

Financial Accounting by Michael P. Licata, Ph.D. **Course Syllabus and Learning Objectives by Chapter**

Basic Course Description

[Financial Accounting](#) by Michael P. Licata, Ph.D. is a first accounting course for homeschool high school students. Many traditional high schools offer an accounting course as an elective for students interested in pursuing a career in business. Now homeschool high school students have such an elective available to them. This course is a challenging college level course in financial accounting similar in content to the first accounting course taken by all students in university and college schools of business across the country. Any high school level student with basic math skills can handle this course.

Course Objectives

The objective of [Financial Accounting](#) by Michael P. Licata, Ph.D. is to introduce students to the study of accounting which is known as the language of business. The main purpose of financial accounting is to measure and report the performance of a business to interested parties both outside and inside of the business. These interested parties use accounting information to make a variety of decisions such as:

- Investors - Deciding whether to purchase or sell a company's stock.
- Bankers - Deciding whether to lend money to a business.
- Managers – Making day-to-day business decisions such as whether to increase inventory levels, or to spend more on advertising, or to pay dividends to stockholders.

Students taking [Financial Accounting](#) by Michael P. Licata, Ph.D. will learn to prepare and interpret the four basic financial statements which all publicly traded companies must prepare and make available to the public. These statements are the income statement, balance sheet, statement of owners' equity and statement of cash flows. See below for detailed **Learning Objectives by Chapter**.

Any homeschool high school student interested in a career in business or in someday owning their own business will benefit from this course.

Prerequisites

None. Any high school level student with basic math skills (algebra) can handle this course.

Course Materials

The course has 12 Chapters each divided into 2 or 3 parts.

Basic materials for each chapter:

- (1) Flash lectures – 2 or 3 parts, each part 15 to 40 slides
- (2) Lecture slides to print (the lecture slides from (1) above in a printer friendly format).
- (3) Key Terms and Concepts (1 – 3 pages)
- (4) Chapter Problems (4 – 15 problems per chapter). Note: some of the Chapter Problems are worked in the Flash lectures as demonstration problems while some are assigned as homework problems to be completed by the student.
- (5) Solutions to Chapter Problems noted in (4) above.

Grading

Exams:

| | |
|--|------------|
| Exam 1 on Chapters 1 – 4..... | 150 points |
| Exam 2 on Chapters 5 – 8..... | 150 points |
| Exam 3 on Chapters 9 – 12..... | 150 points |
| CLEP Style Quizzes/Comprehensive Final Exam ¹ | 154 points |

Grading Scale:

| | | | |
|----|-----------|---|--------|
| A | 92% | - | 100% |
| A- | 90% | - | 91.99% |
| B+ | 87% | - | 89.99% |
| B | 82% | - | 86.99% |
| B- | 80% | - | 81.99% |
| C+ | 77% | - | 79.99% |
| C | 72% | - | 76.99% |
| C- | 70% | - | 71.99% |
| D | 60% | - | 69.99% |
| F | Below 60% | | |

¹ There are 11 quizzes (one quiz for each of chapters 2 through 12). There is no quiz for chapter 1, the introductory chapter. Each quiz is valued at 14 points (7 multiple choice questions per quiz * 2 points per question). **These quizzes are similar in content and format to the questions on the CLEP Financial Accounting Exam.** Students can take each chapter's quiz after completing that chapter or they can take all 11 quizzes together at the end of the course as a comprehensive CLEP style final exam. The total points for the quizzes are 11 quizzes * 14 points per quiz = 154 points.

Method of Instruction

This course is taught in a non-traditional format. There is no textbook and no 40 page chapters to read. All necessary course content is included in the Flash lecture slides and a brief Key Concepts and Terms file for each chapter. The Flash lecture slides for each chapter include a description and discussion of all important concepts and demonstration problems which include step by step illustrations of how to work through the various types of accounting problems covered.

Students learn financial accounting in four simple steps:

- 1. Watch the Flash lectures for a chapter which include important concepts and demonstration problems.**
- 2. Work the assigned homework problems.**
- 3. Compare the homework problems worked to the solutions file.**
- 4. Take the exams.**

See the Financial Accounting Lesson Plan for more details.

The course is comprised 12 chapters which are covered in 28 lessons (including exams). Students can work through the course in the following formats:

- (1) A traditional college semester format (September through December or January through May) working two lessons per week for 14 weeks.
- (2) An entire academic year format (September through May) working one lesson per week for 28 weeks.
- (3) A summer school format (June through July) working three lesson per week for 9 weeks.

Note: The average time per lesson is 75 minutes to view the Flash lecture plus 1.5 to 2.5 hours to work the homework problems.

