

CUYAMACA COLLEGE
COURSE OUTLINE OF RECORD

BUSINESS 120 – FINANCIAL ACCOUNTING

4 hours lecture, 4 units

Catalog Description

Introduces the accounting function and how it is used within our economic society. Accounting is viewed as an information-generating system that communicates financial data to support end users in their economic decision-making. Topics include the accounting information system and the recording and reporting of business transactions with a focus on the accounting cycle, the application of generally accepted accounting principles, the classified financial statements, and statement analysis. Issues related to asset, liability and equity valuation, revenue and expense recognition, cash flow, internal controls, and ethics will be covered. Designed for students who have an understanding of computer applications in word processing and spreadsheets, basic math skills, and the ability to write in a business-like manner.

Prerequisite

None

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
- 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

Students will be able to:

- 1) 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) Apply transaction analysis when inputting transactions into the accounting system, process this input, and prepare and interpret the four basic financial statements according to GAAP (Generally Accepted Accounting Principles).
- 3) Distinguish between cash basis and accrual basis accounting and their impact on the financial statements, including the matching principle.
- 4) Explain the content, form and purpose of the four basic financial statements (including footnotes) and the annual report, and how they satisfy the information needs of investors, creditors, and other users.

- 5) Interpret company activity, profitability and liquidity through selection and application of appropriate financial analysis tools.
- 6) Identify the ethical implications inherent in financial reporting and be able to apply strategies for addressing them.

Method of Evaluation

A grading system will be established by the instructor and implemented uniformly. Grades will be based on demonstrated proficiency in subject matter determined by multiple measurements for evaluation, one of which must be essay exams, skills demonstration or, where appropriate, the symbol system.

- 1) Exams and/or quizzes that include short answer and objective questions that require students to identify aspects, history, ethics, guidelines, standards, generally accepted accounting principles, the attest function, and the role of auditors.
- 2) Written exams that require students to record business transactions in a general journal and post those transactions to general ledger accounts using generally accepted accounting principles.
- 3) Written exams that require students to prepare income statements, retained earnings statements, balance sheets, and cash flow statements in accordance with generally accepted accounting principles.
- 4) Written exams that require, given selected business transactions, students to determine what, if any, accounting principles concepts and assumptions are violated and describe the violation in writing.
- 5) Case problems that require students to complete an accounting cycle for a corporation and make decisions based on financial statements prepared during the cycle.
- 6) Assignments that require students to analyze business transactions and record those transactions in accordance with generally accepted accounting principles.

Special Materials Required of Student

Calculator

Minimum Instructional Facilities

Smart classroom

Method of Instruction

- 1) Lecture, discussion, question and answer
- 2) Preview/review of assignments
- 3) Assignment of case problems for group discussion

Out-of-Class Assignments

Completion of case studies, spreadsheets and problems

Texts and References

- 1) Required (representative example): Kemp, Robert, *Financial Accounting*, 5th edition, Pearson, 2019.
- 2) Supplemental: *MyAccountingLab*, Pearson, 2021.

Exit Skills

Students having successfully completed this course exit with the following skills, competencies and/or knowledge:

- 1) Rules and procedures related to accrual-based accounting including appropriate terms and definitions.
- 2) Analyze transactions and record journal entries in two-column general journal format.
- 3) Understand and apply the steps in the periodic processing cycle known as the accounting cycle.
- 4) Knowledge and understanding of three main financial statements: balance sheet, statement of income, statement of retained earnings.

- 5) Specific knowledge and related calculations with respect to the areas of cash, receivables, inventories, plant assets, liabilities, owners' equity.

Student Learning Outcomes

Upon successful completion of this course, students will be able to:

- 1) Analyze and record business transactions using double entry accounting method in accordance with GAAP.
- 2) Prepare an Income Statement, Statement of Retained Earnings, Balance Sheet, and Statement of Cash Flows for one accounting cycle.