



**ACC 302 INTERMEDIATE ACCOUNTING II (3 credit hours)
Spring 2010**

Class Schedule:

Monday – Friday 9:00 AM – 4:00 PM

Apr. 19 – May 14, 2010

Instructor Information:

David Adams, BBA, MBA, CA, CPA, CMA (Hon.)

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Calendar Description:

This course examines current accounting standards with a particular emphasis on the liability/equity side of the balance sheet and some specialized areas of financial statement presentation. Specific topics include short and long-term liabilities, statement of changes in financial position, pensions, leases, income taxes, earnings per share, and accounting changes and error corrections. (*Prerequisite ACC 301*)

Overview of the Course:

ACC 302 is the second part of intermediate financial accounting designed for those students who have **successfully** completed an introductory financial accounting course and the first part of intermediate accounting. ACC 301 and ACC 302 together provide a comprehensive study of financial accounting and reporting and are the courses that cover most of the sections contained in the CICA Accounting Handbook which prescribes accounting standards to be used for financial reporting in Canada. There is a vast body of knowledge that must be mastered before you can account for the activities of an enterprise. Intermediate accounting is the essential course for gaining the technical skills and judgement you need to succeed. Although a few topics are covered in greater depth in advanced accounting courses, virtually every important corporate reporting topic is included in an intermediate accounting course. Mastery of the content of intermediate accounting is crucial for anyone who hopes to either use or prepare accounting information.

ACC 302 consists of more specialized topics. Debt and shareholders' equity issues are covered in Chapters 12-14. Accounting for income tax is covered in Chapters 15 & 16, with leases being the topic of Chapter 17. Pensions and post-retirement benefits are covered in Chapter 18, and Chapter

19 covers earnings per share material. Chapter 20 reviews accounting policy changes and error corrections that require restatement of one or more prior years' financial statements. Chapter 21 concludes with a review of financial statement analysis, and emphasizes the importance of accounting policy choice and disclosure in the analysis of published financial statements. The Cash Flow Statement is also again reviewed. The objectives for the course are as follows:

1. Students will understand and apply Canadian accounting principles to record, report and disclose financial information on liabilities and shareholders' equity including complex debt and equity instruments.
2. Students will understand and apply Canadian accounting principles to record, report and disclose financial information on corporate income taxes, tax losses, and leases.
3. Students will gain an understanding of Canadian disclosure requirements and related accounting for pensions and post retirement benefits.
4. Students will be able to understand and calculate earnings per share (dilutive and non-dilutive) for Canadian corporations.
5. Students will gain an understanding of situations requiring a restatement of financial statements and will perform analysis on financial statements of Canadian corporations.

Required Textbooks and Resources:

Intermediate Accounting, Beechy & Conrod, 4th Edition. McGraw-Hill Ryerson, Volume 2

Study Guide (Volume 2)

Online Learning Centre:

http://highered.mcgraw-hill.com/sites/0070978859/student_view0/index.html

Other: CICA Handbook – Accounting Recommendations

<http://edu.knotia.ca>

Course Requirements & Class Attendance:

The course combines *lectures and in-class problem solving*. To effectively work on problems in class you will need to read the assigned chapter prior to class. **Class attendance and keeping up to date on the material is critical to be successful in this course.** Assigned problems are required to be passed in for each chapter. To learn and understand the material you need to read each chapter thoroughly and complete the assigned problems. Additional solved problems are found at the end of each chapter and on the Online Learning Centre.

The midterm and final exams will be designed to test the conceptual understanding and procedural application of the material covered during the course, and will be patterned after the in-class and assigned exercises and problems. The following is a summary of all evaluation methods and relative weights for the course:

Evaluation Method	Weight	Date	Material/Due Date
Individual Assignments	15%	Assigned Weekly	TBA
Midterm Exam	35%	TBA	Chapters 12 – 14, 20
Final exam	50%	TBA	Chapters 12 - 21

Note: A minimum of 40% on the Final Exam is a requirement for successful completion of each course.

Examinations:

Graded final examinations will be available for supervised review at the request of the student.

