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Business Administration (BSAD) 2220 Introduction to Financial Accounting (4 Units) CSU: UC
[formerly Business Administration 1A]

Advisory: Eligibility for English 1000 and Reading 1005, and Business 1050 or Business 1051 strongly recommended

Total Hours: 64 hours lecture

Catalog Description: Business Administration 2220 is a foundation course in financial accounting principles. It is a study of accounting as an information system, with emphasis on the accounting cycle, sole proprietorships, corporations and partnerships, financial statements, and using generally accepted accounting principles to account for assets, liabilities, expenses, revenues, capital, and provide internal controls. C-ID: ACCT 110

Type of Class/Course: Degree Credit

Text:

Warren, Carl S., et al. *Financial and Managerial Accounting, 14th Ed.* Cengage Learning. 2016.

Optional Materials: Needles, B., Powers, M., & Crosson, S. *Working Papers for Exercises, Problems, and Cases Financial and Managerial Accounting Chapters 1-14, 9th Ed.* Mason, OH: South-Western Cengage Learning. Print.

Course Objectives:

By the end of the course, a successful student will 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, 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.

Course Scope and Content:

- Unit I Basic Structure of Accounting
- A. Explain the purposes and uses of accounting information
 - B. Explain the nature and purpose of generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS).
 - C. 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
 - D. Define and use accounting and business terminology;
- Unit II The Journal, Ledger, and Trial Balance
- A. Summarize the purpose of journals and ledgers
 - B. Apply transaction analysis, input transactions into the accounting system, process this input, and prepare and interpret the four basic financial statements
- Unit III Completion of the Accounting Cycle
- A. Distinguish between cash and accrual accounting and their impacts on statements
 - B. Produce accurate and reliable financial statements under GAAP with special attention to revenue recognition and matching principles
- Unit IV Processing Sales and Cash Receipts
- A. Accurately journalize and post sales in cash
 - B. Accurately journalize cash receipts
- Unit V Processing Purchases and Cash Payments
- A. Accurately journalize and post purchases in cash
 - B. Accurately journalize and post cash disbursements

- Unit VI Summarizing and Reporting
- A. Generate accurate financial reports following financial reporting rules and disclosure including those in the International Financial Reporting Standards (IFRS)
 - B. Identify the ethical implications inherent in financial reporting and be able to apply strategies for addressing them
 - C. 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
- Unit VII Assets
- A. 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
 - A. Accurately journalize and post sales made as receivables
 - B. Accurately journalize and post payments made on receivables
 - C. Accurately journalize and post adjustments to receivables
- Unit VIII Merchandise Inventory
- A. Define and properly record transactions using various systems of inventory accounting
 - B. Define and properly record adjustments to inventories
- Unit IX Deferrals and Accruals
- A. Define and properly journalize common deferrals and accruals
- Unit X Plant and Intangible Assets
- A. Identify and illustrate issues relating to long-term asset acquisition, use, cost allocation, and disposal
 - B. Distinguish between capital and revenue expenditures
 - C. Define, properly record, and post assets
 - D. Define and properly record depreciation using several methods of depreciation
- Unit XI Liabilities
- A. Explain the valuation and reporting of current liabilities, estimated liabilities, and other contingencies
 - B. Accurately journalize and post purchases made as payables
 - C. Accurately journalize and post payments made on payables
 - D. Accurately journalize and post adjustments to payables
 - E. Identify and illustrate issues relating to long-term liabilities, including issuance, valuation, and retirement of debt (including the time value of money)
- Unit XII Systems, Controls, and Payroll Systems
- A. Identify and illustrate how the principles of internal control are used to manage and control the firm's resources and minimize risk
 - B. Evaluate internal controls in accounting systems
 - C. Apply ethical standards to professional practice
- Unit XIII Cash Flows
- A. Measure and report on cash flows
 - B. Explain the importance of operating, investing and financing activities reported in the Statement of Cash Flows

- Unit XIHV Partnerships
- A. Set-up and properly record transactions commonly found in partnerships
 - B. Properly record changes in partnership equities
- Unit XIV Corporate Equity and Annual Reports
- A. Identify and illustrate issues relating to stockholders' equity, including issuance, repurchase of capital stock, and dividends
 - B. Properly journalize and post changes in equity accounts
 - C. 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
 - D. Properly prepare annual reports including analytical narratives
 - E. Identify the ethical implications inherent in financial reporting and be able to apply strategies for addressing them
- Unit XVI Financial Statement Analysis
- A. Produce accurate and reliable financial statements
 - B. Interpret company activity, profitability, liquidity and solvency through selection and application of appropriate financial analysis tools

Learning Activities Required Outside of Class:

The students in this class will spend a minimum of 8 hours per week outside of the regular class time doing the following:

1. Studying class notes
2. Answering questions
3. Completing required reading
4. Problem solving activities or exercises
5. Written work
6. Group projects

Methods of Instruction:

1. Lectures
2. Demonstrations of sample problems on blackboard
3. Assigned problems from the text
4. Assigned selected problems which demonstrate the principles of accounting in different viewpoints
5. Multimedia presentations
6. Group explorations

Methods of Evaluation:

1. Writing assignments including:
 - a. written homework from chapters
 - b. group reports
 - c. topic paper written under American Psychological Association (APA) style guide
 - d. chapter critical analysis reflections
 - e. case studies

2. Computational or non-computational problem-solving demonstrations, including:
 - a. exams
 - b. homework problems
 - c. laboratory reports
 - d. case study recommendations and solutions

3. Other subjective examinations using combinations of:
 - a. multiple choice questions
 - b. matching items
 - c. true/false questions
 - d. short answer questions
 - e. fill in the blank responses

4. Participation including:
 - a. role-playing and group activities
 - b. oral presentations and demonstrations
 - c. discussion responses
 - d. scenario reflections

5. Project including:
 - a. multimedia presentations
 - b. business scenario responses
 - c. action plans
 - d. formal written reports
 - e. portfolios
 - f. community service projects
 - g. building new case studies