EASTERN ARIZONA COLLEGE
Uses of Accounting Information I
Course Design
2017-2018

Course Information
Division
Business
Course Number
BUA 233 (SUN# ACC 2201)
Title
Uses of Accounting Information I
Credits
3
Developed by
Mike Fox
Lecture/Lab Ratio
2 Lecture/2 Lab
Transfer Status
<table>
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<tr>
<th>ASU</th>
<th>NAU</th>
<th>UA</th>
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<tr>
<td>ACC 231</td>
<td>ACC 255</td>
<td>ACCT 200</td>
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</tbody>
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Activity Course
No
CIP Code
52.0200
Assessment Mode
Pre/Post Test (25 Questions/50 Points)
Semester Taught
Fall and Spring
GE Category
None
Separate Lab
No
Awareness Course
No
Intensive Writing Course
No

Prerequisites
None

Educational Value
This is the foundation course upon which all other accounting courses are based; it is a required course for all Business Administration majors, and provides a necessary understanding of “the language of business” for anyone entering that field.

Description
Introduction to the uses of financial information for internal and external purposes. Emphasizes using accounting information to meet the needs of financial decision makers, financial statement analysis, and understanding the business cycle.

Supplies
None
Competencies and Performance Standards

1. Explore basic business information.
   
   **Learning objectives**
   
   *What you will learn as you master the competency:*
   
   a. Describe what business is about.
   b. Distinguish among the forms of organization.
   c. Describe the various types of business activities.

   **Performance Standards**

   *Competence will be demonstrated:*
   
   o as assignments are submitted by the due date indicated on the course schedule
   o on completion of in-class team assignment
   o by taking and passing exam taken on the day given in class without the use of textbook or notes

   **Criteria - Performance will be satisfactory when:**
   
   o learner describes what business is about
   o learner distinguishes among the forms of organization
   o learner describes the various types of business activities

2. Use accounting as a form of communication.
   
   **Learning objectives**

   *What you will learn as you master the competency:*
   
   a. Identify the primary users of accounting information and their needs.
   b. Explain the purpose of each of the financial statements and the relationships among them, and prepare a set of simple statements.
   c. Identify and explain the primary assumptions made in preparing financial statements.
   d. Explain the critical role that ethics play in providing useful financial information.
   e. Describe the various roles of accountants in organizations.

   **Performance Standards**

   *You will demonstrate your competence:*
   
   o as assignments are submitted by the due date indicated on the course schedule
   o on completion of in-class team assignment
   o by taking and passing exam taken on the day given in class without the use of textbook or notes

   **Criteria - Performance will be successful when:**
   
   o learner identifies the primary users of accounting information and their needs
   o learner explains the purpose of each of the financial statements and the relationships among them, and prepare a set of simple statements
   o learner identifies and explains the primary assumptions made in preparing financial statements
   o learner explains the critical role that ethics play in providing useful financial information
   o learner describes the various roles of accountants in organizations
3. Examine financial statements and the annual report.

Learning objectives
What you will learn as you master the competency:

a. Describe the objectives of financial reporting.
b. Explain the concept and purpose of a classified balance sheet and prepare the statement.
c. Use a classified balance sheet to analyze a company’s financial position.
d. Explain the difference between a single-step and a multiple-step income statement and prepare each type of income statement.
e. Use a multiple-step, income step statement to analyze a company’s operations.
f. Identify the components of the statement of retained earnings and prepare the statement.
g. Identify the components of the statement of cash flows and prepare the statement.
h. Read and use the financial statements and other elements in the annual report of a publicly held company.

Performance Standards
Competence will be demonstrated:

- as assignments are submitted by the due date indicated on the course schedule
- on completion of in-class team assignment
- by taking and passing exam taken on the day given in class without the use of textbook or notes

Criteria - Performance will be satisfactory when:

- learner describes the objectives of financial reporting
- learner explains the concept and purpose of a classified balance sheet and prepare the statement
- learner uses a classified balance sheet to analyze a company’s financial position
- learner explains the difference between a single-step and a multiple-step income statement and prepare each type of income statement
- learner uses a multiple-step, income step statement to analyze a company’s operations
- learner identifies the components of the statement of retained earnings and prepare the statement
- learner identifies the components of the statement of cash flows and prepare the statement
- learner reads and uses the financial statements and other elements in the annual report of a publicly held company


Learning objectives
What you will learn as you master the competency:

a. Explain the role of source documents in an accounting system.
b. Analyze the effects of transactions on the accounting system.
c. Define the concept of a general ledger and demonstrate the use of the T account as a method for analyzing transactions.
d. Explain the rules of debits and credits.
e. Explain the purposes of a journal and the posting process.
f. Explain the purpose of a trial balance.

