

Course Outline

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Department of Accounting and Finance  
School of Business and Economics

ACCT 2210-3  
Financial Accounting (3,0,0)

**Calendar Description**

Students develop the skills necessary to prepare and analyze the financial statements of a public corporation. Topics include the conceptual framework; accounting standards; the accounting cycle; financial statements; internal control and bank reconciliations; short-term investments and receivables; inventory; long-term assets including intangibles; liabilities including bonds payable; shareholders' equity, dividends, and share repurchases; comprehensive income and the statement of shareholders' equity; statement of cash flows; and financial statement analysis.

**Educational Objectives/Outcomes**

Upon completing this course, students will be able to:

1. Describe the system of accounting standards and principles.
2. Demonstrate the accrual method of accounting and the accounting cycle.
3. Prepare a balance sheet, income statement, statement of changes in equity, and a statement of cash flows using both the indirect and direct method.
4. Identify the objectives and procedures of internal control.
5. Account for short-term investments, receivables, and inventories.
6. Account for the purchase, amortization, and derecognition of tangible and intangible long-term assets.
7. Account for bonds issued at par, a discount, or a premium by the effective interest method, including interest payments for full and partial periods.
8. Journalize shareholder's equity transactions for share issue, repurchase, and both cash and stock dividends.
9. Analyze financial statements utilizing horizontal and vertical analysis and ratio analysis.

**Prerequisites**

English 12/English 12 First Peoples with a minimum of 73% (with the government exam within the last 5 years); or level 5 on the compositions section of the Language Proficiency Index (LPI), with all other categories of the LPI at a minimum of 70% (within the last 2 years); or satisfactory completion of the TRU English Assessment (ACCUPLACER) at the university entrance level; or completion of ENGL 0600 with a grade of C+ or better; or completion of ESAL 0570 and ESAL 0580 with a grade of C+ or better.

Note: Students cannot receive credit for more than one of ACCT 1000, ACCT 1030, ACCT 1210/1220 or

ACCT 2210.

### Co-requisites

None

### Texts/Materials

Harrison, W., Horngren, C., Thomas, C., Seguin, C., and Lemon, S., Financial Accounting, Fourth Canadian Edition, Pearson Canada, Toronto, 2012.

### Student Evaluation

Midterm(s)	40 - 50%
Assignments and quizzes	10 - 20%
Final exam	40 - 50%

Students must pass the final exam to pass the course.

### Course Topics

1. Introduction
  - Introduction to accounting
  - The conceptual framework
  - Ethics in business and accounting
  - Review of the financial statements
2. Analyzing Transactions
  - Double entry accounting system
  - Analyse and record transactions in a journal
  - Post the journal to ledger accounts
  - Prepare a trial balance
3. Accrual Accounting, Adjusting Entries, and Financial Statements
  - Accrual system of accounting versus cash basis
  - The adjustment process
  - Preparing financial statements
4. Internal Control
  - Fraud and the Sarbanes Oxley Act
  - Internal control objectives and procedures
  - Bank reconciliation
  - Control over cash
4. Short-term Investments and Receivables
  - Short-term investments

- Accounts and notes receivable
- Accounting for bad debts
- Current and quick ratios, receivables ratios

#### 5. Inventory

- Inventory costing methods; FIFO, weighted average, LIFO
- Cost of goods sold and lower of market and net realizable value
- Effect of inventory errors

#### 6. Long-term Assets

- Measuring the cost of property, plant, and equipment
- Depreciation methods including partial year depreciation and significant components
- Derecognition of assets
- IFRS revaluation model
- Accounting for intangibles
- Leases: operating and financing
- Financial statement presentation and disclosures for assets

#### 7. Liabilities

- Current liabilities and contingencies
- Long-term liabilities
- Bonds payable
- Bond discounts and premiums using the effective interest method
- Accrual of bond interest
- Operating leases
- Financing leases
- Reporting and disclosure of liabilities

#### 8. Shareholder's Equity

- Forms of business organization and advantages and disadvantages
- Shares and shareholder rights including common and preferred
- Issuing shares
- Share repurchase
- Dividends; common and preferred
- Cash dividends, stock dividends
- Stock splits
- Concepts of book value, fair value, earnings per share

#### 9. Statement of Cash Flows

- Statement of cash flows - basic concepts
- Preparing the statement of cash flows – indirect method
- Preparing the statement of cash flows – direct method
- Free cash flow

#### 10. Financial Statement Analysis

- Vertical and horizontal analysis

- Financial statement ratios and benchmarking
- Using ratios in decision making

**Methods for Prior Learning Assessment and Recognition**

As per TRU policy

**Attendance Requirements – Include if different from TRU Policy**

As per TRU policy

**Special Course Activities – Optional**

**Use of Technology – Optional**