



ACC320: Intermediate Accounting - I

Credit Hours: 3

Contact Hours: This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 10-25 hours per week in each course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

Faculty Information



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Office Hours/Time: Wednesdays & Fridays – 10:30am – 1:30pm EDT

Course Description and Outcomes



This course builds on the basic financial accounting skills based on generally accepted accounting principles (GAAP). The course explores the accounting concepts, strategies and policies of business transactions. It provides students an understanding of the theory and logic that underlie basic accounting procedures, reporting, and practices. Major topics include the environment and theoretical structure of financial accounting, review of the accounting process, the balance sheet and financial disclosures, income statement, comprehensive income, and the statement of cash flows. Time value of money concepts, revenue recognition, cash and receivables, and inventory measurement.

Course Learning Outcomes

1. Describe the environment and theoretical structure of financial accounting.
2. Review of the accounting process.
3. Examine the income statement, comprehensive income, and the statement of cash flows.
4. Evaluate the balance sheet and financial disclosures.
5. Describe and interpret the time value of money concepts.
6. Analyze revenue recognition.
7. Explain the concept of cash and receivables.
8. Understand inventory measurements.

Participation & Attendance



Prompt and consistent attendance in your online courses is essential for your success at **Gunu-Institute**. Failure to verify your attendance within the first 7 days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.

Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

Course Materials



Required:

Spiceland, D., Nelson, M., Thomas, W., & Winchel, J. (2023). Intermediate accounting. (11th ed.). McGraw Hill. ISBN-13: 9781264134526.

Course Schedule



Due Dates

The Academic Week at **Gunu-Institute** begins on Monday and ends the following Sunday.

- Discussion Boards: The original post must be completed by **Thursday at 12 midnight EST** and Peer Responses posted by **Sunday 12 midnight EST**. Late posts may not be awarded points.
- Mastery Exercises: Students may access and retake mastery exercises through the last day of class until they achieve the scores they desire.
- Critical Thinking Activities: Assignments are due **Sunday at 12 midnight EST**.

Week #	Readings	Assignments
1	<ul style="list-style-type: none"> Chapter 1 in Intermediate Accounting (11th ed.). 	<ul style="list-style-type: none"> Discussion Board (25) Mastery Exercises (10)
2	<ul style="list-style-type: none"> Chapter 2 in Intermediate Accounting (11th ed.). 	<ul style="list-style-type: none"> Discussion Board (25) Mastery Exercises (10) Critical Thinking (60)
3	<ul style="list-style-type: none"> Chapter 4 in Intermediate Accounting (11th ed.). 	<ul style="list-style-type: none"> Discussion Board (25) Mastery Exercises (10) Critical Thinking (60)
4	<ul style="list-style-type: none"> Chapter 3 in Intermediate Accounting Entities (11th ed.). 	<ul style="list-style-type: none"> Discussion Board (25) Mastery Exercises (20) Critical Thinking (60)
5	<ul style="list-style-type: none"> Chapter 5 in Intermediate Accounting (11th ed.). 	<ul style="list-style-type: none"> Discussion Board (25) Mastery Exercises (10) Critical Thinking (60)
6	<ul style="list-style-type: none"> Chapter 6 in Intermediate Accounting (11th ed.). 	<ul style="list-style-type: none"> Discussion Board #1 (15) Discussion Board #2 (10) Critical Thinking (110)
7	<ul style="list-style-type: none"> Chapter 7 in Intermediate Accounting (11th ed.). 	<ul style="list-style-type: none"> Discussion Board (25) Mastery Exercises (20)
8	<ul style="list-style-type: none"> Chapters 8 & 9 in Intermediate Accounting (11th ed.). 	<ul style="list-style-type: none"> Discussion Board - #1 (15) Discussion Board - #2 (10) Mastery Exercises (20) Portfolio Assignment (350)

Assignment Details



This course includes the following assignments/projects:

Week 2: Critical Thinking Assignment (60 points)

Prepare Financial Statements and Closing Entries

The December 31, 2024, adjusted trial balance for the Blueboy Cheese Corporation is presented below:

Account Title	Debits	Credits
Cash	\$ 21,000	
Accounts receivable	300,000	
Prepaid rent	10,000	
Inventory	50,000	
Office equipment	600,000	
Accumulated depreciation		\$ 250,000
Accounts payable		60,000
Notes payable (due in six months)		60,000
Salaries payable		8,000
Interest payable		2,000
Common stock		400,000
Retained earnings		100,000
Sales revenue		800,000
Cost of goods sold	480,000	
Salaries expense	120,000	
Rent expense	30,000	
Depreciation expense	60,000	
Interest expense	4,000	
Advertising expense	5,000	
Totals	<u>\$1,680,000</u>	<u>\$1,680,000</u>

You are required to:

1. Prepare an income statement for the year ended December 31, 2024, and a classified balance sheet as of December 31, 2024.
2. Prepare the necessary closing entries on December 31, 2024.

