

# COURSE OUTLINE

## 1. **Course Number and Name:** Bus303, Introduction to Accounting

**Prerequisites:** Bus204, Introduction to Entrepreneurship

**Credits 3**

**2. Course Description:** Financial statements are prepared to represent the profitability and value of business enterprises. As such, financial statements convey important information to business owners and managers and to those persons in the investment community that finance business enterprises and the government agencies that tax them. Business owners and managers make important decisions about the use of cash on hand and the allocation of scarce resources by relying heavily on financial statements. The accounting profession establishes and maintains procedures for assembling the information which goes into these financial statements so that those who read them will have an accurate perception of a firm's costs, revenues, and assets. This course instructs students in the basic principles of financial accounting with emphasis on accounting equation, accounting information cycle, the system of double-entry bookkeeping, the major external financial statements and provides an introduction to using financial statement information for financial analysis.

**3. Course Goals:** Within the accounting profession, there are recognized standards for the measurement and reporting of financial transactions. This course identifies the standards and illustrates their relevance for sound decision-making in the context of a for-profit enterprise. Students will use financial ratios and trend analysis as a means of interpreting the information contained in balance sheets and income statements. In addition, they will learn the procedures used by accounting professionals in valuing assets and liabilities.

**4. Course Outcomes:** The curriculum content is designed to shed light on the preparation of financial statements and the methods commonly employed to incorporate accounting information in the management decision process. Students will complete exercises related to the construction and interpretation of the balance sheet, income statement, and statement of cash flows. Upon completion of the course, the student will be able to:

1. Identify the professional services provided by accountants and describe FASB's Conceptual Framework Project;
2. Calculate return on investment, contribute to a discussion about the importance of liquidity, and evaluate a firm's value using trend analysis;
3. Incorporate revenues and expenses in the basic accounting equation, explain the linkage between the balance sheet and the income statement, and prepare a journal entry for a financial transaction Identify the features of a system of internal control;

4. Complete the bank reconciliation procedure, show how accounts receivable and inventories are reported on a balance sheet, and prepare a journal entry for a financial transaction;
5. Prepare the cost of land, buildings, and equipment for reporting on the balance sheet, distinguish between tax depreciation and financial accounting depreciation, and compare the financial statement effects of buying an asset with the effects of using a capital lease;
6. Distinguish between the straight basis and discount basis for calculating interest, present the employer's liability for payroll and payroll taxes, and identify the characteristics of a bond;
7. Distinguish between common and preferred stock, illustrate the steps necessary to account for a cash dividend, and show how owners' equity transactions are reported in financial statements;
8. Name the two criteria that permit revenue recognition, demonstrate the preparation of cost of goods sold, and describe the purpose of the statement of cash flows;
9. Explain the role of the Securities and Exchange Commission, identify the components of the five-year summary of financial information, and distinguish between tax depreciation and financial accounting depreciation;
10. Demonstrate the influence of the inventory cost-flow assumption on liquidity measures, discuss the significance of the price/earnings ratio in the evaluation of the market price of common stock, and explain the significance of financial leverage, present the employer's liability for payroll and payroll taxes and show how owners' equity transactions are reported in financial statements.

## **5. Course Concepts**

1. Financial Statements
2. Financial Accounting Standards
3. Ratio and Trend Analysis
4. The Balance Sheet Equation
5. The Income Statement
6. Financial Statement Analysis

### **Required Textbook:**

Marshall, David, Wayne McManus, and Daniel Viele. *Accounting: What the Numbers Mean*, 6<sup>th</sup> ed. New York: McGraw Hill, 2004. ISBN 0-07-283464-1.

# COURSE SYLLABUS

**Course Number:** Bus303

**Course Name:** Introduction to Accounting

**Faculty:** George Wentworth, CPA

Preliminaries: (Review Announcements in Izio)

## **Class Participation and Performance Requirements:**

Students are ultimately responsible for participating in the course through the following academic activities: uploading assignments, posting to discussion topics, responding to instructor inquiries, submitting written papers and taking quizzes and exams. Students are expected to be involved in ongoing instructional activities based on the recommended schedule for course completion as detailed in the syllabus. In order to actively participate in a course, students must make contact with their faculty mentor on a regular basis through one of the following methods:

- Uploading weekly written discussion topic responses into the Discussion section of the course delivery system for grading by your Instructor.
- Participation in discussion threads with the instructor and other students.
- Posting of other assignments as identified by the course instructor.

## **How to take this course:**

The required textbook for this course is *Accounting: What the Numbers Mean*. That's your textual resource that will guide you through the course. However, you'll find that some aspects of Exercises for each session are found online.

Turn to the back of your textbook.