About Professor Licata

Michael P. Licata, Ph.D. is currently an Associate Professor in the Department of Accountancy in the Villanova School of Business² at Villanova University in Villanova, Pennsylvania. Professor Licata has taught the financial accounting course dozens of times in his 24 plus years as a Professor at Villanova University. He has also taught the financial accounting course for 4 years (as a graduate student) at Northeastern University, Texas A & M University, and Harvard University. The past eight years Professor Licata has specialized in teaching 100% distance learning courses at both the graduate and undergraduate levels. Throughout his career students have consistently rated Professor Licata among the best teachers in his department and in his college at Villanova University according to the Course and Teacher Surveys (CATS) at Villanova University.

² The Villanova School of Business has been rated the #11, #13, #12, and #19 best undergraduate business school in 2009, 2008, 2007, and 2006, respectively by Business Week Magazine.

Financial Accounting by Michael P. Licata, Ph.D.
Learning Objectives by Chapter

Chapter 1 (Introduction to Accounting)

Part 1

Learning Objectives:

- Define what is a business and the three types of businesses.
- Discuss the purpose of accounting, who uses it, and the importance of the study of accounting.
- Illustrate basic accounting transactions and financial statements for a small retail business.

Part 2

Learning Objectives:

- Distinguish financial accounting v. managerial accounting.
- Discuss the need for integrity in the field of accounting.
- Define and discuss GAAP (the rules of accounting).
- Define the roles of the FASB and the SEC.
- Discuss the accounting profession, career opportunities in accounting and the requirements to become a CPA (Certified Public Accountant).

Chapter 2 (The Financial Statements)

Part 1

- Learning Objectives:
- Discuss the need for financial statements.
- Define the four basic financial statements: income statement, balance sheet, statement of cash flows, and statement of stockholders' equity.
- Define the basic accounting equation and demonstrate how it is affected by individual transactions.

Part 2

- Learning Objectives:
- Discuss the need for generally accepted accounting principles (GAAP).
- Define the basic concepts of GAAP.
- Define the three types of business organizations and illustrate the owner's equity presentation of each in the balance sheet.
- Define the specific assets, liabilities, and stockholders' equity accounts that appear in the balance sheet.

Chapter 3 (The Accounting Cycle – Recording Transactions)

Part 1

- Learning Objectives:

- To define the accounting cycle.
- To define the accrual basis of accounting and compare it to the cash basis of accounting.
- To illustrate when revenues and expenses should be recognized (recorded).
- To define double entry bookkeeping.
- To illustrate which accounts will change (and by how much) as a result of a set of typical transactions for a company.

Part 2

- Learning Objectives:

- To define and illustrate the first four steps of the accounting cycle (source documents, recording entries in the general journal, posting to the general ledger and preparing a trial balance).
- To define and illustrate the rules of debit and credit.
- To illustrate using a trial balance to prepare an income statement and balance sheet.

Chapter 4 (The Accounting Cycle)

Part 1

- Learning Objectives:

- To define and illustrate step 5 of the accounting cycle (recording adjusting entries).
- To define the process of recording depreciation on fixed (plant) assets and to illustrate how depreciation spreads the expense of an asset over its useful life.

Part 2

- Learning Objectives:

- To define and illustrate Steps 5 – 8 of the accounting cycle (recording adjusting entries, preparation of an adjusted trial balance, preparation of financial statements, and recording closing entries).
- To illustrate how a worksheet can be used to provide a preview of the financial statements.

Chapter 5 (Accounting for a Merchandising Company)

Part 1

- Learning Objectives:
- To define and illustrate the perpetual and periodic inventory systems.
- To define subsidiary ledgers and to illustrate their use.

Part 2

- Learning Objectives:
- To illustrate the recording of purchasing transactions using both the net method and the gross method.
- To illustrate the proper treatment of sales tax and delivery expenses by the seller.
- To describe, illustrate and compare the single-step income statement and the multi-step income statement.
- To define and illustrate a classified balance sheet.
- To provide an introduction to ratio analysis.

Chapter 6 (Short-Term Financial Assets)

Part 1

- Learning Objectives:
- To define short-term financial assets.
- To discuss a company's most important asset, cash, and to discuss basic cash management procedures.
- To define internal controls and to focus on internal controls over cash.
- To illustrate the preparation of a bank reconciliation and its related journal entries.
- To define marketable securities and to illustrate their balance sheet presentation.

