Course Information

Description
This is the second of the two course intermediate accounting series. The content of the course covers operational assets, investments, current liabilities and contingencies, long term debt, leases, accounting for income taxes, accounting changes and error corrections and other advanced accounting topics.

Pre/Corequisites
ACCT2821 or equivalent

Institutional Core Competencies

Critical and Creative Thinking - Students will be able to demonstrate purposeful thinking with the goal of using a creative process for developing and building upon ideas and/or the goal of using a critical process for the analyzing and evaluating of ideas.

Course Competencies

1. **Differentiate between investments that companies make in the stock and debt securities of other companies.**

   **Learning Objectives**
   - Demonstrate how to identify and account for investments classified for reporting purposes as held-to-maturity
   - Demonstrate how to identify and account for investments classified for reporting purposes as available-for-sale
   - Demonstrate how to identify and account for investments classified for reporting purposes as trading securities
   - Explain what constitutes significant influence by the investor over the operating and financial policies of the investee
   - Demonstrate the way investments are recorded and reported by the equity method

2. **Analyze current liabilities and contingencies**

   **Learning Objectives**
   - Define liabilities and distinguish between current and long-term liabilities
   - Account for the issuance and payment of various forms of notes and record the interest on the notes
   - Characterize accrued liabilities and liabilities from advance collection and describe when and how they should be recorded
   - Determine when a liability can be classified as a noncurrent obligation
   - Identify situations that constitute contingencies and the circumstances under which they should be accrued
   - Demonstrate the appropriate accounting treatment for contingencies, including unasserted claims and assessments

3. **Illustrate the accounting treatment of long-term liabilities**
Learning Objectives
Identify the underlying characteristics of debt instruments and describe the basic approach to accounting for debt
Account for bonds issued at par, at a discount, or at a premium, recording interest at the effective rate or by the
straight-line method
Characterize the accounting treatment of notes, including installment notes, issued for cash or for noncash
consideration
Describe the disclosures appropriate to long-term debt in various forms
Record the early extinguishment of debt and its conversion into equity securities

4. Differentiate the accounting treatment of leases from the viewpoint of the lessee and lessor

Learning Objectives
Identify and describe the operational, financial, and tax objectives that motivate leasing
Explain why some leases constitute rental agreements and some represent purchases/sales accompanied by
debt financing
Explain the basis for each of the criteria and conditions used to classify leases
Record all transactions associated with operating leases by both the lessor and lessee
Describe and demonstrate how both the lessee and lessor account for a nonoperating lease
Describe and demonstrate how the lessor accounts for a sales-type lease
Describe the way a bargain purchase option affects lease accounting

5. Apply the accounting treatment for temporary and nontemporary differences between GAAP
and tax reporting

Learning Objectives
Describe the types of temporary differences that cause deferred tax liabilities and determine the amounts needed
to record periodic income taxes
Identify and describe the types of temporary differences that cause deferred tax assets
Describe when and how a valuation allowance is recorded for deferred tax assets
Explain why nontemporary differences have no deferred tax consequences
Explain how a change in tax rates affects the measurement of deferred tax amounts
Determine income tax amounts when multiple temporary differences exist
Describe when and how an operating loss carryforward and an operating loss carryback are recognized in the
financial statements
Describe how deferred tax assets and deferred tax liabilities are classified and reported in a classified balance
sheet and describe related disclosures
Describe how deferred tax assets and deferred tax liabilities are classified and reported in a classified balance
sheet and describe related disclosures
Explain intraperiod tax allocation

6. Distinguish between invested capital and earned capital

Learning Objectives
Describe the components of shareholders’ equity and explain how they are reported in a statement of
shareholders’ equity
Describe comprehensive income and its components
Record the issuance of shares when sold for cash, for noncash consideration, and by share purchase contract
Describe what occurs when shares are retired and how the retirement is recorded
Describe retained earnings and distinguish it from paid-in capital
Explain the basis of corporate dividends, including the similarities and differences between cash and property
dividends
Describe retained earnings and distinguish it from paid-in capital
Describe the basis of corporate dividends, including the similarities and differences between cash and property
dividends
Describe the way EPS information should be reported in an income statement

7. Illustrate share-based compensation and earnings per share

Learning Objectives
Describe what is meant by the weighted-average number of common shares
Differentiate the effect on EPS of the sale of new shares, a stock dividend or stock split, and the reacquisition of
shares
Describe how preferred dividends affect the calculation of EPS
Describe the way EPS information should be reported in an income statement

8. Differentiate between accounting changes and error corrections
Learning Objectives
Differentiate among the types of accounting changes and distinguish between the retrospective and prospective approaches to accounting for and reporting accounting changes
Describe how changes in accounting principle typically are reported
Explain how and why some changes in accounting principle are reported prospectively
Explain how and why changes in estimates are reported prospectively

9. Demonstrate the measurement of reporting issues involving operating assets

Learning Objectives
Identify the various costs included in the initial cost of property, plant, and equipment, natural resources, and intangible assets
Determine the initial cost of individual operational assets acquired as a group for lump-sum purchase price
Determine the initial cost of an operational asset acquired in exchange for a deferred payment contract
Determine the initial cost of operational assets acquired in exchange for equity securities or through donation
Calculate the fixed-asset turnover ratio used by analysts to measure how effective managers use property, plant, and equipment
Explain how to account for dispositions and exchanges for other nonmonetary assets
Identify the terms included in the cost of a self-constructed asset and determine the amount of capitalized interest
Explain the difference in the accounting treatment of costs incurred to purchase intangible assets versus the costs incurred to internally develop intangible assets

10. Differentiate the different methods of cost recovery

Learning Objectives
Explain the concept of cost allocation as it pertains to operational assets
Determine periodic depreciation using both time-based and activity-based methods
Calculate the periodic depletion of a natural resource
Calculate the periodic amortization of an intangible asset
Explain the appropriate accounting treatment required when a change is made in the service life or residual value of an operational asset
Explain the appropriate accounting treatment required when a change in depreciation, amortization, or depletion method is made
Identify situations that involve a significant impairment of the value of operational assets and describe the required accounting procedures
Discuss the accounting treatment of repairs and maintenance, additions, improvements, and rearrangements to operational assets

SCC Accessibility Statement
South Central College strives to make all learning experiences as accessible as possible. If you have a disability and need accommodations for access to this class, contact the Academic Support Center to request and discuss accommodations. North Mankato: Room B-132, (507) 389-7222; Faribault: Room A-116, (507) 332-7222.

Additional information and forms can be found at: www.southcentral.edu/disability

This material can be made available in alternative formats by contacting the Academic Support Center at 507-389-7222.