

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 preparation and completion of spreadsheets are integrated throughout the course. 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:

1. Use quantitative and qualitative tools and methods.
 - a. Prepare spreadsheet models to analyze data.
 - b. Perform research effectively using various available means.
2. Classify accounts and record transactions
 - a. Account for investments.
 - 1.) Prepare adjusting entries for decline in value of marketable securities.
 - b. Identify, compute and record liabilities.
 - 1.) Account for issuance of bonds payable between interest payment dates and at a premium or discount and determine amortization of the premium or discount by the straight-line method and effective interest method.
 - 2.) Compute the liabilities and assets associated with pension fund accounting.
 - 3.) Identify lessee and lessor accounting procedures.
3. Account for taxes
 - a. Apply rules of taxation to prior, current, and future accounting periods.
4. Account for specific industries and organizational structures.
 - a. Account for corporate equity transactions.
 - 1.) Account for the subscription, issuance and retirement of common, preferred and treasury stock.
 - 2.) Account for dividends and stock splits.
5. Complete the accounting cycle and use its outputs.
 - a. Prepare financial statements and necessary disclosures.
 - 1.) Determine fully diluted earnings per share.
 - 2.) Determine the effects of accounting changes and errors upon prior periods.
 - b. Prepare a statement of cash flows by the direct and indirect methods.

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 TEXTBOOKS AND MATERIALS:

To be selected by Instructor/Discipline Chair.