

LAST REVIEW: 2008-2009

NEXT REVIEW: 2013-2014

STATUS: A

COURSE TITLE: Intermediate Accounting II

COMMON COURSE NUMBER: ACG 2110

CREDIT HOURS: 3

CONTACT HOUR BREAKDOWN

(per 16 week term)

CLOCK HOURS:

(Voc. Course ONLY)

Lecture: **48**

Lab:

Clinic:

Other:

PREREQUISITE(S): ACG 2100

COREQUISITE(S): None

PRE/COREQUISITE(S): None

COURSE DESCRIPTION *(750 characters, maximum):*

As the second course of the series, this course continues an in-depth study of financial statements and underlying records. The elements that comprise the equity side of the balance sheet are emphasized with additional attention given to special problems in income determination and financial reporting. Advisement note: Students achieving less than a grade of C in ACG 2100, Intermediate Accounting I, may experience academic difficulty in this course.

General Education Requirements – Associate of Arts Degree (AA), meets Area(s): Area

General Education Requirements – Associate in Science Degree (AS), meets Area(s): Area

General Education Requirements – Associate in Applied Science Degree (AAS), meets Area(s): Area

UNIT TITLES

1. Liabilities - Current and Contingent
2. Accounting for Long-Term Debt Securities
3. ~~Stockholders' Owners'~~ Equity-Contributed Capital
4. ~~Stockholders' Owners'~~ Equity-Retained Earnings
5. Earnings Per Share
6. Revenue Recognition
7. Accounting for Income Taxes
8. Accounting for Leases
9. Accounting for Pensions and Other Post-Employment Benefits
10. Accounting Changes and Error Corrections
11. Statement of Cash Flows
12. Reporting the Impact of Changing Prices
13. Financial Statement Analysis

EVALUATION:

Please provide a brief description (250 characters maximum) that details how students will be evaluated on the course outcomes.

Evaluation may include but is not limited to the following:

Exams, Quizzes, Presentations, Portfolios, Discussions, Class Participation, Attendance, Projects, Co-ops, Practicum, Internships, Externships, and Research Reports.

**** Complete the following only if course is seeking general education status ****

GENERAL EDUCATION Competencies and Skills *:

Please highlight in green font all Competencies/Skills from the list below that apply to this course. In the box to the right of the Competency/Skill, enter all specific learning outcome numbers (i.e. 1.1, 2.7, 5.12) that apply.

1. Read with critical comprehension	
2. Speak and listen effectively	
3. Write clearly and coherently	
4. Think creatively, logically, critically, and reflectively (analyze, synthesize, apply, and evaluate)	
5. Demonstrate and apply literacy in its various forms: (highlight in green <u>ALL</u> that apply) (1. technological, 2. informational, 3. mathematical, 4. scientific, 5. cultural, 6. historical, 7. aesthetic and/or 8. environmental)	
6. Apply problem solving techniques to real-world experiences	
7. Apply methods of scientific inquiry	
8. Demonstrate an understanding of the physical and biological environment and how it is impacted by human beings	
9. Demonstrate an understanding of and appreciation for human diversities and commonalities	
10. Collaborate with others to achieve common goals.	
11. Research, synthesize and produce original work	
12. Practice ethical behavior	
13. Demonstrate self-direction and self motivation	
14. Assume responsibility for and understand the impact of personal behaviors on self and society	
15. Contribute to the welfare of the community	

** General Education Competencies and Skills endorsed by '05-'06 General Education Task Force*

UNITS

Unit 1 - Liabilities - Current and Contingent

General Outcome:

- 1.0** The students should be able to define liabilities, classify and account for them and describe their proper presentation on the Balance Sheet.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 1.1 Define, classify, and measure all types of liabilities.
- 1.2 Apply appropriate accounting procedures to accounts payable, notes payable, various operating payables, and unearned revenues.
- 1.3 Identify and apply appropriate accounting procedures for estimated liabilities.
- 1.4 Describe, explain, and apply correct accounting procedures for the following contingent liabilities that are:
- 1.4.1 Probable
 - 1.4.2 Reasonably possible
 - 1.4.3 Remote
- 1.5 Explain the underlying concepts and proper accounting for ~~self insurance~~, loan guarantees, and commitments for future purchases.

