

# **Accounting 201**

## **Financial Accounting I**

**13 Assignments**  
**3 Semester Hours**

University of Kentucky  
Independent Study Program  
Lexington, KY 40506-0054

# INTRODUCTION

Accounting 201 is the first accounting course required of business majors. Its emphasis is on financial accounting. As stated in the University of Kentucky Bulletin, the purpose of this course is to provide “an introduction to accounting concepts and principles involved in the preparation of financial reports for internal and external use.”

## TEXTBOOKS

### Required Texts:

Horngren C. T., Sundem G. L and John A. Elliott, *Introduction to Financial Accounting*, Seventh Edition, Prentice Hall, 2000.

Horngren C. T., Sundem G. L and John A. Elliott, *Introduction to Financial Accounting, Seventh Edition, - Working Papers*. Prentice Hall, 2000.

*The Gap, Inc. 1996 Annual Report* - Supplied with the text.

### Optional Texts:

Horngren C. T., Sundem G. L and John A. Elliott, *Introduction to Financial Accounting, Seventh Edition, - Study Guide*. Prentice Hall, 2000. (While the *Study Guide* is optional, it is highly recommended.)

**NOTE:** Please be aware that although every effort has been made to eliminate errors in the text and the accompanying material, especially the check figures, there is the possibility that errors could exist. If you have any doubt about the information contained in these sources, please do not hesitate to ask your instructor.

## ASSIGNMENTS

### Overview

Accounting 201 course coverage begins with the fundamentals of accounting and the accounting cycle, which is explained in chapters 1-4. Chapters 5 and 6 discuss the income statement in its relevant parts as well as internal control. Chapter 7 discusses long-term assets. Chapters 8 and 9 cover balance sheet issues such as liabilities, interest and bonds. Chapter 10 focuses on the statement of cash flows. Chapter 11 deals with stockholders' equity, and chapter 13 is analysis the financial statements through many ratios. Throughout this course the “Annual Report of The Gap, Inc.” will be applied. Furthermore, many Internet sites are used throughout the text and students will be directed to several for more information on various topics. After the table of contents for assignments, students will find a list of Internet sites that may be used for further explanation of topics from the chapters.

### Preparation Guidelines

There are practice problems included in each assignment. The solutions for these problems are provided at end of this manual. Students should work these practice problems before doing the assigned exercise and problems. Compare your answers with the solutions. Note and understand any deficiencies in your answers. Once you have mastered these practice problems, complete and submit for grading the assigned questions, exercises, and problems. DO NOT submit the practice problems.

All assignments should be prepared manually. Questions may be answered on a word processor, but exercises and problems are not to be computer generated. The assignments may be prepared in either pencil or pen, although the instructor recommends pencil due to the possibility of multiple corrections as you complete each assignment. The assignments may be submitted on the working papers designed specifically for the text material, on note paper or columnar paper that can be obtained from a bookstore, drugstore, or office supply company. You must show the supporting calculations for all of your answers.

Each assignment should take five to six hours to complete. As you begin each assignment, consider using the approach described on page 1 of this manual. You may develop a similar approach that you find is more appropriate to your style of studying. However, you need to develop a study method and stick to it. Remember, in whichever approach you use, that accounting is a subject that takes a significant time commitment.

## **Annual Report**

The purpose of this assignment is to allow students to demonstrate their ability to read and interpret an annual report. Being able to read and analysis financial information is becoming important for all managers and users of economic information. However, analyzing is not enough. You have to be able to communicate what you see in an effective manner. This assignment will give students to opportunity to demonstrate their skills in written communication.

Students are asked to use the annual report provided with the text, however, students should feel free to use the annual report of any U.S. traded company they may be interested in. To get an annual report students could obtain a recent issue of the *Wall Street Journal*. In section C you will find listed many companies, and a telephone number to an annual report service. Those companies that have a “club” symbol beside the company name are available to the public through this service. The students should pick a company of interest. Student will need this report before the end of assignment five.

## **EXAMINATION POLICY**

The Accounting 201 course contains extensive material that can not be adequately covered on a comprehensive final examination. Therefore, this course is designed with three monitored exams, which will cover the material more effectively. The purpose of the three-exam format is to give students the chance to demonstrate their knowledge without being overwhelmed by the amount of material covered on one comprehensive final exam. This format is for the students’ benefit. Since Accounting 201 material builds one chapter upon the next (not series of unconnected topics) students will be able to judge their level of proficiency after each exam. The student will be able to judge the topics, if any, they need to review before moving on to new material.

**Exam One:** Will cover chapters 1-4 and any chapter Appendices.

**Exam Two:** Will cover chapters 5-9 and any chapter Appendices.

**Exam Three:** The final will be 50% comprehensive and 50% covering chapters 10,11,13 and any chapter Appendices.

All exams will consist of both objective format questions (multiple choice, true/false, fill-in, matching) and problems. A four-function calculator may be used during the examinations.

## GRADING POLICY

All assignments will count equally, and will comprise forty percent of your final grade. The three examinations will count as the remaining sixty percent. All assignments must be sufficiently completed. In addition, *you must earn a grade of at least sixty percent on each examination to receive a passing grade for this course.*

The following scale will be used for grading purposes:

97-100 = A+/A

80-84 = B-

67-69 = D+

81-96 = A

77-79 = C+

64-66 = D

88-90 = B+

74-76 = C

66-63 = D-

85-87 = B

70-73 = C-

Actual Grade E

## COMMITMENT, COMMITMENT, COMMITMENT...

This course requires a significant time commitment. Accounting is different from other academic courses that you may have taken. You must understand the conceptual issues of accounting and be able to apply them. This requires sound analytical, reasoning, and problem-solving skills. A suggested approach for each chapter in this course follows:

Review the chapter's learning objectives.

Read the chapter.

Carefully study the chapter's examples and illustrations;  
thoroughly understand the concepts and applications.

Work the chapter's practice problems without using the solutions.

Compare your answer to the practice problems with the solutions; note and review any deficiencies you had in your application.

Complete and submit for grading the answers to the questions, exercises, and problems indicated in the chapter's assignment. (Compare your answer to the provided check figures before submitting your work. Rework any problems that differ.)

Reread the chapter.

Again, review the chapter's learning objectives.

Review the corrections, if any, to assignment questions, exercises, and problems after they have been returned from the grader; note and understand any deficiencies in your answers.

## **DON'T FORGET**

### **Two important points must be considered for this course:**

Since the course is an independent study course, you must be self-disciplined. Remember that you will be learning the material and preparing the assignments without the direct help of an instructor. Work at a steady pace. Establish a schedule to determine the timing of your assignments - and stick to it!! Avoid postponing your work until the last minute. This will be frustrating to you and will limit your level of learning. Remember to use your utmost effort when you complete your assignments. Sloppy preparation of assignments will not maximize your learning experience.

Accounting is different from other courses. Accounting requires certain details that you may initially feel are unnecessary. Examples include indention of credits in the preparation of journal entries, and established formats of financial statements. As you progress in the accounting curriculum, you will understand the importance of these points. So begin with good format in your answers.