

COURSE:**BACC 302 Intermediate Accounting III, FALL 2006****INSTRUCTOR:**

Tom Gavin, 304 Fletcher Hall; Phone: 425.4056, 425.2112; Tom-Gavin@utc.edu

Office Hours: by appointment: Tuesday and Thursday 9:25 - 10:50 and 1:30 - 2:00; Monday, 4:00 - 5:30

PREREQUISITES:

BACC 300 Intermediate Accounting I and BACC 301 Intermediate Accounting II

UNIVERSITY/SCHOOL POLICIES:

To enhance student services, the University will use your UTC email address (firstname-lastname@utc.edu) for communications. (See <http://onenet.utc.edu> for your exact address.) Please check your UTC email on a regular basis. If you have problems with accessing your email account, contact the Help Desk at 423/425-2676.

Attention: If you are a student with a disability (e.g., physical, learning, psychiatric, etc) and think that you might need assistance or an academic accommodation in this class or any other class, contact the Office for Students with Disabilities at 425-4006 or come by the office- 110 Frist Hall.

The policy of the School of Business Administration is that it is illegal for students to copy any of the School's software, including software in the School's computer laboratory and faculty offices. Those who violate this policy are subject to prosecution (including but not limited to UTC's honor code).

HONOR CODE:

The Honor Code is based upon the assumption that the student recognizes the fundamental importance of honesty in all dealings within the University community and that education is a cooperative enterprise between student and teacher and between student and student. Any act of dishonesty violates and weakens this relationship and lessens the value of the education which the student is pursuing. The Honor Code and the Honor Court and its procedures are detailed in the *Student Handbook*.

The following is the Honor Code that has been approved by the UTC. Please reference The University of Tennessee at Chattanooga – Handbook & Directory. We will uphold this code during the semester.

“Honor Code Pledge: I pledge that I will neither give nor receive unauthorized aid on any test or assignment. I understand that plagiarism constitutes a serious instance of unauthorized aid. I further pledge that I will exert every effort to insure that the Honor Code is upheld by others and that I will actively support the establishment and continuance of a campus-wide climate of honor and integrity.”

COURSE DESCRIPTION: BACC 302

The theoretical foundations and structure of accounting as they relate to the presentation of financial statements. Emphasis will be placed on analysis of the statement of cash flows, deferred taxes, leases, pensions, and other financial reporting considerations.

OBJECTIVES: BACC 302

This course provides an opportunity to acquire knowledge and deepen understanding of special topics in accounting. To develop problem-solving and critical thinking skills, a wide variety of problems and exercises are assigned for each topic. Students are also required to develop and apply technology skills in the creation and preparation of spreadsheets. Communication skills are developed through short-writing assignments and active classroom participation. These competencies apply to the following special topics in accounting: Investments, Revenue Recognition, Interperiod Tax Allocation, Cash Flow Reporting, Pensions, Leases, and Disclosure of Accounting Changes and Error Corrections.

RELATIONSHIP OF OBJECTIVES TO COMPETENCIES:

The objectives described above drill directly into the following undergraduate [core competencies](#) identified for the Department of Accounting within the College of Business Administration. As should be the case, congruence exists

between the undergraduate competencies identified with the College and its departments.

- A. Communication
 - UG.A1. Communicate effectively in oral and written form.
 - UG.A2. Use modern technologies as one tool to effectively learn and communicate
- B. Teamwork/Diversity/Leadership
 - UG.B1. Understand group dynamics and become a contributing team member.
 - UG.B2. Understand and appreciate the impact of demographic and cultural diversity
 - UG.B3. Study and apply the principles of leadership.
- C. Adaptability
 - UG.C1. Understand the impact of the international dimension on business decisions.
 - UG.C2. Understand the political, legal, and social environment in which business operates.
- D. Problem Solving
 - UG.D1. Recognize problems and opportunities, and be able to think critically.
 - UG.D2. Analyze data and possess proficiency in the use of data.
 - UG.D3. Integrate functional areas of business when analyzing problems.
- E. Accountability and Ethics
 - UG.E1. Appreciate how ethical considerations enter into business decisions.
 - UG.E2. Develop expertise in an area related to career choice.

The reading and writing assignments and computer assignments are described below. The undergraduate competencies that tie to the reading and writing assignments are also described below.

At the end of this course outline a table is presented that show the relationship, in greater detail, between the topics covered in the course and the core competencies addressed.

