# Financial Accounting

## Course Description

This course will serve as an introduction to financial accounting, starting with the basics about assets, liability, and equity and moving on to fundamental concepts like the accounting equation, debits and credits, the accounting cycle, and financial statements.

## Required Text

No textbook is required for this course.

## Prerequisites

There are no prerequisites for this course.

## Learning Outcomes

* Understand the Accounting Equation and the Debit/Credit System.
* Describe the types and purposes of the different types of financial statements.
* Identify the seven stages of the Accounting Cycle.
* Analyze and journalize transactions.
* Prepare T-accounts to determine account balances and use these final balances to create the trial balance.
* Record adjusting entries.
* Prepare financial statements and close the general ledger accounts.
* Measure, value and re-value assets, liabilities and equity.
* Record merchandising operations and calculate cost of goods sold.
* Apply financial accounting principles to business settings.
* Prepare a cash flow statement.
* Develop a basic understanding of GAAP and IFRS accounting policies.

## Course Topics

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| --- | --- |
| Category/Topics | Learning Content |
| Basics of Financial Accounting | Defines financial accounting. Defines the different types of financial statements and the order in which they are prepared. Distinguishes between internal and external users of financial accounting and how they use financial data. Summarizes the three main business structures. Examines the three categories of business activities – operating, investing, and financing – and provides examples of how these activities are distributed on financial statements. Summarizes the nine elements of financial accounting. |
| Assets, Liabilities and Equity | Defines assets, liability, and equity. Outlines criteria used to identify an item as an asset, liability, or equity, and provides real world examples of each. Describes where each type of value is recorded on financial statements.  |
| The Double Entry System and Conceptual Framework | Explains the financial accounting equation. Provides the fundamentals and rules for the accounting equation and how to apply them with real world examples. Discusses the importance of the conceptual framework. Distinguishes the three levels of the framework and explains how they are applied to the financial information. Defines the double entry accounting systems. Provides an explanation of why double entry is used by providing real world application examples. Explains the importance of debits and credits and shows how they drive transaction analysis. Reviews what normal accounting balances are using the accounting equation and how different accounts fit into the accounting equation. Discusses the revenue, expense and dividend accounts and their application to the accounting equation. |
| The Accounting Cycle | Provides an overview of the accounting cycle. Provides the steps to analyze and record transactions using real world examples. Explains the purpose of the general ledger and how to journalize transactions to the ledger. Discusses how T-accounts can help to determine account balances. Describes the trial balance and how to prepare a trial balance to close the cycle. Demonstrates how to prepare adjusting entries at the end of the cycle to begin preparation for the financial statements. Lists the rules that apply to adjusting entries. Explains the four types of adjusting entries and provides steps on how to record each type using real world examples. Discusses how to prepare an adjusted trial balance after the adjusting entries are completed. Provides the purpose for financial statements and how the adjusted trial balance is used to prepare the four basic financial statements. Defines permanent and temporary accounts. Explains the difference in these two types of accounts and provides examples and how they are recorded on the general ledger. Discusses what closing entries are and the closing process at the end of the accounting cycle. Demonstrates how to perform closing entries and provides examples. |
| Merchandise Inventory | Explains the difference between service and merchandise companies. Provides an overview of the accounting steps related to the operations of these two types of companies. Introduces how to record merchandising operations on the income statement. Discusses the difference in the periodic and perpetual inventory systems that are used by companies. Explains how each inventory system is used. Demonstrates how to record and calculate cost of goods sold for both types of inventory systems by using examples. Discusses the difference in a single versus multi-step income statement. Provides the steps to prepare a multi-step income statement for both types of inventory systems using real world examples.  |
| Cost Flow Assumptions: FIFO, LIFO, and Average Cost Methods | Discusses the four types of inventory costing methods that companies use to calculate cost of goods sold for both perpetual and periodic inventory systems. Provides examples of each type of costing method and how entries for each one is recorded on the general ledger. Compares the different costing methods and the behavior in periods of rising and falling prices. Explains how each method is recorded on the income statement.  |
| Receivables and Bad Debts | Defines uncollectible sales and bad debt. Provides an overview of the allowance method to account for bad debts. Explains the different allowance methods for estimating bad debts. Explains how the different methods of estimating bad debts are calculated and recorded. Discusses what a bad debt write-off is and how it affects the net realizable value of receivables for analysis. Explains what the direct write off method is. Compares the allowance method and direct write-off method for bad debts. |
| Revenue Recognition: Critical Point and Gradual Recognition | Describes the concept of revenue recognition and the criteria needed for determining which period revenue should be recorded in the financial information. Examines different types of sales examples and how revenue is recognized in each example. Discusses the revenue recognition for the three different types of long term contract cost recovery methods. Demonstrates how to calculate the revenue for the three different types of cost recovery methods using real world examples and how to record them on the general ledger. Explains how construction in process works. Demonstrates how to create the journal entries for long term contracts whether there is a gain or loss on the contract. |
| Depreciation of Fixed Assets and Gains and Losses | Defines depreciation and how it is used in financial accounting. Provides a comparison of the different methods of depreciation. Demonstrates how to calculate depreciation and record on the general ledger. Explains how to calculate and record gains or losses on the disposal of assets and provides examples. |
| Intangible Assets | Defines intangible assets. Discusses the types of intangible assets and provides examples. Explains the difference in finite and indefinite intangible assets. Demonstrates how to calculate and record amortization of intangible assets. Discusses impairment and how it applies to different types of intangible assets. Explains the recording of impairment journal entries. |
| The Indirect Cash Flow Statement | Provides an overview of the purpose of the indirect cash flow statement in accrual accounting. Explains the concept of accrual accounting. Discusses each of the three sections of the indirect cash flow statement. Explains the categorization of items as a use or source when recording in the appropriate section on the cash flow statement. Demonstrates how to record items on the cash flow statement using real world examples. Provides explanation on how to determine cash and non-cash expenses and how to record them on the cash flow statement. Explains how to finalize the cash flow statement for the presentation to users.  |