Refer to the rubric to ensure meeting all assignment criteria.

Due Saturday by 11:59 PM EST

Week 3: Critical Thinking (60 Points):

Income Statement Presentation, Discontinued Operations; and Earnings per Share:

Rembrandt Paint Company had the following income statement items for the year ended December 31, 2024 (in thousands of dollars):

Sales revenue	\$18,000
Interest revenue	100
Interest expense	300
Cost of goods sold	10,500
Selling and administrative expense	2,500
Restructuring costs	800

In addition, during the year, the company completed the disposal of its plastics business and incurred a loss from operations of \$1.6 million and a gain on disposal of the component's assets of \$2 million. There were 500,000 shares of common stock outstanding throughout 2024. Income tax expense has not yet been recorded. The income tax rate is 25% on all items of income (loss).

You are Required to prepare:

- a. A multi-step income statement for 2024 similar to Illustration 4-4 of your textbook (chapter 4).
- b. Earnings per Share disclosures.
- c. Income from continuing operations.
- d. The discontinued operations portion of the income statement.

Refer to the rubric to ensure meeting all assignment criteria.

Due Saturday by 11:59 PM EST

Week 4: Critical Thinking (60 Points):

Balance Sheet & Financial Statement Disclosures

Answer both parts of the question (parts 1 & 2):

Part 1: Preparation of Balance Sheet and Error Correction

The following balance sheet for the Los Gatos Corporation was prepared by a recently hired accountant. In reviewing the statement, you noticed several errors.

LOS GATOS CORPORATION	
Balance Sheet	
As of December 31, 2024	
Cash	\$40,000
Accounts receivable	80,000
Inventory	55,000
Machinery (net)	120,000
Franchise (net)	<u>30,000</u>
Total assets	<u>\$325,000</u>
Accounts payable	\$50,000
Allowance for uncollectible accounts	5,000
Notes payable	55,000
Bonds payable	110,000
Shareholders' equity	<u>105,000</u>
Total liabilities and shareholders' equity	<u>\$325,000</u>

Additional Information:

1. Cash includes a \$20,000 restricted amount to be used for repayment of the bonds payable in 2028.
2. The cost of the machinery is \$190,000.
3. Accounts receivable includes a \$20,000 note receivable from a customer due in 2027.
4. The notes payable balance includes accrued interest of \$5,000. Principal and interest are both due on February 1, 2025.
5. The company began operations in 2019. Net income less dividends since inception of the company totals \$35,000.
6. 50,000 shares of no-par common stock were issued in 2019. 100,000 shares are authorized.

You are required to prepare a corrected, classified balance sheet. Use the additional information to help determine appropriate classifications and accounts balances. The cost of machinery and its accumulated depreciation are shown separately:

Part 2: Financial Statement Disclosures:

Parkman Sporting Goods is preparing its annual report for its fiscal year. The company's controller has asked for your help in determining how best to disclose information about items 1 – 8 below: For each of the items, indicate whether, the item(s) should be disclosed:

- a) In the summary of significant accounting policies note
- b) In a separate disclosure note
- c) On the face of the balance sheet

Items:

1. A related-party transaction.
2. Depreciation method
3. Allowance for uncollectible accounts.
4. Composition of investments.
5. Composition of long-term debt.
6. Inventory costing method.
7. Number of shares of common stock authorized, issued, and outstanding
8. Employee benefit plans.

Refer to the rubric to ensure meeting all assignment criteria.

