

ACCT 2101 Learning Objectives

Chapter 1

1. Describe the nature of a business and the role of accounting and ethics in business.
2. Describe generally accepted accounting principles, including the underlying assumptions and principles.
3. State the accounting equation and define each element of the equation.
4. Describe and illustrate how business transactions can be recorded in terms of the resulting change in the elements of the accounting equation.
5. Describe the financial statements of a corporation and explain how they interrelate.
6. Describe and illustrate the use of the ratio of liabilities to stockholders' equity in evaluating a company's financial condition.

Chapter 2

1. Describe the characteristics of an account and a chart of accounts.
2. Describe and illustrate journalizing transactions using the double-entry accounting system.
3. Describe and illustrate the journalizing and posting of transactions to accounts.
4. Prepare an unadjusted trial balance and explain how it can be used to discover errors.
5. Describe and illustrate the use of horizontal analysis in evaluating a company's performance and financial condition.

Chapter 3

1. Describe the nature of the adjusting process.
2. Journalize adjusting entries for accruals.
3. Journalize adjusting entries for deferrals.
4. Journalize adjusting entries for depreciation.
5. Summarize the adjusting process.
6. Prepare an adjusted trial balance.
7. Describe and illustrate the use of vertical analysis in evaluating a company's performance and financial condition.

Chapter 4

1. Describe the flow of accounting information from the unadjusted trial balance into the adjusted trial balance and financial statements.
2. Prepare financial statements from adjusted account balances.

3. Journalize closing entries.
4. Describe the accounting cycle.
5. Illustrate the accounting cycle for one period.
6. Explain why the accrual basis of accounting is required by GAAP.
7. Describe and illustrate the use of working capital and the current ratio in evaluating a company's financial condition.
8. Appendix 1: Describe and illustrate the end-of-period spreadsheet.

Chapter 5

1. Distinguish between the activities and financial statements of service and retail businesses.
2. Describe and illustrate the accounting for merchandise transactions.
3. Describe and illustrate the adjusting process for a retail business.
4. Describe and illustrate the financial statements and closing entries for a retail business.
5. Describe and illustrate the use of the asset turnover ratio in evaluating a company's operating performance.

Chapter 6

1. Describe the importance of control over inventory.
2. Describe three inventory cost flow assumptions and how they impact the income statement and balance sheet.
3. Determine the cost of inventory under the perpetual inventory system, using the FIFO, LIFO, and weighted average cost methods.
4. Determine the cost of inventory under the periodic inventory system, using the FIFO, LIFO, and weighted average cost methods.
5. Compare and contrast the use of the three inventory costing methods.
6. Describe and illustrate the reporting of inventory in the financial statements.
7. Describe and illustrate how the inventory turnover and the days' sales in inventory are used to analyze the efficiency and effectiveness of inventory management.
8. Appendix: Describe and illustrate the estimation of inventory using the retail and gross profit methods of inventory costing.

Chapter 7

1. Describe the Sarbanes-Oxley Act and its impact on internal controls and financial reporting.
2. Describe and illustrate the objectives and elements of internal control.
3. Describe and illustrate the application of internal controls to cash.

4. Describe the nature of a bank account and its use in controlling cash.
5. Describe and illustrate the use of a bank reconciliation in controlling cash.
6. Describe the accounting for special-purpose cash funds.
7. Describe and illustrate the reporting of cash and cash equivalents in the financial statements.
8. Describe and illustrate the use of days' cash on hand to assess a company's ability to meet its cash commitments.

Chapter 8

1. Describe the common classes of receivables.
2. Describe the accounting for uncollectible receivables.
3. Describe the direct write-off method of accounting for uncollectible receivables.
4. Describe the allowance method of accounting for uncollectible receivables.
5. Compare the direct write-off and allowance methods of accounting for uncollectible accounts.
6. Describe the accounting for notes receivable.
7. Describe the reporting of receivables on the balance sheet.
8. Describe and illustrate the use of accounts receivable turnover and number of days' sales in receivables to evaluate a company's efficiency in collecting its receivables.

Chapter 9

1. Define, classify, and account for the cost of fixed assets.
2. Compute depreciation using the following methods: straight-line, units-of-output, and double-declining-balance.
3. Journalize the disposal of fixed assets.
4. Describe the accounting for natural resources, including the journal entry for depletion.
5. Describe the accounting for intangible assets, such as patents, copyrights, and goodwill.
6. Describe how depreciation expense is reported on an income statement and prepare a balance sheet that includes fixed assets and intangible assets.
7. Describe and illustrate the fixed asset turnover ratio to assess the efficiency of a company's use of its fixed assets.

Chapter 10

1. Describe and illustrate current liabilities, including those related to accounts payable, accruals, notes payable, and the current portion of long-term debt.
2. Describe and illustrate the accounting for payroll liabilities.

3. Describe and illustrate the accounting for employee fringe benefits, including vacation pay and pensions.
4. Describe and illustrate the accounting for installment notes.
5. Describe and illustrate the accounting for contingent liabilities, including product warranties.
6. Describe the reporting of liabilities on the balance sheet.
7. Describe and illustrate the use of the quick ratio in analyzing a company's ability to pay its current liabilities.

Chapter 12

1. Describe the nature of the corporate form of organization.
2. Describe and illustrate the characteristics of stock, classes of stock, and entries for issuing stock.
3. Describe and illustrate the accounting for cash dividends and stock dividends.
4. Describe the effect of stock splits on stockholders' equity.
5. Describe and illustrate the accounting for treasury stock transactions.
6. Describe and illustrate the reporting of stockholders' equity.
7. Describe and illustrate the use of earnings per share in evaluating a company's profitability.

Chapter 13

1. Describe the cash flow activities reported on the statement of cash flows.
2. Prepare the "Cash flows from (used for) operating activities" section of the statement of cash flows using the indirect method.
3. Prepare the "Cash flows from (used for) investing activities" section of the statement of cash flows.
4. Prepare the "Cash flows from (used for) financing activities" section of the statement of cash flows.
5. Prepare a statement of cash flows.
6. Describe and illustrate the use of free cash flow in evaluating a company's cash flow.