

# ACC202 Intermediate Accounting II - Administrative Outline

## ***Course Information***

<b>Organization</b>	Mercer County Community College
<b>Credits</b>	3
<b>Contact Hours</b>	3/1

## **Catalog Description**

A continuation of ACC201. Topics covered include: investments, liabilities, leases, income taxes, pension, earnings per share and error correction.

## **Prerequisite**

ACC201 with a minimum C grade

**Revised: Spring 2021**

## **Course Competencies/Goals**

- A. Define the GAAP that relate to financial accounting.
- B. Discuss the theory that supports GAAP.
- C. Describe the role of accounting in a management information system.
- D. Explain the role of the accountant as part of the management team of an organization.

## **General Education Knowledge Goals:**

Goal 1 Communication. Students will communicate effectively in both speech and writing.

Goal 2 Mathematics. Students will use appropriate mathematical and statistical concepts and operations to interpret data and to solve problems.

Goal 9 Ethical Reasoning and Action. Students will understand ethical issues and situations.

## **MCCC Core Skills:**

Goal A: Written and Oral Communication in English. Students will communicate effectively in speech and writing and demonstrate proficiency in reading.

Goal B: Critical Thinking and Problem-solving. Students will use critical thinking and problem-solving skills in analyzing information.

Goal C: Ethical Decision-Making. Students will recognize, analyze, and assess ethical issues and situations.

Goal F: Collaboration and Cooperation. Students will develop the interpersonal skills required for effective performance in group situations.

## ***Competencies***

1. **Discuss the investment opportunities that management considers during cash management**  
**Learning Objectives**

- a. Explain how to identify and account for investments classified as: held to maturity, available for sale, and trading securities. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- b. Explain what constitutes significant influence by the investor over operating and financial policies of the investee. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- c. Describe the way investments are recorded and reported by the equity method. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)

2. **Describe current liabilities and contingencies**

**Learning Objectives**

- a. Define liabilities and distinguish between current and long-term liabilities. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- b. Account for the issuance and payment of notes payable. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- c. Characterize and account for accrued liabilities. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- d. Identify situations that constitute contingencies and the circumstances under which they should be accrued. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- e. Describe the accounting treatment for contingencies. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)

3. **Explain the accounting for long-term debt.**

**Learning Objectives**

- a. Identify the characteristics of debt instruments and describe the basic approach to accounting for debt. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- b. Account for bonds issued at par, at a discount, and at a premium using the effective-method and the straight-line method of amortization. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- c. Understand the option to report liabilities at their fair values. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- d. Characterize the accounting treatment of installment notes. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- e. Describe the disclosures appropriate to long-term debt. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- f. Record the early extinguishment of debt and its conversion into equity securities. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)

4. **Define and account for leases**

**Learning Objectives**

- a. Describe the operational, financial, and tax objectives that motivate leasing. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- b. Explain the basis for each of the criteria and conditions used to classify leases. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- c. Record transactions associated with operating leases, nonoperating leases, sales-type leases. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)

d. Describe the way a bargain purchase option affects lease accounting. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)

5. **Describe the accounting treatment for income taxes**

**Learning Objectives**

- a. Describe the types of temporary differences that cause deferred tax liabilities and determine the amounts needed to record periodic income taxes. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- b. Identify and describe the types of temporary differences that cause deferred tax assets. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- c. Describe how and when an operating loss carryforward and an operating loss carryback are recognized in the financial statements. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- d. Explain intra-period tax allocation. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)

6. **Discuss pension accounting and other post-retirement benefits of employees**

**Learning Objectives**

- a. Explain the fundamental differences between a defined contribution pension plan and a defined benefit pension plan. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- b. Define: vested benefit obligation, accumulated benefit obligation, and projected benefit obligation. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- c. Describe the five events that might change the balance of the PBO. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- d. Explain how plan assets accumulate to provide retirees benefits and the role of the trustee in administering the fund. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- e. Define pension expense. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- f. Describe the nature of postretirement benefit plans. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- g. Measure and explain how postretirement benefits obligations change. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- h. Determine the components of postretirement benefit expense. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)