TEXT (S):

Required: Intermediate Accounting (11th ed.) by Kieso, Weygandt and Warfield (Wiley Inc., 2004)

Recommended: Gleim's *Financial Accounting*, most recent edition, www.gleim.com

TEACHING METHOD:

Lecture, problem solving, computer use, outside business readings

GRADING:

3 Exams	300 points
(100 points each)	
Projects:	
Spreadsheet	20 points
Paper/Article	<u>30</u> points
Total	350 points

Spreadsheet: Each student is required to prepare four spreadsheets: revenue recognition, income taxes, cash flows, accounting changes and correction of errors, and one determined by the student (with permission of the instructor). Students are to turn in disk containing solutions and two printouts for each problem – solution page and formula page.

Paper/Article: This project gives students the opportunity to examine current issues in business and financial accounting and reporting from various perspectives: accounting methods and techniques, information systems, international business and accounting, ethics, government regulations, etc. Students are required to subscribe to either *The Wall Street Journal* or *Business Week*. At the end of the semester each student is to submit a diary that contains the summary of thirty articles spread uniformly across the term of the course. Each summary is to be made up of two 30 – 40 word paragraphs. The first paragraph should contain a summary of the two or three most important points found in an article. The second paragraph should state how the two or three most important points found in the article influences the student's future world of work.

The newspaper / journal article summary project examines current issues in business and financial accounting and reporting from various perspectives. These perspectives are described below, they relate to the undergraduate competencies:

- accounting methods and techniques, (AREA 1)
- information systems and technology, (AREA 2)
- group dynamics and leadership, (AREA 3)
- international business and accounting, (AREA 4)
- ethics and accountability, (AREA 5)
- political, government regulations, legal , and social environment, etc. (AREA 6)

Students are required to identify and read a business related newspaper or magazine identified by the instructor (*The Wall Street Journal* or *Business Week*). At the end of the semester each student is required to submit a diary that contains a summary of (TOTAL of 30 articles) from a business related newspaper or magazine. Each article summary should be approximately sixty words in length. Two paragraphs must be written for each article summary; paragraph one should identify the two majors points that the student believes the article makes, the second paragraph should describe the impact that the article content has/will have on the student's academic major and his/her future world of work.

Four articles need to be read that fit within the definition of each of the six areas; this accounts for a total of 24 articles. The remaining six articles can be read on any subject of your choice.

Diary Framework:

Coversheet

week 1 – no.1, title of article, author, WSJ, page(s), AREA # (area = one of six bullet areas listed above)

week 15 – no. 30, title of article, author, WSJ, page(s), AREA # (area = one of six bullet areas listed above)

Summary of each articles

week 1 – no.1, title of article, author, WSJ, page(s), a AREA # (area = one of six bullet areas listed above)

your summary goes here

week 15 – no. 30, title of article, author, WSJ, page(s), AREA # (area = one of six bullet areas listed above)

your summary goes here

Hard copy of articles

No.1

No.30

Using the work of another student for any project will result in a grade of F for the course.

Grading Scale

A = 90% - 100%

B = 80% - 89%

C = 70% - 79%

D = 60% - 69%

F = Below 60%

CLASS MEETING:

The class meets for two 75-minute sessions per week.

ETHICS COVERAGE:

Examine general business conduct and the behavior of practicing accountants. *The Wall Street Journal* and *Business Week* offer a number of opportunities to see business people including accountants at the best and worst.

INTERNATIONAL COVERAGE:

The Wall Street Journal and *Business Week* offer a number of opportunities to see business people addressing a wide variety of international issues.

COMPUTER INTEGRATION:

Students are required to complete relevant accounting problems using spreadsheet software such as *Microsoft Excel*.

LIBRARY USE:

Life-long learning begins with making a commitment to receive and read daily/weekly business publications such as *The Wall Street Journal* and *Business Week*.

INNOVATIVE METHODS/TECHNIQUES:

Students are asked to present solutions to exercises/problems in class.

TENTATIVE COURSE OUTLINE

WEEK NO./ DATE (Monday) /CHAPTER NUMBER/TOPIC

01/08-21/ Chapter 17 (Investments);
Introduction/Overview of all chapters

02/08-28/ Chapter 17 (Investments)

03/09-04/ Chapter 17 (Investments) and Chapter 18 (Revenue) LABOR DAY - HOLIDAY 09/04/

04/09-11/ Chapter 18 (Revenue)

05/09-18/ Chapter 18 (Revenue)

06/09-25/ EXAM I (CH 17, 18); Chapter 19(Taxes)

07/10-02/ Chapter 19 (Taxes)

08/10-09/ Chapter 19 (Taxes)

09/10-16/ Chapter 23(Cash Flows); Last day to officially drop with a "W" is 10/20 (Friday)