Performance Standards
Competence will be demonstrated:
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Criteria - Performance will be satisfactory when:
- learner explains the role of source documents in an accounting system
- learner analyzes the effects of transactions on the accounting system
- learner defines the concept of a general ledger and demonstrates the use of the T account as a method for analyzing transactions
- learner explains the rules of debits and credits
- learner explains the purposes of a journal and the posting process
- learner explains the purpose of a trial balance

5. Utilize income measurement and accrual accounting.

Learning objectives
What you will learn as you master the competency:

a. Explain the significance of recognition and measurement in the preparation and use of financial statements.
b. Explain the difference between the cash and accrual bases of accounting.
c. Describe the revenue recognition principle and explain its application in various situations.
d. Describe the matching principle and the various methods for recognizing expenses.
e. Identify the four major types of adjusting entries and prepare them for a variety of situations.
f. Explain the steps in the accounting cycle and the significance of each step.
g. Explain why and how closing entries are made at the end of an accounting period.
h. Use a work sheet as a basis for preparing financial statements.

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Criteria - Performance will be satisfactory when:
- learner explains the significance of recognition and measurement in the preparation and use of financial statements
- learner explains the difference between the cash and accrual bases of accounting
- learner describes the revenue recognition principle and explain its application in various situations
- learner describes the matching principle and the various methods for recognizing expenses
expenses

6. **Analyze inventories and cost of goods sold.**

**Learning objectives**

*What you will learn as you master the competency:*

a. Identify the forms of inventory held by different types of businesses and the types of costs incurred.
b. Explain the relationship between the valuation of inventory and the measurement of income.
c. Apply the inventory costing methods of specific identification, weighted average, FIFO, and LIFO using a periodic system.
d. Analyze the effects of the different costing methods on inventory, net income, income taxes, and cash flow.
e. Analyze the management of inventory.
f. Explain the differences in the accounting for periodic and perpetual inventory systems and apply the inventory costing methods using a perpetual system.

**Performance Standards**

*Competence will be demonstrated:*

- as assignments are submitted by the due date indicated on the course schedule
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*Criteria - Performance will be satisfactory when:*

- learner identifies the forms of inventory held by different types of businesses and the types of costs incurred
- learner explains the relationship between the valuation of inventory and the measurement of income
- learner applies the inventory costing methods of specific identification, weighted average, FIFO, and LIFO using a periodic system
- learner analyzes the effects of the different costing methods on inventory, net income, income taxes, and cash flow
- learner analyzes the management of inventory
- learner explains the differences in the accounting for periodic and perpetual inventory systems and apply the inventory costing methods using a perpetual system
7. Describe cash and internal control.

**Learning objectives**

*What you will learn as you master the competency:*

a. Identify and describe the various forms of cash reported on a balance sheet.
b. Describe the various techniques that companies use to control cash.
c. Explain the importance of internal control to a business and the significance of the Sarbanes-Oxley Act of 2002.
d. Describe the basic internal control procedures.

e. Describe the various documents used in recording purchases and their role in controlling cash disbursements.

**Performance Standards**

*Competence will be demonstrated:*

- as assignments are submitted by the due date indicated on the course schedule
- on completion of in-class team assignment
- by taking and passing exam taken on the day given in class without the use of textbook or notes

*Criteria - Performance will be satisfactory when:*

- learner identifies and describes the various forms of cash reported on a balance sheet
- learner describes the various techniques that companies use to control cash
- learner explains the importance of internal control to a business and the significance of the Sarbanes-Oxley Act of 2002
- learner describes the basic internal control procedures
- learner describes the various documents used in recording purchases and their role in controlling cash disbursements

8. Explain investments and receivables.

**Learning objectives**

*What you will learn as you master the competency:*

a. Describe the accounting for and disclosure of various types of investments companies make.
b. Account for accounts receivable, including bad debts.
c. Account for interest-bearing notes receivable.
d. Explain various techniques that companies use to accelerate the inflow of cash from sales.
e. Explain the effects of transactions involving liquid assets on the statement of cash flows.
f. Demonstrate the accounting for and disclosure of investments in the stocks and bonds of other companies.