Unit 2 - Accounting for Long-Term Debt Securities

General Outcome:

- 2.0 The students should be able to account for bonds troubled debt restructuring and off-balance-sheet financing.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 2.1 Explain various types of long-term debt securities and the procedures involved in accounting for bonds and long-term notes.
- 2.2 Prepare entries to record the issuance of bonds.
- 2.3 Calculate and record amortization of the premium or discount on long-term debt securities by the following methods:
- 2.3.1 The straight-line method
 - 2.3.2 The effective-interest method
 - ~~2.3.3 The bonds-outstanding method~~
- 2.4 Describe and apply appropriate accounting procedures for retiring long-term debt securities.
- 2.5 Explain and apply appropriate accounting procedures for convertible bonds.
- 2.6 Explain and apply appropriate accounting procedures for troubled debt restructuring arrangements.
- 2.7 Describe the accounting problems and implications of borrowing arrangements that are referred to collectively as "off-balance-sheet financing."

Common Course Number: ACG 2110

Unit 3 - Stockholders' Owners' Equity-Contributed Capital

General Outcome:

- 3.0** The students should be able to classify and account for Capital Stock, Treasury Stock, Stock Rights, Stock Conversions and Stock Splits.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 3.1 Identify and explain the unique characteristics of the corporate form of business entity.
- 3.2 Discuss the legal and the accounting significance of contributed capital, retained earnings, legal capital, additional paid-in capital, preferred stock, and common stock.
- 3.3 Describe the accounting implications of various conditions that may be a part of preferred stock such as: cumulative, convertible, callable, redeemable, liquidation preferences and dividend preferences.
- 3.4 Apply appropriate accounting procedures to the issuance of capital stock under a variety of different situations.
- 3.5 Prepare entries to record reacquisition and retirement of capital stock.
- 3.6 Explain the accounting significance of treasury stock and apply appropriate procedures to account for treasury stock under either the cost method or the par value method.
- 3.7 Explain stock rights, options, and warrants and apply appropriate procedures to account for rights, options, and warrants.
- 3.8 Describe appropriate accounting procedures for recording conversions of shares of stock and for stock splits.

Common Course Number: ACG 2110

Unit 4 - Stockholders' ~~Owners'~~ Equity-Retained Earnings

General Outcome:

- 4.0** The students should be able to describe factors affecting Retained Earnings, account for Prior Period Adjustments, ~~and Dividends and Quasi-Reorganizations.~~

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 4.1 Identify and explain the accounting significance of transactions and events that cause the balance in the retained earnings account to change.
- 4.2 Apply appropriate accounting procedures for declaration and distribution of all types of dividends: cash, property, stock, and liquidation.
- ~~4.3 Explain the nature and apply the appropriate accounting procedures to account for Quasi-Reorganization.~~
- 4.34 Prepare in good form the stockholders' equity section of a balance sheet.
- 4.45 Prepare in good form a statement of changes in stockholders' equity.
- 4.6 Identify and explain retained earnings restrictions.

