

ACT301: Financial Accounting

Credit Hours: 3

Contact Hours: This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 14-20 hours per week in the course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

Course Description and Outcomes



Course Description:

ACT301 offers practical knowledge of financial accounting principles for non-accounting majors who desire to familiarize themselves with financial statement review and analysis. Tools are provided to inform business decisions based on analyses of financial statements and through a critical understanding of their uses and limitations. Emphasis is placed on detailed analysis of the components of financial statements and their economic impact on wealth creation for the organization.

Course Overview:

ACT301 is intended for all users of financial information. Students are introduced to the accounting information system, accrual versus cash basis accounting concepts, merchandising, internal controls of cash, and managerial accounting. Students will use the double-entry accounting system to journalize and post business transactions and will prepare adjusted entries to recognize revenues and expenses prior to preparing the financial statements (i.e., income statement, statement of stockholders' equity, balance sheet, and statement of cash flows). Finally, students will learn how all four financial statements complement one another and will apply this knowledge for financial decision making.

Course Learning Outcomes:

1. Describe the primary forms of business organizations, identify the users and uses of accounting information in those organizations, and assess the impacts on business decisions.
2. Analyze the content and purpose of each of the financial statements in an annual report and explain the components that supplement the financial statements.
3. Define and explain *assets*, *liabilities*, and *stockholders' equity* and analyze the fundamental accounting equation.
4. Identify and compute ratios for analyzing a company's profitability, liquidity, and solvency using a financial statement and analyze the economic impacts of each on wealth creation for the organization.
5. Explain, apply, and evaluate internal controls of cash to deter fraud and safeguard company assets.

Participation & Attendance



Prompt and consistent attendance in your online courses is essential for your success at CSU-Global Campus. Failure to verify your attendance within the first seven days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.

Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

Course Materials



Textbook Information is located in the CSU-Global Booklist on the Student Portal.

Course Schedule



Due Dates

The Academic Week at CSU-Global begins on Monday and ends the following Sunday.

- Discussion Boards: The original post must be completed by Thursday at 11:59 p.m. MT and Peer Responses posted by Sunday 11:59 p.m. MT. Late posts may not be awarded points.
- Opening Exercises: Take the opening exercise before reading each week's content to see which areas you will need to focus on. You may take these exercises as many times as you need. The opening exercises will not affect your final grade.
- Mastery Exercises: Students may access and retake mastery exercises through the last day of class until they achieve the scores they desire.
- Critical Thinking: Assignments are due Sunday at 11:59 p.m. MT.
- Live Classroom: Although participation is not required, four Live Classroom sessions will be held during Weeks 1, 3, 5, and 7.

Week #	Readings	Assignments
1	Chapters 1 & 2 in <i>Accounting: Tools for Business Decision Making</i>	• Discussion (25 points) • Opening Exercise (0 points) • Mastery Exercise (10 points) • Live Classroom (0 points)
2	Chapter 3 in <i>Accounting: Tools for Business Decision Making</i>	• Discussion (25 points) • Opening Exercise (0 points) • Mastery Exercise (10 points) • Critical Thinking (110 points)
3	Chapter 4 in <i>Accounting: Tools for Business Decision Making</i>	• Discussion (25 points) • Opening Exercise (0 points) • Mastery Exercise (10 points) • Live Classroom (0 points)

4	Chapters 5 & 6 in <i>Accounting: Tools for Business Decision Making</i>	• Discussion (25 points) • Opening Exercise (0 points) • Mastery Exercise (10 points) • Critical Thinking (130 points)
5	Chapter 7 in <i>Accounting: Tools for Business Decision Making</i>	• Discussion (25 points) • Opening Exercise (0 points) • Mastery Exercise (10 points) • Live Classroom (0 points)
6	Chapters 8 & 9 in <i>Accounting: Tools for Business Decision Making</i>	• Discussion (25 points) • Opening Exercise (0 points) • Mastery Exercise (10 points) • Critical Thinking (130 points)
7	Chapters 10 & 11 in <i>Accounting: Tools for Business Decision Making</i>	• Discussion (25 points) • Opening Exercise (0 points) • Mastery Exercise (10 points) • Live Classroom (0 points)
8	Chapters 12 & 13 in <i>Accounting: Tools for Business Decision Making</i>	• Discussion (25 points) • Opening Exercise (0 points) • Mastery Exercise (10 points) • Portfolio (350 points)

