COURSE OUTLINE

DIVISION: Natural Sciences and Business

COURSE: ACT 2222 Intermediate Accounting II

Date: Fall 2022

Credit Hours: 3

Complete all that apply or mark “None” where appropriate:

Prerequisite(s): ACT 2221

Enrollment by assessment or other measure? ☐ Yes ☒ No
If yes, please describe:

Corequisite(s): None

Pre- or Corequisite(s): None

Consent of Instructor: ☐ Yes ☒ No

Delivery Method:
☒ Lecture 3 Contact Hours (1 contact = 1 credit hour)
☐ Seminar 0 Contact Hours (1 contact = 1 credit hour)
☐ Lab 0 Contact Hours (2-3 contact = 1 credit hour)
☐ Clinical 0 Contact Hours (3 contact = 1 credit hour)
☐ Online
☐ Blended
☐ Virtual Class Meeting (VCM)

Offered: ☐ Fall ☒ Spring ☐ Summer

CATALOG DESCRIPTION and IAI NUMBER (if applicable):
A continuation of Intermediate Accounting I dealing with the theory and concepts of external reporting. Topics covered include current liabilities and contingencies, long term liabilities, leases (lessee), income taxes, pensions, stockholder’s equity & dilutive securities, and accounting changes and error analysis.
ACCREDITATION STATEMENTS AND COURSE NOTES:
None

COURSE TOPICS AND CONTENT REQUIREMENTS:
1. Current Liabilities and Contingencies
2. Bonds and Long-Term Notes
3. Leases
4. Accounting for Income Taxes
5. Pensions and Other Postretirement Benefits
6. Shareholder’s Equity
7. Share-Based Compensation and Earnings Per Share
8. Accounting Changes and Error Corrections
9. The Statement of Cash Flows Revisited

INSTRUCTIONAL METHODS:
1. Class discussion
2. Exercises and Problems
3. Quizzes
4. Exams

EVALUATION OF STUDENT ACHIEVEMENT:
1. Read and understand text
2. Class participation
3. Complete all homework assignments
4. Quizzes
5. Exams

INSTRUCTIONAL MATERIALS:
Textbooks
Intermediate Accounting, Spiceland

Resources
Inclusive Access for Connect

LEARNING OUTCOMES AND GOALS:
Institutional Learning Outcomes
☐ 1) Communication – to communicate effectively;
☒ 2) Inquiry – to apply critical, logical, creative, aesthetic, or quantitative analytical reasoning to formulate a judgement or conclusion;
☐ 3) Social Consciousness – to understand what it means to be a socially conscious person, locally and globally;
☐ 4) Responsibility – to recognize how personal choices affect self and society.

Course Outcomes and Competencies:
1. Current Liabilities and Contingencies
   1.1 Define liabilities and distinguish between current and long-term liabilities
   1.2 Account for the issuance and payment of various forms of notes and record the interest on the notes
1.3 Characterize accrued liabilities and liabilities from advance collection and describe when and how they should be recorded
1.4 Determine when a liability can be classified as a noncurrent obligation
1.5 Identify situations that constitute contingencies and the circumstances under which they should be accrued
1.6 Demonstrate the appropriate accounting treatment for contingencies, including unasserted claims and assessments
1.7 Discuss the primary differences between U.S. GAAP and IFRS with respect to current liabilities and contingencies

2. Bonds and Long-Term Notes
2.1 Identify the underlying characteristics of debt instruments and describe the basic approach to accounting for debt
2.2 Account for bonds issued at face value, at a discount or at a premium, recoding interest using the effective interest method or using the straight-line method
2.3 Characterize the accounting treatment of notes, including installment notes, issued for cash or for noncash consideration
2.4 Describe the disclosures appropriate to long-term debt in its various forms and calculate related financial ratios
2.5 Record the early extinguishment of debt, its conversion into equity securities, and bond issues with warrants
2.6 Understand the option to report liabilities at their fair values
2.7 Discuss the primary differences between U.S. GAAP and IFRS with respect to accounting for bonds and long-term notes

3. Leases
3.1 Explain why companies frequently choose to lease assets and describe the basis for each of the criteria used to classify leases
3.2 Describe and demonstrate how the lessee accounts for a finance lease and the lessor accounts for a sales-type lease with no selling profit
3.3 Describe and demonstrate how the lessor accounts for a sales-type lease with a selling profit
3.4 Describe and demonstrate how the lessor and lessee account for all transactions associated with operating leases
3.5 Explain when and how a lessee accounts for a lease by the shortcut method
3.6 Explain the impact on lease accounting of uncertainties, including uncertain lease terms, variable lease payments, residual values, purchase options, and termination penalties
3.7 Determine whether a contract contains a lease and explain the impact on lease accounting of other payments, including nonlease payments, initial direct cost, and leasehold improvements
3.8 Describe the impact of leases on the statement of cash flows and disclosure requirements pertaining to leases
3.9 Discuss the primary differences between U.S. GAAP and IFRS with respect to leases
4. Accounting for Income Taxes
   4.1 Explain the conceptual underpinnings of accounting for temporary differences and the four-step method used to calculate income tax expense
   4.2 Describe the types of temporary differences that cause deferred tax liabilities and determine the amounts needed to record periodic income taxes
   4.3 Describe the types of temporary differences that cause deferred tax assets and determine the amounts needed to record periodic income taxes
   4.4 Describe when and how a valuation allowance is recorded for deferred tax assets
   4.5 Explain why permanent differences have no deferred tax consequences
   4.6 Explain how a change in tax rates affects the measurement of deferred tax amounts
   4.7 Describe when and how the tax effects of net operating losses are recognized in the financial statements
   4.8 Explain how deferred tax assets and deferred tax liabilities are reported in a classified balance sheet and describe related disclosures
   4.9 Demonstrate how to account for uncertainty in income tax decisions
   4.10 Explain intraperiod tax allocation
   4.11 Discuss the primary differences between U.S. GAAP and IFRS with respect to accounting for income taxes

