

ACC301 Intermediate Accounting

Syllabus Overview

This syllabus contains all relevant information about the course: its objectives and outcomes, the grading criteria, the texts and other materials of instruction, and weekly topics, outcomes, assignments, and due dates. Consider this your roadmap for the course. Please read through the syllabus carefully and ask questions if you would like anything clarified. Please print a copy of this syllabus for reference.

Course Description

3 Credits

Prerequisite: ENG201 and ACC202 Accounting II or permission from the College

Intermediate accounting introduces students to a more in depth examination of accounting theory. The major areas covered in this course include the role of accounting as an information system, and economic resources. Finally, the key differences between U.S. GAAP and International Financial Reporting Standards (IFRS) are covered.

Course Outcomes

At the completion of this course, students should be able to:

- Investigate the fundamental accounting process used to produce financial statements
- Provide an overview of the balance sheet and financial disclosures and explain how this information is used by decision-makers
- Identify two of the more prominent assets, cash, and accounts receivable
- Explore inventories and the related expense, cost of goods sold, and various inventory methods

Communication with Your Instructor

You will receive a welcome email from your instructor prior to the start of class. This email will contain your instructor's contact information. Your instructor will also be communicating with you via several methods in the course, including:

- **Announcements** – This communication tool, located on the navigation menu within your course in Canvas, contains important updates. Be sure to check for new announcements from your instructor each time you access your course.

- **Q&A** – Use this discussion board, located on the Home screen in your course, to communicate with your instructor and classmates regarding general course questions (i.e. missing links, assignment clarification, etc.).
- **Inbox** – Use the Inbox, located in the top right corner of Canvas, to send a message to your instructor or classmates.

Materials and Resources

Required Textbook & Lab:

- **Textbook:** Nelson, M.W., Sepe, J.F., Spiceland, J.D., & Thomas, W.B. (2020). *Intermediate accounting* (10th ed.). New York: McGraw Hill Education.
- **Lab:** McGraw-Hill Connect Access

Bookstore Information

The bookstore can be located in the left-hand navigation of any Canvas course.

Library Services

Detailed information about the eLibrary can be found in the Student Resource Center. This is a course that all students have access to during their academic career.

Canvas Help Desk and Technical Questions

If you experience technical issues in your course, please contact the Canvas Help Desk by clicking the Help link (top right corner within Canvas). There are 3 ways to contact them:

- Phone (888-628-2749)
- Live chat
- Report a problem (submit a ticket)

Be sure to notify your instructor of any technical difficulties you are experiencing.

Additional resources are available in the Student Resource Center and the Canvas Guides website:

<https://community.canvaslms.com/docs/DOC-4121>

Weekly Schedule

Week 1 Environment and Theoretical Structure of Financial Accounting	
Outcomes	<ul style="list-style-type: none"> Identify the objective and qualitative characteristics of financial reporting information and the elements of financial statements Explain the conceptual framework and describe how the framework is reflected in the financial statements. Contrast a revenue/expense approach and an asset/liability approach to accounting standard setting
Readings	<ul style="list-style-type: none"> Chapter 1: Environment and Theoretical Structure of Financial Accounting Week 1 Lecture: Working the Problem
Lectures	<ul style="list-style-type: none"> Net Cash vs Accrual Accounting
Discussion	<p>Theory</p> <p>The Conceptual Framework is a Constitution—Like the United States’ Constitution, the conceptual framework is the source document from which standards are derived. The conceptual framework provides guidance to standard setters that helps them enhance the consistency of financial accounting standards and withstand political pressures to provide exceptions for particular circumstances. By understanding the conceptual framework, we understand the thought process that goes into setting accounting standards, which in turn helps us understand why standards are as they are and to apply them in situations that are not clear cut.</p> <p>Assumptions and Principles are part of the conceptual framework.</p> <p>Discuss</p> <p>Using at least one outside source choose one assumption or one principle and “teach” your fellow classmates about this assumption or principle. You must explain the assumption or principle in detail and explain how it is reflected in the elements of the financial statements. How is the assumption or principle connected to the qualitative characteristics described in the conceptual framework?</p> <p>Comprehension:</p> <p>Choose one account from the balance sheet or income statement and explain how the assumption or principle affect that account?</p>

	<p>Response:</p> <p>Respond to at least 2 peers this week by asking thought-provoking questions to help you understand the assumption or principle that was "taught" to you.</p>
Assignments	Connect Assignment
Quiz	Refer to your course

