GOVERNORS STATE UNIVERSITY
College of Business and Public Administration

NOTE: READ THIS SYLLABUS CAREFULLY AND IN ITS ENTIRETY. KEEP IT FOR FUTURE REFERENCE. THE STUDENT IS RESPONSIBLE FOR ALL MATERIAL CONTAINED IN THIS DOCUMENT.

College of Business and Public Administration

Course Number and Title: ACCT 351 INTERMEDIATE ACCOUNTING

Credit Hours: 3 hours

Session: Spring/Summer, 1993
Reference No. 20046
1:00 a.m. - 3:50 p.m. TR

Instructor: Kathy Lukcso, M.B.A., CPA

Office Phone: (708) 534-4964
Office Number: C3707

Catalog Description: Focuses on the study of problems in financial accounting measurement including determination of periodic income, revenue recognition, cost allocation, flow of funds, inventory valuation, and depreciation.

Prerequisites: Accounting 301, Financial Accounting

Intended Audience: Students planning to major in Accounting and Finance and others interested in financial accounting for their professional or personal growth.


Working Paper: Working papers for the text or accounting paper (3 or 4 columns)

Additional Materials: Study guide to accompany Intermediate Accounting
GLEIM CPA Review or NIA CPA Review (Excellent review for CPA exam)
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MAJOR OBJECTIVE OF THE COURSE

Upon successful completion of the course in Intermediate Accounting I, each student will have use of Generally Accepted Accounting Principles (GAAP) to solve a variety of accounting-related problems, including a comprehensive study of cash, receivables, inventories and physical assets, at a minimum level of 60%.

METHOD OF INSTRUCTION

This class is conducted using a combination of lecture, discussion and problem-solving techniques. Class instruction and activities are meant to clarify and expand upon information in the textbook. Problem solving provides the student with the opportunity to use critical thinking to solve accounting situations.

Class instruction is meant to complement the written text and neither should be considered a substitute for the other. The assigned chapters should be read BEFORE attending class so that the student can intelligently participate in the class discussion. All students are expected to participate in class discussions and activities. It is expected that the student will attend all classes.

The following pages include a list of learning objectives to guide the student through each of the chapters covered in the course. After each objective is listed the exercises and problems that will help the student master the material for the learning objective. Students will be assigned required problems from this list (see last page). These assignments are a minimum amount of work needed to familiarize the student with the material, and the student should complete as many other problems as needed in order to master the learning objective.

It is the intention of the institution to support full participation of all students, regardless of physical ability level. Therefore, if any student needs consideration of his/her physical abilities in order to complete the course, please notify the instructor as soon as possible.

HOMEWORK

All accounting courses require a large amount of work. This course is no exception. Be prepared to spend many hours mastering the material. There is no substitute for solving problems in accounting.

Students are required to complete the problems listed on the assignment schedule. The student must work the problems before they are discussed in class in order to master the concepts covered in the problems. Do all of the assignments in pencil. Homework is discussed to the extent time allows. Copies of the author's solutions to the homework problems are on reserve in the library. Do not take the originals from the library as they will not be replaced.
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EVALUATION

Periodic quizzes and examinations will be given in order to measure the student's progress in the course. In order to receive credit for any work done, the student must show his/her computations and clearly label his/her answer. All quizzes and examinations are to be done in pencil. Be neat and organized. Points may be deducted for not showing your calculations, not clearly labeling your work, and not presenting the work in an orderly and logical manner.

This course will involve three (3) examinations and seven (7) quizzes. Quizzes will cover from one to three chapters and be in the form of objective or short answer questions. Examinations will consist of a mixture of objective questions and short problems. The exams will cover the following material:

- Exam 1: Chapters 1, 2, 3, 4 and 5  
  150 points
- Exam 2: Chapters 6, 7, 8 and 9  
  150 points
- Final: Chapter 11 and comprehensive  
  150 points

No makeup exams or quizzes are given. Be on time for all exams and quizzes as additional time cannot be added to the test period. Students may use calculators for the exams and quizzes. The student may drop his/her lowest two quizzes.

In addition to exams and quizzes, the student will be asked to participate in class activities, submit additional exercises and turn in randomly selected homework assignments. These assignments will be graded for both written and arithmetic accuracy and appearance. Students should come to class prepared to work and with all homework assignments prepared on accounting paper.

