



Your competence will be assessed as you complete the Problems in Accounting performance assessment for this course of study. This course of study may take up to 10 weeks to complete.

## Introduction

### Overview

Accounting is often called the "language of business" because all organizations set up an accounting information system to communicate data to help people make better decisions. This course is an application of internal control, depreciation, inventory, and partnerships; it is heavy in taxes.

Most accounting graduates will choose from a variety of options as they seek career direction. Do you want to be in a small, public practice? You will use the concepts you've learned in the Concepts in Accounting and Tax courses of study as you guide clients with accounting decisions at the intermediate accounting level.

During the year, most small accounting firms find that tax accounting generates a large portion of its revenue. Tax performance tasks in this assessment are designed to help you become familiar with applying tax law after doing the necessary research that applies to the client's situation. No one can know all tax law, so the key is familiarization with the basics and the ability to research various sources to find appropriate answers.

Watch the following video introduction for this course:

Competencies

This course provides guidance to help you demonstrate the following 6 competencies:

- **Competency 302.2.2: Tax Treatments for Partnerships, Estates, and Trusts**  
The student determines the tax treatment for partnerships, estates, and trusts.
- **Competency 302.2.3: Tax Treatments for Individual Returns**  
The student determines tax treatments for individual income tax returns.
- **Competency 302.2.4: Tax Treatments for Corporations**  
The student determines tax treatments for corporations.
- **Competency 302.3.2: Valuing Receivables and Inventories**  
The student can use various methods to value receivables and inventories.
- **Competency 302.3.3: Long-Term Assets**  
The student can perform accounting for long-term assets.
- **Competency 302.3.4: Depreciation**  
The student can use various methods of depreciation.

### Course Instructor Assistance

As you prepare to demonstrate competency in this subject, remember that course instructors stand ready to help you reach your educational goals. As subject matter experts, mentors enjoy



and take pride in helping students become reflective learners, problem solvers, and critical thinkers. Course instructors are excited to hear from you and eager to work with you.

Successful students report that working with a course instructor is the key to their success. Course instructors are able to share tips on approaches, tools, and skills that can help you apply the content you're studying. They also provide guidance in assessment preparation strategies and troubleshoot areas of deficiency. Even if things don't work out on your first try, course instructors act as a support system to guide you through the revision process. You should expect to work with course instructors for the duration of your coursework, so you are welcome to contact them as soon as you begin. Course instructors are fully committed to your success!

## **Preparing for Success**

The information in this section is provided to detail the resources available for you to use as you complete this course.

### **Learning Resources**

The learning resources listed in this section are required to complete the activities in this course. For many resources, WGU has provided automatic access through the course. However, you may need to manually enroll in or independently acquire other resources. Read the full instructions provided to ensure that you have access to all of your resources in a timely manner.

#### **Using Your Learning Resources**

Watch the following tutorial on the Learning Resources used in this course:

*Note: To download this video, right-click the following link and choose "Save as...":* [download video](#).

#### **Enroll in Learning Resources**

Take a moment to enroll in the learning resources listed in this section by following the instructions provided below.

#### **Cengage Aplia**

Aplia uses interactive problem sets, detailed explanations, and real-world examples so you can practice the tax concepts as you prepare for the ATO1 objective assessment. Problems have been individually selected to provide you with some overall practice on tax concepts.

Aplia includes the following textbook as an e-text:

Hoffman, W.H., Maloney, D.M., Raabe, W.A., & Young, J.C. (2013). *South-Western federal taxation 2013* (2013 edition, comprehensive vol.). Mason, OH: South-Western. ISBN: 9781133189619.

Registration Instructions:



1. Go to <http://login.cengagebrain.com/course/BB9C-JPHV-4GHX>
2. Enter your WGU e-mail address and click on **Create New Account**.
3. Enter the required information to create an account: First Name, Last Name, Password creation, Security Question and Answer, and check the box to agree to the terms of the site.
4. Please make note of the login credentials you created for this site.

### **Automatically Enrolled Resources**

You will be automatically enrolled at the activity level for the following learning resources. Simply click on the links provided in the activities to access the learning materials.

### **WileyPLUS**

WileyPLUS is the primary learning resource for the intermediate accounting content in this course. For each chapter, there is a reading, some selected problems listed as assignments, and a practice chapter review to help you check your level of understanding and competence.

Your reading efforts, work on the assignments, and scores on the chapter reviews will be reported in the WileyPLUS gradebook. Work done in the “Ready, Study & Practice” portion of WileyPLUS is not reported in the gradebook.

*Note: If you require assistance or approval from the course instructor for a second attempt on the objective assessment, the course instructor will rely on the gradebook reporting feature.*

The following e-text will be the primary reading for WileyPLUS:

- Kieso, D. E., Weygandt, J. M., & Warfield, T. D. (2012). *Intermediate accounting* (14th ed.). Hoboken, NJ: John Wiley & Sons. ISBN: 978-0-470-58723-2.