**Performance Standards**

*Competence will be demonstrated:*

- as assignments are submitted by the due date indicated on the course schedule
- on completion of in-class team assignment
- by taking and passing exam taken on the day given in class without the use of textbook or notes
Criteria - Performance will be satisfactory when:

- learner describes the accounting for and disclosure of various types of investments companies make
- learner accounts for accounts receivable, including bad debts
- learner accounts for interest-bearing notes receivable
- learner explains various techniques that companies use to accelerate the inflow of cash from sales
- learner explains the effects of transactions involving liquid assets on the statement of cash flows
- learner demonstrates the accounting for and disclosure of investments in the stocks and bonds of other companies

9. Explore operating assets: property, plant, and equipment.

Learning objectives

What you will learn as you master the competency:

a. Demonstrate balance sheet disclosures for operating assets.
b. Determine the acquisition cost of an operating asset.
c. Compare depreciation methods and identify the factors affecting the choice of method.
d. Calculate the impact of a change in the estimate of the asset life or residual value.
e. Determine which expenditures should be capitalized as asset costs and which should be treated as expenses.
f. Analyze the effect of the disposal of an asset at a gain or loss.
g. Construct the balance sheet presentation of intangible assets.
h. Describe the proper amortization of intangible assets.

Performance Standards

Competence will be demonstrated:

- as assignments are submitted by the due date indicated on the course schedule
- on completion of in-class team assignment
- by taking and passing exam taken on the day given in class without the use of textbook or notes

Criteria - Performance will be satisfactory when:

- learner demonstrates balance sheet disclosures for operating assets
- learner determines the acquisition cost of an operating asset
- learner compares depreciation methods and identifies the factors affecting the choice of method
- learner calculates the impact of a change in the estimate of the asset life or residual value
- learner determines which expenditures should be capitalized as asset costs and which should be treated as expenses
- learner analyzes the effect of the disposal of an asset at a gain or loss
- learner constructs the balance sheet presentation of intangible assets
- learner describes the proper amortization of intangible assets
10. Examine current liabilities, contingencies, and the time value of money.

**Learning objectives**

What you will learn as you master the competency:

- a. Identify the components of the current liability category of the balance sheet.
- b. Examine how accruals affect the current liability category.
- c. Demonstrate how changes in current liabilities affect the statement of cash flows.
- d. Determine when contingent liabilities should be presented on the balance sheet or disclosed in notes and how to calculate their amounts.
- e. Explain the difference between simple and compound interest.
- f. Apply the deductions and expenses for payroll accounting.

**Performance Standards**

Competence will be demonstrated:

- as assignments are submitted by the due date indicated on the course schedule
- on completion of in-class team assignment
- by taking and passing exam taken on the day given in class without the use of textbook or notes

Criteria - Performance will be satisfactory when:

- learner identifies the components of the current liability category of the balance sheet
- learner examines how accruals affect the current liability category
- learner demonstrates how changes in current liabilities affect the statement of cash flows
- learner determines when contingent liabilities should be presented on the balance sheet or disclosed in notes and how to calculate their amounts
- learner explains the difference between simple and compound interest
- learner applies the deductions and expenses for payroll accounting

11. Identify the components and use of various long-term liabilities.

**Learning objectives**

What you will learn as you master the competency:

- a. Identify the components of the long-term liability category of the balance sheet.
- b. Define the important characteristics of bonds payable.
- c. Determine the issue price of a bond using compound interest techniques.
- d. Find the amortization of premium or discount using effective interest amortization.
- e. Find the gain or loss on retirement of bonds.
- f. Determine whether or not a lease agreement must be reported as a liability on the balance sheet.
- g. Explain deferred taxes and calculate the deferred tax liability.
- h. Explain the meaning of a pension obligation and the effect of pensions on the long-term liability category of the balance sheet.

**Performance Standards**

You will demonstrate your competence:

- as assignments are submitted by the due date indicated on the course schedule
- on completion of in-class team assignment
12. Explore stockholders’ equity.

