

ACTG 51C: INTERMEDIATE ACCOUNTING III

Foothill College Course Outline of Record

Heading	Value
Effective Term:	Summer 2024
Units:	5
Hours:	5 lecture per week (60 total per quarter)
Prerequisite:	ACTG 1B or 1BH.
Degree & Credit Status:	Degree-Applicable Credit Course
Foothill GE:	Non-GE
Transferable:	CSU
Grade Type:	Letter Grade (Request for Pass/No Pass)
Repeatability:	Not Repeatable

Student Learning Outcomes

- Formative and/or summative assessments, including representative problems from chapters/topics covered in the class.
- explain financial accounting terminology, principles, concepts, methods, and /or procedures ? at intermediate level

Description

Accounting for investments, income taxes, pensions and post-retirement benefits, leases, and accounting changes and error analysis; also covered: the cash flows statement, and full disclosure in financial reporting.

Course Objectives

The student will be able to:

1. research the relevant financial accounting standard(s) as they relate to questions, problems, or other accounting issues.
2. apply financial accounting standards in solving problems and cases.
3. present financial statements, including appropriate disclosures, as required by the related financial accounting standards.
4. account for investments, income taxes, pensions and post-retirement benefits, leases, and accounting changes and error analysis.
5. describe the direct and indirect effect(s) of transactions on the financial statements and their elements.
6. describe the purpose and presentation of the cash flows statement and disclosures in financial reporting.

Course Content

1. Investments
 - a. Identify the three categories of debt securities and describe the accounting and reporting treatment for each category
 - b. Understand the procedures for discount and premium amortization on bond investments
 - c. Identify the categories of equity securities and describe the accounting and reporting treatment for each category
 - d. Explain the equity method of accounting and compare it to the fair value method for equity securities
- e. Describe the accounting for the fair value option and for impairments of debt and equity investments
- f. Describe the reporting of reclassification adjustments and the accounting for transfers between categories
2. Investments—Advanced Topics
 - a. Describe the uses of and accounting for derivatives
 - b. Explain how to account for a fair value hedge
 - c. Explain how to account for a cash flow hedge
 - d. Identify special reporting issues related to derivative financial instruments that cause unique accounting problems
 - e. Describe the accounting for variable-interest entities
 - f. Describe required fair value disclosures
3. Accounting for Income Taxes
 - a. Identify differences between pretax financial income and taxable income
 - b. Describe a temporary difference that results in future taxable amounts
 - c. Describe a temporary difference that results in future deductible amounts
 - d. Explain the purpose of a deferred tax asset valuation allowance
 - e. Describe the presentation of income tax expense in the income statement
 - f. Describe various temporary and permanent differences
 - g. Explain the effect of various tax rates and tax rate changes on deferred income taxes
 - h. Apply accounting procedures for a loss carryback and a loss carry forward
 - i. Describe the presentation of deferred income taxes in financial statements
 - j. Indicate the basic principles of the asset-liability method
4. Accounting for Pensions and Post-retirement Benefits
 - a. Distinguish between accounting for the employer's pension plan and accounting for the pension fund
 - b. Identify types of pension plans and their characteristics
 - c. Explain alternative measures for valuing the pension obligation
 - d. List the components of pension expense
 - e. Use a worksheet for employer's pension plan entries
 - f. Describe the amortization of prior service costs
 - g. Explain the accounting for unexpected gains and losses
 - h. Explain the corridor approach to amortizing gains and losses
 - i. Describe the requirements for reporting pension plans in financial statements
5. Accounting for Leases
 - a. Explain the nature, economic substance, and advantages of lease transactions
 - b. Describe the accounting criteria and procedures for capitalizing leases by the lessee
 - c. Contrast the operating and capitalization methods of recording leases
 - d. Identify the classifications of leases for the lessor
 - e. Describe the lessor's accounting for direct-financing leases
 - f. Identify special features of lease arrangements that cause unique accounting problems
 - g. Describe the effect of residual values, guaranteed and unguaranteed, on lease accounting

- h. Describe the lessor's accounting for sales-type leases
- i. List the disclosure requirements for leases
- 6. Accounting Changes and Error Analysis
 - a. Identify the types of accounting changes
 - b. Describe the accounting for changes in accounting principles
 - c. Understand how to account for retrospective accounting changes
 - d. Understand how to account for impracticable changes
 - e. Describe the accounting for changes in estimates
 - f. Identify changes in a reporting entity
 - g. Describe the accounting for correction of errors
 - h. Identify economic motives for changing accounting methods
 - i. Analyze the effect of errors
- 7. Statement of Cash Flows
 - a. Describe the purpose of the statement of cash flows
 - b. Identify the major classifications of cash flows
 - c. Prepare a statement of cash flows
 - d. Differentiate between net income and net cash flows from operating activities
 - e. Determine net cash flows from investing and financing activities
 - f. Identify sources of information for a statement of cash flows
 - g. Contrast the direct and indirect methods of calculating net cash flow from operating activities
 - h. Discuss special problems in preparing a statement of cash flows
 - i. Explain the use of a worksheet in preparing a statement of cash flows
- 8. Full Disclosure in Financial Reporting
 - a. Review the full disclosure principle and describe implementation problems
 - b. Explain the use of notes in financial statement preparation
 - c. Discuss the disclosure requirements for related-party transactions; post balance-sheet events, and major business segments
 - d. Describe the accounting problems associated with interim reporting
 - e. Identify the major disclosures in the auditor's report
 - f. Understand management's responsibilities for financials
 - g. Identify issues related to financial forecasts and projections
 - h. Describe the profession's response to fraudulent financial reporting

Quizzes
 Projects
 Computerized assignments
 Research activities (online and traditional)
 Presentations (since online, PowerPoint slides preparation only)
 Writing assignments
 Student participation
 Group work

Method(s) of Instruction

Methods of Instruction may include but are not limited to the following:

Lecture
 Discussion
 Cooperative learning exercises
 Electronic discussions/chat
 Independent study

Representative Text(s) and Other Materials

Gordon, Raedy, and Sannella. *Intermediate Accounting, 2nd ed.*. 2019.

Types and/or Examples of Required Reading, Writing, and Outside of Class Assignments

1. Reading of corporate annual reports
2. Reading and written analysis of Financial Accounting Standards Board (FASB) statements and other Generally Accepted Accounting Principles (GAAP) literature
3. Reading of internet articles and writing on accounting topics or accounting-related current events and/or careers
4. Written research paper or projects
5. Written presentations

Discipline(s)

Accounting

Lab Content

Not applicable.

Special Facilities and/or Equipment

1. Access to spreadsheet, word-processing, and presentation software.
2. When taught as an online distance learning section, students and faculty need reliable and ongoing internet (Java-enabled) and email access.

Method(s) of Evaluation

Methods of Evaluation may include but are not limited to the following:

Midterm exam(s)
 Final exam