

Accounting 3 - Intermediate

Course Outcome Summary

Course Information

Organization	Madison Area Technical College
Developers	T.G. Thompson
Development Date	1/11/2002
Revised Date	11/5/2004
Course Number	10-101-121
Instructional Level	Associate Degree
Potential Hours of Instruction	72
Total Credits	4

Description

This intermediate-level course builds on the material covered in the Accounting Principles-1 and -2 courses. It expands on earlier coverage of both the income statement and balance sheet. Revenue recognition concepts and methods are covered. Emphasis is also placed on each classification of asset. This emphasis includes in-depth coverage of cash, receivables and inventory. Coverage also includes operational asset acquisition, depreciation, and disposal. Present value concepts are studied and applied. Excel spreadsheet software is used in this course.

Types of Instruction

Instruction Type	Contact Hours	Credits
Classroom Presentation	72	4

Textbooks

Spiceland, Sede, Tomessini. *Intermediate Accounting*. Irwin McGraw Hill. 2004. **Edition:** 3rd.

Learner Supplies

Financial calculator. **Manufacturer:** Texas Instruments BAII Plus preferred.

Prerequisites

Grade C or better in Accounting 2 - Principles (10-101-113)

Grade of C or better in Excel Beginning (10-103-133)

Grade of C or better in Math of Finance (10-804-122)

Exit Learning Outcomes

Core Abilities

- A. Ethics
- B. Mathematics

Competencies

A. Identify the users of accounting information

Linked Core Abilities

Ethics

Competence will be demonstrated:

A.1. by satisfactorily completes all homework assignments

A.2. by satisfactorily completes all exercises and makes corrections requested by instructor

A.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

A.1. you examine at least three external users of accounting information

A.2. you explain how accounting information is used in the organization

B. Explain the importance of accounting assumptions and principles

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

B.1. by satisfactorily completing all homework assignments

B.2. by satisfactorily completing all exercises and makes corrections requested by instructor

B.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

B.1. you explain generally how accounting standards are set

B.2. you examine the major organizations responsible for setting accounting standards

B.3. you examine the major accounting principles and explain how they affect accounting reports

B.4. you examine how GAAP apply to the annual audit of financial statements.

C. Explain the nature and purpose of interim financial statements

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

C.1. by satisfactorily completing all homework assignments

C.2. by satisfactorily completing all exercises and makes corrections requested by instructor

C.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

C.1. you explain the fundamental difference between interim and annual financial statements

C.2. you explain the purpose for interim financial statements

C.3. you prepare a worksheet for simple interim financial statements

D. Perform steps to generate the unadjusted trial balance

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

- D.1. by satisfactorily completing all homework assignments
- D.2. by satisfactorily completing all exercises and makes corrections requested by instructor
- D.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

- D.1. you record transactions in general journal form given chart of accounts and typical transactions
- D.2. you post journal entries to a general ledger
- D.3. you prepare an unadjusted trial balance

E. Record end-of-period adjusting journal entries

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

- E.1. by satisfactorily completing all homework assignments
- E.2. by satisfactorily completing all exercises and makes corrections requested by instructor
- E.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

- E.1. you explain why adjusting entries are necessary to provide a proper income statement and balance sheet
- E.2. you convert cash expenses or revenues into the proper accrual basis amount
- E.3. you record an example of a cost initially charged to a prepaid asset account and provides the correct adjusting entry
- E.4. you record an example of a cost initially credited to an unearned revenue account and provides the proper adjusting entry
- E.5. you record an example of a revenue initially credited to a revenue account and provides the proper adjusting entry
- E.6. you record depreciation of plant and equipment

F. Record reversing entries where appropriate

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

- F.1. by satisfactorily completing all homework assignments
- F.2. by satisfactorily completing all exercises and makes corrections requested by instructor
- F.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

- F.1. you identify the end-of-period adjusting entries for which reversing entries are appropriate
- F.2. you record typical end-of-period adjusting entries and also record the appropriate reversing entry at the beginning of the next accounting period
- F.3. you make the appropriate journal entry subsequent to the reversing entry

G. Prepare an income statement

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

G.1. by satisfactorily completing all homework assignments

G.2. by satisfactorily completing all exercises and makes corrections requested by instructor

G.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

G.1. you prepare a single-step income statement correctly

G.2. you prepare a multi-step income statement correctly

H. Prepare a retained earnings statement

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

H.1. by satisfactorily completing all homework assignments

H.2. by satisfactorily completing all exercises and makes corrections requested by instructor

