets, short- and long-term liabilities, equity valuation, revenue and expense recognition, statement of cash flows, financial statement analysis, internal controls, and ethics.

## Course Objectives

The student will be able to:

- Identify types of long-term assets.
- Identify the costs associated with each category of plant assets.
- Identify issues relating to long-term asset acquisition, use, depreciation, amortization, depletion, and disposal.
- Distinguish between capital and revenue expenditures.
- Explain ethical issues related to plant assets.
- Explain the valuation and reporting of current liabilities, estimated liabilities, and other contingencies.
- Explain issues related to payroll, its records, and payroll-related transactions.
- Identify and illustrate issues relating to long-term liabilities, including issuance, valuation, and retirement of debt.

- Identify issues relating to stockholders' equity, including issuance, repurchase of capital stock, and dividends.
- Explain the importance of operating, investing and financing activities reported in the Statement of Cash Flows.
- Interpret company activity, profitability, liquidity and solvency through selection and application of appropriate financial analysis tools.

## Course Content

- Long-term assets
  - plant assets and their related expenses
  - measuring the cost of plant assets
  - capital expenditures and revenue expenditures
  - depreciation methods
  - asset impairments
  - disposing plant assets
  - natural resources
  - depletion of natural resources
  - intangible assets
  - amortization of intangible assets
  - research and development
  - ethical issues in accounting for plant assets
- Current liabilities
  - accounts payable
  - short-term notes payable
  - sales tax payable
  - current segment of long-term notes payable
  - accrued liabilities
  - unearned revenue
  - contingent liabilities
  - remote liabilities
  - accounting for payroll, gross pay, and net pay
  - payroll withholding
  - payroll records
  - internal control over payroll
- Long-term liabilities
  - long-term notes payable and mortgage payable
  - bonds payable
  - types of bonds
  - bond prices
  - present value of money
    - present value of one payment or receipt
    - present value of annuity
    - present value of bonds payable
  - interest expense on bonds using straight-line method
  - premium and discount bond and their related amortization
  - reporting liabilities on the balance sheet
- Stockholders' equity and reporting requirements
  - classes of stocks
  - issuing common and preferred stock
  - paid-in capital
  - retained earnings
  - cash dividends
  - market value, liquidation value, and book value of stock

- vii. income taxes by corporations
- viii. stock dividends, stock splits, and treasury stock
- ix. retirement of stock
  - x. restriction on retained earnings
- xi. corporate income statement
  - 1. continuing operations
  - 2. discontinue operations and extraordinary items
  - 3. earnings per share
- xii. reporting comprehensive income
- e. Measuring cash flow
  - i. operating activities
    - 1. direct method
    - 2. indirect method
  - ii. investing activities
  - iii. financing activities
  - iv. noncash investing and financing activities
  - v. free cash flow
- f. Financial statements and statement analysis
  - i. horizontal and vertical analysis
  - ii. trend analysis
  - iii. common size analysis
  - iv. benchmarking
  - v. using ratios to make decisions
    - 1. profitability ratios
    - 2. liquidity ratios
  - vi. red flags in financial statement analyses

## Lab Content

Not applicable.

## Special Facilities and/or Equipment

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

## Method(s) of Evaluation

Quizzes

Exams

Class participation

Homework

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

Team projects

Research assignments

Case study analysis

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.* 2018.

## 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