

Syllabus for
ACT 328/GACT 528--Intermediate Accounting II
3 Credit Hours
Spring 2017

I. COURSE DESCRIPTION

A continuation of the study of intermediate theory, which includes proper coverage of any official pronouncements of the FASB or other official bodies to the AICPA. After completing the balance sheet approach to the systematic study of the theory, students analyze financial statements.

Prerequisite – ACT 327 Intermediate Accounting I

II. COURSE GOALS

- A. This course develops the main body of accounting theory and provides the foundations for additional theoretical and professional development by the accountant which is essential for the accounting professional (CPA, CMA, CIA) who would represent the ORU philosophy at the point of professional interaction with needy individuals. The course is directed toward the conceptual development of theory and embellishes this with advanced accounting methodology.
- B. In line with the purpose of this University, this course seeks to do the following:
 - 1. Contribute to the education of the whole person.
 - 2. Encourage each student to place faith in Jesus Christ at the center of their lives.
 - 3. Encourage the synthesis and integration of the common bond of knowledge provided by the university into a unified whole.
 - 4. Sharpen the communication, computation, and critical analysis skills of each student.
 - 5. Develop appreciation for differing cultures.
 - 6. Increase the students' recognition of God's order, diversity, and creativity and their consequences in the social and historical sciences.
 - 7. Demonstrate that knowledge and experience are related, not separated.
 - 8. Assist the students' development of basic skills, acquiring of basic knowledge, and formulation of a world vision.
 - 9. Advocate the examination of this field of knowledge in the context of its influence upon and its being influenced by others.
- C. In line with the purpose of the accounting program, this course is designed to prepare a student for an active role in accounting both in public practice and in industry. An objective of this program is to combine the broad foundation of business administration with professional accounting skills and quantitative decision-making experience so that the student has the potential for maximum personal achievement and maximum benefit to their future employers. Through all of the courses in accounting, it is the purpose of the program to develop an integrated person--spiritually alive, intellectually alert, physically disciplined, socially adept and professionally competent.
- D. In line with the departmental objectives, this course seeks to prepare the student in the following areas:
 - 1. Critical thinking (skills in reasoning, objectivity, analysis, interpretation, research, or decision making relevant to the discipline)

2. Communication (abilities in areas such as written, oral, and nonverbal communication; group process; information technology and/or media production)
3. Broad, comprehensive, foundational knowledge for the professional standards of the major
4. Broad interpretation of the dynamics of business within the social and professional context
5. Internalization of Christian business ethics and professionalism

III. STUDENT LEARNING OUTCOMES FOR THIS COURSE

A. Terminal Objectives

Upon successful completion of this course through participating in class discussions and completing the minimum amount of required homework problems as outlined in this syllabus, the student, with a 70% minimum level of accuracy, will be able to do the following:

1. Analyze current and long-term liabilities, their issuance, retirement, and impact on financial statements.
2. Analyze stock transactions both of the company and as investments, the issuance of dividends, and compute earnings per share.
3. Properly prepare and analyze all financial statements required of or recommended for corporations.

B. Unit Objectives

Upon successful completion of this unit the student will be able to do the following:

1. Properly record and report Intangible Assets and Fixed Assets
 - a. Capitalizable costs
 - b. Exchange of assets
 - c. Expenditures subsequent to acquisition
 - d. Retirement or sale of assets
2. Explain, calculate, and properly record depreciation, amortization, and impairment on fixed assets and intangible assets:
 - a. Using acceptable financial reporting methods
 - (1) Straight-line
 - (2) Sum of the years' digits
 - (3) Declining balance
 - (4) Activity
 - b. Using tax depreciation method
 - c. Determining the effects of impairment
 - d. Comparing with depletion of natural resources
3. Properly account for and classify investments in
 - a. Short-term investments (trading securities)
 - b. Long-term investments
 - (1) Fair Value method (held to maturity securities)
 - (2) Fair Value method (available for sale securities)
 - (3) Equity method
 - c. Consolidated financial statements
4. Properly account for current liabilities.
 - a. Define and identify current liabilities
 - b. Identify and report accounts payable and notes payable

