

COLLEGE OF MICRONESIA - FSM
P.O. Box 159,
Pohnpei FM 96941

COURSE OUTLINE COVER PAGE

INTERMEDIATE ACCOUNTING 1
Course Title

AC320
Department and Number

COURSE DESCRIPTION

This is a one-semester course that builds on the understanding of accounting principles developed in the first and second financial accounting courses as well as the course on managerial accounting. Topics covered will include exploring the financial reporting environment, the conceptual framework of financial reporting, a detailed theoretical study of the financial statements, of cash and receivables, inventories, property plant and equipment (including depreciation and depletion) and of intangibles.

Course Prepared by: Division of Business Administration **State** COM-FSM National Campus

	Hours per Week		No. of Week		Total Hours		Semester Credits
Lecture	3	x	16	x	48/16	=	3
Laboratory							
Workshop							
					Total Semester Credits		3

Purpose of Course: Degree Requirement _____
Degree Elective _____
Certificate _____
Other _____

Prerequisite Course(s):
_____ AC220-Accounting II ,AC250-Manual Accounting

SPENSIN JAMES (SGD)
Signature, Chairperson, Curriculum Committee

11/30/01
Date Approved by Committee

SUSAN MOSES (SGD)
Signature, President, COM-FSM

12/3/01
Date Approved by Committee

A: GENERAL OBJECTIVES:

The course builds on the understanding of accounting principles developed in the financial and managerial accounting courses. Generally, the student is expected to:

- 1) Develop and demonstrate a deeper insight into the financial reporting environment and the conceptual framework of financial reporting.
- 2) Develop and demonstrate competence in preparing, interpreting and analyzing corporate financial statements of intermediate complexity.
- 3) Demonstrate an understanding of various disclosure requirements in financial reporting.

B: SPECIFIC OBJECTIVES:

By the end of the course, the student will be able to:

Unit 1:

1. Describe what is included in financial reporting.
2. Explain generally accepted accounting principles (GAAP) and their sources
3. Identify the types of pronouncements issued by the FASB.
4. Demonstrate how the Financial Accounting Standards Board (FASB) operates.
5. Describe the relationship between the Securities and Exchange Commission (SEC) and the FASB.
6. Apply ethical models for decision making about ethical dilemmas.

Unit 2:

1. Explain the FASB conceptual of the balance sheet.
2. Describe the relationship among the objectives of financial reporting.
3. Identify the general and specific objectives of financial reporting.
4. Discuss the types of useful information for investment and credit decision making.
5. List and explain the qualities of useful accounting information.
6. Distinguish the accounting assumptions and conventions that influence GAAP.
7. Define the elements of financial statements.

Unit 3:

1. Name the purposes of the balance sheet.
2. Define the elements of the balance sheet.
3. Explain how to measure the elements of a balance sheet.
4. Classify the assets and liabilities of a balance sheet.
5. Report the stock holders' equity of a balance sheet.
6. Prepare a balance sheet and statement of changes in stockholders' equity.
7. Explain the other disclosure issues for a balance sheet.
8. Explain the reporting techniques used in an annual report.

Unit 4:

1. Explain the concepts of income.
2. Explain the conceptual guidelines for reporting income.
3. Define the elements of an income statement.
4. Describe the major components of an income statement.
5. Compute income from continuing operations.
6. Compute results from discontinued operations.
7. Identify extraordinary items.
8. Prepare an income statement and a statement of retained earnings.
9. Report comprehensive income.
10. Explain the statement of cash flows.
11. Classify cash flows as operating, investing or financing.

Unit 5:

1. Describe an auditor's report.
2. Explain the disclosures in management's discussion and analysis.
3. Define an operating segment.
4. Describe the disclosures in an segment report.
5. Explain interim report.
6. Prepare and interim report.
7. Perform intra-company and inter-company comparisons
8. Prepare horizontal and vertical percentage analyses
9. Perform ratio analysis

Unit 6:

1. Explain the importance of cash management.
2. Prepare a bank reconciliation.
3. Discuss revenue recognition when the right of return exists.
4. Calculate cash discounts using the gross and net price methods.
5. Estimate and record bad debts using percentage of sales and an aging analysis.
6. Explain pledging, assignment, and factoring of accounts receivable.
7. Account for short-term notes receivable.
8. Prepare a proof of cash.