There you'll see that an online Website has been created to assist you in completing coursework. Activate your web browser and go to [www.mhhe.com/marshall6e](http://www.mhhe.com/marshall6e). On the left side of that Website is a control panel that will take you to the various parts of your online exercises.

Course-wide Content

SampleStudyGuide Ch 1

NetTutor

Student Text Updates

Check Figures

Mobile Resources

Your first Exercise in Session 1 asks you to go to the PowerPoint presentation in Chapter one. Place your cursor at the error next to "Choose a Chapter" and select Chapter 1. All the study aids in Chapter 1 are found at that page.

News, Articles & Links

PowerWeb Articles

Weekly Update Archive

Quizzes  
Self-Study Quiz  
More Resources  
Chapter Objectives  
PowerPoint Presentations  
Demonstration Problem  
Key Term Review  
Flashcards  
Spreadsheet Problems  
Crossword Puzzle  
Chapter Outline  
Study Outline  
Digital Text Images

Go to Assignments in IZIO and open Assignment Chapter One. There you are asked to view the PowerPoint presentation and complete Quiz 1. All your Quizzes in this course may be accessed from your Home Page in IZIO. Take the Quiz in IZIO and your results will be automatically recorded in your Grade Book. Take each Session Quiz AFTER you have completed the reading for each Session and reviewed the PowerPoint slide presentation!

After you've completed Assignments for Session 1, review the Assignment in IZIO for Chapter 2, go to Chapter 2 at [www.mhhe.com/marshall6e](http://www.mhhe.com/marshall6e) view the PowerPoint presentation, review Pages 55 – 56 and complete Exercises 2.3, 2.5, and 2.7. Only then should you go back to your Home Page in IZIO and take Quiz 2.

These exercises require that you create an Excel spreadsheet to complete the assigned exercises. Save that spreadsheet, name it Exercise Chapter 1, and upload it to your Instructor from the Assignments functionality in IZIO.

It sounds complicated and lots of work, but if you are diligent and really want to learn the basics of Accounting, you'll get used to doing this very quickly.

**Assessment percentages/Course Grade:**

11 Quizzes from Session Exercises	22%
10 Session exercises	28%
10 Contributions to Discussion (approx 250 words per response)	30%
Final Examination	20%

Yorktown University official grade and writing rubrics are located at [http://www.yorktownuniversity.com/grad\\_rubrics.cfm](http://www.yorktownuniversity.com/grad_rubrics.cfm)

**Academic Integrity**

Available both in the student and faculty handbooks.

**Recommended Schedule for Course Completion**

**Session 1:** Financial Statements and Accounting Concepts.

**N.B. Please follow the sequence of activities described above and in the Announcement section of Izio and as presented under each session.**

**Assignment:**

Required reading:  
Chaps 1 and 2

**Discussion Questions:** The first discussion question is Exercise 1.5 in your text found on page 27.

**Exercises**

<b>Chapter 1</b>	View PowerPoint Slides at Website		Complete Quiz 1
<b>Chapter 2</b>	View PowerPoint Slides at Website	Pages 55 - 56 Exercise 2.3, 2.5, 2.7, 2.8	Complete Quiz 2

**Learning Outcomes: 4:1**

**Session 2: Interpretation of Financial Statements**

**Assignment:**

Required reading:  
Chapter 3

**Discussion Question:** Favorable business conditions may bring about certain seemingly unfavorable ratios, and unfavorable business conditions may result in apparently favorable ratios. For example, 303 Corp. increased its sales and net income substantially for the current year, yet the current ratio at the end of the year is lower than at the beginning. Discuss some possible causes of the apparent weakening of the current position, while sales and net income have increased substantially. NOTE: Confine your discussion to possibilities directly related to the current ratio only.

**Exercises**

<b>Chapter 3</b>	View PowerPoint Slides at Website	Exercise 3.1, 3.5, 3.8 & 3.10	Complete Quiz 3
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**Learning Outcomes: 4:2**

**Session 3: The Bookkeeping Process and Transactional Analysis**

**Assignment**

Required reading  
Chapter 4

**Discussion Question:** The accrual basis of accounting is designed to meet the requirements of two of the Generally Accepted Accounting Principles (GAAP): the revenue recognition principle and the matching principle.

Do you agree with this basis of accounting? Why or why not? If not, do you think it necessary to receive or disburse cash to recognize (record) revenue and expense transactions? Please explain and support your position.

### Exercises

#### Chapter 4

View PowerPoint  
Slides at Website

Exercise 4.5, 4.7,  
4.9, & 4.10

Complete Quiz 4

### Learning Outcomes: 4:3

#### Session 4: Measuring the Value of Assets

#### Assignment

Required reading:  
Chapter 5

**Discussion Questions:** The manager of your Wacky Widgets division has sales for the first quarter of exactly the same dollar amount as the first quarter last year. What stands out is that, although the dollar amount represents the same number of units at the same sales price per unit, and the cost of each unit has not changed from last year, this quarter's gross profit is higher.