Week 2 Review of the Accounting Process	
Outcomes	<ul style="list-style-type: none"> Analyze, record and post journal entries to general ledger accounts and prepare an unadjusted trial balance Identify and record adjusting journal entries in general journal format, post entries, and prepare an adjusted trial balance Discuss the differences between cash-based and accrual-based measures. Illustrate the difference between the accounting cycle for accrual-based and cash-based organizations.
Readings	<ul style="list-style-type: none"> Chapter 2: Review of the Accounting Process
Lectures	<ul style="list-style-type: none"> Review of the Accounting Process Week 2: Working the Problem
Discussion	<p>Theory:</p> <p>The contents of this chapter provide a review of Accounting 1 and Accounting 2 as it provides transactional guidance. However, upper-level accounting is more about the analysis of the financial information.</p> <p>Why Can't I Just Report Cash?</p> <p>Discuss:</p> <p>Discuss the difference between cash-based and accrual-based measures of performance. Use at least one specific example of why the accrual-basis provides a better measure of performance.</p> <p>Research the cash-basis vs. accrual-basis financial statements and using at least one outside source, explain how the financial statements would be different using one method over the other.</p>

	<p>How would the adjusting entry process be different using the cash-basis method over the accrual-basis method?</p> <p>Comprehension:</p> <p>Create a diagram (picture) explaining an accrual-basis accounting cycle (ie from purchase through sale and payment by the customer. Next, create a diagram explaining the accounting cycle for a cash-based business. What are the major differences and why?</p> <p>Response:</p> <p>As a business owner, you are questioning your accountant's assertion regarding the accrual-basis as a better measure of performance. Challenge 2 of your peer's examples of the accrual-basis as a better measure of performance. (ie explain why cash-basis method could be a better measure in each example)</p>
Assignments	Connect Assignment
Quiz	Refer to your course

Week 3 The Balance Sheet and Financial Disclosures	
Outcomes	<ul style="list-style-type: none"> • Explain the purpose of financial statement disclosures and management discussion and analysis disclosure • Explain the purpose of an audit and describe the content of the audit report • Explain the difference between market value and book value. • Identify, calculate and explain the common liquidity and financial ratios used to assess risk
Readings	<ul style="list-style-type: none"> • Chapter 3: The Balance Sheet and Financial Disclosures • Week 3: Working the Problem
Lectures	<ul style="list-style-type: none"> • The Balance Sheet and Financial Disclosures
Discussion	<p>Theory:</p> <p>Chapter 1 stressed the importance of the financial statements in helping investors and creditors predict future cash flows, and then Chapter 2 presented basic financial statements in the review of the accounting cycle. Now, you are</p>

	<p>ready for a deeper dive into understanding the different classifications of items within the primary financial statements, as well as their related disclosures.</p> <p>Discuss:</p> <p>The balance sheet does not portray the market value of the entity. A company's book value (shareholders' equity) will likely be less than its market value as measured by the market value of its shares outstanding. Discuss the difference between market value and book value. Why do these two different values exist? What assumption or principle promotes having two values.</p> <p>Comprehension:</p> <p>Using EDGAR (www.sec.gov) Obtain the 10K for the most current year for a publicly-traded company in the industry that you would like to or currently work in (stay away from common companies such as Walmart and Target please)</p> <p>Review the financial statement and disclosures. Choose two disclosures from the 10-k and provide a detailed explanation of what the disclosure states, why it needed to be disclosed, and what effect it had on the actual financial statements.</p> <p>Next, calculate one liquidity and one solvency ratio for your publicly-traded company and explain what information this ratio provides the decision-maker?</p> <p>Please attach your 10-k to the discussion so others can view it.</p> <p>Response:</p> <p>Respond to two of your peers by calculating an additional ratio for their company and explaining what the ratio provides to the decision-makers.</p> <p>Save your 10-k as we will return to this in future weeks.</p>
Assignments / Application	Connect Assignment
Quiz	Refer to your course

