

## COURSE OUTLINE

Intermediate Accounting II

Course Title

BA 219

Dept. & Course No.

I. COURSE DESCRIPTION:

This course covers accounting theories and components of financial statements. It includes a study of accounting's conceptual framework, the accounting process, financial statement analysis, time value of money, and special problems in income determination and other dimensions of financial reporting. It also emphasizes the applications of generally accepted accounting principles to these components and to reporting procedures.

II. SEMESTER CREDITS: 3

III. CONTACT HOURS PER WEEK: 2      3      5  
Lecture      Lab      Total

IV. PREREQUISITE: BA 212

V. STUDENT LEARNING OUTCOME:

VI. COURSE CONTENT:

Upon completion of this course, the student will be able, with 65% accuracy, to:

1. Identify assets that should be classified as natural resources or intangible assets.
  - A. Natural Resources, Intangible Assets & Long-Term Investments
    1. Mineral deposits, oil reserves
    2. Patents, rights, leasehold, goodwill and trademarks
  - B. Liabilities
    1. Current
    2. Long-term
    3. Contingent
    4. Estimated
  - C. Characteristics, Organization & Management of a Corporation
    1. Stock certificates and transfer of stocks
    2. Par value stock and minimum legal requirement
    3. Partnership characteristics
    4. Partnership accounting and allocation of earnings between and among partners
  - D. Corporate Transactions
    1. Corporate dividends and other transactions
    2. Purchase a reissuance of treasury stocks
2. Identify liabilities; differentiate between current and long-term liabilities.
3. Explain the characteristics of the corporate form of business organization; record issuance of par value and no-par value stocks; explain concepts of mutual agency and unlimited liability of a partnership.
4. Explain stock dividends and stock splits; explain their effects on a corporation's assets and stockholder's equity.

5. Calculate the payments on an installments note payable and describe their effects on financial statement; describe bonds; prepare entries to record bond issuance and retirement.

6. Calculate cash inflows and outflows; prepare a statement of cash flows.

7. Explain, prepare, and interpret comparative financial and common-size statements; calculate different ratios to evaluate short-term liquidity, long-term risk and capital structure, and operating efficiency and profitability.

8. Describe the difference between financial and managerial accounting; illustrate financial statements of a manufacturing and merchandising companies.

9. Explain the type manufacturing operations in which job order cost accounting systems are used; illustrate the use of the job cost sheet.

#### E. Installment Notes Payable and Bonds

1. Notes and accrued interest payment
2. Equal payments of principle
3. Bonds:
  - a. Interest rate
  - b. Discount
  - c. Premium
  - d. Retirement

#### F. Reporting and Using Cash Flows in Decision-Making

- a. Direct Methods
- b. Indirect Methods
1. Cash transactions:
  - Operating Activities
  - a. Investing activities
  - b. Financing activities

#### G. Analyze Financial Statement

1. Percent of increase/decrease
2. Trend percentage
3. Common-size comparative statements and ratios

#### H. Managerial Accounting & Cost Accounting Concepts.

1. Financial statements for manufacturing and merchandising businesses
2. Period and product costs
3. Manufacturing statement
  - a. Direct material
  - b. Direct labor
  - c. Factory overhead
  - d. Goods in process

#### I. Job Order Cost Accounting System

1. Job order manufacturing operations
  - a. Job cost sheet
  - b. Material, labor and overhead cost flows and related documents.
  - c. Under-applied and over-applied factory overhead.

10. Describe the process of accumulating direct materials, direct labor and manufacturing overhead cost; prepare entries to record the flow of costs in a process cost—an accounting system

#### J. Process Cost Accounting

1. Manufacturing operations and cost accumulation for each process
  - a. Material cost
  - b. Labor cost
  - c. Factory overhead cost
2. Equivalent units of production
3. Entries to transfer
  - a. Goods between debts
  - b. Cost to finished goods inventory and cost of goods sold.

#### VI. MATERIALS AND EQUIPMENT

- A. Routine classroom materials
- B. Workbook(student furnished)
- C. Mini calculator(student furnished)
- D. Foot ruler(student furnished)
- E. TV and VCR
- F. Films

#### VII. TEXT(S) AND REFERENCE(S)

- A. Text:  
Larson, Kermit D. et al. Fundamental Accounting Principles Volume II, Chapter 13 – 25, 14<sup>th</sup> Edition, Austin, Texas: Irwin Professional Publishing 1996
- B. References:  
Needles, Berverd E., Jr. et al. Principles of Accounting 4<sup>th</sup> Edition, Boston, Massachusetts: Houghton Mifflin Company 1990.

