## ACCOUNTING 201
### INTRO TO FINANCIAL ACCOUNTING
03 CREDITS

### MEETING TIMES & DATES:
CRN 63182 Monday & Wednesday 2:00PM – 3:15PM
CRN 63125 Tuesday & Thursday 5:30PM – 6:45PM

### MEETING PLACE:
Alaka‘i 101

### INSTRUCTOR:
Deacon Hanson

### OFFICE:
Hale Na‘auao, Rm. 137 (Note: Office Hours are held in Alaka‘i 102)

### OFFICE HOURS:
Monday 1:00PM to 2:00PM in Alaka‘i 102
Tuesday & Thursday 3:30PM to 5:30PM in Alaka‘i 102

### TELEPHONE:
236-9237 (O); 224-2278 (C)

### EMAIL:
dhanson@hawaii.edu

### EFFECTIVE DATE:
FALL 2011

---

### WINDWARD COMMUNITY COLLEGE MISSION STATEMENT

Windward Community College offers innovative programs in the arts and sciences and opportunities to gain knowledge and understanding of Hawai‘i and its unique heritage. With a special commitment to support the access and educational needs of Native Hawaiians, we provide O‘ahu’s Ko‘olau region and beyond with liberal arts, career and lifelong learning in a supportive and challenging environment — inspiring students to excellence.

### CATALOG DESCRIPTION

Introduction to accounting theory and methods used to record and report financial information according to generally accepted accounting principles. (3 hrs. lect.)

The student learning outcomes are:
1. Describe and understand the nature, environment and role of accounting as it relates to individuals, business organizations, and the business community.
2. Analyze, record, and report the business activities and transactions of a service and/or merchandising type organization using generally accepted accounting principles (GAAP).
3. Understand and describe what internal controls are, including its basic components and limitations, and apply internal control activities in the control of cash and merchandising transactions.
4. Apply GAAP in accounting for financial assets and liabilities including, but not limited to, short term financial assets, inventories, long-term assets, and current liabilities.

### Activities Required at Scheduled Times Other than Class Times

The University of Hawaii Laulima course management website is used for general management of the
course and to administer examinations. All assigned homework and quizzes are hosted at the WileyPlus companion site. URL is as follows:

http://edugen.wileyplus.com/edugen/class/cl5232439/

You are required to keep up with all assigned readings, and homework. Students are required to submit their homework via the WileyPlus website by the deadlines detailed in the course schedule (see resources tab in Laulima for course schedule). Students are also encouraged to make use of the other learning tools which are available at the WileyPlus website.

**STUDENT LEARNING OUTCOMES**

The student learning outcomes for the course are:

1. Describe and understand the nature, environment and role of accounting as it relates to individuals, business organizations, and the business community.
2. Analyze, record, and report the business activities and transactions of a service and/or merchandising type organization using generally accepted accounting principles (GAAP).
3. Understand and describe what internal controls are, including the basic components and limitations, and apply internal control activities in the control of cash and merchandising transactions.
4. Apply GAAP in accounting for financial assets and liabilities including, but not limited to, short term financial assets, inventories, long-term assets, and current liabilities.

**COURSE CONTENT**

*Chapters Covered - Students are required to develop their knowledge, and problem solving skills for each of the following chapters:*

**Chapter 1 Introduction to Financial Statements**

1. Primary forms of business organization. (Sole Proprietorship, Partnership, & Corporation)
2. Users and uses of accounting information. (Internal & External)
3. Three principal types of business activity. (Operating, Investing, & Financing)
5. Assets, liabilities, and stockholders' equity. Basic accounting equation. (Assets = Liabilities + Stockholders' Equity)
6. Components that supplement the financial statements in an annual report. (Management Discussion & Analysis; Notes to the Financial Statements; and The Auditor’s Report)