Assignment Details



This course includes the following assignments/projects:

Module 2

CRITICAL THINKING ASSIGNMENT (110 Points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

Option #1: Income Statement, Retained Earnings, and Balance Sheet for Dickens Corp.

Dickens Corp.'s fiscal year ends on December 31. It started fiscal year 20X6 with \$4,800 retained earnings. Below is its financial information as of December 31, 20X6.

Cash	\$3,810
Depreciation expense	\$1,005
Accumulated depreciation-property, plant, & equipment	\$2,010
Accounts receivable	\$2,430
Inventory	\$2,901
Dividends	\$975
Salaries and wages expense	\$2,100
Income tax payable	\$404
Short-term investment	\$3,600
Accounts payable	\$2,502

Property, plant, & equipment	\$7,260
Salaries and wages payable	\$667
Land	\$9,300
Interest expense	\$1,200
Mortgage payable	\$10,500
Cost of goods sold	\$3,180
Insurance expense	\$630
Prepaid insurance	\$180
Notes payable	\$183
Sales Revenue	\$15,300
Common stock	\$2,700
Income tax expense	\$495

Prepare the following financial statements for Dickens Corp. Ensure you include appropriate headings and statements are in good form.

1. Income statement for the year ended December 31, 20X6.
2. Retained earnings statement for the year ended December 31, 20X6.
3. Classified balance sheet as of December 31, 20X6.

Option #2: Journal Entries and Trial Balance for Donald Corp.

On July 1, 20X6, Robert M. Donald incorporated Donald Corp. in the state of Colorado. Donald Corp. provides Pet Care Services. The following transactions occurred during July.

- Jul. 1 Donald Corp. moved into its rented office suite in Greenwood Village.
- Jul. 1 Donald Corp. received \$54,000 from its investors (shareholders) in exchange for Donald Corp.'s common stock.
- Jul. 1 Hired three assistants whose total salaries will be \$1,125 per week.
- Jul. 3 Paid \$2,700 in office suite rent for July.
- Jul. 5 Purchased supplies on credit, \$3,900.
- Jul. 7 Provided pet care services for and billed clients for \$5,700.
- Jul. 10 Clients paid deposits of \$2,100 for pet care services to be performed in August.
- Jul. 20 Received \$8,400 cash for pet care services provided from July 11 to 20.
- Jul. 31 Paid assistants' salaries for the month, \$4,500.
- Jul. 31 Paid \$900 from supplies paid on credit.

Dickens Corp. utilizes the following accounts: Cash, Accounts Receivable, Supplies, Accounts Payable, Unearned Service Revenue, Common Stock, Service Revenue, Rent Expense, and Salaries Expense.

1. Prepare journal entries for the above transactions and include explanations.
2. Open ledger accounts and post the transactions. You will utilize the above listed accounts and include the transactions for each account. Then have a total for each account.
3. Use the balances from the ledger accounts to prepare a trial balance as of July 31, 20X6.

Module 4

CRITICAL THINKING ASSIGNMENT (130 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

Option #1: Financial Statements Research for a Publicly-Traded Company

Access the latest annual report, or Form 10-K, of a publicly-traded company of your choice using the company's website or www.sec.gov. You can usually access from a company's website by clicking on investor relations, then annual reports, and search for latest form 10K. From the SEC website (www.sec.gov), search for the selected company's name and then search for its latest form 10-K. Using form 10-K of your selected company, answer the following questions in an essay format.

