

# ACTG 51C: INTERMEDIATE ACCOUNTING III

## Foothill College Course Outline of Record

Heading	Value
Effective Term:	Summer 2022
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:

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

## Course Content

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

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

- a. Reading of corporate annual reports
- b. Reading and written analysis of Financial Accounting Standards Board (FASB) statements and other Generally Accepted Accounting Principles (GAAP) literature
- c. Reading of internet articles and writing on accounting topics or accounting-related current events and/or careers
- d. Written research paper or projects
- e. 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