H.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

H.1. you prepare a retained earnings statement correctly

I. Prepare a balance sheet

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

I.1. by satisfactorily completing all homework assignments

I.2. by satisfactorily completing all exercises and makes corrections requested by instructor

I.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

I.1. you prepare a proper balance sheet

J. Explain the importance of present value analysis

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

J.1. by satisfactorily completing all homework assignments

J.2. by satisfactorily completing all exercises and makes corrections requested by instructor

J.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

J.1. you explain why cash received today is worth more than cash received in the

future

J.2. you demonstrate how simple interest differs from compound interest

J.3. you examine at least four major applications for present value analysis in accounting

K. Perform present value computations using a financial calculator

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

K.1. by satisfactorily completing all homework assignments

K.2. by satisfactorily completing all exercises and makes corrections requested by instructor

K.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

K.1. you explain the meaning of the following terms: n , i , pmt , pV , fV

K.2. you compute the present value of an amount to be received in the future given n , i , fV

K.3. you compute the future value of an amount received today given n , i , pV

K.4. you compute the present value of an ordinary annuity given n , i , pmt

K.5. you compute the present value of an annuity due given n , i , pmt

K.6. you compute the future value of an ordinary annuity given n , i , pmt

K.7. you compute the missing item given all but one of the present value variables

L. Apply present value concepts to solve accounting problems

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

L.1. by satisfactorily completing all homework assignments

L.2. by satisfactorily completing all exercises and makes corrections requested by instructor

L.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

L.1. you compute the required periodic deposit given the interest rate, term, and the desired future value of a deferred annuity

L.2. you compute the net present value of an investment given the interest rate, cash inflows, cash outflows, and time periods for the flows

L.3. you compute the cash equivalent price for an asset purchased with an installment loan

M. Explain the nature and importance of cash

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

M.1. by satisfactorily completing all homework assignments

M.2. by satisfactorily completing all exercises and makes corrections requested by instructor

M.3. by passing a closed book exam

M.4.

Criteria - Performance will be satisfactory when:

M.1. you examine the most common elements that constitute the cash account balance

M.2. you examine examples of cash equivalents

M.3. you examine the primary elements in a good internal system to control cash

M.4. you prepare a simple bank reconciliation given the bank statement, book cash balance and additional information

M.5. you record the adjusting journal entries to correct the book cash balance

N.

Record uncollectibles

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

N.1. by satisfactorily completing all homework assignments

N.2. by satisfactorily completing all exercises and makes corrections requested by instructor

N.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

N.1. you explain why we have two methods of recording uncollectibles, and when each would be appropriate

N.2. you compute and journalize the bad debt adjusting entry given the net credit sales, and the historical bad debts loss rate

N.3. you compute and journalize the bad debts adjusting entry given the net credit sales, and the historical bad debts loss rate

N.4. you compute and journalize the bad debts adjusting entry given the beginning allowance for doubtful accounts balance and the aging schedule estimate of total uncollectibles

N.5. you record bad debt expense using the direct write-off or the allowance method

N.6. you record the recovery of a previous write-off using either the direct write-off or the allowance method

O.

Record notes receivable

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

O.1. by satisfactorily completing all homework assignments

O.2. by satisfactorily completing all exercises and makes corrections requested by instructor

O.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

O.1. you compute and record the interest income accrued on the simple interest note at the end of the current period

O.2. you record a noninterest-bearing installment note receivable accepted in part payment for a sales transaction

O.3. you journalize the discounting of a note receivable

O.4. you record all journal entries required for the installment note, including the end of period interest accrual

P. Explain the general inventory concepts

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

P.1. by satisfactorily completing all homework assignments

P.2. by satisfactorily completing all exercises and makes corrections requested by instructor

P.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

P.1. you explain when a particular asset is recorded in an inventory account and when recorded as plant and equipment

P.2. you summarize three major types of inventory that are used in a manufacturing accounting system

P.3. you examine the important elements of inventoriable costs

P.4. you adjust a physical inventory for goods on consignment and for goods in transit at year end

Q. Explain steps in conducting a physical inventory

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

Q.1. by satisfactorily completing all homework assignments

Q.2. by satisfactorily completing all exercises and makes corrections requested by instructor

Q.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

Q.1. you explain the necessity for a physical inventory once each period, whether the periodic or perpetual inventory method is used