- Identify three accounts on your selected company's and balance sheet that provide evidence that the company utilizes accrual accounting. Ensure you provide explanations as well as the income statement account that would be affected by the adjustment process.
- Identify and explain three income statement accounts that may result in accrual and deferrals adjusting entries.
- Explain depreciation expense, amortization expense, accumulated depreciation, and accumulated amortization? In the financial statements and notes of your selected company, identify the four accounts. How much was each of these four accounts for the most recent year and on which financial statements were each reported?
- What are income taxes and income tax expense (or provision for income taxes)? In the financial statements and notes of your selected company, identify cash paid for income taxes as well as income tax expense (or provision for income taxes). How much was each of these accounts for the most recent year and on which financial statements was each reported?

Your response should include two to three pages of written text in addition to any calculations and solutions you offer to support your thinking. Ensure you include the form 10-K page numbers in your citations for each response. Include retrieval link for the 10-K as one of your sources so your instructor can verify the information. Document formatting and any citations should conform to *CSU-Global Guide to Writing and APA Requirements*.

Option #2: Financial Statement Research for a Publicly-Traded Merchandising Company

Access the latest annual report, or Form 10-K, of a publicly-traded merchandising company of your choice using the company's website or <http://www.sec.gov>. You can usually access from a company's website by clicking on investor relations, then annual reports, and search for latest form 10K. From the SEC website (www.sec.gov), search for the selected company's name and then search for its latest form 10-K. Using form 10-K of your selected company, answer the following questions in an essay format.

- Identify the inventory costing method the merchandising company uses. Based on the industry for the company and what you learned this week, is this the common and appropriate method used in the industry?
- Determine the amount your selected merchandising company reported for inventories for the two most recent years.
- Compute the dollar amount change and percentage change in inventories between the two most recent years on the financial statements.
- What are the amounts reported for the company's cost of sales (or cost of goods sold) for the two most recent years?
- Compute the ratio of cost of sales to net sales for the two most recent years. Interpret the ratio and discuss the implications of the changes in the ratio for the two years.
- Compute inventory turnover for the two most recent years (Use cost of goods sold or cost of sales and inventories). Interpret the ratio and discuss the implications of the changes in the ratio for the two years.

- Compute days in inventory. Interpret the ratio and discuss the implications of the changes in the ratio for the two years.
- What conclusions can the merchandising company's management draw from these data and ratios computed above?

Your response should include two to three pages of written text in addition to any calculations and solutions you offer to support your thinking. Document formatting and any citations should conform to *CSU-Global Guide to Writing and APA Requirements*.

Module 6

CRITICAL THINKING ASSIGNMENT (130 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

Option #1: Colorado Springs Company's Internal Control

Colorado Springs Company (CSC) is a wholesaler with fiscal year ended December 31 of previous year. Since it is publicly-traded, it undergoes external audit. The most recent audit was completed in February of this year. As part of the audit of the financial statements, the auditors tested the effectiveness of management's assessment of internal control over financial reporting. The auditor found out that existing internal controls were inadequate. Specifically, CSC's accounting system for sales, cash receipts, accounts receivables, and accounts payable had material weakness. The audit revealed that there were:

- Poor accounting system of recording keeping
- Late deposits of cash receipts
- Excessive aged and high accounts receivable balances
- Disregard for early payments for discounts on invoices
- Late payments of accounts payable (sometimes due to lack of cash)
- Lax appropriate segregation of duties
- Relaxed rules on accounting principles' application
- Unqualified supervisor and management
- Inadequate control on supervisor and management overrides
- Lax oversight by external board of directors

- For each finding above, indicate internal control principle that CSC violated.
- For each finding above, provide an appropriate recommendation for CSC to correct the weakness.

Your response should include two to three pages of written text in addition to any calculations and solutions you offer to support your thinking. Document formatting and any citations should conform to *CSU-Global Guide to Writing and APA Requirements*.

