

ACT 540: Financial Accounting

The objective of this course is to familiarize the student with the basic concepts, standards and practices of financial accounting. The course is devoted to the basic financial statements, the analysis and recording of transactions, and the underlying concepts and procedures, with an eye toward the financial statement analysis.

The course gives an overview of the procedures necessary to prepare and understand the basic financial statements. The remainder of the course examines the accounting for the most common and significant transactions of a firm, including revenue and accounts receivable, sales and inventories, long-term fixed assets, bonds and other long-term debt, and stockholder's equity. The focus of the course is to use financial information, develop critical thinking skills and the ability to conduct meaningful analysis of information presented in the basic financial statements.

Course Contents:

-) Purpose and nature of accounting; Various areas of accounting; Forms of business enterprises; Accounting information users; GAAP; Conventions; Business transactions and accounting equations
-) Accounting process: Recording changes in financial position; Double entry accounting system; Journal; Ledger; Trial balance; The accounting cycle; Measuring business income; Adjusting process; Completion of accounting cycle; Work sheet; Financial statements; Accounting for merchandize business
-) Accounting systems: Special journals and internal control of cash transactions; Bank reconciliation; Accounts receivables and inventories accounting methods; Plant assets; Depreciation; Intangible assets; Amortization and depletion methods; Liabilities; Partnership: Formation; Division of income and liquidation process
-) Corporation: Organization; Classes of stock; Stock holder's equity statement; Stock value; Issuance of stock; Stock dividend; Treasury stock; Stock split; Measuring corporation income; Earnings per share
-) Measuring cash flows: Statement of cash flows; Classification of cash flows

Text Books:

-) Robert F. Meigs and Walter B. Meigs: Accounting: The Basis for Business Decisions
-) Flamholtz, Michael A. Diamond: Principle of Accounting

Frankwood: Business Accounting-I and Business Accounting-II