

# ACCT G212: INTERMEDIATE ACCOUNTING 2

Item	Value
Curriculum Committee Approval Date	11/05/2024
Top Code	050200 - Accounting
Units	3 Total Units
Hours	54 Total Hours (Lecture Hours 54)
Total Outside of Class Hours	0
Course Credit Status	Credit: Degree Applicable (D)
Material Fee	No
Basic Skills	Not Basic Skills (N)
Repeatable	No
Open Entry/Open Exit	No
Grading Policy	Standard Letter (S), • Pass/No Pass (B)

## Course Description

Formerly: Intermediate Accounting B. This course is the second course in the intermediate accounting series that covers investments, current and long-term liabilities, income taxes, pensions and post-retirement benefits, leases, stockholders' equity, earnings per share, and statement of cash flows. In addition, changes in accounting methods and error reporting and financial statement disclosures are examined. This course satisfies the 150 semester units requirement to sit for the Uniform CPA examination. PREREQUISITE: ACCT G211. Transfer Credit: CSU.

## Course Level Student Learning Outcome(s)

1. Course outcomes:
2. Record periodic interest on an outstanding bond or long-term note payable and amortize any related premium or discount in accordance with the effective interest method.
3. Compute diluted earnings per share utilizing the treasury stock method and the if-converted method.
4. Calculate taxable income, identify permanent differences, recognize temporary differences and their reversal over multiple years, and reconcile taxable income to net income in the preparation of income taxes to be reported on the income statement and balance sheet.
5. Demonstrate the accounting for a finance lease, including the recognition of a right-of-use asset, long-term obligation, and periodic recognition of depreciation and interest.
6. Prepare a statement of retained earnings with prior period adjustments, with proper presentation of all adjustments to beginning retained earnings on a net-of-tax basis.
7. Prepare a statement of cash flows under the indirect method in accordance with generally accepted accounting principles, while reconciling the accrual basis net income statement and balance sheet to cash basis cash flows.

## Course Objectives

- 1. Account for investments in debt and equity securities, classify investments into trading, available-for-sale, or held-to-maturity categories, and apply accounting rules to investments depending on ownership holdings percentage in the investments.

- 2. Describe the nature of current liabilities; record, summarize, classify, and report transactions related to payables, accrued liabilities, and contingencies.
- 3. Perform accounting procedures for long-term liabilities such as bonds and long-term notes - establishment of liability, recognition of interest, amortization of related discount or premium, and settlement.
- 4. Classify the key components of stockholders' equity, outline the accounting procedures for equity transactions, and perform equity valuations and ratios.
- 5. Demonstrate the accounting for the issuance, conversion, and retirement of convertible securities, stock warrants, stock compensation plans, and stock appreciation rights. Compute earnings per share under a simple and complex capital structure.
- 6. Identify temporary and permanent differences that determine taxable income, prepare an income tax provision, record and present income taxes on the financial statements, and reconcile taxable income to GAAP pre-tax income.
- 7. Differentiate among the various lease arrangements and perform accounting for finance leases, sale-type leases, operating leases, etc.
- 8. Prepare a statement of cash flows under both the indirect method and the direct method.
- 9. Analyze accounting changes in principles, estimates, reporting entities, and errors and their effects on financial statements.
- 10. Evaluate presentation of financial statements and disclosure issues related to the above topics in light of the current reporting environment.

## Lecture Content

Investments Accounting for trading debt securities Accounting for available-for-sale (AFS) debt securities Accounting for held-to-maturity (HTM) debt securities Accounting for equity securities: fair value through net income Accounting for equity securities: equity method Fair value option Current liabilities and contingencies Accounting for accounts payable, accrued liabilities, payroll liabilities, deferred revenues, and current maturities of long-term debt Loss contingencies: warranties, litigation, subsequent events Bonds payable Issuance of bonds at par, at a premium, and at a discount Amortization of bonds using the effective interest method Bonds issued in between interest dates Bond issuance costs Early retirement of bonds Convertible bonds Bonds with detachable warrants Shareholders' Equity Paid-in capital Issuances of capital stock - par value, no-par stock Additional paid-in capital Accounting for treasury stock Retained earnings Dividends: cash, property, stock Stock splits Share-base compensation Restricted stock plans Stock option plans Employee share purchase plans Earnings per share (EPS) Basic EPS Diluted EPS Dilutive securities Anti-dilutive securities Income taxes Permanent differences Temporary differences Net income versus taxable income Deferred tax liability versus deferred tax asset Net operating losses (NOL) carry-forwards Valuation allowance Leases Accounting for finance leases Accounting for operating leases Special considerations: guaranteed residual value, unguaranteed residual value, bargain purchase option Pensions and post-retirement benefits Defined contribution plans versus defined benefit plans Overview of pension expense components, pension obligation, funding pension assets, computation of pension expense, pension gains and losses through the income statement, pension components through other comprehensive income Accounting Changes and Error Analysis Prior period adjustments Change in accounting principle Change in reporting equity Correction of an error Change in accounting estimate Statement of Cash Flows Cash

flows from operating activities using the indirect method Cash flows from operating activities using the direct method Cash flows from investing activities Cash flows from financing activities Significant non-cash activities Supplemental cash flow information Full disclosure in financial reporting (notes to financial statements) Related party transactions, subsequent events, compensation of officers and directors Auditor and management reports on responsibility

### **Method(s) of Instruction**

- Lecture (02)
- DE Live Online Lecture (02S)
- DE Online Lecture (02X)

### **Reading Assignments**

Textbook FASB guidance Periodicals, journals, articles, and other readings as appropriate

### **Writing Assignments**

Statement of cash flows Notes to financial statements

### **Out-of-class Assignments**

Assignments through the publisher portal Additional exercises, readings, and videos as appropriate

### **Demonstration of Critical Thinking**

Students will evaluate a number of relevant accounting issues related to the covered topics. Students will then demonstrate their understanding of the issues at hand by devising arguments, proposing solutions, and analyzing results based on their findings

### **Required Writing, Problem Solving, Skills Demonstration**

Students will devise solutions to textbook homework problems and examinations, which require them to analyze the situation at hand, interpret financial data, and prepare step-by-step analyses and calculations to arrive at their results. In addition, students will also research various relevant assigned topics and prepare writing assignments presenting the results of their research. Lastly, students will also engage in active ongoing group discussions on relevant course topics.

### **Eligible Disciplines**

Accounting: Master's degree in accountancy or business administration with accounting concentration OR bachelor's degree in business with accounting emphasis or business administration with accounting emphasis or economics with an accounting emphasis AND master's degree in business, business administration, business education, economics, taxation, or finance OR the equivalent. Master's degree required. (NOTE: A bachelor's degree in accountancy or business administration with accounting concentration, with a CPA license is an alternative qualification for this discipline)

### **Textbooks Resources**

1. Required Spiceland. Intermediate Accounting, 11 ed. McGraw Hill, 2022
2. Required Kieso, Weygandt, Warfield. Intermediate Accounting, 18 ed. John Wiley Sons, 2022