Assurance of Learning
Account 244
Introduction to Financial Accounting
Closing The Loop Recommendations

Trait 1: Use the accounting equation and debit/credit rules to show the effect of selected transactions on the financial statements.

1. Assign a problem that requires the students to roll forward the stockholder’s equity section by including Common Stock, Dividends and Net Income detail of revenues and expenses.
2. Assign an additional problem requiring students to prepare the following financial statements: income statement, statement of retained earnings and balance sheet.
3. In lectures provide more examples of the T account approach for all accounts but specifically for the stockholder’s equity section.

Trait 2: Demonstrate knowledge of the complete accounting cycle, including adjusting and closing entries.

1. Assign an additional problem requiring the students to close out revenues and expenses to the income summary account; illustrating that the net balance in this account will be net income or net loss, which in turn will be closed to the retained earnings account.
2. Assign an additional problem requiring students to book adjusting entries for prepaid insurance, depreciation, and unearned revenue.

Trait 3: Use appropriate rules and conventions to account for essential financial statements items (e.g., cash, receivables, inventory, long-lived assets, current and long-term liabilities, and shareholder’s equity)

1. Provide a handout covering additional examples of entries on allowance for doubtful accounts and bad debt expense showing the required entries and requiring students to work additional problems in this area.
2. Provide a detailed worksheet on bond premium and discount amortization and calculation of interest expense.

Trait 4: Compute selected financial ratios using appropriate accounting information (e.g., current ratio, receivables turnover, inventory turnover, profit margin)

1. Provide students with a one-page handout with all of the required ratio calculation formulas.
2. Possibly use the Harley Case as the measurement tool, since this is a project, which emphasizes financial ratios.