Due Saturday by 11:59 PM EST

Week 5: Critical Thinking (60 Points):

Answer both parts of the question (parts 1 and 2):

Part 1: Computation of Future and Present Value. Answer each of the questions independently in this part:

- a. Assume you recently won a lottery and have the option of receiving one of the following prizes:
 - I. \$64,000 cash immediately.
 - II. \$20,000 cash immediately and a six-year annual annuity of \$8,000 beginning one year from today.
 - III. A six-year annual annuity of \$13,000 beginning one year from today. Assuming an interest rate of 6% compounded annually, which option should you choose?
- b. A company wants to accumulate a sum of money to repay certain debts due in the future. The company will make annual deposits of \$100,000 into a special bank account at the end of each of 10 years. Assuming the bank account pays 7% interest compounded annually, what will be the fund balance after the last payment is made in ten years?

Part 2: Computation of Future Value; Solving for Annuities and Single Amount

Parents want to accumulate \$100,000 to be used for their child's college education. The parents would like to have the amount available on December 31, 2029. Assume that the funds will accumulate in an account paying 8% interest compounded annually.

You are required to answer each of the following independent questions:

- a. If the parents were to deposit a single amount, how much would they have to invest on December 31, 2024?
- b. If they were to make five equal deposits on each December 31, beginning on December 31, 2025, what is the required amount of each deposit?
- c. If they were to make five equal deposits on each December 31, beginning on December 31, 2024, what is the required amount of each deposit?

Refer to the rubric to ensure meeting all assignment criteria.

Due Saturday by 11:59 PM EST

Week 6: Critical Thinking (110 Points):

Research Case

Performance Obligations, Options, Allocating Transaction Price & Timing of Revenue Recognition

Mars Marine produces outboard motors for a variety of recreational and commercial boating configurations. Mr. Martin Quint, the owner of Mars Marine, is planning to provide to any person purchasing a Mars motor a coupon entitling them to a 40% discount on a ten-year maintenance contract. However, Mars Marine has never offered such maintenance contracts before. As an accountant employed at FirstBank, which is Mars Marine's largest lender, you have voiced concern that this new idea could affect Mars Marine's revenue recognition, potentially requiring that some of each sale be deferred and possibly putting the company in violation of earnings-based debt covenants as a result.

"A sale is a sale!" Mr. Quint grumbled. "I don't see why I can't just recognize all the revenue for the sale of a motor when I sell the motor, and then I'll cover the maintenance if I have to provide it in the future. Prove to me I can't handle it that way!"

You are required to access the FASB Accounting Standards Codification at the FASB website (www.fasb.org). While on the site, research the specific **nine-digit Codification citation (XXX-XX-XX-XX)** that indicates the authoritative support in the Codification for each of the following aspects relevant to Mr. Quint's request:

1. One question is whether the coupon for the maintenance contract should even be considered a separate performance obligation. What Codification citation indicates the criteria for determining whether an option to purchase maintenance contract constitutes a material right that gives rise to a performance obligation?
2. Assuming the maintenance contract is viewed as a separate performance obligation, what Codification citation indicates that the transaction price should be allocated to performance obligations based on their standalone selling prices?
3. Mars Marine has never offered this sort of maintenance contract before. What Codification citation indicates the approaches that it might use to estimate the standalone selling price of the maintenance contract?
4. Mr. Quint is likely to say that, even if some of the transaction price can be allocated to multiple performance obligations, the entire transaction price should be recognized as revenue at the time the motor is sold. What Codification citation indicates that the portion of the transaction price that is assigned to the maintenance contract should only be recognized as revenue when that performance obligation is satisfied?

Note: You may refer to the Accounting Standards Codification® User Guide for guidance on how to research the codification:

Refer to the rubric to ensure meeting all assignment criteria.

Due Saturday by 11:59 PM EST

WEEK 8 FINAL PORTOFOLIO PROJECT

FASB Codification Research & Various Inventory Costing Methods (350 Points)

Answer both parts of this project (Parts 1 & 2):

Part 1: FASB Codification Research:

Access the FASB Accounting Standards Codification at the FASB website (www.fasb.org), research and indicate the FASB Codification for the following: You may also use Google for this research or any other search tools:

1. The specific seven-digit Codification citation (XXX-XX-XX) that contains discussion of the measurement of ending inventory using the lower of cost or net realizable value (LCNRV) rule and the lower of cost or market (LCM) rule.
2. The specific eight-digit Codification citation (XXX-XX-XX-X) that describes the measurement of the ceiling using the lower of cost or market (LCM) rule.
3. The specific eight-digit Codification (XXX-XX-XX-X) that describes the measurement of the floor using the lower of cost or market (LC) rule.