Week 4**The Income Statement and Statement of Cash Flows**

Outcomes	<ul style="list-style-type: none"> • Discuss the importance of income from continuing operations and describe its components • Describe earnings per share (EPS) and explain the required disclosures of EPS for certain income statement components • Explain the difference between net income and comprehensive income and how we report components of the difference • Prepare the income statement and the statement of cash flows.
Readings	<ul style="list-style-type: none"> • Chapter 4: The Income Statement, Comprehensive Income, and the Statement of Cash Flows • Week 4: Working the Problem
Lectures	<ul style="list-style-type: none"> • The Income Statement, Comprehensive Income, and the Statement of Cash Flows
Discussion	<p>Theory:</p> <p>The income statement summarizes the changes in net assets (and therefore shareholders' equity) during the period from transactions with <i>nonowners</i>. These transactions are referred to as revenues, expenses, gains, and losses. Revenues and gains represent increases in net assets ($\Delta SE > 0$), while expenses and losses represent decreases in net assets ($\Delta SE < 0$). This discussion of revenues, expenses, gains, and losses as changes in net assets (or changes in shareholders' equity) also ties back to the definition of these elements in the conceptual framework in Chapter 1.</p> <p>The exception to the previous discussion about what gets included in the income statement is that there are <i>a few</i> transactions with nonowners that affect net assets but are not reported in the income statement. We report these gains and losses as other comprehensive income (OCI). And just like revenues, expenses, gains, and losses in the income statement accumulate in a single equity account—Retained Earnings—items included as other comprehensive income accumulate in a separate shareholders' equity account—Accumulated Other Comprehensive Income (AOCI). Thus, AOCI and Retained Earnings serve essentially the same role by accumulating the effects over time of transactions with nonowners.</p> <p>Discuss:</p> <p>Using a least one outside source research and explain why we use OCI and AOCI. Why don't we run all of these transactions through net income and into retained earnings? Does the conceptual framework provide clarification to justify where items are classified?</p> <p>Explain FASB's view on OCI and AOCI.</p> <p>Comprehension:</p>

	<p>Refer back to your 10-k and identify if OCI and AOCI are present in your financial statements? Is there a disclosure note attached to this item? If so what does it say (feel free to copy and paste the disclosure note).</p> <p>Describe earnings per share (EPS) and explain the required disclosures of EPS for certain income statement components. Using your 10-k identify the EPS and the disclosures associated with EPS. Why is EPS important to decision-makers?</p> <p>Response:</p> <p>Respond to at least 2 peer's by further discussing OCI and AOCI as it relates to the financial statements or the accounting industries view of OCI and AOCI.</p>
Assignments	Connect Assignment
Quiz	Refer to your course

Week 5 Revenue Recognition, Profitability Analysis	
Outcomes	<ul style="list-style-type: none"> Identify the disclosures required for revenue recognition, accounts receivable, contract assets, and contract liabilities Allocate a contract's transaction price to multiple performance obligations. Discuss the net vs gross methods of recognizing revenue.
Readings	<ul style="list-style-type: none"> Chapter 6: Revenue Recognition and Profitability Analysis Week 5: Working the Problem
Lectures	<ul style="list-style-type: none"> Revenue Recognition and Profitability Analysis
Discussion	<p>Theory:</p> <p>Most of you have probably have purchased merchandise via the Internet. You can buy products from many companies online. Some of these companies, such as Amazon, often act merely as intermediaries between the manufacturer and the consumer. Revenue recognition for this type of transaction has been controversial. If Amazon sells something to a customer for \$100 that costs \$80, the profit on the transaction is clearly \$20. But should Amazon recognize \$100 in revenue and \$80 in cost of goods sold (the</p>

	<p>gross method), or should it recognize only the \$20 in gross profit (the net method)?</p> <p>Discuss: Research the implications of one reporting method versus the other. Why should it make a difference? What factors might dictate whether or not Amazon should recognize the transaction gross versus net? Discuss the primary differences between U.S. GAAP and IFRS with respect to revenue recognition?</p> <p>Comprehension Access Amazon's most recent financial statements using Edgar (www.sec.gov). Review Amazon's disclosure notes regarding gross versus net recognition and discuss the contents of the note.</p> <p>Review your 10-k and determine if the organization is using the net or gross method. Discuss the disclosure note necessary to offer transparency.</p> <p>Response: Respond to at least 2 peers by further discussing the pro/cons of each reporting method and/or whether GAAP or IFRS method of recognizing revenue is "better".</p>
Assignments /Application	Connect Assignment
Quiz	Refer to your course

Week 6	Cash and Receivables
Outcomes	<ul style="list-style-type: none"> Define what is meant by internal control and describe some key elements of an internal control system for cash receipts and disbursements Differentiate between the use of receivables in financing arrangements accounted for as a secured borrowing and those accounted for as a sale Discuss the deficiency types associated with Auditing Standard No. 2 Describe the variables that influence a company's investment in receivables and calculate the key ratios used by analysts to monitor that investment.
Readings	<ul style="list-style-type: none"> Chapter 7: Cash and Receivables