## Study Questions

Study questions are similar to homework assignments for reviewing and supplementing what you have learned in a lesson. You can repeat the questions as preferred, but will need to achieve a score of 80% or higher on the study questions associated with a lesson before that lesson is marked as complete. You will then receive the appropriate proportion of the total number of points available for the study questions based on their overall average score for all study questions in the course.

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## Course Time Limit

This course is self-paced, which means you can complete the course requirements at a pace that is comfortable for you. However, there is an overall time limit of 180 days to complete each course, starting from the date on which you registered. This time limit is indicated on your Courses screen as “Course Period.”

Once the time limit has passed, you will no longer be able to attempt any further activities or assessments. Assuming you have not yet attempted the Final Exam, you can immediately unregister and reregister for the course to start over. Otherwise, you will be required to wait to reregister per our Course Retake Policy.

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## Course Retake Policy

There is a one-week waiting period before this course can be re-taken, starting from the date of the last Final Exam attempt.

To retake the course, first unregister from the course on your Courses screen. If it has been over a week since your last attempt, you will then be able to register for this course again.

Your highest final score for the course will be used for the transcript.

## Exams

There are a total of four exams for this course as described below.

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| --- | --- | --- | --- |
| **Exam** | **Coverage** | **Number of Multiple-Choice Questions** | **Time Limit, Minutes** |
| **First** | Lessons 1-14 | 25 | 60 |
| **Midterm** | Lessons 15-33 with some review of topics from Lessons 1-14 | 50 | 90 |
| **Third** | Lessons 34-55 | 25 | 60 |
| **Final** | Cumulative; everything taught in the course with an emphasis on content from the last half (and particularly the last quarter) of the course | 50 | 90 |

## Grading

To determine your level of mastery for this course, you will earn points by successfully completing the learning and evaluation activities below in sequence.

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| --- | --- |
| Source | Points Available |
| Study Questions | 300 |
| Graded Exam #1 | 100 |
| Midterm Exam | 200 |
| Graded Exam #2 | 100 |
| Final Exam | 300 |

Upon completion of the course and the grading source activities, InstantCert will provide you with a percentage score. The minimum passing score is 700 points, or an overall course grade of 70%.

**Important! Only a passing score on a course marked 100% complete (including the proctored final exam) is eligible for college credit.**

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## Proctoring of the Final Exam

A proctor is a person who monitors the work of another person who is taking an examination. Online proctoring services allow you to take the working remotely and in the same way as if you were sitting in an exam room. Proctoring ensures that the test you take complies with current college level examination policies.

Proctoring is used only for the final exam. It is offered through the online proctoring service RPNow at the Software Secure web site. You will pay a separate fee to RPNow for each final exam attempt.

RPNow requires that students download and install proprietary software. They will need to use a PC or a Mac with a webcam. Students can review the full system requirements for RPNow at:

<http://clientportal.softwaresecure.com/support/index.php?/Knowledgebase/Article/View/252/0/system-requirements-remote-proctor-now>

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## Exam Retake Policy

Both graded exams, the midterm and the final exam can be retaken ONCE. There is a 3-day waiting period before you will be allowed to retake an exam. If you retake an exam, the higher result of your two attempts will be used to calculate your final score.

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## Academic Integrity

You are required to comply with the InstantCert full Student Code of Conduct, which specifically prohibits cheating or any other academically dishonest behavior. Violation of any part of the Student Code of Conduct can result in a grade reduction or even suspension from the course.

## Software Requirements

The operating system, browser, internet access and speed are provided below for use with courses from the InstantCert web site.

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| --- | --- |
| **Operating Systems** | * Windows XP and above
* Mac OS X
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| **Browsers** | * The latest version of Chrome, Firefox of Safari
* IE9 or higher
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| **Internet and Speed** | Broadband Internet; 1Mbps or higher |

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## Accessibility and Disability Accommodations

InstantCert strives to make online education accessible to people everywhere in the following ways:

* All course content is available online, accessible from anywhere through an Internet connection.
* All video lessons include a transcript for use by those who are hearing impaired and/or by students that wish to have written copies of the lessons.
* All video lessons have close captioning.
* Lesson pages can be navigated by screen readers.
* Videos may be replayed an unlimited amount of times. Video speed can be increased or slowed.
* Lesson transcripts and quizzes can be printed for offline use.
* The proctoring software RPNow works with screen readers.