

# ***University College of the Cayman Islands***

## **ASSOCIATE DEGREE SYLLABUS**

**COURSE NAME: FINANCIAL ACCOUNTING**

**COURSE #: AC 201**

**Summer 2011**

**Assistant Professor Louieco G. Lewis**  
**Telephone 329-8514**

**Classroom: T7**  
**Meeting: MWTH 7:00 - 9:00**

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**Office Hours: By appointment**

### **COURSE DESCRIPTION**

This course places emphasis on the accounting principles and procedures as applied to Corporations. Topics include the equity structure Corporations, long-term liabilities, investments and fair value accounting, common stocks, bonds, and statements of cash flows, and financial statement analysis.

**Credits: 3**

**Prerequisite: AC 121 or Permission of Lecturer**

### **COURSE OBJECTIVES**

This course is intended to enable the student to:

1. To be able to read, understand, interpret and analyze financial statements in textbook cases and in the real world of business.
2. To be able to prepare the financial statements of corporations according to the accounting standards
3. To be able to deal effectively with the bookkeeping entries.
4. To be able to perform financial analysis.
5. To be able to do statements of cash flows, and understand business, government and other entities.

## **COURSE OUTLINE**

### **I Review Session and Current Liabilities (Ch 10)**

Basic accounting, concepts, techniques and conventions

The balance sheet and profit and loss statement.

Define and give examples of current liabilities

Short-term notes payable

Contingent liabilities and product warranties.

Employer liabilities for payroll

Payroll accounting systems: payroll register, employee earnings records, and general journal entries.

Employee fringe benefits,

### **II Corporations: Organizations, Capital Stock Transactions, and Dividends (Ch 11)**

The characteristics of a corporation are discussed. Common and preferred stock, par value, stated value, no-par stock will be discussed as well as cumulative, noncumulative, participating, and nonparticipating stock. Additionally treasury stock (cost method), stock splits, and dividends will be discussed.

### **III Accounting for Long-term Liability and Notes (Ch 12)**

Bonds payable

Present value concept

Bonds payable and sinking fund

Balance sheet presentation of bond payable and bond investment

### **III Investments and Fair Value Accounting – Bond and Stock Investment (Ch 13)**

Chapter 13 discusses the various ways businesses can invest excess cash with the goal of earning additional cash. These investments can include interest earned on deposits such as CDs, investment in notes and bonds, or investment in stocks. These investments can be short term or long term depending on the need of each individual business. The motivations can range from a higher return on their money than they can earn by leaving the cash in the bank to take over the control of another company. This chapter introduces these various options and discusses the accounting methods for each investment.

After studying the chapter, you should be able to:

1. Describe why companies invest in debt and equity securities.
2. Describe and illustrate the accounting for debt investments.
3. Describe and illustrate the accounting for equity investments.
4. Describe and illustrate valuing and reporting investments in the financial statements.
5. Describe fair value accounting and its implications for the future.

#### IV Statement of Cash Flows (Ch 14)

- Purpose of the statement of cash flows
- Reporting of cash flows
- Statement of cash flows – The indirect method
- Statement of cash flows – The direct method

#### V Annual Reports and Financial Statements Analysis (Ch 15)

- Discuss the necessity of financial statement analysis in accessing the solvency and profitability of a company
- Discuss the contents of the Corporate Annual report
- Obtain a working knowledge of the tools of financial analysis
- Liquidity ratios
- Asset turnover ratios
- Profitability ratios
- Financial Leverage ratios
- Dividend policy ratios

#### ASSESSMENT

Course Assignments/Class-work/quizzes	-	20%
Mid-Semester Examination	-	40%
Final Examination	-	40%
<b>Total</b>		<b>100%</b>

#### REQUIRED TEXT

The following textbook(s) will be used for this course:

**Warren, Reeve & Duchac, Financial & Managerial Accounting 10<sup>th</sup> Edition, SouthWestern Publishing Co**

#### References

1. **Meigs and Meigs, Financial Accounting, 6<sup>th</sup> Edition**, McGraw Hill Publishing
2. **Marshall and McManus, Accounting, 3<sup>rd</sup> Edition**, Times Mirror Higher Education Group
3. **Weygandt, Kieso and, Trenholm, Accounting Principles 1<sup>st</sup> Edition**, John Wiley

**Turn off your cell phones when you come to class. For the hour and a half that you are in class I'm sure that one of your relatives or trusted neighbors can handle emergency situations in your absence. If you are in the habit of walking in and out to answer calls just take your books and quietly leave and return the next session with your phone off.**