Unit 7:

1. Describe how inventory accounts are classified.
2. Explain the uses of the perpetual and periodic inventory systems.
3. Identify how inventory quantities and costs are determined.
4. Compute ending inventory and cost of goods sold under specific identification, FIFO, average cost, and LIFO.
5. Explain the conceptual issues regarding alternative inventory cost flow assumption.
6. Describe inventory disclosures.
7. Record foreign currency transactions involving inventory.

Unit 8:

1. Apply the lower of cost or market method in valuing inventory.
2. Explain the conceptual issues regarding the lower of cost or market method.
3. Describe purchase obligations and product financing arrangements.
4. Explain the valuation of inventory above cost.
5. Use the gross profit method to calculate ending inventory.
6. Use the retail inventory method to calculate ending inventory.
7. Explain the conceptual issues regarding the retail inventory method.
8. Use the dollar value LIFO retail method.
9. Describe the effects of inventory errors on the financial statements.

Unit 9:

1. Identify the characteristics of property, plant, and equipment.
2. Record the acquisition of property, plant and equipment.
3. Determine the cost of assets acquired by the exchange of other assets.
4. Compute the cost of a self-constructed asset, including interest capitalization.
5. Record costs subsequent to acquisition.
6. Record the disposal of property, plants and equipment.
7. Describe the disclosure of property, plants and equipment.

Unit 10:

1. Identify the factors involved in depreciation.
2. Explain the alternative methods of cost allocation, including activity and time-based methods.
3. Record depreciation.
4. Explain the conceptual issues regarding depreciation methods.
5. Describe the disclosure of depreciation.
6. Explain additional depreciation methods, including group and composite methods.
7. Compute depreciation for partial periods.
8. Explain the impairment of non-current assets.
9. Calculate depreciation for income tax purposes.
10. Explain changes and corrections of depreciation.
11. Compute and record depletion.

Unit 11:

1. Explain the accounting alternatives for intangible assets.
2. Record the amortization of intangibles.
3. Identify research and development costs.
4. Explain the conceptual issues for research and development costs.
5. Account for unidentifiable intangible assets including patents, copyrights trademarks and trade names, franchises, and computer software costs.
6. Account for unidentifiable intangibles including internally developed and purchased good will.

7. Compute good will amortization.
8. Describe the disclosure of intangibles.
9. Explain the conceptual issues regarding intangibles.
10. Estimate the value of goodwill

C: COURSE CONTENT:

Exploring the Financial Reporting Environment
The Conceptual Framework of Financial Reporting
The Balance Sheet and Statement of Changes in Stockholders' Equity
The Income Statement and Statement of Cash Flows
Financial Statement Analysis, Segment Reporting & the Audit Report
Accounting for Cash and Receivables
Accounting for Inventories
Accounting for Plant Assets – acquisition & disposal; depreciation & depletion
Accounting for Intangible Assets

D: TEXTBOOK:

Intermediate Accounting, 8th edition, by Nikolai and Bazley. South-Western Publishing: Cincinnati, 2000. **Only Chapters 1-11 shall be covered.**

E: REQUIRED COURSE MATERIALS:

Working Papers booklet; Calculator; Pencil

F: METHODS OF INSTRUCTION:

Lecture, class discussions, projects, quest speakers, and various individual and group assignments.

G: EVALUATION:

Grades will be assigned based in the following percentage of total points received from projects, quizzes, homework practice sets, and exams.

90-100% = A; 80-89% = B; 70-79% = C; 60-69% = D; 59 and below = F

H: CREDIT BY EXAMINATION AVAILABLE FOR THE COURSE:

None.

I: ATTENDANCE POLICY:

The College attendance policy shall be applied.