



El Camino College
COURSE OUTLINE OF RECORD – Official

Course Acronym:	BUS
Course Number:	153
Descriptive Title:	Intermediate Accounting II
Division:	Business
Department:	Accounting
Course Disciplines:	Accounting
Catalog Description:	This course is a continuation of the study of advanced financial and managerial accounting theory and practice for the corporate form of ownership. The emphasis of the course is on the analysis, evaluation, and preparation of complex corporate financial statements including notes, special topics, and extenuating circumstances and the resulting reporting issues.
Prerequisite:	BUS 152 with a minimum grade of C
Co-requisite:	
Recommended Preparation:	
Enrollment Limitation:	
Hours Lecture (per week):	3
Hours Laboratory (per week):	0
Outside Study Hours:	6
Total Course Hours:	54
Course Units:	3
Grading Method:	Letter Grade only
Credit Status:	Credit, degree applicable
Transfer CSU:	Yes
Effective Date:	
Transfer UC:	No
Effective Date:	
General Education: ECC	
Term:	
Other:	
CSU GE:	
Term:	
Other:	
IGETC:	
Term:	
Other:	

CalGETC:	
Term:	
Other:	
Student Learning Outcomes:	SLO #1 Concepts and Terminology Understand the concepts and terminology covering the accounting for investments in financial assets, liabilities, stockholders' equity and error corrections. SLO #2 Problem Solving Solve a variety of problems related to the accounting for financial assets and investments in equity securities, current and long term liabilities, income taxes, pension costs and other post-retirement benefits, stockholders equity, and error corrections. SLO #3 Analyzing and Preparation Analyze transactions, prepare journal entries recording those transactions, and prepare Balance Sheets, Income Statements, Statements of Changes in Stockholders' Equity.
Course Objectives:	1. Describe accounting as a management information system. 2. Solve problems, suggesting revisions in cost allocation plans for land, buildings, and equipment. 3. Analyze, record, and process the acquisition, valuation, and disposal of intangible assets. 4. Contrast, compare, and solve problems pertaining to leases under the lessee-rental method and lease purchase method. 5. Contrast, compare, and solve problems pertaining to leases under the lessee-rental method and lease purchase method. 6. Contrast, compare, and solve problems pertaining to the proper measurement of liabilities and contingent liabilities. 7. Analyze, evaluate, and solve problems for state and federal taxes levied on the employer and employees. 8. Contrast, compare, and solve problems pertaining to bond premium and discount amortization, using the straight-line and compound interest methods. 9. Analyze, evaluate, and solve problems pertaining to the timing and measurement of pension costs and the presentation of the pension plan information in the financial statements. 10. Analyze, record, and process problems pertaining to the overall capital structure of corporations and their formation, changes, and dissolution. 11. Analyze, record, and process problems pertaining to the determination and measurement of stockholders' equity. 12. Analyze and solve problems pertaining to converting the partnership books to corporation books when a going partnership is incorporated. 13. Analyze, evaluate, and solve problems pertaining to treasury stock purchases and retirements. 14. Analyze, record, and process cash dividends, stock dividends, liquidating dividends, and calculate earnings per share. 15. Prepare comparative statements and analyze and evaluate the ratios and measurements developed. 16. Prepare and analyze a working capital fund statement and a cash fund statement. 17. Analyze and solve problems pertaining to errors and omissions and evaluate and formulate the appropriate action to take in order to prepare statements that meet acceptable accounting standards. 18. Contrast, compare, and solve problems pertaining to adjustments and corrections to prior years' statements and report the results on the current statement. 19. Report general price-level changes in financial statements.