- c. Identify and report accrued liabilities
- d. Identify and report deferred liabilities
- e. Identify and report contingencies and estimates
- 5. Properly account for and report long-term liabilities on financial statements both from the debtor's viewpoint and the creditor's viewpoint, including:
 - a. Long-term notes and mortgages
 - b. Bonds issued at par value, at a premium, and at a discount
 - (1) Using Straight-line amortization
 - (2) Using Interest method amortization
 - (3) Issued in between interest dates
 - c. Extinguishment of debt
 - d. Troubled debt restructure
- 6. Properly record and classify leases by:
 - a. Differentiating between operating leases and capital leases
 - b. Properly accounting for operating leases
 - c. Properly accounting for capital leases
 - (1) By differentiating between direct financing and sales type leases for the lessor
 - (2) When legal title of the asset passes automatically to the lessee at the end of the lease
 - (3) When the lease includes a bargain purchase option for the lessee
 - (4) When the lessee guarantees the residual value at the end of the lease
 - (5) When the residual value at the end of the lease is unguaranteed
 - (6) At the termination of lease agreements
 - d. Properly account for executory and initial direct costs associated with the lease
- 7. Properly account for income taxes of a corporation including:
 - a. Intraproduct allocation
 - b. Interperiod allocation with originating and reversing differences
 - (1) Deferred tax liability
 - (2) Deferred tax asset
 - (3) Valuation allowance
 - c. Permanent Differences
 - d. Net operating loss carry forwards and carry backs
- 8. Identify and properly record the following items of the paid in capital section of stockholders' equity:
 - a. Par value and no par value stock
 - b. Preferred stock and common stock issuances
 - c. Treasury stock transactions using the following:
 - (1) Cost method
 - (2) Par Value method
 - d. Formal retirement of capital stock
 - e. Stock subscriptions and share purchase agreements
 - f. Non-cash and special sales of capital stock
 - g. Stock option incentive plans
 - h. Stock appreciation rights
 - i. Convertible preferred stock
 - j. Convertible bonds
 - k. Stock warrants

9. Identify and properly record the following items of the retained earnings section of stockholders' equity:
 - a. Cash, stock, property, scrip, and liquidating dividends
 - b. The special privileges of preferred stockholders for dividends
 - c. Appropriation of retained earnings
 - e. Prior period adjustments
10. Properly calculate and prepare the earnings per share presentation for a corporation with the following:
 - a. A simple capital structure
 - b. A complex capital structure with potentially dilutive convertible securities
 - (1) Basic earnings per share
 - (2) Diluted earnings per share
11. Define and properly account for corporate pension plans.
 - a. Differentiate defined benefit and defined contribution plans
 - b. Differentiate projected benefit obligation, accumulated benefit obligation, and vested benefit obligation
 - c. Differentiate recognized and unrecognized pension costs
 - d. Calculate the various parts of periodic pension expense and properly record the journal entry for periodic pension expense
 - e. Calculate the annual changes in pension plan assets and projected benefit obligation

IV. TEXTBOOKS AND OTHER LEARNING RESOURCES

- A. Required Materials

Textbook
Kieso, Donald E., Weygandt, Jerry J., and Warfield, Terry D. Intermediate Accounting, 16th Edition. Hoboken, NJ: John Wiley and Sons, Inc., 2016. (ISBN978-1-118-74320-1)
- B. Other Optional/Recommended Materials
 1. Calculator - preferably a Texas Instruments BA II Plus or TI-83.
 2. A three ring binder for class handouts and returned homework problems.
 3. Three scantron sheets for exams – to be turned in **prior** to the first exam.