Part 2

- Learning Objectives:
- To define accounts receivable and notes receivable.
- To illustrate accounting for uncollectible accounts receivable using both the direct write-off method and the allowance method.
- To explain and illustrate the calculation of interest revenue on notes receivable

Chapter 7 (Inventories)

Part 1

- Learning Objectives:
- To define inventory and to discuss the flow of inventory costs.
- To define and illustrate inventory valuation methods used to determine a company's cost of goods sold and ending inventory. These methods include specific identification, FIFO, LIFO, and average cost.
- To discuss the need for taking a physical inventory.

Part 2

- Learning Objectives:
- To determine in a perpetual inventory system a company's cost of goods sold and ending inventory using FIFO, LIFO, and average cost.
- To describe the effects of inventory errors on a company's income statement and balance sheet.
- To illustrate the gross profit method and the retail method of estimating a company's ending inventory.
- To describe and illustrate the valuation of inventory at the lower of cost or market (LCM).
- To discuss the need for taking an annual physical inventory.

Chapter 8 (Long-Term Assets -Property, Plant, & Equipment and Intangible Assets)

Part 1

- Learning Objectives:
- To define the three major categories of long-term assets.
- To define and illustrate recording acquisition costs for property, plant, and equipment.
- To define and illustrate capital expenditures v. revenue expenditures.
- To discuss the three methods of expensing long-term assets: depreciation, amortization, and depletion.
- To illustrate the straight line, units of production, and double the declining balance methods of depreciation.

Part 2

- Learning Objectives:
- To explain and illustrate various depreciation issues including partial year depreciation, extraordinary repairs, fully depreciated assets, and switching depreciation methods.
- To illustrate recording the sale, disposal, and trade-in of property, plant, and equipment.
- To illustrate the accounting treatment of intangible assets and natural resources.

Chapter 9 (Liabilities - Current & Long-Term)

Part 1

- Learning Objectives:
- To define current and long-term liabilities and illustrate their balance sheet presentation.
- To discuss and illustrate the accounting for the different types of current liabilities.
- To define the different types of long-term liabilities.
- To illustrate the preparation of a loan amortization table.

Part 2

- Learning Objectives:
- To explain the concept of the time value of money which is utilized in accounting for bonds payable in Chapter 9 Part 3.
- To illustrate calculating the present value of a single amount and the present value of an annuity.
- To illustrate calculating the future value of a single amount and the future value of an annuity.

Part 3

- Learning Objectives:
- To describe bonds and explain the reasons that corporations sell them.
- To describe the different types of bonds.
- To illustrate the accounting entries for issuing bonds.
- To illustrate the use of present values to determine the selling price of a bond issue.
- To illustrate the amortization of bond discounts and premiums using both the straight-line method and the effective interest method.
- To describe other types of long-term liabilities including lease obligations, pensions, and deferred taxes.

Chapter 10 (Stockholders' Equity: Contributed Capital)

Part 1

- Learning Objectives:
- To discuss the characteristics of a corporation, the rights of stockholders, and the functions of the board of directors and corporate officers.
- To discuss and illustrate the accounting entries for common stock and preferred stock.
- To illustrate the calculation of cash dividends on both common and preferred stock.
- To illustrate the accounting for treasury stock.

Part 2

- Learning Objectives:
- To define and illustrate the accounting for cash dividends, stock dividends, and stock splits and to discuss why companies issue them.
- To discuss IPOs, a stock's market price, and the reasons that investors purchase stock.
- To explain the roles of the SEC and auditors.
- To discuss career opportunities in accounting.

Chapter 11 (The Statement of Cash Flows)

Part 1

- Learning Objectives:
- To discuss the purpose and uses of the statement of cash flows.
- To define and give examples of the three components of the statement of cash flows: operating activities, investing activities, and financing activities.
- To illustrate the direct method of determining cash flows from operating activities.

Part 2

- Learning Objectives:
- To explain and illustrate how to prepare both the cash flows from investing activities section and the cash flows from financing activities section of the statement of cash flows.
- To explain and illustrate how to prepare the non-cash investing and financing activities schedule presented below the statement of cash flows.

Part 3

- Learning Objectives:
- To explain and illustrate how to prepare the cash flows from operating activities section of the statement of cash flows using the indirect method.
- To illustrate the preparation of a complete statement of cash flows using the indirect method for determining cash flows from operating activities.

Chapter 12 (Financial Statement Analysis)

Part 1

- Learning Objectives:
- To define and discuss the various techniques of financial statement analysis.
- To define and illustrate the financial statement analysis techniques of horizontal analysis and vertical analysis (preparing common-sized financial statements).

Part 2

- Learning Objectives:
- To define the financial statement analysis technique of ratio analysis.
- To illustrate the calculation of the various financial statement ratios and to explain the significance of each.