## TOP EIGHT (8) ACCOUNTING LDC CONCEPTS

### Financial Accounting 220

1. Define and prepare the three Basic Financial Statements in accord with GAAP. Identify the usefulness and relevance of the three Basic Financial Statements for various stakeholders. Be able to compute liquidity, solvency and profitability ratios.

2. Know the basic underlying concepts for financial reporting under GAAP (e.g. consistency, verifiability, etc...)  

3. Know how to read the content of a basic business transaction and correctly record that transaction using GAAP and the fundamental accounting equation.

4. Be able to measure GAAP income and compute cash flow on a set of business transactions.

5. Be knowledgeable about various measurement concepts for valuation of Assets, Liabilities, Owner Equity, Revenues, Expenses and resulting Income.

6. Understand appropriate timing for recognition of revenue and expense. Apply time value of money concepts.

7. Know the different forms of business ownership.

8. Define and calculate the various forms of depreciation and amortization.

### Management Accounting 230

1. Identify and be able to provide an explanation of the key differences between Financial Accounting & Management Accounting.

2. Define and understand the meaning of the term “Cost.” Be able to correctly classify the various cost terms into major categories such as “Product” Cost vs. “Period” Cost, “Variable” Cost” vs. “Fixed” Cost, “Direct” Costs vs. “Indirect” Costs, etc.

3. Understand, apply and explain concepts of different costs for different purposes, such as product costing for inventory valuation and income determination or costing for planning, control and decision-making.

4. Be able to accumulate costs for a variety of “Cost Objects” such as a product, service, activity, program, organization unit, and/or time period, etc. Know how to explain “Overhead Allocation” using Plant-wide Rates, Activity Cost Pools, & Cost Drivers with related treatment of under and overapplied overhead.

5. Know how to use the various “Cost” data in relevant decision-making. What is relevant to decision at hand and what is not? Understand relevant costs for short term decisions.

6. Be able to prepare a Master Budget for a manufacturing company to include both operating and financial budgets.

7. Know the various methods for computing a simple (single product) breakeven point. Knowledge should include understanding of related concepts such as cost variability, contribution margin and appropriate ratios

8. Know the difference between a recurring expense and a “Capital Expenditure”. Be able to analyze Capital Expenditures using various Capital Budgeting Tools such as “Payback Period”, “Internal Rate of Return”, “Net Present Value”, “Profitability Index”, and others.