Q.2. you apply the concepts of FOB origin and destination to determine inventory goods ownership at year end

Q.3. you explain how goods on consignment out or in affect the physical inventory

Q.4. you prepare a journal entry to correct an inventory error made in a prior year

R. Record merchandise transactions

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

R.1. by satisfactorily completing all homework assignments

R.2. by satisfactorily completing all exercises and makes corrections requested by instructor

R.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

R.1. you record the purchase of merchandise at net or gross invoice prices assuming

the use of the periodic inventory method

R.2. you record the purchase of merchandise at net or gross invoice prices assuming the use of the perpetual inventory method

R.3. you record a sale of merchandise assuming the perpetual method of inventory

R.4. you update a perpetual inventory record for the purchase and sale of inventory

S. Price and record the ending inventory

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

S.1. by satisfactorily completing all homework assignments

S.2. by satisfactorily completing all exercises and makes corrections requested by instructor

S.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

S.1. you explain why a cost flow assumption is preferred to using the actual cost flow of inventory costs

S.2. you cost the ending inventory given the physical count, the quantity and unit cost of inventory purchased during the year, and a cost flow assumption

S.3. you record the ending inventory and cost of goods sold assuming that the periodic inventory method is used

S.4. you record the inventory adjustment required where the perpetual inventory method is used

T. Compute an inventory using alternative methods

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

T.1. by satisfactorily completing all homework assignments

T.2. by satisfactorily completing all exercises and makes corrections requested by instructor

T.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

T.1. you compute the proper lower-or-cost-or-market valuation for an item of inventory

T.2. you convert the FIFO inventory to LIFO using the dollar value method, given a FIFO inventory and suitable index numbers

T.3. you compute an estimated ending inventory using the retail method, given beginning inventory and net purchases at cost and retail, net sales, net markups, and net markdowns

T.4. you convert a physical inventory taken at retail prices to a cost basis

U. Record the acquisition of plant and equipment

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

U.1. by satisfactorily completing all homework assignments

U.2. by satisfactorily completing all exercises and makes corrections requested by instructor

U.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

U.1. you explain how the use of an asset determines whether it is recorded as inventory or as plant and equipment

U.2. you record the acquisition of a plant assets, including all costs incurred to get asset ready for initial use

U.3. you record assets acquired on credit

V. Record the disposal or exchange of plant and equipment

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

V.1. by satisfactorily completing all homework assignments

V.2. by satisfactorily completing all exercises and makes corrections requested by instructor

V.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

V.1. you examine four major reasons for disposing of a plant asset

V.2. you record the disposition of a plant asset due to sale, junking, or casualty, including any gain or loss

V.3. you record a nonmonetary exchange of like assets and determine the proper cost basis of the asset acquired

V.4. you record the exchange of an asset for a dissimilar asset with or without cash paid or received

W. Record costs subsequent to initial use of plant and equipment

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

W.1. by satisfactorily completing all homework assignments

W.2. by satisfactorily completing all exercises and makes corrections requested by instructor

W.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

W.1. you identify those costs that should be capitalized, and those that should be expensed, given a list of common costs subsequent to initial use of a plant asset

W.2. you identify and record a routine repair of maintenance expenditure

W.3. you identify and record a betterment of a plant asset

W.4. you record an extraordinary repair to a plant asset

X. Explain general concepts of depreciation

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

- X.1. by satisfactorily completing all homework assignments
- X.2. by satisfactorily completing all exercises and makes corrections requested by instructor
- X.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

- X.1. you explain the fundamental reason for recording depreciation on the books
- X.2. you explain how the objective of accounting depreciation is different from economic depreciation
- X.3. you explain how tax depreciation differs from book depreciation

Y. Record depreciation

Linked Core Abilities

Ethics

Mathematics

Competence will be demonstrated:

- Y.1. by satisfactorily completing all homework assignments
- Y.2. by satisfactorily completing all exercises and makes corrections requested by instructor
- Y.3. by passing a closed book exam

Criteria - Performance will be satisfactory when:

- Y.1. you identify the four major methods for computing depreciation
- Y.2. you complete a depreciation schedule using any of the four methods
- Y.3. you record the depreciation adjusting entry
- Y.4. you compute depreciation for a partial year in the year of acquisition or disposition
- Y.5. you recompute and record depreciation when the cost, salvage, or life of a plant asset has changed