**Chapter 2 A Further Look at Financial Statements**

1. Sections of a classified balance sheet. (Current Assets; Long-Term Investments; Property, Plant & Equipment; Intangible Assets; Current Liabilities; Long-Term Liabilities; Stockholders’ Equity)
2. Ratios for analyzing a company's profitability. (Earnings Per Share)
3. Relationship between a retained earnings statement and a statement of stockholders' equity.
4. Ratios for analyzing a company's liquidity and solvency using a balance sheet. (Working Capital, Current Ratio, Debt to Total Assets Ratio)
5. Use the statement of cash flows to evaluate solvency. (Free Cash Flow)
6. Generally accepted accounting principles (GAAP).
7. Discuss financial reporting concepts. (Characteristics: Relevance, Reliability, Comparability, Consistency; Assumptions & Principles: Monetary Unit, Economic Entity, Time Period, Going Concern, Cost Principle, Full Disclosure Principle; Constraints; Materiality, Conservatism)

**Chapter 3 The Accounting Information System**

1. Analyze the effect of business transactions on the basic accounting equation.
2. Explain what an account is and how it helps in the recording process.
3. Define debits and credits and explain how they are used to record business transactions.
4. Identify the basic steps in the recording process.
5. Explain what a journal is and how it helps in the recording process.
6. Explain what a ledger is and how it helps in the recording process.
7. Explain what posting is and how it helps in the recording process.
8. Explain the purposes of a trial balance.
9. Classify cash activities as operating, investing, or financing.

Chapter 4 Accrual Accounting Concepts
1. Explain the revenue recognition principle and the matching principle.
2. Differentiate between the cash basis and the accrual basis of accounting.
3. Explain why adjusting entries are needed, and identify the major types of adjusting entries.
4. Prepare adjusting entries for deferrals.
5. Prepare adjusting entries for accruals.
6. Describe the nature and purpose of the adjusted trial balance.
7. Explain the purpose of closing entries.
8. Describe the required steps in the accounting cycle.
9. Understand the causes of differences between net income and cash provided by operating activities.
10. Describe the purpose of the basic form of a worksheet.

Chapter 5 Merchandising Operations and the Multi-Step Income Statement
1. Identify the differences between a service enterprise and a merchandising company.
2. Explain the recording of purchases under a perpetual inventory system.
3. Explain the recording of sales revenues under a perpetual inventory system.
5. Determine the cost of goods sold under a periodic inventory system.
6. Explain the factors affecting the profitability.
7. Identify a quality of earnings indicator.
8. (Appendix) Explain the recording of purchases and sales of inventory under a periodic inventory system.

Chapter 6 Reporting and Analyzing Inventory
1. Describe the steps in determining inventory quantities.
2. Explain the basis of accounting for inventories and apply the inventory cost flow methods under a periodic inventory system.
3. Explain the financial statement and tax effects of each of the inventory cost flow assumptions.
4. Explain the lower of cost or market basis of accounting for inventories.
5. Compute and interpret the inventory turnover ratio.
6. Describe the LIFO reserve and explain its importance for comparing results of different companies.
7. (Appendix 6A) Apply the inventory cost flow methods to perpetual inventory records.
8. (Appendix 6B) Indicate the effects of inventory errors on the financial statements.

Chapter 7 Fraud, Internal Control, and Cash
1. Define fraud and internal control.
2. Identify the principles of internal control activities.
3. Explain the applications of internal control principles to cash receipts.
4. Explain the applications of internal control principles to cash disbursements.
5. Prepare a bank reconciliation.
6. Explain the reporting of cash.
7. Discuss the basic principles of cash management.
8. Identify the primary elements of a cash budget.
9. (Appendix) Explain the operation of a petty cash fund.

Chapter 8 Reporting and Analyzing Receivables
1. Identify the different types of receivables.
2. Explain how accounts receivable are recognized in the accounts.
3. Describe the methods used to account for bad debts.
4. Compute the interest on notes receivable.
5. Describe the entries to record the disposition of notes receivable.
6. Explain the statement presentation of receivables.
7. Describe the principles of sound accounts receivable management.
8. Identify ratios to analyze a company's receivables.
9. Describe methods to accelerate the receipt of cash from receivables.

