

ACC 221 Intermediate Accounting II

COURSE DESCRIPTION:

Prerequisites: ACC 220

Corequisites: None

This course is a continuation of ACC 220. Emphasis is on special problems which may include leases, bonds, investments, ratio analyses, present value applications, accounting changes, and corrections. Upon completion, students should be able to demonstrate an understanding of the principles involved and display an analytical problem-solving ability for the topics covered. Accounting computer problems involving the preparation and completion of spreadsheets are integrated throughout the course. Course Hours Per Week: Class 3, Lab 2, Semester Hour Credit 4.

LEARNING OUTCOMES:

Upon completion of this course, the student will be able to:

1. Demonstrate an understanding of accounting for securities and investments by preparing entries and properly recording financial information under a variety of different scenarios.
2. Account for and disclose financial information for transactions as they apply to current liabilities and contingencies.
3. Account for and disclose financial information for transactions involving bonds and notes payable; Prepare and describe transactions about a company's leases, for both operating leases and capital leases.
4. Record transactions and prepare proper financial information as it pertains to stockholder equity transactions. Develop a complete understanding of comprehensive income and how to record and disclose information pertaining to comprehensive income.
5. Calculate corporate income and account for corporate income taxes.
6. Explain the different type of entry and financial disclosures required for pension plans and related post-retirement benefits.
7. Account for a variety of accounting changes and error types found on the financial statements, including prospective and retrospective-type disclosures.

OUTLINE OF INSTRUCTION:

- I. Long-term liabilities
 - A. Nature of long-term debt
 - B. Mortgage notes
 - C. Purchase contracts
 - D. Bonds payable

1. Issued between interest dates
 2. Amortization of premium or discount
 - E. Serial bonds
 - F. Early extinguishment of debt
 - G. Expenses of issuing bonds
 - H. Financial statement presentation of premium or discount
 - I. Off-balance sheet financing
- II. Stockholders' equity
- A. Characteristics of corporate form of business entity
 - B. Accounting for issuance of capital stock
 1. Par and no-par stock
 2. Stock sold on subscription basis
 3. Lump-sum sale of stock
 - C. Accounting for reacquisition of stock: treasury stock
 1. Cost method
 2. Par value method
 - D. Additional stockholders' equity accounts
 - E. Dividend policy and types of dividends
 - F. Appropriations of retained earnings
- III. Dilutive securities and earnings per share calculations
- A. Dilutive securities and compensation plans
 - B. Accounting for convertible debt
 - C. Convertible preferred stock
 - D. Stock warrants
 - E. Stock compensation plans
 - F. Computing earnings per share
 - G. Simple capital structure
 - H. Weighted average number of shares
 - I. Complex capital structure and dilutive securities
- IV. Investments
- A. Investments in debt securities
 1. Held to maturity investments
 2. Available for sale investments
 - B. Investments in equity securities
 1. Available-for-sale securities
 2. Trading securities
 3. Equity method
 - C. Financial statement preparation
 - D. Transfers between categories
 - E. Fair value controversy
- V. Accounting for income taxes
- A. Taxable income and financial income
 - B. Deferred income taxes and taxable amounts

- C. Deferred tax liability
 - D. Financial statement presentations
 - E. Deferred income taxes and deductible amounts
 - F. Deferred tax asset-nonrecognition
 - G. Specific tax differences
 - H. Tax rate considerations
 - I. Accounting for net operating losses
 - J. Special tax allocation issues
- VI. Accounting for pensions
- A. Types of pension plans
 - B. Role of actuaries in pension accounting
 - C. Pension obligations as liabilities
 - D. Components of pension expense
 - E. Amortization of unrecognized prior service cost
 - F. Reporting pension plans in financial statements
 - G. Pension Reform Act of 1974
- VII. Accounting for leases
- A. Lease provisions
 - B. Advantages of leasing
 - C. Nature of leasing
 - D. Accounting for lessees
 - E. Accounting for lessors
 - F. Reporting lease data in financial statements
- VIII. Accounting changes and error analysis
- A. Changes in accounting principles
 - B. Changes in accounting estimates
 - C. Reporting changes in entity
 - D. Reporting corrections in errors
 - E. Error analysis
- IX. Statement of cash flows
- A. Purpose of statement of cash flows
 - B. Classification of cash flows
 - 1. Operating activities
 - 2. Investing activities
 - 3. Financing activities
 - C. Format of statement of cash flows
 - D. Sources of information for statement of cash flows
 - E. Net cash flow from operating activities--indirect vs. direct method

REQUIRED TEXTBOOK AND MATERIAL:

The textbook and other instructional material will be determined by the instructor.