# OBU010-INTRODUCTION TO FINANCIAL ACCOUNTING

<table>
<thead>
<tr>
<th>Credit Hours:</th>
<th>3-4 Semester Hours</th>
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<tbody>
<tr>
<td><strong>Related TAG:</strong></td>
<td>Business</td>
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## General Course Description:
This is a course of study that introduces financial accounting and financial reporting for business entities.

## Learning Outcomes and Academic Skills:
Any introductory course of study in financial accounting that is included in the Business Transfer Assurance Guide must use business-related material to develop the following general learning outcomes and academic skills:

1. Comprehend the broad role that accounting information plays in the economy*
2. Comprehend the nature, purposes and use of basic financial statements by all stakeholders*
3. Use the language of accounting and apply the important concepts on which financial reporting is based*
4. Analyze the impact of basic business transactions on the financial statements of a business corporation*
5. Compile basic financial statements for a simple corporate business entity*
6. Evaluate the financial performance of a simple corporation on the basis of its financial statements*

## Body of Knowledge Requirements:
Any introductory course of study in financial accounting that is included in the Business Transfer Assurance Guide must provide coverage of at least seventy percent of the following topics:

### I. The Environment of Accounting

1.00 The Role of Accounting in Society
   1.01 Financial information and resource allocation
   1.02 Accounting and the corporation
   1.03 Auditing and credibility in reporting
   1.04 Structure of the accounting profession
   **1.05 Ethics, reputation, and legal liability in accounting***
   1.06 Types of business organizations

2.00 Accounting Standards and Regulation Structures
   **2.01 Financial statements and generally accepted accounting principles***
   2.02 The FASB and financial accounting standards
   2.03 Introduction of International Financial Reporting Standards (IFRS)
   2.04 Government oversight of accounting and auditing

### II. The Accounting Model

3.00 The Basic Corporate Financial Statements
   **3.01 Income statement***
### 3.02 Statement of stockholders’ equity*
### 3.03 Balance sheet*
### 3.04 Statement of cash flows*
### 3.05 Other elements of the corporate annual report

#### 4.00 Analysis of Business Activity
- **4.01 The basic accounting equation**
- **4.02 Income measurement and accrual accounting**
- **4.03 Impact of simple transactions on the accounting equation**
- **4.04 Debits and credits**
- **4.05 Accounting records (journals, ledgers, computer systems)**

#### 5.00 Preparation of Corporate Financial Statements
- **5.01 The accounting cycle (trial balances, adjustments, closing)**
- **5.02 Income statement**
- **5.03 Statement of stockholders’ equity**
- **5.04 Balance sheet**
- **5.05 Statement of cash flows**

### III. Accounting for Key Domains of Business Activity

#### 6.00 Revenues and Receivables
- **6.01 Accounting for service and merchandise revenues**
- **6.02 Reporting customer receivables - allowances and write-offs**

#### 7.00 Merchandising and Inventory
- **7.01 Accounting for the cost of purchases and sales of merchandise**
- **7.02 Inventory records (perpetual, periodic)**
- **7.03 Inventory accounting methods (FIFO, LIFO, etc.)**
- **7.04 Lower of cost or market valuation**

#### 8.00 Working Capital
- **8.01 Classification of current assets and liabilities**
- **8.02 Accounting for current liabilities**
- **8.03 Management of working capital**
- **8.04 Measures of working capital use (current ratio, etc.)**
- **8.05 General internal control procedures**

#### 9.00 Long-Lived Assets
- **9.01 Acquisition cost**
- **9.02 Depreciation accounting and depreciation methods**
- **9.03 Accounting for disposition of assets**
- **9.04 Accounting for natural resources**
- **9.05 Intangible assets**

#### 10.00 Long-Term Debt Financing
- **10.01 The nature of liabilities**
- **10.02 Accounting for long-term debt**
- **10.03 Effective interest or straight-line method for discount or premium amortization**
- **10.04 Time value of money**

#### 11.00 Equity Financing
- **11.01 Debt vs. equity**
- **11.02 Types of equity (preferred, common, treasury)**
- **11.03 Accounting for stock (issuance, dividends)**
### IV. Using Financial Statements

12.00 Analysis of Financial Statements
   - 12.01 Objectives of financial statement analysis
   - 12.02 Sources of company information
   - **12.03 Financial ratios***

13.00 The Annual Report
   - 13.01 Accounting elements of annual report
   - 13.02 Management elements of annual report
   - 13.03 SEC reporting requirements

14.00 Intercorporate Investments
   - 14.01 The nature of long-term investments
   - 14.02 Purchased goodwill

*Note: Body of knowledge and learning outcomes marked with an asterisk (*) are considered fundamental and essential.*
<table>
<thead>
<tr>
<th>Name</th>
<th>Institution</th>
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<tbody>
<tr>
<td>Linda Zucca (Co-Leads)</td>
<td>Kent State University</td>
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<td>Raul Ramos (Co-Leads)</td>
<td>Lorain County Community College</td>
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<tr>
<td>Jim Zeigler</td>
<td>Bowling Green State University</td>
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<td>Frank Klaus</td>
<td>Cleveland State University</td>
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<tr>
<td>Marilyn Tubaugh</td>
<td>Eastern Gateway Community College</td>
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<td>Doug Holbrook</td>
<td>Marion Technical College</td>
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<td>Tim Eaton</td>
<td>Miami University</td>
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<td>Donna Chadwick</td>
<td>Sinclair Community College</td>
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<td>Terry Holmes</td>
<td>Terra State Community College</td>
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<td>Tzachi Zach</td>
<td>The Ohio State University</td>
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<td>Tracey Hawkins</td>
<td>University of Cincinnati</td>
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