Chapter 9 Reporting and Analyzing Long-Lived Assets
1. Describe how the cost principle applies to plant assets.
2. Explain the concept of depreciation.
3. Compute periodic depreciation using the straight-line method, and contrast its expense pattern with those of other methods.
4. Describe the procedure for revising periodic depreciation.
5. Explain how to account for the disposal of plant assets.
6. Describe methods for evaluating the use of plant assets.
7. Identify the basic issues related to reporting intangible assets.
8. Indicate how long-lived assets are reported in the financial statements.

Chapter 10 Reporting and Analyzing Liabilities
1. Explain a current liability and identify the major types of current liabilities.
2. Describe the accounting for notes payable.
3. Explain the accounting for other current liabilities.
4. Identify the types of bonds.
5. Prepare the entries for the issuance of bonds and interest expense.
6. Describe the entries when bonds are redeemed.
7. Identify the requirements for the financial statement presentation and analysis of liabilities.
8. (Appendix 10A) Apply the straight-line method of amortizing bond discount and bond premium.
9. (Appendix 10B) Apply the effective-interest method of amortizing bond discount and bond premium.
10. (Appendix 10C) Describe the accounting for long-term notes payable.

Chapter 11 Reporting and Stockholders’ Equity
1. Identify and discuss the major characteristics of a corporation.
2. Record the issuance of common stock.
3. Explain the accounting for the purchase of treasury stock.
4. Differentiate preferred stock from common stock.
5. Prepare the entries for cash dividends and understand the effect of stock dividends and stock splits.
6. Identify the items that affect retained earnings.
7. Prepare a comprehensive stockholders' equity section.
8. Evaluate a corporation's dividend and earnings performance from a stockholder's perspective.

Chapter 12 Statement of Cash Flows
1. (Appendix) Prepare entries for stock dividends.
2. Indicate the usefulness of the statement of cash flows.
3. Distinguish among operating, investing, and financing activities.
4. Explain the impact of the product life cycle on a company's cash flows.
5. Prepare a statement of cash flows using the indirect method.
6. Use the statement of cash flows to evaluate a company.
7. Prepare a statement of cash flows using the direct method. (Appendix)

Skills and Competencies:
In order to successfully pass this course, you will need to possess and apply the following skills/competencies:

- Reading skills - required in order to grasp the essential business and accounting terminology and techniques needed to understand accounting objectives and concepts.
- Analytical/technical skills (critical thinking) - needed to successfully solve the assigned homework assignments and the exam problems.
- Desire to learn and a willingness to work hard - involves the discipline to complete all of the assigned material and homework by the listed deadlines.
- Basic Computer Skills and Computer Access – ability to navigate the WileyPlus internet website to view online presentations and complete online homework assignments. Access to a computer that can access the internet (preferably a broadband connection). You computer will need access to MS Word, MS Excel, MS PowerPoint, Adobe Acrobat Reader, and other applications.
- Time management skills – completing your reading assignments and solving homework problems require a great deal of time. This course requires a substantial level of self direction by the student. Chapters and homework are assigned by weeks.
OBJECTIVES AND TASKS OF THE COURSE

1. Since accounting has been defined as the language of business, students will be expected to learn and understand basic accounting terminology.
   a. Analyze basic transactions in terms of debits/credits.
   b. Journalize transactions.
   c. Post transactions.
   d. Prepare a trial balance.
   e. Schedule accounts receivables & payables.
   f. Complete a worksheet.
   g. Prepare financial statements.
   h. Journalize & post adjusting/closing entries.
   i. Prepare post closing trial balance.

2. Correctly answer at least 60% of all questions on the three (2) announced Midterm Examinations and on the one (1) the Final Examination. There are no make-ups (See Additional Information #3).

