The financial accounting class was an account-oriented study of the accounting cycle and was the first accounting class that I took. This class taught us about the aspect of accounting concerned with the summary, analysis and reporting of financial transactions pertaining to a business. We learnt how to make a simple general journal entry and prepare financial statements that will help stockholders, suppliers, employees, government agencies, business owners and other stakeholders to obtain information crucial for making important decisions for the business. We also learnt the standard guidelines to record, summarize and present transactions in a financial reports or financial statements. We learnt the basic accounting cycle, how to create an income statement and balance sheet as well.

One of the important things we learnt in this class was about payroll and the taxes involved in it. The four types of taxes involved are the FICA: social security, FICA: medicare, FUTA and SUTA. These were completely new terms to me and it took me a couple of assignments to be able to understand them fully. The Federal Insurance Contributions Act (FICA) is a United States federal payroll contribution directed towards both employees and employers to fund Social Security and Medicare federal programs that provide benefits for retirees, people with disabilities, and children of deceased workers. This is a mandatory payroll deduction and are withheld from an employee's wages as well as an employer's portion of the taxes that must be paid.

FUTA stands for the Federal Unemployment Tax Act and is a payroll tax paid by employers on employee wages. There are certain exemptions made by the government for small businesses and family members employed by other family members in regard to FUTA. SUTA in the other hand is the State Unemployment Tax Act and a form of payroll tax that all states require employers to pay for their employees. SUTA is a counterpart to FUTA, the federal unemployment insurance program. The SUTA rates and wage base are different for each state.

The other important aspect of financial accounting that I learnt was determining the costs of the ending inventory using the FIFO and LIFO techniques. The above artifact is one of the assignments I did where we had to find the cost of the ending inventory using both the techniques. FIFO and LIFO are cost layering methods that are used to value the cost of goods sold and ending inventory. FIFO stands for First In, First out and LIFO stands of Last In, First Out. In FIFO method, we assume that the goods added to the inventory are the first goods to me removed from the inventory for the sale and in the LIFO method, we assume that the goods added last to the inventory are the first goods to be removed for sale. FIFO is usually opted by many businesses as a lot of the material in a business follow the FIFO flow which makes it a logical choice. There are some businesses that use the LIFO method.

During inflation, the businesses using LIFO would pay a smaller amount of income taxes as compared to the ones using FIFO method. During deflation, FIFO methods would amount to lesser income tax. In terms of record keeping, FIFO reduces the storage whereas LIFO would increase the record keeping. In general, LIFO is not recommended as it is not allowed under IFRS and the number of layers to track would be large. I personally like using the FIFO method as well. Overall, this class was not easy for me as accounting is not my forte, however, I learnt a lot of things that will help me in the future.