The student's work will be weighted as follows:

- Exam 1: 150 points  
  25.0%
- Exam 2: 150 points  
  25.0%
- Final: 150 points  
  25.0%
- Quizzes: 50  
  08.7%
- Class assignments: 100 points  
  16.3%
  600 points  
  100.0%

Grade Distribution:
- A: 600 - 540 points  
  (100% - 90%)
- B: 539 - 480 points  
  (89% - 80%)
- C: 479 - 420 points  
  (79% - 70%)
- D: 419 - 360 points  
  (69% - 60%)

The instructor reserves the right to change or adjust any part of this syllabus as circumstances necessitate. All changes will be announced in class.

== Chinese proverb: "Tell me, I'll forget. Show me, I may remember. But involve me and I'll understand." ==
Chapter 1: Theoretical Foundation for Financial Reporting

Major objectives of Chapter 1: After reading Chapter 1 and doing assigned problems the student will be able to:

1. Discuss the reasons External Users need financial information. 1-1, 1-2
2. Define the types of General Purpose Financial Statements. 1-3
3. Discuss the characteristics of Financial Statements. 1-4
4. Discuss the limitations of Financial Statements. 1-6
5. Define Generally Accepted Accounting Principles. 1-11, 1-29
6. Discuss why GAAP must be used by publicly-held companies. 1-25, 1-30
7. Briefly chronicle the development of GAAP. 1-12
8. Discuss the source of GAAP. 1-12
10. Discuss the role of the Securities and Exchange Commission in establishing accounting standards and practices. 1-16, 1-17, 1-18

Chapter 2: Financial Accounting Theory

Major objectives for Chapter 2: After reading Chapter 2 and doing assigned problems the student will be able to:

1. Discuss the three objectives of Financial Reporting. 2-2, 2-3
2. Define the qualitative characteristics of Accounting Information and why they are important to financial reporting. 2-5, 2-6
3. Discuss the assumptions accountants use when implying accounting principles and why they are important to financial reporting. 2-8, 2-9, 2-15, 2-23, 2-24, 2-25, 2-26
4. Discuss the broad principles accountants use to implement concepts and elements and why they are important to financial reporting. 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-16, 2-17, 2-18, 2-23, 2-24, 2-25, 2-26, 2-27, 2-28, 2-30, 2-34, 2-35, 2-37, 2-38, 2-39, 2-40, 2-41, 2-42, 2-43
5. Discuss the modifying conventions accountants use to resolve difficult business questions and why they are important to financial reporting. 2-19, 2-20, 2-21, 2-22, 2-23, 2-24, 2-25, 2-26, 2-44, 2-45, 2-46
Chapter 3: Nature and Measurement of the Elements of Financial Statements

Major objectives for Chapter 3: After reading Chapter 3 and doing assigned problems the student will be able to:

1. Define assets and their essential characteristics. 3-5, 3-24
2. Identify the 5 financial attributes of assets and how they are measured. 3-6
3. Define liabilities and their essential characteristics. 3-7, 3-25
4. Identify the 5 financial attributes of liabilities and how they are measured. 3-8, 3-33, 3-34, 3-35
5. Define Owner's Equity and how it is measured. 3-9, 3-10, 3-35, 3-36
6. Define net income and how to compute it. 3-11, 3-12, 3-13, 3-38
7. Distinguish between cash and accrual basis accounting. 3-14, 3-15, 3-16, 3-26, 3-27, 3-28, 3-31, 3-37
8. Define the components of net income using the asset/liability view. 3-17, 3-18, 3-29, 3-30, 3-39
9. Discuss the benefits of public disclosure. 3-19
10. Discuss the costs of public disclosure. 3-19

Chapter 4: Basic Financial Statements

Major objectives for Chapter 4: After reading Chapter 4 and doing assigned problems the student will be able to:

1. Discuss how an income statement is used by external users.
2. Define the items of the income statement. 4-4, 4-5, 4-6, 4-24, 4-26, 4-33, 4-34, 4-35, 4-36, 4-37, 4-41, 4-50, 4-51, 4-53
3. Describe the difference between the two popular formats of an income statement and illustrate them. 4-7, 4-8, 4-25, 4-40
4. Describe the statement of retained earnings and illustrate it. 4-9, 4-27, 4-41, 4-42, 4-50, 4-51
5. Describe the combined statement of income and retained earnings and illustrate it. 4-28, 4-43, 4-57
6. Describe the purpose of the balance sheet. 4-2
7. Define the items of the balance sheet and classify them. 4-11, 4-12, 4-13, 4-14, 4-15, 4-16, 4-29, 4-30, 4-31, 4-32, 4-33, 4-34, 4-35, 4-36, 4-37, 4-46, 4-47, 4-48, 4-49, 4-50, 4-51, 4-5, 4-58
8. Illustrate the two popular types of balance sheets.
9. Describe the statement of cash flows and illustrate it. 4-17, 4-38, 4-52
10. Discuss why notes to the financial statements are an integral part of the financial statements. 4-19
11. Discuss how information can be disclosed in the financial statements and to what extent. 4-20, 4-21, 4-39, 4-59
Chapter 5: The Accounting Cycle