V. POLICIES AND PROCEDURES

- A. University Policies and Procedures
 1. Attendance at each class or laboratory is mandatory at Oral Roberts University. Excessive absences can reduce a student's grade or deny credit for the course.
 2. Students taking a late exam because of an unauthorized absence will be charged a late exam fee.
 3. Students and faculty at Oral Roberts University must adhere to all laws addressing the ethical use of others' materials, whether it is in the form of print, electronic, video, multimedia, or computer software. Plagiarism and other forms of cheating involve both lying and stealing and are violations of ORU's Honor Code: "I will not cheat or plagiarize; I will do my own academic work and will not inappropriately collaborate with other students on assignments." Plagiarism is usually defined as copying someone else's ideas, words, or sentence structure and submitting them as one's own. Other forms of academic dishonesty include (but are not limited to) the following:

- a. Submitting another's work as one's own or colluding with someone else and submitting that work as though it were his or hers;
- b. Failing to meet group assignment or project requirements while claiming to have done so;
- c. Failing to cite sources used in a paper;
- d. Creating results for experiments, observations, interviews, or projects that were not done;
- e. Receiving or giving unauthorized help on assignments.

By submitting an assignment in any form, the student gives permission for the assignment to be checked for plagiarism, either by submitting the work for electronic verification or by other means. Penalties for any of the above infractions may result in disciplinary action including failing the assignment or failing the course or expulsion from the University, as determined by department and University guidelines.

4. Final exams cannot be given before their scheduled times. Students need to check the final exam schedule before planning return flights or other events at the end of the semester.
5. Students are to be in compliance with University, school, and departmental policies regarding Whole Person Assessment requirements. Students should consult the Whole Person Assessment handbooks for requirements regarding general education and the students' majors.
 - a. The penalty for not submitting electronically or for incorrectly submitting a Whole Person Assessment artifact is a zero for that assignment.
 - b. By submitting an assignment, the student gives permission for the assignment to be assessed electronically.

B. College of Business Policies and Procedures

1. Attendance Policy

- a. In line with the University policy, attendance is mandatory and is taken at the beginning of class. All students who miss class including those who are administratively excused are expected to obtain class notes and materials and to turn in assignments within a reasonable time period determined by the professor.

In business, employees are allowed personal days or sick leave to be absent from the job without penalty. Similarly, students may miss class up to the number of times per week a class meets without penalty (see table below). This allowance is for illness, personal business, and/or emergencies. The professor has the discretion to excuse any absence beyond those described above.

- b. If a student has excessive *unexcused* absences, a penalty will be assessed as follows:

Number of days the class meets per week	Number of absences <u>not</u> resulting in a penalty	For <u>each additional day</u> the student incurs an unexcused absence beginning with absence number:	The student's total number of points will be reduced by*:
3	3	4	2%
2	2	3	3%
1	1	2	7%

*Based on a 15 week semester and the number of days per week the class meets.

2. Tardies
 - a. Tardy is defined as missing *any* portion of class.
 - b. Being consistently tardy to class is disruptive to the class and disrespectful to the professor and to fellow class members. This type of behavior is unacceptable in business. Thus, three unexcused tardies will be equal to one unexcused absence.
 - c. Depending on the amount of the class missed, makeup work may be required or a student may be marked absent for that class.
 - d. To not be counted absent altogether, the student is responsible to inform the professor that he/she was tardy immediately following that class.
3. Late tests - When a student misses an exam for an unexcused reason, the student should obtain a petition for late exam from the School of Business Secretary. The petition must then be approved by the instructor. The student will go to Student Accounts to pay the late exam fee, receive a signature from student accounts verifying the receipt of payment, and then take the form back to the instructor at the prearranged time to make up the exam. **The student will be penalized one letter grade for a late test.**
4. Cell Phones
 - a. Cell phone usage of any type is prohibited in the classroom during class hours. All cell phones shall be stored out of sight and silenced/turned off. If a student fails to comply with this requirement, the professor may (at the professor's discretion) dismiss the student from class and mark the student for an unexcused absence. Students may (prior to the beginning of class) request an exception to this policy if some type of extenuating circumstance exists that would reasonably justify the granting of an exception and a possible disruption of the class for taking an incoming call, text messaging, etc.
 - b. Unless specifically pre-authorized by the professor, portable or handheld computer/calculator, cell phone, and all other media/multi-media device usage of any type are prohibited in the classroom during class examinations. All such devices shall be stored out of sight and silenced/turned off. If a student fails to comply with this requirement, the professor may (at the professor's discretion) dismiss the student from class, mark the student for an unexcused absence, and/or penalize the student by deducting points on the exam. With regard to cell phone usage, students may (prior to the beginning of class) request an exception to this policy if some type of extenuating circumstance exists that would reasonably justify the granting of an exception and a possible disruption of the class for taking an incoming call, text messaging, etc. In this instance the cell phone should be left with the professor during the class, and if an incoming call is received the student will retrieve the phone from the professor to respond.