Option #2: National Telecommunication's Growth Dilemma

National Telecommunication (NT), a provider of telecommunication services to businesses, has been in existence for a few years. All of NT's sales are on credit. This year, NT expects to increase net income from the previous year by 5%. However, this growth may not be sustainable due to new and advanced technology used by competitors in the industry.

The industry average for percentage used for allowance for doubtful debt is between 1% and 3%.

The Chief Executive Officer (CEO) suggests that you (the controller) increase the company's percentage used for allowance for doubtful debt from 1.5% to 3% of accounts receivables. That way, the percentage used for allowance for doubtful debt is still within acceptable industry range. The CEO also argues that with the change, this year's net income will be lower and will show a modest 2% increase from previous year. This revised growth rate will be more in line with expected future growth rate.

- a. Do you agree with the CEO regarding the change in the allowance for doubtful debt? Why or why not?
- b. Are you going to recalculate the allowance for doubtful debt and revise net income? Why or why not?
- c. What is the proper accounting treatment for the growth rate in estimating the allowance for doubtful debt? Explain your answer.

Your response should include two to three pages of written text in addition to any calculations and solutions you offer to support your thinking. Document formatting and any citations should conform to *CSU-Global Guide to Writing and APA Requirements*.

Module 8

PORTFOLIO PROJECT (350 points)

Important! Read First!

You have a choice between two Portfolio Projects. Do not do both projects. Identify your Portfolio Project choice in the title of your document. When you are ready to submit, click the Module 8 Portfolio Project assignment header on the Assignments page to upload your Portfolio Project.

Option #1: Analysis of Denver Furniture Corp.

Denver Furniture Corp. is nationally recognized for making high-quality products. Management is concerned that the company is not fully exploiting its brand power. Denver's production managers are also concerned because their plants are not operating at near full capacity. Management is currently considering a proposal to offer a new line of affordable furniture.

Those in favor of the proposal (including the vice president of production) believe that, by offering these new products, the company could attract a clientele that it is not currently servicing. Also, it could operate its plants at full capacity, thus taking better advantage of its assets.

The vice president of marketing, however, believes that the lower-priced (and lower-margin) product would have a negative impact on the sales of existing products. The vice president believes that \$10,000,000 of the sales of the new product will be from customers that would have purchased the more expensive product but switched to the lower-margin product because it was available. (This is often referred to as cannibalization of existing sales.) Top management feels, however, that even with cannibalization, the company's sales will increase and the company will be better off.

The following data are available:

(In thousands)	Current Results	Proposed Results without Cannibalization	Proposed Results with Cannibalization
Sales Revenue	\$45,000	\$60,000	\$50,000

Net Income	\$12,000	\$13,000	\$12,000
Average total assets	\$100,000	\$100,000	\$100,000

Instructions:

- A) Compute Denver's return on assets, profit margin, and asset turnover; both with and without the new product line.
- B) Discuss the implications that your findings in part (a) have Denver's decision.
- C) Are there any other options that Denver should consider? What impact would each of these have on the above ratios?

Show your work and use Excel or Word for your submission. The written portion of your assignment should be four to six pages in length with document and citation formatting conformity with the *CSU-Global Guide to Writing and APA Requirements*.

Option #2: Red Soda Company vs. Blue Soda Company

The Red Soda Company (Red Soda) and The Blue Soda Company (Blue Soda) provide refreshments to every corner of the world. Selected data from the 20X6 consolidated financial statements for Red Soda and Blue Soda are presented here (in millions).