Learning objectives

What you will learn as you master the competency:

a. Identify the components of the Stockholders’ Equity category of the balance sheet and the accounts found in each component.
b. Explain the characteristics of common and preferred stock and the differences between the classes of stock.
c. Determine the financial statement impact when stock is issued for cash or for other consideration.
d. Describe the financial statement impact of stock treated as treasury stock.
e. Compute the amount of cash dividends when a firm has issued both preferred and common stock.
f. Distinguish between cash and stock dividends and the analyze effect of stock dividends.
g. Determine the difference between stock dividends and stock splits.
h. Describe the statement of stockholders’ equity and comprehensive income.
i. Evaluate stockholders’ equity using ratios.
j. Describe the important differences between the sole proprietorship and partnership forms of organization versus the corporate form.

Performance Standards

You will demonstrate your competence:

- as assignments are submitted by the due date indicated on the course schedule
- on completion of in-class team assignment
- by taking and passing exam taken on the day given in class without the use of textbook or notes

Criteria - Performance will be successful when:

- learner identifies the components of the Stockholders’ Equity category of the balance sheet and the accounts found in each component
- learner explains the characteristics of common and preferred stock and the differences between the classes of stock
- learner determines the financial statement impact when stock is issued for cash or for
other consideration

- learner describes the financial statement impact of stock treated as treasury stock
- learner computes the amount of cash dividends when a firm has issued both preferred and common stock
- learner distinguishes between cash and stock dividends and analyzes the effect of stock dividends
- learner determines the difference between stock dividends and stock splits
- learner describes the statement of stockholders’ equity and comprehensive income
- learner evaluates stockholders’ equity using ratios
- learner describes the important differences between the sole proprietorship and partnership forms of organization versus the corporate form

13. Explain the statement of cash flows.

Learning objectives

What you will learn as you master the competency:

a. Explain the purpose of a statement of cash flows.

b. Explain what cash equivalents are and how they are treated on the statement of cash flows.

c. Describe operating, investing, and financing activities, and give examples of each.

d. Describe the difference between the direct and the indirect methods of computing cash flow from operating activities.

e. Prepare a statement of cash flows, using the indirect method to determine cash flow from operating activities.

f. Use cash flow information to help analyze a company.

Performance Standards

You will demonstrate your competence:

- as assignments are submitted by the due date indicated on the course schedule
- on completion of in-class team assignment
- by taking and passing exam taken on the day given in class without the use of textbook or notes

Criteria - Performance will be successful when:

- learner explains the purpose of a statement of cash flows
- learner explains what cash equivalents are and how they are treated on the statement of cash flows
- learner describes operating, investing, and financing activities, and give examples of each
- learner describes the difference between the direct and the indirect methods of computing cash flow from operating activities
- learner prepares a statement of cash flows, using the indirect method to determine cash flow from operating activities
- learner uses cash flow information to help analyze a company
14. **Analyze financial statements.**

**Learning objectives**

*What you will learn as you master the competency:*

a. Explain the various limitations and considerations in financial statement analysis.
b. Use comparative financial statements to analyze a company over time (horizontal analysis).
c. Use common-size financial statements to compare various financial statement items (vertical analysis).
d. Compute and use various ratios to assess liquidity.
e. Compute and use various ratios to assess solvency.
f. Compute and use various ratios to assess profitability.

**Performance Standards**

*You will demonstrate your competence:*

- as assignments are submitted by the due date indicated on the course schedule
- on completion of in-class team assignment
- by taking and passing exam taken on the day given in class without the use of textbook or notes

*Criteria - Performance will be successful when:*

- learner explains the various limitations and considerations in financial statement analysis
- learner uses comparative financial statements to analyze a company over time (horizontal analysis)
- learner uses common-size financial statements to compare various financial statement items (vertical analysis)
- learner computes and uses various ratios to assess liquidity
- learner computes and uses various ratios to assess solvency
- learner computes and uses various ratios to assess profitability

**Types of Instruction**

Classroom Presentation

**Grading Information**

**Grading Rationale**

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<td>One-hour tests</td>
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<td>Total</td>
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Grading Scale

A  90-100%
B  80-89%
C  70-79%
D  60-69%
F  Below 60%