C. Course Policies and Procedures

1. Evaluation Procedures

a. Undergraduate Students

(1) 3 hourly exams x 100 points = 300

Daily Work

Homework 11 x 5 points = 55

Term Papers = 20

Computer Projects 3 x 10 points = 30 = 105

Comprehensive Final Exam = 200

Total Points Possible 605

(2) Point Distribution for grades - undergraduate

A = 90% x 600 points = 540

B = 80% x 600 points = 480

C = 70% x 600 points = 420

D = 60% x 600 points = 360

F = Below 60% x 600 points = below 360

b. Graduate Students

(1) 3 Hourly Exams x 100 points = 300

Daily work

Homework 17 x 5 points = 85

Term Papers = 30

Computer Projects 4 x 10 points = 40 = 155

Comprehensive Final Exam = 200

Total Points Possible 655

(2) Point Distribution for grades - graduate

A = 90% x 650 points = 585

B = 80% x 650 points = 520

C = 70% x 650 points = 455

D = 60% x 650 points = 390

F = Below 60% x 650 points = below 390

2. Whole Person Assessment Requirements – None

3. Other Policies and Procedures

a. The format for regular exams this semester will include multiple choice questions (normally 20-30 points), problems (normally 60-70 points), and matching (normally 15 points). The matching questions cover new account titles in the chapters included for the exam.

(1) Exams are administered during regular 50 minute class periods

(2) Exams will require students to work quickly and efficiently in a manner similar to working in a professional service organization where services are billed by the hour. Speed, organizational skills, and knowledge are being tested in this process.

(3) Extra credit is available on the regular semester exams to help compensate for the time constraints.

b. Homework problems will not normally be reviewed in class and will be graded in half point increments on the basis of their accuracy on a 5 point scale (5.0, 4.5, 4.0, 3.5, etc.). A student may submit more than 11 (17 for grad students) problems during the semester, but only the best 11 scores (17 for grad students) will be counted in the final total of points. There

are 20 assignments listed in the calendar. **Assignments submitted after they are collected in class will be corrected but will not receive any credit.** Students are strongly encouraged to do homework early in the semester to prevent unnecessary stress at the end of the semester.

