

## Intermediate Accounting II (ACNT 2404)



**Credit:** 4 semester credit hours (3 hours lecture, 2 hours lab)

**Prerequisite/Co-requisite:** ACNT 2303 and ACNT 2309 with at least a grade of “C”.

### Course Description

Continued in-depth analysis of generally accepted accounting principles underlying the preparation of financial statements including comparative analysis and statement of cash flows.

### Required Textbook and Materials

1. *Using Financial Accounting Information: The Alternative to Debits & Credits, 5<sup>th</sup> Edition* by Curtis L. Norton and Gary A. Porter.
  - a. ISBN number is 0-324-64510-4.
2. Blackboard 8.0 Access.

### Course Objectives

Upon completion of this course, the student will be able to:

1. Prepare and analyze financial statements with emphasis on the income statement, retained earnings statement, and statement of cash flow. (SCANS: C5, C6, C7, C15, F2, F3)
2. Identify and apply concepts in measuring, recording and reporting stockholder's equity and earnings per share. (SCANS: C5, C6, C7, C15, F1, F2, F3, F4, F8)
3. Analyze complex transactions affecting liability and equity accounts. (SCANS: C5, C6, C7, C8, C15, F1, F2, F3, F4, F8)

### SCANS Skills and Competencies

Beginning in the late 1980's, the U.S. Department of Labor Secretary's Commission on Achieving Necessary Skills (SCANS) conducted extensive research and interviews with business owners, union leaders, supervisors, and laborers in a wide variety of work settings to determine what knowledge workers needed in order to perform well on a job. In 1991 the Commission announced its findings in *What Work Requires in Schools*. In its research, the Commission determined that “workplace know-how” consists of two elements: foundation skills and workplace competencies.

### Course Outline

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| A. Accounting as a Form of Communication <ol style="list-style-type: none"><li>1. What is Accounting?</li><li>2. Users of accounting information and their needs</li></ol> | <ol style="list-style-type: none"><li>3. Financial statements: how accountants communicate</li><li>4. Looking at financial statements for a real company</li><li>5. The conceptual framework: foundation for financial statements</li></ol> |
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Approved 01/2010

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6. Introduction to ethics in accounting
7. The accounting profession
- B. Financial Statements and the Annual Report
  1. Objectives of financial reporting
  2. What makes accounting useful?  
Qualitative characteristics
  3. The classified balance sheet
  4. Using a classified balance sheet:  
Introduction to ratios
  5. The statement of retained earnings
  6. The statement of cash flows
  7. Using the ratio decision model:  
analyzing the current ratio
  8. Using the ratio decision model:  
analyzing the profit margin
- C. Processing accounting information
  1. Economic events: the basis for recording transactions
  2. What is an account?
  3. Processing accounting information
- D. Income Measurement and Accrual Accounting
  1. Recognition and measurement in financial statements
  2. The accrual basis of accounting
  3. Accrual accounting and adjustments
  4. The accounting cycle
- E. Inventories and Cost of Goods Sold
  1. The nature of inventory
  2. The income statement for a merchandiser
  3. Net sales of merchandise
  4. The cost of goods sold
  5. Inventory valuation and the measurement of income
  6. Inventory costing methods with a periodic system
  7. Valuing inventory at lower of cost or market
  8. Methods for estimating inventory value
  9. Analyzing the management of inventory
- F. Cash and Internal Control
  1. What constitutes cash?
  2. Control over cash
  3. An introduction to internal control
4. Computerized business documents and internal control
- G. Investments and Receivables
  1. Accounting for investments
  2. Investments in highly liquid financial instruments
  3. Investments in stocks and bonds
  4. Accounts receivable
  5. The accounts receivable turnover ratio
  6. Notes receivable
  7. Accelerating the inflow of cash from sales
  8. How liquid assets affect the statement of cash flows
- H. Operating Assets: Property, Plant and Equipment, Natural Resources, and Intangibles
  1. Operating assets: property, plant and equipment
  2. Operating assets: natural resources
  3. Operating assets: intangible assets
  4. How long-term assets affect the statement of cash flows
  5. Analyzing long-term assets for average life and asset turnover
- I. Current Liabilities, Contingencies, and the Time Value of Money
  1. Current liabilities
  2. Contingent liabilities
  3. Time value of money concepts
- J. Long-Term Liabilities
  1. Balance sheet presentation
  2. Bonds payable
  3. Liability for Leases
  4. Analyzing debt to assess a firm's ability to pay its liabilities
  5. How long-term liabilities affect the statement of cash flows
  6. Using the ratio decision model:  
analyzing the debt-to-equity and times interest earned ratios
- K. Stockholder's Equity
  1. An overview of stockholder's equity
  2. What is preferred stock?
  3. Issuance of stock
  4. What is treasury stock?
  5. Retirement of stock