Major Topics:	I. Long term investment in common stocks and bonds (4 hours, lecture) A. Fair value disclosures B. Differences between IFRF (International Financial Reporting Standards) and U.S. GAAP (Generally Accepted Accounting Principles) for equity method investments II. Long term debt (6 hours, lecture) A. Bonds B. Amortization methods C. Retirement D. Restructured debt E. Potential effect of FASB (Financial Accounting Standards Board)/IASB (International Accounting Standards Board) joint Financial Instruments project III. Paid-in capital, retained earnings, and dividends (3 hours, lecture) A. Share-Based compensation and Earnings Per Share IV. Warrants, convertible securities, stock options, and stock purchase plans (6 hours, lecture) A. The amount of compensation to be recognized as expense for stock options B. Intrinsic value as it relates to options C. Similarities between stock options, stock rights and stock warrants D. Conversion options for convertible securities V. Treasury stock, retained earnings statement, changes in stockholders' equity (6 hours, lecture) A. The effects of treasury stock on shareholders' equity B. Characteristics of retained earnings and the development of retained earnings reports VI. Earnings per share (3 hours, lecture) A. The earnings per share requirements of U.S. GAAP and FASB VII. Accounting standards for pension plans (3 hours, lecture) A. FASB and IASB accounting standards for postemployment benefits VIII. Capital leases, operating leases, sales type leases, direct financing, and leveraged leases (6 hours, lecture) A. Discussion of GAAP reporting standards B. Rent abatement and rent holidays C. Case study IX. Income tax in income reporting, interperiod and intraperiod tax allocation (4 hours, lecture) A. Financial statement presentation for tax purposes B. The effect of discontinued operation and extraordinary items in tax reporting C. The differences between interperiod and intraperiod tax allocations X. Accounting changes, correction of errors, completion of financial statements from incomplete records (6 hours, lecture) A. The four-step process of correcting and reporting errors B. Procedures to change estimates to reflect in the financial statements of current and future periods XI. Statement of changes in financial position, working capital, and cash concepts (4 hours, lecture) A. Discussion of the correct method of reporting earnings and financial strength B. Analysis of financial statements to determine financial position of the company XII. Analysis of financial statements, earnings performance, and financial strength (3 hours, lecture) A. Earnings performance B. Financial strength
Total Lecture Hours:	54

Total Laboratory Hours:	0
Total Hours:	54
A.1. Primary Methods of Evaluation (Part 1 - CCN courses only):	
A.2. Primary Method of Evaluation (Part 2 - all courses; choose one):	2) Problem solving demonstrations (computational or non-computational)
Typical Assignment Using Primary Method of Evaluation:	(Operating Lease: Lessee-Lessor Entries) Synergetics Inc. leased a new crane to M.K. Gumowski Construction under a 5-year noncancelable contract starting January 1, 2009. Terms of the lease require payments of \$22,000 each January 1, starting January 1, 2009. Synergetics will pay insurance, taxes, and maintenance charges on the crane, which has an estimated life of 12 years, a fair value of \$160,000, and a cost to Synergetics of \$160,000. The estimated fair value of the crane is expected to be \$45,000 at the end of the lease term. No bargain purchase or renewal options are included in the contract. Both Synergetics and Gumowski adjust and close books annually at December 31. Collectability of the lease payments is reasonably certain and no uncertainties exist relative to unreimbursable lessor cost. Gumbowski's incremental borrowing rate is 10% and Synergetics' implicit interest rate of 9% is known to Gumbowski. Instructions: 1. Identify the type of lease involved and give reasons for your classification. Discuss the accounting treatment that should be applied by both the lessee and the lessor. 2. Prepare all the entries related to the lease contract and leased asset for the year 2009 for the lessee and lessor, assuming: a. Insurance, \$500 b. Taxes, \$2,000 c. Maintenance, \$650 d. Straight-line depreciation and salvage value, \$10,000 3. Prepare a one-page paper discussing what should be presented in the balance sheet and income statement and related notes of both the lessee and the lessor at December 31, 2009.
Critical Thinking Assignment 1:	Amalgamated General Corporation is a consulting firm that also offers financial services through its credit division. From time to time the company buys and sells securities intending to earn profits on short-term differences in price. The following selected transactions relate to Amalgamated's investment activities during the last quarter of 2009 and the first month of 2010. The only securities held by Amalgamated at October 1 were \$30 million of 10% bonds of Kansas Abstractors, Inc. purchased on May 1 at face value. The company's fiscal year ends on December 31. 2009 Oct. 18 -- Purchased 2 million preferred shares of Millwork Ventures Company for \$58 million as a speculative investment to be sold under suitable circumstances. Oct. 31 -- Received semiannual interest of \$1.5 million from the Kansas Abstractors bonds. Nov. 1 -- Purchased 10% bonds of Holistic Entertainment Enterprises at their \$18 million face value, to be held until they mature in 2016. Semiannual interest is payable April 30 and October 31. Nov. 1 -- Sold the Kansas Abstractors Bonds for \$28 million because rising interest rates are expected to cause their fair value to continue to fall. Dec. 1 -- Purchased 12% bonds of Household Plastics Corporation at their \$60 million face value, to be held until they mature in 2026. Semiannual interest is payable May 31 and November 30. Dec. 20 -- Purchased U.S. Treasury bonds for \$5.6 million as trading securities, hoping to earn profits on short-term differences in prices. Dec. 21 -- Purchased 4 million common shares of NXS Corporations for \$44 million as trading securities, hoping to earn profits on short-term differences in prices. Dec. 23 -- Sold the Treasury Bonds for \$5.7 million. Dec. 29 -- Received cash dividends for \$3 million from the Millwork Ventures Company preferred shares. Dec. 31-- Recorded any necessary adjusting entry(s) and closing entries relating to investments. The market price of Millwork Ventures Company preferred stock was \$27.50