- c. The first set of term papers are for both undergraduate and graduate students and consists of the following:
- (1) The student should prepare a two-page (minimum of two full pages), typed, double spaced report detailing personal plans for the first 5-10 years after graduating from ORU (6 points). Those plans should include:
 - (a) Academic career (potential graduate school)
 - i. Type of degree
 - ii. Potential schools (be as specific as possible)
 - iii. Before or after obtaining full time employment
 - iv. Plans for meeting the 150 hour CPA requirement (for accounting majors)
 - (b) Professional career
 - i. Industry preference (public accounting, corporate accounting, governmental accounting, academia, small company, large firm, etc.). Be as specific as possible, so if you have one company or firm you are targeting, please indicate who it is and why you selected them.
 - ii. Geographical preference
 - iii. Certifications (CPA, CMA, CFP, CFA, etc.)
 - iv. Personal and professional contacts necessary to achieve goals
 - v. Steps of preparation necessary while at ORU including interviews already completed or to be completed.
 - (c) Personal goals
 - i. Relationships
 - ii. Spiritual development
 - (2) The student should prepare a one-page personal resume (8 points). Two copies of the resume need to be submitted. One copy of the resume will be graded and one copy will be kept in the department files to be used for transmitting for potential job opportunities
 - (3) The student should prepare a one-page cover letter to a prospective employer (6 points). The cover letter should be directed either towards seeking a job for the upcoming summer or for permanent employment upon graduation. The cover letter should be addressed to a real person at a real address in a real company in which the student is interested in working, so students are expected to do research on their own to determine appropriate contact information. As a minimum, the cover letter should include:
 1. The type of position being sought.
 2. The student's reason for interest in the company.
 3. The student's abilities, talents, or experiences which

- might be valuable to the company.
4. The student's intentions for following up on the cover letter, such as a phone call to arrange an interview or request for a job application.
- (4) The career report, resume, and cover letter will be graded for content, style, and appearance. This portion of the paper is due in my office no later than 4:30 p.m. on **Monday, February 20**. The grade on each paper will be reduced by 50% for every day that it is late.
- d. Graduate students are required to write an additional 3 to 5 page paper on the original pronouncement supporting any of the rules discussed during this course. References to many of the original pronouncements are made throughout the footnotes in the chapters of the Intermediate Accounting textbook. The report should include the following:
- (1) History of the pronouncement (effective date, other rules affected, etc.)
 - (2) Summary of the pronouncement (minimum of one full page),
 - (3) Student's opinion of the reasoning behind the pronouncement,
 - (4) Student's reason for interest in the particular subject.
- The report is due by 4:30 p.m. on **Wednesday, March 1**. The grade for the paper will be reduced by 50% for every day that it is late.
- e. The computer projects this semester will be a continuation of the project from Intermediate Accounting I.
- (1) Each of the computer projects will require the student to prepare journal entries for several transactions related to the chapter material being covered. The effects of these entries will then be added to the financial statements for the year 2016 which the student prepared in computer project #2 in Intermediate Accounting I.
 - (2) The computer project this semester will also require the student to use a spreadsheet to develop computer schedules to be used for solving liability problems as well as to update complete financial statements.
 - (3) Grades on the computer projects turned in after the due will be reduced by 50% for every day they are late.
- f. Up to 10 professional development points will be allowed for this class. In accordance with the guidelines of the school of business professional development program, the student is expected to attend various professional meetings on campus as well as off campus. In order to receive credit for attending these meetings, the students must attend the entire meeting. For on campus meetings the student must arrive on time and sign the attendance form. For other meetings off campus, the student must turn in the half page professional development reporting form to Terry Unruh's office in the College of Business. These forms for off campus meetings must be turned in within one week from the date which the meeting occurred. **The final deadline for earning professional development points is Friday, April 21, 2017.**

g. Faculty member information

Name Terry Unruh
 Office GC 3F 09
 Office Phone 918-495-7781
 Home Phone 918-496-9044 (please do not call after 10:00 p.m.)
 e-mail tunruh@oru.edu
 Office Hours MWF 1:30 p.m. – 2:30 p.m.
 TR 1:30 p.m. – 4:00 p.m.