#### VIII. METHODS OF INSTURCTION:

- A. Lecture
- B. Discussion
- C. Board work: problem solving illustration
- D. Individual/group activities (seatwork/lab)
- E. Guest speakers
- F. Show films and discuss

IX. METHODS OF EVALUATION

Assignments .....	20%
Participation .....	10%
Tests .....	20%
Midterm .....	25%
Final Exam .....	<u>25%</u>
	100%

Transmutation of percent to letter-grade is as follows:

90 – 100%	.....	A
80 – 89%	.....	B
70 – 79%	.....	C
65 – 69%	.....	D
0 – 64%	.....	F

## TASK LIST

BA 219 – INTERMEDIATE ACCOUNTING II  
Course No & Title

CREDIT:  $\frac{2}{\text{Lec.}}$   $\frac{1}{\text{Lab}}$   $\frac{48}{\text{Total Lab Hrs.}}$

<u>Task:</u>	<u>Time:</u>
<b>Objective # 1:</b> 1. Calculate and record depletion and amortization of natural resources and intangible assets.	4 hrs.
<b>Objective # 2:</b> 1. Journalize entries covering current and long-term liabilities.	3 hrs.
<b>Objective # 3 &amp; # 4:</b> 1. Determine the amount of minimum legal capitalization of a corporation and record issuance of par value and no-par value. 2. Allocate between or among partners gain or loss of a partnership; record entries in the journal. 3. Record in the journal a corporation's stock dividends and stock splits.	8 hrs.
<b>Objective # 5:</b> 1. Compute and journalize payment on an installment note payable. 2. Prepare entries to record bond issuance and retirement.	6 hrs.
<b>Objective # 6:</b> 1. Prepare a statement of cash flows.	3 hrs.
<b>Objective # 7:</b> 1. Prepare a comparative financial statement and common-size statements.	5 hrs.
<b>Objective # 8:</b> 1. Prepare a manufacturing statement for direct materials, direct labor, and factory overhead.	3 hrs.
<b>Objective # 9:</b> 1. Prepare a job cost sheet. 2. Record entries for direct materials, direct labor, and factory overhead. 3. Journalize entry to close the under-applied and over-applied factory overhead.	6 hrs.
<b>Objective # 10:</b> 1. Accumulate cost of direct materials, direct labor, and factory overhead for each process in Process Cost Accounting. 2. Compute equivalent units of production. 3. Record entries to take up cost of goods manufactured, entries to take up finished goods, and entries to take up cost of goods sold.	10 hrs.

**PALAU COMMUNITY COLLEGE  
INTERMEDIATE ACCOUNTING II (BA 219)  
STUDENT COMPETENCY PROFILE**

**Student's Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Instructor:** \_\_\_\_\_

**Directions:** This record is intended to serve as a method of noting student achievement of the competencies in BA 219 (Intermediate Accounting II). Please rate the student on the following competencies (circle one number for each competency). The numerical ratings of 5, 4, 3, 2, and 1 are not intended to represent the grading system of A, B, C, D, and F. The descriptions associated with each of the numbers focus on the level of student performance for each of the competencies listed below.

- Rating Scale:**
- 5 - Excellent
  - 4 - Above average
  - 3 - Average
  - 2 - Below average
  - 1 - Unacceptable

**Competency # 1.**

Numerical Value	Analyze and record transactions in corporation formation, earnings, dividends, and issuance of capital stock
5	<ol style="list-style-type: none"> <li>1. Discuss the characteristics of corporation, types of corporate stock, rights of stockholders, and the key components of stockholders equity.</li> <li>2. Describe the policies used in distributing dividends and show how to compute dividends payable.</li> <li>3. Analyze and journalize transactions for stock splits and stock dividends.</li> <li>4. Describe accounting and reporting for appropriated retained earnings.</li> <li>5. Record journal entries for issuing capital stock and discuss the record-keeping procedures for capital stock records.</li> </ol> <ul style="list-style-type: none"> <li>▪ Complete all the tasks with 90% - 100% of above accuracy.</li> </ul>
4	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 80% - 89% accuracy.</li> </ul>
3	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 70% - 79% accuracy.</li> </ul>
2	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 65% - 69% accuracy.</li> </ul>
1	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 64% or below accuracy</li> </ul>

Competency # 2.

Numerical Value	Demonstrate understanding on long-term bonds as source of financing and prepare entries to record their issuance and retirement.
5	<ol style="list-style-type: none"> <li>1. Describe the different types of bonds and discuss using bonds as a method of financing.</li> <li>2. Record bond issuance, interest payment, and interest accrual.</li> <li>3. Calculate and record periodic amortization of a bond premium and a bond discount.</li> <li>4. Record the transaction of a bond sinking fund.</li> <li>5. Record retirement of bonds payable.</li> </ol> <ul style="list-style-type: none"> <li>▪ Complete all the tasks with 90% - 100% of above accuracy.</li> </ul>
4	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 80% - 89% accuracy.</li> </ul>
3	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 70% - 79% accuracy.</li> </ul>
2	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 65% - 69% accuracy.</li> </ul>
1	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 64% or below accuracy</li> </ul>

Competency # 3.