Unit 5 - Earnings Per Share

General Outcome:

- 5.0** The students should be able to compute earnings per share for simple and complex capital structures and describe its presentation in the financial statement.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 5.1 Define and explain the following terms:
- 5.1.1 Earnings per share
 - 5.1.2 Price-earnings ratio
 - 5.1.3 Dividend payout rate
 - 5.1.4 Dilution
 - 5.1.5 Antidilution
 - 5.1.6 Primary earnings per share
 - 5.1.7 Fully diluted earnings per share
- 5.2 Determine whether the capital structure of a company is simple or complex, and explain the differences involved for purposes of calculating earnings per share.
- 5.3 Explain the treasury stock method of including stock options and warrants in earnings per share calculations.
- 5.4 Explain how convertible securities are included in earnings per share calculations.
- 5.5 Determine whether or not material dilution will result from inclusion of common stock equivalents and/or potentially dilutive securities in earnings per share calculations.
- 5.6 Calculate primary and fully diluted earnings per share under a variety of different circumstances.
- 5.7 Describe and apply the procedures for financial statement presentation of earnings per share data.

Unit 6 - Revenue Recognition

General Outcome:

- 6.0** The students should be able to account for the Recognition of Revenue as it pertains to a variety of transactions, to include, Long-Term Construction-type Contracts, Service Contracts, Installment Sales and Consignment Sales.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 6.1 Discuss the economic, accounting, and practical issues involved in revenue recognition.
- 6.2 Identify concepts and conditions relevant to recognition of revenue.
- 6.3 Apply appropriate accounting procedures for using the percentage-of-completion and proportional performance methods of revenue recognition.
- 6.4 Explain concepts and conditions relevant to recognition of revenue after delivery of goods or performance of services has occurred.
- 6.5 Apply appropriate accounting procedures for using the installment sales and cost recovery methods of revenue recognition.
- 6.6 Compare and contrast the foregoing methods with the full accrual, cash, point of sale, and deposit methods of revenue recognition.
- 6.7 Apply appropriate accounting procedures to consignment sales transactions.

Unit 7 - Accounting for Income Taxes

General Outcome:

- 7.0** The students should be able to account for the carry back and carry forward of operating losses and discuss the conceptual basis for interperiod and intraperiod income tax allocation.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 7.1 Explain and apply appropriate accounting procedures for interperiod income tax allocation.
- 7.2 Identify and give examples of the two types of permanent differences between financial income and taxable income.
- 7.3 Identify and give examples of the four types of temporary differences between financial income and taxable income.
- 7.4 Apply appropriate accounting procedures for operating loss carrybacks and carryforwards.
- 7.5 Explain the advantages and disadvantages of interperiod tax allocation and contrast them with non-allocation.
- 7.6 Contrast the theoretical support for the deferred method of interperiod tax allocation with that for the asset and liability method.
- 7.7 Apply appropriate accounting procedures for interperiod income tax allocation using the asset and liability method.
- 7.8 Explain the justification for the limitation on recognition of deferred tax assets imposed by SFAS No. 96.
- 7.9 Explain the accounting methods and financial statement implications related to the transition to the asset and liability method under **FASB Statement No. 109**~~SFAS No. 96~~.
- 7.10 Prepare financial statement and note disclosures of income taxes in accordance with the requirements of **FASB Statement No. 109**~~SFAS No. 96~~.
- 7.11 Apply appropriate procedures for intraperiod tax allocation.

Unit 8 - Accounting for Leases

General Outcome:

- 8.0** The students should be able to discuss the economic advantages of Leasing, explain the criteria for Lease Classification, Account for Lease and Sale-Leaseback transactions.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 8.1 Identify economic and other reasons (both lessor and lessee) for business entities to engage in lease arrangements.
- 8.2 Discuss the development of leasing as a major means of acquiring the right to use properties.
- 8.3 Describe the characteristics of various leases.
- 8.4 Identify criteria used to classify a lease arrangement as a capital transaction; determine whether a particular lease is an operating, capital, sales-type, or direct financing lease.
- 8.5 Apply appropriate procedures to account for operating leases and capital leases by the lessee.
- 8.6 Apply appropriate procedures to account for operating, direct financing, and sales-type leases by the lessor.
- 8.7 Prepare entries to record transfer of title to a leased asset during the lease term.
- 8.8 Explain the requirements for disclosure of all types of lease transactions by both lessee and lessor.
- 8.9 Discuss accounting procedures for sale-leaseback transactions.