Major objectives for Chapter 5: After reading Chapter 5 and doing assigned problems the student will be able to:

1. Define and list the elements of the accounting cycle. 5-1, 5-47, 5-48
2. Define internal and external transactions. 5-2
3. Record transactions in a journal. 5-5, 5-6, 5-28, 5-45, 5-46, 5-47, 5-48
4. Post to General Ledger accounts. 5-7, 5-29, 5-30, 5-45, 5-46, 5-47, 5-48
5. Prepare an unadjusted Trial Balance. 5-10, 5-47, 5-48
6. Discuss the reasons for adjusting entries. 5-12, 5-13, 5-31, 5-32, 5-47, 5-48
7. Classify adjusting entries. 5-14, 5-15
8. Prepare adjusting entries. 5-16, 5-17, 5-18, 5-19, 5-47, 5-48, 5-49, 5-50, 5-51, 5-52, 5-53, 5-54, 5-55
9. Prepare an adjusted Trial Balance. 5-20, 5-47, 5-48
10. Prepare Financial Statements. 5-22, 5-34, 5-47, 5-48
11. Prepare closing entries. 5-23, 5-35, 5-36, 5-47, 5-48
12. Prepare a Post-Closing Trial Balance. 5-24, 5-47, 5-48
13. Prepare Reversing Entries. 5-25, 5-31, 5-37, 5-38, 5-47, 5-48, 5-50, 5-51, 5-52, 5-53

Chapter 6: Compound Interest Concepts

Major objectives for Chapter 6: After reading Chapter 6 and doing assigned problems the student will be able to:

1. Discuss and illustrate simple and compound interest. 6-2
2. Discuss and illustrate the future value of 1 concept. 6-3, 6-15, 6-16, 6-17, 6-36, 6-37, 6-39, 6-49, 6-50, 6-52
3. Discuss and illustrate the present value of 1 concept. 6-3, 6-15, 6-16, 6-17, 6-18, 6-39, 6-40, 6-45, 6-49, 6-50, 6-52, 6-56
4. Discuss and illustrate the future value of an ordinary annuity. 6-4, 6-5, 6-6, 6-19, 6-20, 6-21, 6-22, 6-35, 6-38, 6-47, 6-49, 6-51, 6-52, 6-54, 6-55
5. Discuss and illustrate the present value of an ordinary annuity. 6-4, 6-5, 6-7, 6-27, 6-28, 6-29, 6-30, 6-35, 6-40, 6-41, 6-43, 6-45, 6-46, 6-49, 6-50, 6-52, 6-53
6. Discuss and illustrate the future value of an annuity due. 6-5, 6-6, 6-23, 6-24, 6-25, 6-26, 6-42, 6-44, 6-48, 6-49, 6-52
7. Discuss and illustrate the present value of an annuity due. 6-5, 6-7, 6-31, 6-32, 6-33, 6-34, 6-35, 6-41, 6-43, 6-44, 6-49, 6-52
8. Discuss and illustrate the deferred annuity. 6-8, 6-54, 6-55, 6-56
Chapter 7: Cash and Receivables

Major objectives for Chapter 7: After reading Chapter 7 and doing assigned problems the student will be able to:

1. Discuss and illustrate the accounting for cash and receivables classified as current assets. 7-1, 7-2, 7-3, 7-10, 7-11, 7-20, 7-21, 7-23, 7-25, 7-62
2. Do the accounting for a petty cash fund. 7-6, 7-22, 7-40
3. Discuss and illustrate the preparation of a bank reconciliation. 7-8, 7-24, 7-26, 7-41, 7-42, 7-44, 7-56
4. Do the accounting for credit sales. 7-12, 7-13, 7-28, 7-46
5. Do the accounting for uncollectible accounts receivable. 7-14, 7-15, 7-16, 7-17, 7-29, 7-30, 7-31, 7-32, 7-33, 7-47, 7-48, 7-49, 7-50, 7-51, 7-57, 7-58
6. Do the accounting for pledging of accounts receivable. 7-36
7. Do the accounting for assigning accounts receivable. 7-34, 7-36, 7-52, 7-59
8. Do the accounting for factoring accounts receivable. 7-35, 7-36, 7-52, 7-59
9. Do the accounting for Notes Receivable. 7-18, 7-19, 7-37, 7-38, 7-53, 7-54, 7-55, 7-57, 7-58, 7-59, 7-61
Chapter 8: Inventories: Basic Valuation Methods