As you think back to your BUS 303 class you remember the inventory valuation concepts you learned. What is it that your manager is doing and why?

### Exercises

#### Chapter 5

View PowerPoint  
Slides at Website

Exercises 5.2, 5.6,  
5.11, & 5.13

Complete Quiz 5

### Learning Outcomes: 4:4

#### Session 5: Property, Plant, and Equipment

#### Assignment

Required reading:  
Chapter 6

**Discussion Questions:** You are the newly hired manager of the recently purchased YU Resort. Part of your responsibilities include showing that the facility is profitable, with a bonus if profits are at least 10% ahead of budget each year. In reviewing the purchase documents, you have discovered that an error was made in the appraisal with some items classified as land that were really building improvements. Other than you, no one else is aware of the misclassification which has resulted in an undervaluation of the building asset account. The account should be \$400,000 instead of its present \$300,000 value. Budget profits require that depreciation be deducted to arrive at profits.

1. What impact does this appraisal error have on your ability to achieve your bonus?

2. What ethical issues arise from this problem?

3. What action should you take?

### Exercises

## Chapter 6

View PowerPoint Slides  
at Website

Exercises 6.3, 6.6, 6.8,  
& 6.9

Complete Quiz 6

### Learning Outcomes: 4:5

#### Session 6: Presentation of Liabilities

#### Assignment

Required reading  
Chapter 7

**Discussion Question:** As the manager of the New Mall location of Southern Jewelry, your annual evaluation is based upon annual gross revenues. It is the policy of Southern Jewelry to allow customers to purchase items on layaway and prepay them over time. A friend has recommended that these layaway transactions be reported as sales.

Discuss this recommendation in light of appropriate accounting procedure, your friend's motive in making the recommendation, and any ethical considerations surrounding your decision to take your friend's advice.

### Exercises

## Chapter 7

View PowerPoint Slides  
at Website

Exercises 7.1, 7.3, 7.5,  
& 7.8

Quiz 7

### Learning Outcomes: 4:6

#### Session 7: Owner's Equity

#### Assignment

Required reading  
Chapter 8

**Discussion Question:** You are a loan officer for Fifth National Bank. One of your best customers, Howard Brown, is the sole stockholder, and CEO, of Great Books Publishing. Howard normally carries around \$400,000 in his personal checking account. He has come to you for a loan of \$150,000 for Great Books for advances for authors. The current balance sheet shows total assets of \$50,000, liabilities of \$4,000 and stockholder's equity of \$46,000.

1. How would you rate Great Brooks as a credit risk?

2. How would you handle this situation without offending Howard Brown?

### Exercises

**Learning Outcomes:** 4:7**Session 8:** The Income Statement and Statement of Cash Flows**Assignment**

Required reading  
Chapter 9

**Discussion Questions:** As the owner of Major Motors, you regularly review the company's balance sheet and income statement. The income statement consistently shows profitable results according to Generally Accepted Accounting Principles. However, your controller, Shirley Strong, continuously complains that she is having a hard time meeting the accounts payable schedules.

- 1.) How can this be? If the company is consistently showing strong profits, how can there be difficulty in meeting accounts payable?
- 2.) Is there another measure of financial performance that you should be reviewing?
- 3.) What steps would you take to remedy this situation?

**Exercises****Learning Outcomes;** 4:8**Session 9:** Explanatory Notes**Assignment**

Required reading  
Chapter 10

**Discussion Question:** Go to the Internet site of any publicly traded company and locate the annual report. Read through the report, paying particular attention to the explanatory notes. Post the URL of the annual report and share with your colleagues two salient notes and your interpretation of the significance of each to the stakeholders of the company. Read and respond to the posts of your colleagues, as usual.

**Exercises****Learning Outcomes:** 4:9**Session 10:** Financial Statement Analysis

## Assignment

Required reading:  
Chapter 11

**Discussion Question:** Look forward to the day when you have accumulated \$2,000 and assume you have decided to invest that hard-earned money in the common stock of a publicly owned corporation. What data about that company will you be most interested in, and how will you arrange those data so that they are most meaningful to you? What information about the company will you want on a weekly basis, on a quarterly basis, and on an annual basis? How will you decide whether to sell, hold, or buy some more of the firm's stock?

## Exercises

*Chapter 11*

View PowerPoint Slides  
at Website

Problem 11.9,  
Problem 11.11

Complete Quiz 11

**Learning Outcomes:** 4:10