

ACC 220
INTERMEDIATE ACCOUNTING I

COURSE DESCRIPTION:

Prerequisites: ACC 121 and CTS 130

Corequisites: None

This course is a continuation of the study of accounting principles with in-depth coverage of theoretical concepts and financial statements. Topics include generally accepted accounting principles and an extensive analyses of financial statements. Upon completion, students should be able to demonstrate competence in the conceptual framework underlying financial accounting, including the application of financial standards. Course Hours Per Week: Class, 3. Lab, 2. Semester Hours Credit, 4.

LEARNING OUTCOMES:

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

- A. Use quantitative and qualitative tools and
 1. Prepare spreadsheet models to analyze data.
 2. Prepare research effectively using various available means.
 - a.) State how accounting standards have been developed and the basic concepts, assumptions, and principles of accounting.
- B. Classify accounts and record transactions
 1. Prepare schedules of accounts payable and accounts receivable.
 - a.) Prepare entries to convert receivable into cash.
 2. Account for bad debts.
 3. Identify, compute and record current liabilities.
 - a.) Account for debt instruments.
 4. Account for inventories using either perpetual or periodic systems.
 - a.) Determine the value of ending inventory by the FIFO, LIFO, dollar-value LIFO, average cost, lower of cost or market, gross profit, and retail methods.
 5. Account for fixed assets and calculate depreciation.
 - a.) Identify costs associated with plant assets and make appropriate journal entries to record acquisition and disposition of plant assets.
 - b.) Determine depreciation by the various depreciation methods and depletion by the units of production method.
 - c.) Identify costs associated with intangible assets and determine the value of goodwill.
- C. Account for cash
 1. Reconcile bank statements with proof of cash.
 2. Account for petty cash.

- D. Account for payroll.
 - 1. Compute liabilities associated with payroll.
- E. Account for specific industries and organizational structures.
 - 1. Read and understand contract terms that affect financial information.
 - a.) Compute interest (simple and compound), annuities, and present value.
 - b.) Compute percentage, discounts, finance charges, commissions, markups, and markdowns.
- F. Complete the accounting cycle and use its outputs.
 - 1. Prepare financial statements and necessary disclosures.
 - a.) Prepare in good form a statement of income and stockholder's equity and a balance sheet.
 - 2. Review internal control procedures and suggest ways to strengthen weak controls.

OUTLINE OF INSTRUCTION:

- I. Environment of accounting and the development of accounting standards
 - B. Conditions which shape the environment
 - C. Need to develop accounting standards
 - D. History of the development of accounting standards
 - E. Professional organizations influential in the development of accounting standards
- II. The basic theory underlying financial accounting
 - B. Basic concepts
 - C. Basic assumptions of accounting
 - D. Basic principles of accounting
 - E. Constraints modifying basic theory
- III. Review of the accounting process
 - B. Procedures employed in accounting
 - C. General journal and special journals
 - D. Posting to the ledger
 - E. Trial balance
 - F. Need for adjusting entries
 - G. Year-end procedure for inventory
 - H. Closing process
 - I. Reversing entries
 - J. Using a worksheet to prepare financial statements
- IV. Statement of income and retained earnings
 - B. Importance of accurate measurement of income
 - C. Single-step and multiple-step income statements
 - D. Sections of the income statement
 - E. Condensed income statements
 - F. Current operating versus all-inclusive
 - G. Extraordinary items

- H. Prior period adjustments
 - I. Intraperiod tax allocation
 - J. Statement of retained earnings
 - K. Comprehensive income
- V. Balance sheet
- B. Usefulness
 - C. Limitations
 - D. Classification
 - E. Techniques of disclosure
 - F. Balance sheet form
 - G. Questions on terminology
- VI. Compound interest, annuities, and present values
- B. Importance of the time value of money
 - C. Computation of simple interest
 - D. Computation of compound interest using the compound interest tables
 - E. Computation of present value using the present value of 1 tables
 - F. Relationship of amount of an annuity due to ordinary annuity tables
 - G. Present value of an ordinary annuity
 - H. Present value of an annuity due
- VII. Cash and short-term receivables
- B. Nature and composition of cash
 - C. Establishment and replenishment of petty cash fund
 - D. Bank reconciliation
 - E. Internal control procedures
 - F. Adjustments for uncollectible accounts
 - G. Converting accounts receivable into cash
 - H. Notes receivable
- VIII. Valuation of inventories
- A. Cost basis approach
 - 1.) Management interest in accounting for inventories
 - 2.) Goods or items to be included in inventory
 - 3.) Costs to be included in inventory
 - 4.) Deciding on which flow assumption should be adopted
 - (a.) LIFO
 - (b.) FIFO
 - (c.) Average
 - (d.) Dollar-value LIFO
 - B. Additional valuation problems
 - 1.) Lower of cost or market
 - 2.) Gross profit method
 - 3.) Retail inventory method

- IX. Acquisition and disposition of plant assets
 - A. Major characteristics of plant assets
 - B. Normal basis for valuing plant assets
 - C. Initial components of cost
 - D. Means of acquisition
 - 1.) Treatment of cash discounts
 - 2.) Exchanges of similar and dissimilar assets
 - 3.) Lump sum purchase
 - 4.) Issuance of stock
 - 5.) Donation
 - E. Costs subsequent to acquisition
 - F. Disposal of plant assets

- X. Depreciation and depletion
 - A. Objective of accounting for depreciation
 - B. Depreciation methods
 - 1.) Activity method
 - 2.) Straight-line method
 - 3.) Decreasing charge methods
 - Sum-of-years-digits
 - Double-declining balance
 - 4.) Group and composite-life methods
 - C. Depreciation problems
 - 1.) Partial periods
 - 2.) Revision of depreciation rates
 - 3.) Change from one depreciation method to another
 - D. Impairments
 - E. Depletion

- XI. Intangible assets
 - A. Characteristics of intangible assets
 - B. Valuation of intangibles
 - C. Amortization of intangible assets
 - D. Specifically identifiable intangible assets
 - 1.) Patents
 - 2.) Copyrights
 - 3.) Leasehold improvements
 - 4.) Trademarks and tradenames
 - 5.) Organization costs
 - 6.) Franchise
 - E. Goodwill
 - F. Research and development costs
 - G. Computer software

- XII. Current liabilities and contingent liabilities
 - A. Difference between current liability and long-term liability
 - B. Determinable current liabilities

- 1.) Notes payable
 - 2.) Current maturities of long-term debt
 - 3.) Short-term obligation expected to be refinanced
 - 4.) Taxes collected for third parties
 - 5.) Accrued payroll and property taxes
 - 6.) Conditional liabilities
- C. Contingent liabilities
- 1.) Guarantee and warranty costs
 - 2.) Premium offers
- D. Presentation of current liabilities on balance sheet

REQUIRED TEXTBOOKS AND MATERIALS:

See Durham Tech web site.

STATEMENT FOR STUDENTS WITH DISABILITIES:

Students who require academic accommodations due to any physical, psychological, or learning disability are encouraged to request assistance from a disability services counselor within the first two weeks of class. Likewise, students who potentially require emergency medical attention due to any chronic health condition are encouraged to disclose this information to a disability services counselor within the first two weeks of class. Counselors can be contacted by calling 686-3652 or by visiting the Student Development Office in the Phail Wynn Jr. Student Services Center, room 1309.