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6. Dividends: distribution of income to shareholders
  7. Statement of stockholder's equity
  8. What is comprehensive income?
  9. What analyzing stockholder's equity reveals about a firm's value
  10. Using the ratio decision model: analyzing book value per share
  11. How changes in stockholder's equity affect the statement of cash flows
- L. The Statement of Cash Flows
1. Cash flows and accrual accounting
  2. Purpose of the statement of cash flows
3. Reporting requirements for a statement of cash flows
  4. How the statement of cash flows is put together
  5. The use of cash flow information
  6. Using the ratio decision model: Analyzing cash flow adequacy
- M. Financial Statement Analysis
1. Analysis of comparative and common-size statements
  2. Liquidity analysis and the management of working capital
  3. Solvency analysis
  4. Profitability analysis

**Grade Scale**

90 – 100	A
80 – 89	B
70 – 79	C
60 – 69	D
0 – 59	F

**Course Evaluation**

Final grades will be calculated according to the following criteria:

1. Four Unit Exams	70%
2. Four Unit Assignments	15%
3. Comprehensive Final Project	15%

**Course Requirements**

1. Satisfactory completion of the full accounting cycle for a business and prepare its formal financial statements for multiple accounting periods.
2. Satisfactory understanding of the Ratio Decision Model and analysis of financial statements through the use and interpretation of ratios.
3. Purchase required materials including textbook and any supplements.

**Course Policies**

1. No food, drinks, or use of tobacco products in class.
2. Beepers, telephones, headphones, and any other electronic devices must be turned off while in class.
3. Do not bring children to class.

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4. Late assignments will not be accepted. Problems and projects may be submitted early but will not be graded if they are late. Students that miss a problem or project due date will receive a grade of '0'.
5. Attendance Policy: Attendance will be taken each class period. If a student is tardy to class or misses a class altogether, that student is still responsible for all work and/or discussion missed. It is the student's responsibility to determine what it is he or she missed, not the instructor's. The best source of missed material or assignments is a classmate.
6. Classroom Policy: Classroom computers are to be used exclusively for educational purposes during the scheduled class period. Unauthorized use of the internet is prohibited, such as social networking (MySpace, Facebook, etc.), gaming, music download sites and pornography.
7. If you wish to drop a course, the student is responsible for initiating and completing the drop process. If you stop coming to class and fail to drop the course, you will earn an 'F' in the course.
8. Additional class policies as defined by the individual course instructor.

**Disabilities Statement**

The Americans with Disabilities Act of 1992 and Section 504 of the Rehabilitation Act of 1973 are federal anti-discrimination statutes that provide comprehensive civil rights for persons with disabilities. Among other things, these statutes require that all students with documented disabilities be guaranteed a learning environment that provides for reasonable accommodations for their disabilities. If you believe you have a disability requiring an accommodation, please contact the Special Populations Coordinator at (409) 880-1737 or visit the office in Student Services, Cecil Beeson Building.

**Course Schedule**

<b>Week of</b>	<b>Topic</b>	<b>Reference</b>
Week 1	Course Introduction and Policies; Using Blackboard and the Course Website; Chapter 1: Accounting as a Form of Communication	pp. 12 – 57
Week 2	Chapter 2: Financial Statements and the Annual Report Chapter 3: Processing Accounting Information	pp. 58 – 103 pp. 104 – 151
Week 3	Chapter 4: Income Measurement and Accrual Accounting Unit One Assignment Due	pp. 152 – 201
Week 4	Unit One Exam on Chapters 1-4	

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<b>Week of</b>	<b>Topic</b>	<b>Reference</b>
Week 5	Chapter 5: Inventories and Cost of Goods Sold	pp. 202 – 269
Week 6	Chapter 6: Cash and Internal Control Chapter 7: Investments and Receivables Unit Two Assignment Due	pp. 270 – 303 pp. 304 – 347
Week 7	Unit Two Exam on Chapters 5-7	
Week 8	Chapter 8: Operating Assets Unit Two Assignment Due	pp. 348 – 391
Week 9	Chapter 9: Current Liabilities, Contingencies and the Time Value of Money	pp. 392 – 453
Week 10	Chapter 10: Long-Term Liabilities Unit Three Assignment Due	pp. 454 - 497
Week 11	Unit Three Exam on Chapters 8-10	
Week 12	Chapter 12: The Statement of Cash Flows	pp. 550 – 611
Week 13	Chapter 13: Financial Statement Analysis Unit Four Assignment Due	pp. 612 – 672
Week 14	Unit Four Exam on Chapters 12&13	
Week 15	Lab Days for Final Project	
Week 16	Comprehensive Final Project Due	