10/10-23 Chapter 23 (Cash Flows)
Fall Break MONDAY and TUESDAY, 10/23 and 10/24

11/10-30/ Chapter 23 (Cash Flows)
EXAM II (CH 19, 23)

12/11-06/ Chapter 21 (Leases)

13/11-13/ Chapter 21 (Leases)

14/11-20/ Chapter 21 (Leases); THANKSGIVING holiday begins 11 PM, TUESDAY 11/21

15/11-27/ Chapter 22 (Accounting Changes, Corrections)

16/12-04/ Chapter 22 (Accounting Changes, Corrections) Last day of class is Monday, 12/04; READING DAY,
TUESDAY, 12/05

FINAL EXAM -COMPREHENSIVE EXAM (See FALL TIMETABLE for date and time)

NOTE: The schedule presented above is tentative. It is the student's responsibility to attend class to learn of any changes.

Appendix A-C.1.c(2)
Core Competencies
Intermediate Accounting III — BACC 302

This course provides opportunities for students to acquire knowledge and deepen their understanding of individual topics in accounting. To develop problem-solving and critical thinking skills, a wide variety of problems and exercises are assigned for each topic. Students are also required to develop and apply technological skills in the creation and preparation of spreadsheets. Communication skills are developed through short-writing assignments and active classroom participation. These core competencies and outcomes are achieved by focusing on the following special topics in accounting:

1. Understand and apply the proper accounting methods for short-term and long-term corporate investments.
 - a. Understanding the criteria for selecting among the fair value, amortized cost, and equity methods of accounting for investments.
 - b. Applying the fair value method to trading securities and available for sale securities.
 - c. Applying the amortized cost method to held-to-maturity securities
 - d. Understanding the procedures for changing to or from the equity method of accounting for corporate investments.
 - e. Making judgments regarding impairment of value.
 - f. Understanding financial derivatives including options, futures contracts, and interest rate swap agreements.
 - g. Demonstrating an understanding of how derivatives are presented in the financial statements.

2. Understand the essential criteria for revenue recognition and the revenue recognition principle.
 - a. Applying the principles of revenue recognition to long-term construction contracts.
 - b. Applying the principles of revenue recognition to special transactions:
 - c. Sales with a guaranteed right of return, Installment sale, and
 - d. Cost recovery method.
 - e. Understanding expense recognition and application of the matching concept.
 - f. Distinguishing between revenue recognition for the sale of products versus services.

3. Understand the purpose and methods of interperiod tax allocation.
 - a. Distinguishing temporary versus permanent differences between taxable income and accounting income
 - b. Understanding the effect of changing tax rates
 - c. Judging when to create an allowance to reduce deferred tax assets to next realizable value
 - d. Using catch-up entries to reverse temporary differences
 - e. Identifying and recording deferred tax assets for net operating loss carryforwards
 - f. Demonstrating an understanding of how deferred taxes are presented on the balance sheet and income statement.

4. Understand how to account for pension and other post-retirement benefits.
 - a. Understanding and preparing the actuary's report on projected benefit obligation.
 - b. Understanding and preparing the trustee's report on plan assets
 - c. Identifying the components of pension expense

- d. Understanding and computing the accrued/prepaid pension cost
 - e. Recording and amortizing unrecognized pension costs
 - f. Applying the criteria for determining the need for additional minimum pension liability
 - g. Analyzing and recording curtailment gains and losses
 - h. Applying corridor amortization to unrecognized gains and losses
5. Understand lease accounting
- a. Advantages of leasing versus purchasing
 - b. Understanding the criteria for determining capital versus operating leases
 - c. Applying the definition of minimum lease payments with and without bargain purchase options and residual values
 - d. Accounting for direct financing capital leases
 - e. Accounting for sales type capital leases
 - f. Recording sale-leaseback transactions when seller-lessee retains a material interest in the leased asset
6. Understand the Statement of Cash Flows
- a. Understanding the purpose of the Statement of Cash Flows
 - b. Identifying operating, investing, and financing activities
 - c. Differentiating between the direct and indirect method of computing cash flows from operating activities
 - d. Computing cash flows from investing and financing activities
 - e. Preparing the Statement of Cash Flows
 - f. Special problems in preparing the Statement of Cash Flows: equity method of accounting for investments and bond discounts and premiums
7. Understand accounting changes and error corrections
- a. Identifying the basic types of accounting changes
 - b. Applying the current method of accounting for changes in principle
 - c. Applying the retroactive method to six specified exceptions
 - d. Accounting for changes in accounting estimates
 - e. Identifying changes in accounting entity
 - f. Analyzing the effect of accounting errors from prior periods