Grading Scale:

The available letters for course grades are as follows:

<u>% Grade</u>	<u>Letter Grade</u>	<u>Description</u>
95% to 100%	A+	Excellent
90% to 94%	A	
85% to 89%	A-	Good
80% to 84%	B+	
76% to 79%	B	
72% to 75%	B-	
68% to 71%	C+	Satisfactory
64% to 67%	C	
60% to 63%	C-	
55% to 59%	D+	Minimal Pass
50% to 54%	D	
0% to 49%	F	Failure

Other Information:

It is the responsibility of all students to become familiar with and adhere to the academic policies as stated in the current Student Handbook and Academic Calendar. In particular, students are to note academic regulation #34 - Academic Dishonesty.

Personal information, that is information about an individual that may be used to identify that individual, may be collected as a requirement as part of taking this class. Any information collected will only be used and disclosed for the purpose for which the collection was intended. For further information contact the Privacy Compliance Officer at privacy@ambrose.edu.

Summary of Material to be Covered:

<u>Chapter</u>	<u>Topic</u>
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Review	Review of F/S concepts & preparation of F/S
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12	Liabilities
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- Theoretical foundation
- Contingencies and estimated liabilities
- Environmental liabilities
- Current liabilities
- Long-term debt and bonds payable
- Calculating bond prices (review of PV concepts)
- Subsequent changes in interest rates
- Bond premiums and discounts
- Preparing a bond amortization schedule
- Debt retirement
- Defeasance
- Foreign-currency denominated debt and other comprehensive income
- Disclosure, cash flow statement, international aspects

13	Shareholders' Equity
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- Theoretical foundation
- Moral foundation of a corporation
- Issuance of share capital
- Retirement of share capital and treasury stock
- Retained earnings
- Dividend distribution
- Stock dividends and stock splits
- Other equity components, disclosures, and cash flow statement
- Partnership Equity (handout)
 - Nature of a partnership
 - Creation and termination of a partnership
 - General and limited partnership
 - Partnership contribution and profit distribution
 - Admission, retirement, and withdrawal or death of a partner
 - Liquidation of a partnership
 - Financial statement presentation

- 14** **Complex Debt and Equity Instruments**
- Classification issues
 - Debt convertible at the investor's option
 - Debt convertible at the issuer's option
 - Accounting for stock options
 - Deferred compensation agreements
 - F/S Disclosures including accumulated other comprehensive income
 - Cash flow statement considerations

- 20** **Restatements**
- Theoretical foundation
 - Accounting for changes
 - All-inclusive earnings versus current operating performance
 - Retroactive treatment with restatement
 - Retroactive treatment without restatement
 - Prospective approach
 - Disclosure & Cash flow statement effects

MIDTERM EXAM (35%) Chps 12 – 14 & 20

- 17** **Accounting for Leases**
- Theoretical foundation
 - Leasing versus owning
 - Classifying leases - Capital vs. operating leases
 - Lease accounting: Lessee
 - Financial statement disclosures for lessees
 - Lease accounting: Lessor
 - Financial statement disclosures for lessors

- 18** **Pensions & Other Post-Retirement Benefits**
- Nature of pensions
 - Defined contribution plans
 - Pension funding methods
 - Pension obligations and assets
 - Determining pension expense
 - Pension plan liability recognition
 - Post-retirement benefits, cash flow, and disclosure

- 15** **Accounting for Corporate Income Taxes**
- Intraproduct tax allocation
 - Permanent and temporary differences
 - Accounting alternatives
 - Tax allocation — Canadian practice
 - Investment tax credits

- Disclosure and cash flow statement

16 Accounting for Tax Losses

- Tax losses
 - Loss Carrybacks
 - Loss Carryforwards
- Disclosure and cash flow statement

19 Earnings per Share

- Theoretical foundation
- Earnings per share: Basic
- Earnings per share: Diluted
- Earnings per share: Reporting requirements
- Interpreting earnings per share
- Canadian vs. International approaches

21 Financial Statement Analysis

- Capital markets
- Accounting policy choices
- Horizontal and vertical analysis
- Strategic analysis
- Ratio analysis

Cash Flow Statement – Appendix 1

- Cash flow statement revisited

FINAL EXAM (50%) Chps 12 – 21 (including Appendix 1)