Part 2: Various Inventory Costing Methods:

A company began January 2024 with 6,000 units of its principal product. The cost of each unit is \$8. Inventory transactions for the month of January 2024, are as follows:

		Purchases	
Date of Purchase	Units	Unit Cost*	Total Cost
January 10, 2024	5,000	\$9.00	\$45,000
January 18, 2024	6,000	\$10.00	60,000
Total purchases	<u>11,000</u>		<u>\$105,000</u>

*: Includes purchase price and cost of freight.

Sales	
Date of Sale	Units
January 5, 2024	3,000
January 12, 2024	2,000
January 20, 2024	4,000
Total Sales	<u>9,000</u>

8,000 units were on hand at the end of the month.

You are required to calculate January 2024 ending inventory and cost of goods sold for the month using each of the following alternatives:

1. FIFO, periodic system
2. LIFO, periodic system
3. FIFO, perpetual system
4. Average cost, periodic system
5. Average cost, perpetual system.

Refer to the rubric to ensure meeting all assignment criteria.

Due Saturday by 11:59 PM EST

Course Policies



Late Work

Students are permitted a 7-day grace period during which they may submit a Critical Thinking assignment after the original due date without penalty. Papers submitted between 8 and 14 days after the original due date will be accepted with a potential 10 percent reduction in grade for late submission. Papers submitted 15 or more days beyond the original due date may not be accepted unless prior arrangements have been made with the instructor. **No Portfolios will be accepted late** and no assignments will be accepted after the last day of class unless a student has requested an incomplete grade in accordance with the Incomplete Policy.

Course Grading

20% Discussion Participation
10% Mastery Exercises
35% Critical Thinking
Activities
35% Final Portfolio Paper

Grading Scale

A	95.0 – 100
A-	90.0 – 94.9
B+	86.7 – 89.9
B	83.3 – 86.6
B-	80.0 – 83.2
C+	75.0 – 79.9
C	70.0 – 74.9
D	60.0 – 69.9
F	59.9 or below
FN*	Failure for Nonparticipation
I**	Incomplete

Artificial Intelligence (AI) Policy:

Students must consult with their instructors before using an AI tool such as GPTZero, ChatGPT, QuillBot etc... in their academic papers.

* Students who stop attending class and fail the course for nonparticipation will be issued the “FN” grade. The FN grade may have implications for financial aid and scholarship awards.

** An “I” grade may be assigned at the instructor’s discretion to students who are in good standing (passing) in the course. Students should have completed a majority of the coursework in order to be eligible for the “I” grade. Students should request an “I” grade from the instructor with a written justification, which must include explanation of extenuating circumstances that prevented timely completion of the coursework. If the request is approved, the instructor will require a written agreement consisting of **a)** the specific coursework to be completed, **b)** the plan to complete the coursework, and **c)** the deadline for completion. The agreement will be kept on file at **GunU-Institute Campus**. An incomplete course must be satisfactorily completed within the time frame stipulated in the agreement, but no later than the end of the following semester from the date the “I” was given. An incomplete not removed within one year shall convert to an F and be included in the computation of the student’s grade point average.

Academic Integrity

Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, plagiarism, unauthorized possession of academic materials, and falsification. The **Student Handbook** provides information on how students can avoid plagiarism by understanding what it is and how to use the library and Internet resources appropriately with proper citation. Please refer to the **Academic Catalog** for complete policies regarding plagiarism and academic dishonesty.

APA

Students are expected to follow the **GunU-Institute** requirements when citing in APA (based on the APA Style Manual, 6th edition). For details on **GunU-Institute’s** APA style, please review the APA resources located under the library tab in the course management system.

Netiquette

All posts and classroom communication must be conducted in a professional and respectful manner in accordance with the student code of conduct. Think before you push the Send or Post button. Did you say just what you meant? How will the person on the other end read the words?

Any derogatory or inappropriate comments regarding race, gender, age, religion, sexual orientation, are unacceptable and subject to disciplinary action. If you have concerns about something that has been said, please let your instructor know.

Institutional Policies

Refer to the Academic Catalog for comprehensive documentation of **GunU-Institute’s** institutional policies