Common Course Number: ACG 2110

Unit 9 - Accounting for Pensions and Other Post-Employment Benefits

General Outcome:

- 9.0 The students should be able to describe the regulation and the accounting for pension plans and post-employment benefits other than pensions.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 9.1 Discuss the role and importance of pension plans in our society.
- 9.2 Distinguish between defined contribution plans and defined benefit plans.
- 9.3 Identify the issues involved in accounting for defined benefit plans.
- 9.4 Prepare journal entries to account for all aspects of pension accounting.
- 9.5 Determine the amounts of pension liability required to be disclosed under different circumstances.
- 9.6 Determine the amounts and methods for disclosure of pension assets.
- 9.7 Discuss accounting for post-employment benefits other than pensions.

Common Course Number: ACG 2110

Unit 10 - Accounting Changes and Error Corrections

General Outcome:

10.0 The students should be able to account for error corrections and various reporting changes.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 10.1 Identify different types of accounting changes and discuss reasons for those changes.
- 10.2 Apply appropriate accounting procedures to account for a change in the following:
 - 10.2.1 Accounting estimate
 - 10.2.2 Accounting principles
 - 10.2.3 Reporting entities
- 10.3 Identify, analyze, and explain all different types of accounting errors.
- 10.4 Prepare correcting entries as appropriate for accounting errors.

Common Course Number: ACG 2110

Unit 11 - Statement of Cash Flows

General Outcome:

11.0 The students should be able to describe the major classifications of cash flows and to prepare a statement of cash flows.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 11.1 Discuss the historical evolution of the statement of cash flows.
- 11.2 Identify and describe the objectives and limitations of the statement of cash flows.
- 11.3 Analyze account balance changes to identify cash flows related to operating, investing, and financing activities.
- 11.4 Prepare the statement of cash flows using both the direct method and the indirect method of presentation of the operating activities section.
- 11.5 Contrast the direct and the indirect methods of presenting the operating activities section of the statement of cash flows.
- 11.6 Apply both the work sheet approach and the T-account approach for preparing a cash flow statement.

Common Course Number: ACG 2110

~~Unit 12~~—Reporting the Impact of Changing Prices

~~General Outcome:~~

~~12.0~~ The students should be able to discuss the effects of changing prices, constant dollar and current cost accounting.

~~Specific Measurable Learning Outcomes:~~

~~—Upon successful completion of this unit, the student shall be able to:~~

~~Upon successful completion of this unit, the students should be able to:~~

~~12.1~~ — Identify and explain the effects of changing prices on financial statements.

~~12.2~~ — Contrast the following four financial reporting alternatives:

~~12.2.1~~ — Historical cost/nominal dollars

~~12.2.2~~ — Historical cost/constant dollars

~~12.2.3~~ — Current cost/nominal dollars

~~12.2.4~~ — Current cost/constant dollars

~~12.3~~ — Discuss the historical development of methods designed to account for and to report the effects of changing prices.

~~12.4~~ — Apply appropriate accounting procedures for the following:

~~12.4.1~~ — Constant dollar accounting

~~12.4.2~~ — Current cost accounting

~~12.4.3~~ — Current cost/constant dollar accounting

Common Course Number: ACG 2110

Unit 132 - Financial Statement Analysis

General Outcome:

12.0 The students should be able to apply various techniques employed in liquidity, activity and profitability analysis.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

123.1 Discuss the objectives and the methods of financial statement analysis.

~~13.2~~ Compute and interpret index number trend analysis.

~~123.23~~ Prepare and analyze common-size financial statements.

123.3 Explain and apply techniques for the following:

- 123.3.1** Liquidity analysis
- 123.3.2** Activity analysis
- 123.3.3** Profitability analysis
- 123.3.4** Capital structure analysis

~~123.45~~ Discuss segment reporting and the sources and uses of industry data for comparative analysis.