	per share and \$11.50 per share for the NXS Corporation common. The fair values of the bond investments were \$58.7 million for Household Plastics Corporation and \$16.7 million for Holistic Entertainment Enterprises. 2010 Jan. 7 -- Sold the NXS Corporation common shares for \$43 million. Required: Prepare the appropriate journal entry for each transaction or event.
Critical Thinking Assignment 2:	Based on the table provided in class by the instructor determine the following: 1. What is the rationale for the argument that long-term deferred tax liabilities should be excluded from liabilities when computing the debt to equity ratio? 2. What would be the effect of FedEx's debt to equity ratio of excluding deferred tax liabilities from its calculation? What would be the percentage change? 3. What might be the rationale for not excluding long-term deferred tax-liabilities from liabilities when computing the debt to equity ratio?
Other Evaluation Methods:	Homework Problems, Matching Items, Multiple Choice, Quizzes, True/False
Instructional Methods:	Discussion, Lecture, Multimedia presentations
If other:	
Work Outside of Class:	Answer questions, Problem solving activity, Required reading, Study, Written work (such as essay/composition/report/analysis/research)
If Other:	
Up-To-Date Representative Texts:	Spiceland, Nelson and Thomas. <u>Intermediate Accounting</u> . McGraw Hill, 2025 Release
Alternative Texts:	
Required Supplementary Readings:	
Other Required Materials:	
Requisite:	Prerequisite
Category:	sequential
Requisite course(s): List both prerequisites and corequisites in this box.	BUS 152
Requisite and Matching skill(s): Bold the requisite skill. List the corresponding course objective under each skill(s).	Prepare and analyze financial statements for most types of corporate businesses involving special accounting reporting issues. BUS 152 - Prepare and analyze financial statements for most types of corporate businesses involving accounting reporting issues. Define, contrast, compare and solve problems pertaining to the time value of money with emphasis on future versus present value and related issues. BUS 152 - Define, contrast, compare, and solve problems pertaining to the time value of money, with emphasis on future versus present value and related issues. Contrast, compare and solve problems pertaining to the various types of depreciation methods and evaluate the impact on financial statements. BUS 152 - Contrast, compare, and solve problems pertaining to the various types of depreciation methods and evaluate the impact on financial statements; such as balance sheets for plant assets.
Requisite Skill:	Prerequisite

Requisite Skill and Matching Skill(s): Bold the requisite skill(s). If applicable	
Requisite course:	
Requisite and Matching skill(s): Bold the requisite skill. List the corresponding course objective under each skill(s).	
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Requisite Skill and Matching skill(s): Bold the requisite skill. List the corresponding course objective under each skill(s). If applicable	
Enrollment Limitations and Category:	
Enrollment Limitations Impact:	
Course Created by:	Dave Tanaka
Date:	06/01/1973
Original Board Approval Date:	
Last Reviewed and/or Revised by:	Sidney Porter
Date:	10/15/2025
Last Board Approval Date:	01/21/2026
Effective Term:	FA 2026