Major objectives for Chapter 8: After reading Chapter 8 and doing assigned problems the student will be able to:

1. Describe the difference between periodic and perpetual inventory systems. 8-3, 8-23
2. Determine when title to "goods" passes and becomes inventory. 8-4, 8-24, 8-25, 8-26, 8-39, 8-40, 8-52
3. Define and do the accounting for consigned goods. 8-4, 8-25, 8-39, 8-40
4. Describe and do the accounting for the net method. 8-6, 8-27, 8-41
5. Describe and do the accounting for the gross method. 8-6, 8-27, 8-41
6. Determine what costs are included in inventory. 8-20, 8-21
7. Discuss and do the accounting for the following inventory cost flow methods.
   a. Specific identification. 8-7
   b. Average cost. 8-9, 8-29, 8-30, 8-42, 8-43
   c. First-In, First-Out (FIFO). 8-8, 8-28, 8-29, 8-30, 8-42, 8-43, 8-56
   d. Last-In, Last-Out (LIFO). 8-10, 8-28, 8-29, 8-30, 8-42, 8-43, 8-55, 8-56, 8-57
8. Compare results of Average Cost, FIFO and LIFO using periodic or perpetual system. 8-11, 8-12, 8-31, 8-44, 8-45, 8-46, 8-57
9. Do the accounting for inventory at lower of cost or market (LCM). 8-14, 8-15, 8-32, 8-33, 8-34, 8-47, 8-48, 8-49
10. Discuss the pros and cons of the LCM method. 8-13, 8-59
11. Determine the effects of inventory errors on financial statements. 8-35, 8-36, 8-50, 8-51, 8-54
12. Discuss what principles and conventions are used to justify inventory accounting. 8-16, 8-17, 8-18, 8-19, 8-37

Chapter 9: Inventories: Additional Valuation Methods

Major objectives for Chapter 9: After reading Chapter 9 and doing assigned problems the student will be able to:

1. Discuss and do the accounting for specific goods pooling. 9-1, 9-2, 9-36
2. Discuss and do the accounting for Dollar-Value LIFO. 9-1, 9-2, 9-3, 9-5, 9-6, 9-7, 9-21, 9-22, 9-37, 9-38, 9-39

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Chapter 11: Property, Plant and Equipment: Acquisition and Disposal

Major objectives for Chapter 11: After reading Chapter 11 and doing assigned problems the student will be able to:

1. Describe the characteristics of tangible and intangible assets. 11-1, 11-2, 11-3
2. Discuss and do the accounting for specific tangible assets, including:
   d. Miscellaneous tools. (From the reading)
3. Discuss and do the accounting for cash discounts. 11-9, 11-39
4. Discuss and do the accounting for acquisition of assets on deferred payment plan. 11-10, 11-11, 11-12
5. Discuss the arguments given for costing of internally constructed assets. 11-15, 11-29, 11-47
6. Do the accounting for capitalization of interest. 11-12, 11-36, 11-39, 11-46, 11-47, 11-51, 11-54
7. Do the accounting for noncash transactions including issuing of securities for tangible assets. 11-13, 11-40, 11-41
8. Do the accounting for the acquisition of several assets (basket purchase) for a single price. 11-14, 11-39, 11-40, 11-41
9. Discuss the accounting for installation, preparation and start-up costs. 11-26, 11-28
10. Do the accounting for post-acquisition expenditures including:
    a. Additions. 11-16, 11-32
    b. Replacements and betterments. 11-16, 11-17, 11-31, 11-32
    c. Rearrangements and relocations. 11-16, 11-32,
    d. Repair and maintenance. 11-16, 11-18, 11-32, 11-38, 11-45, 11-53
11. Do the accounting for disposals of plant assets, including:
    a. Selling. 11-35, 11-37
    b. Abandonment. 11-35
12. Discuss and do the accounting for acquisitions and disposals by exchange of plant assets including:
    a. Losses on exchanges of similar assets. 11-19, 11-21, 11-22, 11-37, 11-43, 11-44, 11-49, 11-50
    b. Losses on exchanges of dissimilar assets. 11-19, 11-21, 11-22, 11-37, 11-43, 11-44, 11-49, 11-50
    d. Gains on exchanges of dissimilar assets. 11-19, 11-21, 11-22, 11-37, 11-43, 11-44, 11-49, 11-50
13. Discuss and do the accounting for plant assets whose value has been permanently impaired. 11-33
**Schedule**

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**Chapter Problems**

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