



MASTER COURSE OUTLINE

A. ACCT 2020 Applied Intermediate Accounting

B. COURSE DESCRIPTION:

The content of this course covers an overview of the accounting process, the balance sheet, the income statement, the statement of cash flows, time value of money, internal controls, cash, receivables, inventories, long-term operational assets, investments in debt and equity securities, current liabilities, long-term notes, and lessee accounting. The focus of this course is on the practical applications of accounting standards. Students are encouraged to take advantage of available computer software to assist them in computations. This course is part of the Associate in Applied Science Accounting degree, which is accredited by the Accreditation Council for Business Schools and Programs (ACBSP). Prerequisites: ACCT 2011 and ACCT 2012 or instructor approval.

(4 Cr – 4 lect, 0 lab)

C. **Core Theme: Critical Thinking

D. MAJOR CONTENT AREAS:

- Fundamental accounting process used to produce financial statements
- Balance sheet and notes to the financial statements
- Income statement
- Statement of cash flows
- Revenue recognition, income measurement, and profitability analysis
- Time value of money concepts
- Internal control, classification of cash, and valuation of receivables
- Inventory identification, valuation, and estimation
- Long-term operational assets – acquisition, utilization, and disposition
- Investments in debt and equity securities – trading and available-for-sale methods
- Long-term notes
- Lessee accounting

E. GOAL TYPES, OBJECTIVES, AND OUTCOMES:

| <u>GOAL TYPE</u> | <u>OBJECTIVES</u> Students will be able to | <u>OUTCOMES</u> The student will successfully |
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| ** <u>Critical Thinking</u> | gather factual information and apply it to a given problem in a manner that is relevant, clear, comprehensive, and conscious of possible bias in the information selected. | 1. acquire information about a company and complete an accounting cycle simulation. |

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| <p><u>CS</u></p> | <p>apply the fundamental accounting process used to produce financial statements.</p> | <ol style="list-style-type: none"> 1. identify the four basic assumptions underlying GAAP. 2. identify the four broad accounting principles that guide accounting practice. 3. analyze routine economic events and transactions and record their effects on a company's financial position using the accounting equation format. 4. determine the required adjustments, record adjusting journal entries and prepare an adjusted trial balance. 5. prepare the four basic financial statements. 6. demonstrate the closing process. 7. convert from cash basis net income to accrual basis net income. |
| <p><u>CS</u></p> | <p>understand and apply accounting principles for the balance sheet and financial disclosures, and analyze the information provided by the balance sheet.</p> | <ol style="list-style-type: none"> 1. distinguish among current and non-current assets and liabilities. 2. identify the various balance sheet asset classifications. 3. identify the various balance sheet liability classifications. 4. define the purpose of financial statement disclosures. 5. define the purpose of an audit and state the content of the audit report. 6. identify and calculate the common liquidity and financing ratios used to assess risk. |
| <p><u>CS</u></p> | <p>understand and apply accounting principles for the income statement and statement of cash flows.</p> | <ol style="list-style-type: none"> 1. summarize the importance of income from continuing operations and list its components. 2. define earnings quality and how it is impacted by management practices to manipulate earnings. 3. interpret the components of operating and non-operating income and their relationship to earnings quality. 4. apply the measurement and reporting requirements for a change in accounting principles. 5. apply the accounting treatments of changes in estimates and correction of errors. 6. define earnings per share (EPS) and required disclosures. 7. distinguish between net income and comprehensive income 8. identify the various classifications of cash flows presented in a statement of cash flows. 9. prepare the statement of cash flows. |
| <p><u>CS</u></p> | <p>understand and apply revenue recognition criteria and income measurement.</p> | <ol style="list-style-type: none"> 1. apply the key steps of the core revenue recognition principle. 2. determine when it is appropriate to recognize revenue at a single point in time versus over a period of time and allocate revenue for multiple performance obligation contracts. |

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| | | <ol style="list-style-type: none"> determine revenue recognition for prepayments, warranties, right of return, licenses, franchises, consignments and gift cards. |
| <u>CS</u> | apply time value of money concepts. | <ol style="list-style-type: none"> define the differences between simple and compound interest. compute the present value and future value of a single amount. compute the present value and future value of an ordinary annuity, an annuity due, and a deferred annuity. solve for unknown values in situations involving time value of money. |
| <u>CS</u> | understand the key issues of internal control, and apply accounting principles for the classification of cash and valuation of receivables. | <ol style="list-style-type: none"> define what is meant by internal control and key elements of an internal control system for cash receipts and disbursements. list the possible restrictions on cash and their implications for classification on the balance sheet. distinguish between the gross and net methods of accounting for cash discounts. demonstrate the accounting treatment for merchandise returns. apply the accounting treatment of anticipated uncollectible accounts receivable. apply the two approaches to estimating bad debts. demonstrate the accounting treatment of short-term notes receivable. identify the variables that influence a company's investment in receivables and calculate the key ratios used by analysts to monitor that investment. |
| <u>CS</u> | apply measurement principles and reporting procedures involving inventory and the related expense (cost of goods sold) and analyze key inventory ratios. | <ol style="list-style-type: none"> compare and contrast the difference between a perpetual inventory system and a periodic inventory system. determine which physical quantities of goods should be included in inventory. determine the expenditures that should be included in the cost of inventory. differentiate between the specific identification, first in, first out (FIFO), last in, first out (LIFO), and average cost methods used to determine the cost of ending inventory and cost of goods sold. identify the factors affecting a company's choice of inventory method. summarize the supplemental LIFO disclosures and the effect of LIFO liquidations on net income. calculate the key ratios used by analysts to monitor a company's investment in inventories. |