Lectures	<ul style="list-style-type: none"> • Cash and Receivables • Week 6: Working the Problem
Discussion	<p>Theory The PCAOB's <i>Auditing Standard No. 2</i> requires that the auditor form an opinion on the effectiveness of controls. If any deficiencies exist, they should be reported in writing to management and the audit committee. The existence of a material weakness requires the issuance of an adverse opinion. There are three types of possible deficiencies.</p> <p>Discuss Research Auditing Standard No. 2 (www.pcaobus.org) and list and describe the three types of deficiencies. Next offer at least one example of one of the deficiency types.</p> <p>Comprehension Choose a company in the same industry as your 10-k company. Obtain the 10-k for the second company. Compute the current year's average collection period for each company. Explain the difference between the two companies. Compare the relationship between gross receivables, the allowance for uncollectible, the receivables turnover ratio, and the average collection period for both companies. Discuss the differences and your opinion on these differences.</p> <p>Response: Respond to at least 2 peers by comparing your 2 companies to the 2 companies they reported on. What are the differences and why? With the limited information of the 4 companies which one "looks" better on paper for an investor? Why?</p>
Assignments/ Application	Connect Assignment
Quiz	Refer to your course

Week 7**Inventories: Measurement**

Outcomes	<ul style="list-style-type: none"> • Differentiate between the specific identification, FIFO, LIFO, and average cost methods used to determine the cost of ending inventory and cost of goods sold • Calculate the key ratios used by analysts to monitor a company's investment in inventories • Discuss the primary difference between U.S. GAAP and IFRS with respect to inventory. • Explain the appropriate accounting treatment required when a change in inventory method is made or when an inventory error is discovered
Readings	<ul style="list-style-type: none"> • Chapter 8: Inventories: Measurement •
Lectures	<ul style="list-style-type: none"> • Inventories: • Week 7: Working the Problem
Discussion	<p>Theory</p> <p>There are many different alternatives to be discussed in Chapters 8 and 9 for inventory (periodic vs. perpetual, gross vs. net, FIFO vs. LIFO, LCM vs. LCNRV, gross profit method vs. retail inventory method, various forms of retail inventory method).</p> <p>Chapter 8 covers recording the <i>purchase/sale</i> of inventory using historical cost measurement and assumptions that are made in <i>reporting</i> those costs. Chapter 9 discusses year-end <i>valuation adjustments</i> and <i>estimates</i> that are made to those costs.</p> <p>Discuss</p> <p>IFRS and GAAP have very different policies regarding inventory. Using at least 1 outside source, discuss the differences between IFRS and GAAP.</p> <p>Comprehension</p> <p>Using your 10-k offer the following information:</p> <p>Using your company's 10-k offer the following information:</p> <ol style="list-style-type: none"> 1. Determine the company's primary products and activities. 2. Using the data provided in the income statement and balance sheet, determine what the company's cost of goods sold (cost of sales) for the most recent year would have been if the company had used FIFO instead of LIFO to value its inventories. 3. Access the second company (from week 6) most recent annual report using EDGAR. 4. Determine the company's primary products and activities.

	<ol style="list-style-type: none"> Using the data provided in the income statement and balance sheet, determine what the company's cost of goods sold (cost of sales) for the most recent year would have been if the company had used FIFO instead of LIFO to value its inventories. Which company has the higher gross profit ratio and the higher inventory turnover ratio? Compare the above information for the two companies. As an investor, you can invest in one company over the other. Explain which company you would invest in and why? <p>Response:</p> <p>Focus your response to 2 of your peers on part 7 of the questions above. Do you think they picked the correct company to invest in? Are there other factors that they should look at before making this decision? Identify one or more benefits of investing in the opposite company they picked.</p>
Assignments /Application	Connect Assignment
Quiz	Refer to your course