3. Score at least 60% on all assigned homework.

ASSESSMENT TASKS AND GRADING

1. You must complete “Objectives of the Course” 2 and 3 or you will fail the course.

2. Available Course Points are as follows:

   30.0%  Homework\(^A\)
   20.0%  Midterm Examination 1 (Chapters 1 through 4)
   20.0%  Midterm Examination 2 (Chapters 5 through 8)
   20.0%  Final Exam (Chapters 9 through 12)
   10.0%  Attendance & Participation\(^B\)
   100.0%

\(^A\) All assigned homework must be submitted via the WileyPlus online portal. WileyPlus allows you to unlimited attempts at each homework problem. Tentative due dates have been assigned in the course outline, but you are given the whole semester to complete your homework assignments. Because it is very easy to fall behind to a point where catching up is extremely difficult, you are strongly encouraged to follow the tentative due dates as scheduled in the course outline.

\(^B\) The instructor will randomly select class sessions for official attendance. These official attendances will be the basis for the students’ Attendance & Participation grade.

Students’ individual letter grades will be given at the end of the course and will be based on their overall success in percentage terms, weighted as shown in 2. above. Note: Grade percentages shown at the Laulima website are unofficial, and may differ significantly from the student’s final course grade. Students who wish to assess their progress during the semester should arrange to meet with the instructor. Letter grades will be assigned to final student points as follows:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>90% or better weighted average</td>
</tr>
<tr>
<td>B</td>
<td>80% or better, but less than 90%</td>
</tr>
<tr>
<td>C</td>
<td>70% or better, but less than 80%</td>
</tr>
<tr>
<td>D</td>
<td>60% or better, but less than 70%</td>
</tr>
<tr>
<td>F</td>
<td>below 60%</td>
</tr>
</tbody>
</table>
Incompletes will not be given

C/NC Credit/No Credit option is available for this course.

W Withdrawal grade will only be given if official withdrawal is processed according to published procedures. (See current schedule and college catalog)

LEARNING RESOURCES


2. Access to WileyPlus on-line course site. The class section URL is:

http://edugen.wileyplus.com/edugen/class/cls232439/

You will be able to access the WileyPlus website with your purchased access code.

If you do not wish to purchase a hard-copy text book, WileyPlus has an electronic version of the text at the website. You can purchase online access to Wiley plus at:

http://www.wileyplus.com/buy

Additional Information

1. It has been shown that success in an introductory accounting class is highly correlated with attendance and homework completion. The students who attend class as scheduled and come prepared to class, having completed all of the assigned homework, tend to do very well in this class.

2. All homework that is to be graded must be submitted to the instructor via the WileyPlus online portal. Tentative deadlines have been assigned to all assignments. However, WileyPlus allows you the whole semester for each homework submission. You are encouraged to keep up with the tentative deadlines, as it will be very difficult to catch up at the end of the semester.

3. **THERE WILL BE NO MAKE-UP EXAMINATIONS** for the two (2) midterm examinations, and the final examination.

4. The office hours shown may be changed during the semester for the following reasons; to accommodate the majority of students’ schedules, change in the instructor’s non-teaching assignments, etc. Any changes in office hours will be announced to the class prior to the changes.

5. The Instructor will hold his office hours out of Hale Alakaʻi 102 (see office hours above. At times, during office hours, the instructor maybe assisting students who are studying in the TRIO lab, which is in Hale Naʻauao, or may be tending to business in his office Hale Naʻauao, Rm. 137. Please check these all locations if the instructor is not in Hale Alakaʻi 102. All office hour cancellations or changes will be announced in Laulima and by email.
**Academic Dishonesty**
Students enrolled in this course are expected to abide by the academic honor code of the College. Acts of academic dishonesty will not be tolerated and will be dealt with in accordance with the College guidelines.

**DISABILITIES ACCOMMODATION STATEMENT**

*If you have a physical, sensory, health, cognitive, or mental health disability that could limit your ability to fully participate in this class, you are encouraged to contact the Disability Specialist Counselor to discuss reasonable accommodations that will help you succeed in this class. Ann Lemke can be reached at 235-7448, lemke@hawaii.edu, or you may stop by Hale ʻAkoakoa 213 for more information.*