	Red Soda	Blue Soda
Total current assets	\$12,551	\$12,571
Total current liabilities	13,721	8,756
Net Sales	30,990	43,332
Cost of Goods Sold	11,088	20,099
Net income	6,824	5,946
Average (net) accounts receivable for the year	3,424	4,654
Average inventories for the year	2,271	2,570
Average total assets	44,595	37,921
Average common stockholders' equity	22,636	14,556
Average current liabilities	13,335	8,772
Average total liabilities	21,960	23,466
Total assets	48,671	39,848
Total liabilities	23,872	23,044
Income taxes	2,040	2,100
Interest expense	355	397
Net cash provided by operating activities	8,186	6,796
Capital expenditures	1,993	2,128
Cash dividends	3,800	2,732

Instructions:

- A) Compute the following liquidity ratios for 20X6 for Red Soda and Blue Soda, comment on the relative liquidity of two competitors.
 - 1) Current ratio
 - 2) Accounts receivable turnover

- 3) Average collection period
 - 4) Inventory turnover
 - 5) Days in inventory
 - 6) Current cash debt coverage
- B) Compute the following solvency ratios for the two companies and comment on the relative solvency of the two competitors.
- 1) Debt to asset ratio
 - 2) Times interest earned
 - 3) Cash debt coverage
 - 4) Free cash flow
- C) Compute the following profitability ratios for the two companies and comment on the relative probability of the two competitors.
- 1) Profit margin
 - 2) Asset turnover
 - 3) Return on assets
 - 4) Return on common stockholders' equity.
- D) Interpret your findings for the ratio comparatives analysis for Red Soda and Blue Soda.
- E) Evaluate what, if any, options with regard to financial activities should Red Soda and Blue Soda consider (i.e., how can these companies improve financial performance)? What impact would each of these have on the above ratios?

Show your work and use Excel or Word for your submission. The written portion of your assignment should be four to six pages in length with document and citation formatting conformity with the *CSU-Global Guide to Writing and APA Requirements*.

Course Policies



Course Grading

20% Discussion Participation
 0% Opening Exercises
 0% Live Classroom
 8% Mastery Exercises
 37% Critical Thinking Assignments
 35% Portfolio Project

Grading Scale and Policies

A	95.0 – 100
A-	90.0 – 94.9
B+	86.7 – 89.9
B	83.3 – 86.6
B-	80.0 – 83.2
C+	75.0 – 79.9
C	70.0 – 74.9
D	60.0 – 69.9
F	59.9 or below

In-Classroom Policies

For information on late work and incomplete grade policies, please refer to our [In-Classroom Student Policies and Guidelines](#) or the Academic Catalog for comprehensive documentation of CSU-Global institutional policies.

Academic Integrity

Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, fabrication, facilitating academic dishonesty, plagiarism, reusing /re-purposing your own work (see *CSU-Global Guide to Writing and APA Requirements* for percentage of repurposed work that can be used in an assignment), unauthorized possession of academic materials, and unauthorized collaboration. The CSU-Global Library provides information on how students can avoid plagiarism by understanding what it is and how to use the Library and Internet resources.

Citing Sources with APA Style

All students are expected to follow the *CSU-Global Guide to Writing and APA Requirements* when citing in APA (based on the APA Style Manual, 6th edition) for all assignments. For details on CSU-Global APA style, please review the APA resources within the CSU-Global Library under the “APA Guide & Resources” link. A link to this document should also be provided within most assignment descriptions on your course’s Assignments page.

Disability Services Statement

CSU–Global is committed to providing reasonable accommodations for all persons with disabilities. Any student with a documented disability requesting academic accommodations should contact the Disability Resource Coordinator at 720-279-0650 and/or email ada@CSUGlobal.edu for additional information to coordinate reasonable accommodations for students with documented disabilities.

Netiquette

Respect the diversity of opinions among the instructor and classmates and engage with them in a courteous, respectful, and professional manner. All posts and classroom communication must be conducted in accordance with the student code of conduct. Think before you push the Send button. Did you say just what you meant? How will the person on the other end read the words?

Maintain an environment free of harassment, stalking, threats, abuse, insults or humiliation toward the instructor and classmates. This includes, but is not limited to, demeaning written or oral comments of an ethnic, religious, age, disability, sexist (or sexual orientation), or racist nature; and the unwanted sexual advances or intimidations by email, or on discussion boards and other postings within or connected to the online classroom.

If you have concerns about something that has been said, please let your instructor know.