

# FINANCIAL ACCOUNTING DESCRIPTOR

## General Course Description:

This is the 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, the application of generally accepted accounting principles, the financial statements, and statement analysis. Includes issues relating to asset, liability, and equity valuation, revenue and expense recognition, cash flow, internal controls, and ethics.

## Course Content:

1. Purposes and uses of accounting information
2. The accounting cycle
3. Cash and accrual accounting
4. Internal controls
5. Financial reporting rules and disclosure, including international standards, such as International Financial Reporting Standards (IFRS)
6. Current assets
7. Current liabilities
8. Long-term assets
9. Long-term liabilities
10. Stockholders' equity and reporting requirements
11. Measuring cash flow
12. Financial statements and statement analysis
13. Ethical issues

## Course Objectives: *At the conclusion of this course, the student should be able to:*

1. 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;
2. Define and use accounting and business terminology;
3. 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;
4. Apply transaction analysis, input transactions into the accounting system, process this input, and prepare and interpret the four basic financial statements;
5. Distinguish between cash basis and accrual basis accounting and their impact on the financial statements, including the revenue recognition and matching principles;
6. Identify and illustrate how the principles of internal control are used to manage and control the firm's resources and minimize risk;
7. 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;
8. 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;
9. Explain the valuation and reporting of current liabilities, estimated liabilities, and other contingencies;
10. Identify and illustrate issues relating to long-term asset acquisition, use, cost allocation, and disposal;
11. Distinguish between capital and revenue expenditures;
12. Identify and illustrate issues relating to long-term liabilities, including issuance,

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- valuation, and retirement of debt;(including the time value of money)
13. Identify and illustrate issues relating to stockholders' equity, including issuance, repurchase of capital stock, and dividends;
  14. Explain the importance of operating, investing and financing activities reported in the Statement of Cash Flows;
  15. Interpret company activity, profitability, liquidity and solvency through selection and application of appropriate financial analysis tools; and
  16. Identify the ethical implications inherent in financial reporting and be able to apply strategies for addressing them.

### Methods of Evaluation:

Problem solving exercises; oral and written assignments; quizzes and examinations, which include problem solving, essay and/or analysis interpretation and presentation. Topics included in the course, such as inventory valuation, receivables, fixed and intangible assets, current and long-term liabilities, will be assessed using multiple methods, as described.

### Sample Textbooks, Manuals, or Other Support Materials

A college level textbook supporting the learning objectives of this course and current within 5 years must be considered when matching courses to this descriptor.

Kimmel, Weygandt, and Kieso . **Financial Accounting: Tools for Business Decision Making**. Wiley Publishing.

Warren, Reeve, and Duchac. **Corporate Financial Accounting**. Cengage Learning.

Wild. **Financial Accounting: Information for Decisions**. McGraw-Hill Irwin.

Williams, Haka, Bettner, and Carcello. **Financial Accounting**. McGraw Hill-Irwin.

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