7. **Define and calculate shareholder's equity**

**Learning Objectives**

- a. Describe the components of shareholders' equity and explain how they are reported. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- b. Prepare a statement of shareholders' equity and explain its usefulness. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- c. Record the issuance of shares of stock. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- d. Describe what occurs when shares are retired and how the retirement is recorded. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- e. Distinguish between the accounting for retired shares and for treasury shares. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- f. Describe retained earnings and distinguish it from paid in capital. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- g. Explain the basis of corporate dividends and stock splits. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- h. Describe comprehensive income and its components. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)

8. **Explain the importance of and calculate earnings per share**

**Learning Objectives**

- a. Distinguish between a simple and a complex capital structure. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- b. Calculate the weighted average number of common shares and describe what this calculation represents. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- c. Describe how the following will affect EPS: new stock issues, stock dividend, stock split, Treasury Stock. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- d. Calculate earnings per share in a simple and a complex capital structure. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- e. Describe the financial statement presentation of EPS. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- f. Explain and implement the accounting for: stock award plans, stock options, stock appreciation rights, employee share purchase plans. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)

9. **Differentiate and explain how to account for accounting changes and error corrections**

**Learning Objectives**

- a. Differentiate among the three types of accounting changes and distinguish between retrospective and prospective approaches in accounting. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- b. Explain and apply the four-step process of correcting and reporting errors, regardless of the type of error or the timing of its discovery. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)

10. **Describe and prepare the statement of cash flows**

**Learning Objectives**

- a. Explain the usefulness of cash flow information and the purpose of the statement of cash flows. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)

- b. Define cash equivalents. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- c. Summarize the evolution of the statement of cash flows. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- d. Distinguish among operating, investing, and financing activities. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- e. Identify transactions that represent noncash investing and operating activities. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)
- f. Prepare a statement of cash flows by the direct method and the indirect method. (Course Competencies A, B; General Education 1, 2; MCCC Core A, B)

## **Grading Information**

### **Grading Scale**

Tests	80% (Chapters 12,13, 14, 15, 16, 17, 18, 19, 20, 21) *
Cases	15% (Course Competencies C, D; General Education 1, 9; MCCC Core A, B, C, F)
Class Work & Quizzes	5% (Course Competencies C, D; General Education 1, 9; MCCC Core A, B, C, F)

\*The instructor will announce during the first class meeting the number of tests and the chapters covered in each test.

### Reasonable Accommodations for Students with Documented Disabilities

Mercer County Community College is committed to supporting all students in their academic and co-curricular endeavors. Each semester, a significant number of students document disabilities, which may require learning, sight, hearing, manual, speech, or mobility accommodations to ensure access to academic and co-curricular activities. The college provides services and reasonable accommodations to all students who need and have a legal entitlement to such accommodations.

### **Academic Integrity**

ACADEMIC INTEGRITY: Academic integrity refers to the total quality of the search for knowledge which a student undertakes. A student will be guilty of violating academic integrity if he/she:

- A. knowingly represents the work of others as his/her own.
- B. uses or obtains unauthorized assistance in the execution of an academic work
- C. gives fraudulent assistance to another student.

For any single violation of any of the College's policies on Academic Integrity in this course, the student will receive a zero for the assignment AND the final course grade will be lowered by one full letter grade (for example, a B would become a C). For a second violation, the student will fail the course. In all cases, the Chair of the Academic Integrity Committee will be notified of the violation and the penalty imposed. When two (or more) violations of academic integrity are reported on a student, the Academic Integrity

Committee (AIC) may impose disciplinary penalties beyond those imposed in this course. The student shall have the right to a hearing before the AIC or a designated AIC subcommittee.