### **Supplemental Resource: Introduction to Accounting: The Language of Business**

In order to ensure that you have the grounding in accounting fundamentals necessary to successfully complete this assessment, you may wish to review some core concepts prior to and while you engage in this course. The Introduction to Accounting: The Language of Business courseware contains modules with lessons that are instructor-led with on-screen presentation of material. There are numerous helps built into each lesson. This resource is only necessary for those students who need to build a more solid foundation in accounting principles while working through the remainder of this course's activities. Click the following link to access the resource:

- [Introduction to Accounting: The Language of Business](#)

### **Other Learning Resources**

You will use the following learning resource for this course.

### **Accounting E-Text Reading**



This course utilizes a chapter reading provided through an online PDF, available at the activity level. The chapter is taken from the following text:

- Horngren's Accounting and MyAccountingLab with 10/E ISBN-10: 0133129551 • ISBN-13: 9780133129557

## **Topics and Pacing**

This outline suggests a weekly structure to pace your completion of learning activities. It is provided as a suggestion and does not represent a mandatory schedule. Follow these guidelines carefully to complete the course in the suggested timeframe.

Week 1

- Accounting for Partnerships

Weeks 2-5

- Individual Taxes

Weeks 6-7

- Corporate Taxes for a Regular corporation and an S Corporation

Week 8

- Assigning Value to Inventory

Week 9

- Cost Allocation of Long-Term Assets

Week 10

- Special Method for Cost Allocation of Long-Term Assets
- Final Steps

## **Partnerships**

The partnership business form allows entrepreneurs the advantage of joining forces in a combination of skills and capital. There are some disadvantages as well. Be sure to consider liability issues and how the partnership is taxed as you study and prepare for the performance task.

Partnerships have some accounting differences when considering multiple owners each having their own capital account and the ability to withdraw from that account. There are special tax rules that apply to partnerships, and your future clients will come to you for tax advice on the best tax treatment for their situation. As an accounting professional, you will need a full



understanding of all business forms.

## Accounting for Partnerships

You will discover how to admit new partners, find the proportional amount of ownership each partner holds, and calculate the distribution of the net results from the income statement.

This topic addresses the following competency:

- **Competency 302.2.2: Tax Treatments for Partnerships, Estates, and Trusts**  
The student determines the tax treatment for partnerships, estates, and trusts.

When you have completed the performance task, you will be able to do the following:

- Calculate each partner's capital account
- Account for admission of new partners
- Account for profits and losses to the partners
- Identify the income amount that should appear on the partner's form 1065 K1
- Determine the proportionate ownership of each partner in the partnership

### Partnerships

Read the following chapter from the 10th edition of *Accounting*:

- [Chapter 12 \("Partnerships"\)](#)

### Connecting Terms

Be sure you understand the following terms:

- Interest allowance
- Salary allowance
- Bonus to new partner
- Bonus to old partner

### Sample Partnership Agreement

Review the sample partnership agreement on the following website:

- [Small Business Notes: "Sample Partnership Agreement"](#)

Respond to the terms of the agreement. Would you sign this agreement?

### Problems in Accounting Performance Task

Complete the following task in Taskstream:

- Problems in Accounting: Task 302.2.2-01-06

For details about this performance assessment, see the "Assessment" tab in this course.

## Individual Taxes



Tax season is a busy time in most accounting firms. Individuals expect you to have up-to-date knowledge of the current tax law and to be able to apply it to their situation. Tax law changes in some ways each year, so this study will create a basis of your future continuing education efforts as you stay current to best serve your clients.

## Individual Taxes

The IRS form 1040 is segmented into multiple parts. As you study, you will follow the layout of the 1040 form by determining the tax status through the taxable income, any credits that apply before the final tax is determined, and whether there is an amount due or if the taxpayer can expect a refund. There are many steps in the process to get to that end result.

This topic addresses the following competency:

- **Competency 302.2.3: Tax Treatments for Individual Returns**

The student determines tax treatments for individual income tax returns.

When you have completed your study and the performance task, you will be able to do the following:

- Identify correct filing status
- Calculate gross income
- Make adjustments to gross income
- Decide if the standard deduction is appropriate versus itemizing deductions
- Apply tax credits as appropriate

### Text Support: Individual Tax

Review the individual tax chapters in *South-Western Federal Taxation 2013*, accessed through [Aplia](#).

### Aplia

Complete the selected problems in Aplia for chapters 1-14 *South-West Federal Taxation 2013*. To properly use the Aplia problems, scan the chapter, begin the problems, and use the chapter as a reference. Review your work based on the feedback received for the problem.

### Connecting Terms: The Structure of the 1040 Form

Identify the structure of the 1040 form and how it leads a taxpayer to taxable income.