Week 8 Inventories: Additional Issues	
Outcomes	<ul style="list-style-type: none"> Apply the lower-of-cost and net realizable value rule used to value inventories Estimate ending inventory and cost of goods sold using the gross profit method and retail inventory method. Explain the difference between lower of cost and net realizable value and lower of cost or market. Determine ending inventory using the dollar-value LIFO retail inventory method Explain the appropriate accounting treatment required when a change in inventory method is made or when an inventory error is discovered
Readings	<ul style="list-style-type: none"> Chapter 9: Inventories: Additional Issues
Lectures	<ul style="list-style-type: none"> Week 8: Inventories: Additional Issues
Discussion	<p>Theory</p> <p>Conservatism and LCNRV—The FASB recently began requiring companies (other than those that use LIFO or the retail inventory method) to report inventory at the lower of cost and net realizable value (LCNRV). LCNRV provides a clear</p>

	<p>example of conservatism in accounting. When NRV falls below cost, we record the bad news. On the other hand, when NRV is above cost, we don't record the good news.</p> <p>Conservatism and LCM—Until recently, all companies were required to report inventory at the lower of cost or market (LCM). Now, however, only companies that use LIFO or the retail inventory method are required to use LCM. Market (1) cannot exceed NRV or (2) be less than NRV minus a normal profit margin. An easy way to apply this requirement is to put replacement cost, NRV, and NRV minus a normal profit margin in order from highest to lowest dollar value. Whichever appears in the middle is the correct choice.</p> <p>Discuss:</p> <p>FASB has not provided a conceptual explanation for why LCNRV is more appropriate for one set of companies, while LCM is more appropriate for another set. The FASB's recent proposal to move all companies to LCNRV (and near convergence with IFRS) failed? Research this failed proposal and using at least one outside source discuss the failure (ie who was involved, what happen, why it failed)</p> <p>Comprehension</p> <p>Using your 10-k complete the following:</p> <ol style="list-style-type: none"> 1. Identify and explain the method(s) used to value inventories. 2. Assume that in the most recent fiscal year, the company discovered that last year's ending inventory was overvalued by \$10 million due to a mathematical error and: <ol style="list-style-type: none"> A. Describe the accounting treatment of the error. <ol style="list-style-type: none"> a. Determine the effect of the error on income before taxes for the current and prior years. 3. Assume that the company decided to switch its inventory method to FIFO. Explain the accounting treatment for the change. <p>Response:</p> <p>No responses required this week</p>
Assignments / Application	Connect Assignment

Grading and Evaluation

Your grades will reflect the way in which you present and support your topics and positions in the various learning activities used in this course. The grades will be based on the quality and quantity of your comments and responses in the various activities.

Be sure to review the discussion and assignment rubrics in the course for specific grading criteria.

The various graded activities are weighted as follows:

Course Element	% of Final Grade
Assignments	35%
Discussions	40%
Quizzes	25%
Total	100%

Students will be expected to meet all the deadlines of the class as indicated throughout the course and in the syllabus. This is primarily so we don't get behind in the course. In addition, discussions cannot overlap from one week to the next. This is to ensure that all discussions and submissions take place within the week they are scheduled in order to be of value to the entire class as well as to help you not get behind. If there are extenuating circumstances, you will need to communicate that to the instructor and make arrangements accordingly, if appropriate.

Late Assignments: Exceptions are to be determined by the instructor on a case-by-case basis. There will be no opportunities for extra credit.

Learner Success Guidelines

These guidelines are provided to help you succeed in your coursework:

- Participate in the class introduction activity on the first day of class.
- Submit ALL assignments by the posted due dates and times.
- Check your emails daily.
- Contact Portal Help for login problems or Canvas Help for technical issues with Canvas.
- Participate fully in all threaded discussions.
- Contact your instructor if you have questions about an assignment or need additional help completing your work successfully.

Academic dishonesty is grounds for dismissal from the program.

Academic Policies

The following Academic Policies can be found in the [Student Resource Center](#).

- Grading Criteria
- Reasonable Accommodations Policy

- Student Attendance Policy
- Academic Honesty and Integrity Policy
- Student Engagement and the Granting of Academic Credit
- Copyright Policy

Caveat

The above schedule, content, and procedures in this course are subject to change. All policies are superseded by the latest College Catalog available on our website: <https://www.cambridgecollege.edu/student-rights-complaints-grievances/student-code-conduct>

Disclaimer

As a disclaimer, any materials in or related to this course are provided for educational purposes only and not for the purpose of providing any legal, financial, accounting, tax or other professional advice or services. The information provided in this class is of a general nature, and it cannot substitute for the advice of a licensed professional in any respect. The application and effect of laws may vary widely depending on the specific facts and jurisdiction, and no representation or warranty is made with respect to the accuracy of any materials in or related to the course. Accordingly, the information provided is solely for general educational purposes.