5. Pensions and Other Postretirement Benefits
   5.1 Explain the fundamental differences between a defined contribution pension plan and a defined benefit pension plan
   5.2 Distinguish among the vested benefit obligation, the accumulated benefit obligation, and the projected benefit obligation (PBO)
   5.3 Describe the five events that might change the balance of the PBO
   5.4 Explain how plan assets accumulate to provide retiree benefits and understand the role of the trustee in administering the fund
   5.5 Describe the funded status of pension plans and how that amount is reported
   5.6 Describe how pension expense is a composite of periodic changes that occur in both the pension obligation and the plan assets
   5.7 Record for pension plans the periodic expense and funding as well as new gains and losses and new prior service cost as they occur
   5.8 Understand the interrelationships among the elements that constitute a defined benefit pension plan
   5.9 Describe the nature of postretirement benefit plans other than pensions and identify the similarities and differences in accounting for those plans and pensions
   5.10 Explain how the obligation for postretirement benefits is measured and how the obligation changes
   5.11 Determine the components of postretirement benefit expenses
   5.12 Discuss the primary differences between U.S. GAAP and IFRS with respect to accounting for postretirement benefit plans

6. Shareholder's Equity
   6.1 Describe the components of shareholders’ equity and explain how they are reported in a statement of shareholders’ equity
   6.2 Describe comprehensive income and its components
   6.3 Understand the corporate form of organization and the nature of stock
6.4 Record the issuance of shares when sold for cash and for noncash consideration
6.5 Distinguish between accounting for retired shares and for treasury shares
6.6 Describe retained earnings and distinguish it from paid-in capital
6.7 Explain the basis of corporate dividends, including the similarities and differences
   between cash and property dividends
6.8 Explain stock dividends and stock splits and how we account for them
6.9 Discuss the primary differences between U.S. GAAP and IFRS with respect to
   accounting for shareholders’ equity

7. Share-Based Compensation and Earnings Per Share
   7.1 Explain and implement the accounting for restricted stock plans
   7.2 Explain and implement the accounting for stock options
   7.3 Explain and implement the accounting for employee share purchase plans
   7.4 Distinguish between a simple and a complex capital structure
   7.5 Describe what is meant by the weighted-average number of common shares
   7.6 Differentiate the effect on EPS of the sale of new shares, a stock dividend or
      stock split, and the reacquisition of shares
   7.7 Describe how preferred dividends affect the calculation of EPS
   7.8 Describe how options, rights, and warrants are incorporated in the calculation of
      EPS
   7.9 Describe how convertible securities are incorporated in the calculation of EPS
   7.10 Determine whether potential common shares are antidilutive
   7.11 Describe the two components of the proceeds used in the treasury stock method
   7.12 Explain the way contingently issuable shares are incorporated in the calculation
      of EPS
   7.13 Describe the way EPS information should be reported in an income statement
   7.14 Discuss the primary differences between U.S. GAAP and IFRS with respect to
      accounting for share-based compensation and earnings per share

8. Accounting Changes and Error Corrections
   8.1 Differentiate among the three types of accounting changes and distinguish
      among the retrospective, modified retrospective, and prospective approaches to
      accounting for and reporting accounting changes
   8.2 Describe how changes in accounting principle typically are reported
   8.3 Explain how and why some changes in accounting principle are reported
      prospectively
   8.4 Explain how and why changes in estimates are reported prospectively
   8.5 Describe the situations that constitute a change in reporting entity
   8.6 Understand and apply the four-step process of correcting and reporting errors,
      regardless of the type of error or the timing of its discovery
   8.7 Discuss the primary differences between U.S. GAAP and IFRS with respect to
      accounting changes and error corrections

9. The Statement of Cash Flows Revisited
   9.1 Explain the usefulness of the statement of cash flows
   9.2 Define cash equivalents
   9.3 Determine cash flows from operating activities by the direct method
   9.4 Determine cash flows from operating activities by the indirect method
9.5 Identify transactions that are classified as investing activities
9.6 Identify transactions that are classified as financing activities
9.7 Identify transactions that represent noncash investing and financing activities
9.8 Prepare a statement of cash flows with the aid of a spreadsheet or T-accounts
9.9 Discuss the primary differences between U.S. GAAP and IFRS with respect to the statement of cash flows