VI. COURSE CALENDAR – Spring 2017 (Kieso, 16th edition)

<u>Class</u>	<u>Date</u>	<u>Chapter</u>	<u>Unit Objective</u>	<u>Assignment</u>
1	Jan. 11			Introduction
2	13	10	2a	Read Chapter 10
	16		Martin Luther King Day	No Classes
3	18		2b	Problem 10-2
4	20		2c,d	Problem 10-10
5	23	11	2a	Read Chapter 11
6	25		2b	Handout Problem on Depreciation
7	27		2c,d	Exercise 11-12
8	30	12	1a,b,c,d	Read Chapter 12
9	Feb. 1	13	4a,b	Read Chapter 13
10	3		4c,d,e	Handout Problem on Current Liabilities
11	6	14	5a	Read Chapter 14
12	8		5b	Handout Problem on Long-term Liabilities
13	10		5c	Handout Problem on Bonds
14	13		5d	Problem 14 - 5
15	15		Exam 1	Exam 1 (Chapters 10-14)
16	17			Review Exam 1
17	20	21	6a,b	Read Chapter 21
				Resume, Cover Letter & Career Report
18	22		6c(1),(2),(3)	Handout Problem on Leases
19	24		6c(4),(5),(6)d	Problem 21 - 8
20	27	17	3a	Read Chapter 17
21	Mar. 1		3b(1)	Grad Term Paper Due , Problem 17 - 11
22	3		3b(2),(3)	Handout Problem on Investment

23	6		3c	Catch Up
24	8	19	7a	Read Chapter 19
25	10		7b,c	Exercise 19 - 10
	11 - 19		S P R I N G B R E A K	
26	20		7d	Problem 19 - 6
27	22		Exam 2	Exam 2 (Chapters 21, 19, 17)
28	24			Review Exam 2
29	27	15	8a-d	Read Chapter 15
30	29		8e,f	Problem 15 – 1
31	31		9a,b	Catch Up and Review
32	Apr. 3		9c,d	Problem 15 - 11
33	5		8g	Read Chapter 16
34	7	16	8h	Catch Up and Review
35	10		8i-k	Handout Problem on Stock Options
36	12		10a	Handout Problem on Stock Transactions
	14		GOOD FRIDAY	No Classes
37	17		10b	Handout Problem on Earnings Per Share
38	19		Exam 3	Exam 3 (Chapters 15 and 16)
39	21			Review Exam
40	24	20	11a,b	Read Chapter 20
41	26		11c,d	Exercise 20 - 16
42	28		11e	Catch up and Discuss topics for Final Exam
	May 1-5		FINAL EXAM WEEK	

Course Inventory for ORU's Student Learning Outcomes

Intermediate Accounting II – ACT 328/GACT 528 Spring 2017

This course contributes to the ORU student learning outcomes as indicated below:

Significant Contribution – Addresses the outcome directly and includes targeted assessment.

Moderate Contribution – Addresses the outcome directly or indirectly and includes some assessment.

Minimal Contribution – Addresses the outcome indirectly and includes little or no assessment.

No Contribution – Does not address the outcome.

The Student Learning Glossary at <http://ir.oru.edu/doc/glossary.pdf> defines each outcome and each of the proficiencies/capacities.

OUTCOMES & Proficiencies/Capacities		Significant Contribution	Moderate Contribution	Minimal Contribution	No Contribution
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1	Outcome #1 – Spiritually Alive				
<i>Proficiencies/Capacities</i>					
1A	Biblical knowledge				X
1B	Sensitivity to the Holy Spirit				X
1C	Evangelistic capability				X
1D	Ethical behavior		X		

2	Outcome #2 – Intellectually Alert				
<i>Proficiencies/Capacities</i>					
2A	Critical thinking	X			
2B	Information literacy		X		
2C	Global & historical perspectives			X	
2D	Aesthetic appreciation			X	
2E	Intellectual creativity	X			

3	Outcome #3 – Physically Disciplined				
<i>Proficiencies/Capacities</i>					
3A	Healthy lifestyle				X
3B	Physically disciplined lifestyle				X

4	Outcome #4 – Socially Adept				
<i>Proficiencies/Capacities</i>					
4A	Communication skills		X		
4B	Interpersonal skills		X		
4C	Appreciation of cultural & linguistic differences				X
4D	Responsible citizenship		X		
4E	Leadership capacity		X		