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| <p><u>CS</u></p> | <p>apply inventory valuation methods, inventory estimation techniques, and analyze the effects of inventory errors and how to correct them.</p> | <ol style="list-style-type: none"> 1. apply rules for measurement of inventory at the end of the period. 2. estimate ending inventory and cost of goods sold using the gross profit method. 3. demonstrate the appropriate accounting treatment required when a change in inventory method is made. 4. apply the appropriate accounting treatment required when an inventory error is discovered. |
| <p><u>CS</u></p> | <p>understand and apply accounting principles for the valuation and disposition of operational assets, and analyze key performance measurement ratios.</p> | <ol style="list-style-type: none"> 1. identify the various costs included in the initial cost of property, plant, equipment, natural resources, and intangible assets. 2. determine the initial cost of individual operational assets acquired as a group for a lump-sum purchase price. 3. determine the initial cost of an operational assets acquired in non-cash exchanges. 4. calculate the fixed-asset turnover ratio used by analysts to measure how effectively managers use property, plant, and equipment. 5. identify the items included in the cost of a self-constructed asset and determine the amount of capitalized interest. 6. compare and contrast the difference in the accounting treatment of costs incurred to purchase intangible assets versus the costs incurred to internally develop intangible assets. |
| <p><u>CS</u></p> | <p>apply the allocation of cost of operational assets to the periods benefited by their use.</p> | <ol style="list-style-type: none"> 1. apply the concept of cost allocation as it pertains to operational assets. 2. determine periodic depreciation using both time-based and activity-based methods. 3. calculate the periodic depletion of a natural resource. 4. calculate the periodic amortization of an intangible asset. 5. apply the appropriate accounting treatment required when a change is made in the service life or residual value of an operational asset. 6. apply the appropriate accounting treatment required when a change in depreciation, amortization, or depletion method is made. 7. apply the appropriate accounting treatment required when an error in accounting for an operational asset is discovered. 8. interpret and apply the accounting treatment of repairs and maintenance, additions, improvements, and rearrangements to operational assets. |

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| <u>CS</u> | apply various approaches used to account for investments in the debt and equity securities. | <ol style="list-style-type: none"> 1. identify and account for investments classified for reporting purposes as trading securities. 2. identify and account for investments classified for reporting purposes as available- for-sale securities. |
| <u>CS</u> | understand and apply accounting principles for current liabilities (including accounts and notes payable, accrued liabilities, and other liabilities that are classified appropriately as current) and for loss contingencies. | <ol style="list-style-type: none"> 1. define liabilities and distinguish between current and long-term liabilities. 2. account for the issuance and payment of various forms of notes and record the interest on the notes. 3. characterize accrued liabilities and liabilities from advance collection and determine when and how they should be recorded. 4. determine when a liability can be classified as a non-current obligation. 5. identify situations that constitute contingencies and the circumstances under which they should be accrued. 6. demonstrate the appropriate accounting treatment for contingencies, including unasserted claims and assessments. 7. record payroll related liabilities. |
| <u>CS</u> | understand and apply the accounting principles for long-term liabilities. | <ol style="list-style-type: none"> 1. identify the underlying characteristics of debt instruments and describe the basic approach to accounting for debt. 2. characterize the accounting treatment of notes, including installment notes issued for cash or non-cash consideration. |
| <u>CS</u> | understand and apply accounting principles used in connection with the lessee side of accounting for leases. | <ol style="list-style-type: none"> 1. summarize the basis for each of the criteria used to classify leases. 2. record transactions associated with operating leases by both the lessor and lessee. 3. demonstrate how the lessee accounts for a finance lease. 4. determine when and how a lessee accounts for a lease by the short-cut method. |

F. SPECIAL INFORMATION:

This course may require use of the Internet, the submission of electronically prepared documents and the use of a course management software program. Students who have a disability and need accommodations should contact the instructor or the Student Success Center at the beginning of the semester. This information will be made available in alternative format, such as Braille, large print, or current media, upon request.

G. COURSE CODING INFORMATION: Course Code D/Class Maximum 30; Letter Grade

Revision date: 1/21/20

| *Riverland Community College Disciplines | MnTC Goal Number |
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| Communication (CM) | 1 |
| Natural Sciences (NS) | 3 |
| Mathematics/Logical Reasoning (MA) | 4 |
| History and the Social & Behavioral Sciences (SS) | 5 |
| Humanities and Fine Arts (HU) | 6 |

| **Riverland Community College Core Themes | MnTC Goal Number |
|--|-------------------------|
| Critical Thinking (CT) | 2 |
| Human Diversity (HD) | 7 |
| Global Perspective (GP) | 8 |
| Ethical and Civic Responsibility (EC) | 9 |
| People and the Environment (PE) | 10 |

*These five MnTC Goals have been identified as Riverland Community College Disciplines.

** These five MnTC Goals have been identified as Riverland Community College Core Themes.

NOTE: The Minnesota Transfer Curriculum “10 Goal Areas of Emphasis” are reflected in the five required discipline areas and five core themes noted in the Riverland Community College program of study guide and/or college catalog.