Numerical Value	Describe the concepts and procedures for using and analyzing financial statements and discuss how relationships between individual items on the financial statements are used to measure the profitability, financial strength, and liquidity of the company.
5	<ol style="list-style-type: none"> <li>1. Use vertical and horizontal analysis techniques to analyze a comparative income statement, balance sheet, and statement of retained earnings.</li> <li>2. Use trend analysis to evaluate financial statements and to interpret the results of statement analyses through comparison with industry averages.</li> <li>3. Compute and interpret a company's financial ratios to measure profitability, operating results, and efficiency.</li> <li>4. Compute and interpret a company's financial ratios to measure financial strength and liquidity.</li> <li>5. Compute cash flows from operating, investing, and financing activities and prepare a statement of cash flows.</li> </ol> <ul style="list-style-type: none"> <li>▪ Complete all the tasks with 90% - 100% of above accuracy.</li> </ul>
4	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 80% - 89% accuracy.</li> </ul>
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1	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 64% or below accuracy</li> </ul>

Competency # 4.

Numerical Value	Discuss the underlying principles of internal control for purchases and cash payments and illustrate the use of voucher system as a tool of internal control.
5	<ol style="list-style-type: none"> <li>1. Discuss the principles of internal control and how the voucher system facilitates better internal control.</li> <li>2. Prepare and record vouchers in the register.</li> <li>3. Record payments for approved vouchers.</li> <li>4. Record payments involving purchases returns and allowances.</li> <li>5. Illustrate alternative methods to record purchases and purchases discounts.</li> </ol> <ul style="list-style-type: none"> <li>▪ Complete all the tasks with 90% - 100% of above accuracy.</li> </ul>
4	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 80% - 89% accuracy.</li> </ul>
3	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 70% - 79% accuracy.</li> </ul>
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1	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 64% or below accuracy</li> </ul>

Competency # 5.

Numerical Value	Demonstrate knowledge of accounting for manufacturing activities and show how job order cost system and process cost accounting system operate.
5	<ol style="list-style-type: none"> <li>1. Explain the basic elements of manufacturing costs and prepare a statement of cost of goods manufactured.</li> <li>2. Prepare a income statement, balance sheet, a worksheet for a manufacturing business.</li> <li>3. Explain how a job order cost accounting system and process cost accounting operates.</li> <li>4. Journalize the purchase and issuance of direct and indirect materials, maintain perpetual inventory records, record labor costs, compute overhead rates, and maintain job order costs sheets.</li> <li>5. Record the general journal entries of production costs and prepare the cost of production report.</li> </ol> <ul style="list-style-type: none"> <li>▪ Complete all the tasks with 90% - 100% of above accuracy.</li> </ul>
4	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 80% - 89% accuracy.</li> </ul>
3	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 70% - 79% accuracy.</li> </ul>
2	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 65% - 69% accuracy.</li> </ul>
1	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 64% or below accuracy</li> </ul>



Competency # 6.

Numerical Value	Demonstrate knowledge of controlling manufacturing costs through budget preparation and cost-revenue analysis for decision making.
5	<ol style="list-style-type: none"> <li>1. Discuss fixed, variable, and semi-variable costs and how they relate to changes in manufacturing activity.</li> <li>2. Prepare a fixed and flexible budget for manufacturing costs.</li> <li>3. Discuss the basic steps in the decision making process.</li> <li>4. Use relevant costs and revenue data in decision making.</li> <li>5. Apply decision making in five specific areas: (a) pricing, (b) purchasing new equipment, (c) discontinuing a product, (d) making or buying a part, (e) replacing equipment.</li> </ol> <ul style="list-style-type: none"> <li>▪ Complete all the tasks with 90% - 100% of above accuracy.</li> </ul>
4	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 80% - 89% accuracy.</li> </ul>
3	<ul style="list-style-type: none"> <li>▪ Complete 3 all the tasks with 70% - 79% accuracy.</li> </ul>
2	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 65% - 69% accuracy.</li> </ul>
1	<ul style="list-style-type: none"> <li>▪ Complete all the tasks with 64% or below accuracy</li> </ul>

I certify that the student has completed all the competencies in this course and has achieved ratings as show in each respective competency.

\_\_\_\_\_  
Instructor's Signature

\_\_\_\_\_  
Date