### Connecting Your Individual Tax Study to Life

Find out if you have some tax benefits due to your attendance at WGU on the [IRS website's](#) page "Student Loan Interest Deduction." Become familiar with the IRS publications and the language used.

### Problems in Accounting Performance Task

Complete the following task in Taskstream:

- Problems in Accounting: Task 302.2.3-01-08



For details about this performance assessment, see the "Assessment" tab in this course.

## Corporate Tax

You will be completing tax research that affects the taxable income of both a regular corporation and a corporation that has been granted subchapter S tax status.

A corporation is a separate entity granted operational rights by a state. The regular corporation (C corporation) has its own tax form, tax rates, and rules. A small C corporation can petition the IRS for the right to be taxed as a subchapter S corporation. You will be completing a template for both the regular and the S corporation in the performance tax based on provided data.

The largest corporations usually have a tax department that will handle their tax work. However midsize and small corporations will seek the expertise of local CPA firms. Local tax preparation service probably will not serve the tax needs of businesses to a great extent. As a business person and accounting professional, this might be a niche you can serve.

### Corporate Taxes for a Regular Corporation and an S Corporation

Corporation tax forms are based on an income statement, but the accounting rules and tax rules differ significantly in some areas. The S corporation rules even differ from the regular corporation, since the S corporation is taxed to the shareholders as if they are partners.

This topic addresses the following competency:

- **Competency 302.2.4: Tax Treatments for Corporations**

The student determines tax treatments for corporations.

When you have completed your study and the performance task, you will be able to do the following:

- Calculate taxable income
- Make adjustments to taxable income based on special tax rules
- Apply pass-through rules applicable to an S corporation
- Identify the tax differences between a regular corporation and an S corporation

#### Text Support: S Corporation

Review the following in *South-Western Federal Taxation 2013* accessed through [Aplia](#):

- special topics related to corporations covered in chapters 17-20
- S corporation coverage in chapter 22

#### Aplia

Complete the selected problems in Aplia for chapters 17-20 and 22 of *South-Western Federal Taxation 2013*. To properly use the Aplia problems, scan the chapter, begin the problems using the chapter as a reference, and review your work based on the feedback received for the problem.

#### Connecting Terms: Items with Limitation



Identify the items that have limitation and other special considerations. For further research on corporate requirements, search the [IRS website](#).

### **Problems in Accounting Performance Task**

Complete the following task in Taskstream:

- Problems in Accounting: Task 302.2.4-01-05, 07-10

For details about this performance assessment, see the "Assessment" tab in this course.

## **Inventory**

Consider the following scenario: You own the Green Bean Store. You have purchased inventory three times during the month. There is a shortage of green beans, so prices have been rising. The first purchase cost \$0.34 per can, the second \$0.38 per can, and the third, \$0.42 per can. All purchases were stocked to the shelves immediately. You sell your green beans for \$0.55 per can. How much did you make on the sale when a customer came in and purchased one can?

### **Assigning Value to Inventory**

Clients seek business advice from their accountant. In fact offering clients a business check-up could be viewed as a great customer service opportunity. Inventory methods do impact the reported net income, so this content would be one ideal item to check.

This topic addresses the following competency:

- **Competency 302.3.2: Valuing Receivables and Inventories**  
The student can use various methods to value receivables and inventories.

When you have completed your study and the performance task, you will be able to do the following:

- calculate the value of inventory using FIFO, LIFO, and average cost, and
- identify the impact that FIFO, LIFO, and average cost methods have on reported net income.

### **Text Support**

Complete the following assignments in WileyPLUS:

- [Chapter 8a: Reading](#)
- [Chapter 8b: Assignment](#)
- [Chapter 8c: Chapter Review](#)

Access the "Read, Study & Practice" section of WileyPLUS to review supplemental resources for this chapter, such as multimedia slide presentations and tutorials.

- [Read, Study & Practice](#)





Note: Your use of the Read, Study & Practice resources will not be reported on the gradebook.

### Identify Use of Terms

Identify the use of the following terms:

- Specific identification
- FIFO
- LIFO
- Average cost
- Phantom profit
- Cost of goods sold

### Problems in Accounting Performance Task

Complete the following task in Taskstream:

- Problems in Accounting: Task 302.3.2-03-06

For details about this performance assessment, see the "Assessment" tab in this course.

## Depreciation

The matching principle requires that the use of the asset be expensed (cost allocated) each accounting period when the asset is used to support revenue. In this section, you will calculate depreciation using multiple methods. Depreciation is another topic that provides a prime opportunity for the accountant to supply some value-added service. The accountant should advise clients on the usual methods and how to best use them, plus do some additional research to ascertain if there are special methods or rules that could be applied to a client's situation.

Most companies have assets that will provide economic benefit over multiple accounting periods. You will apply some basic methods in the performance task, but do not forget to review the further methods and complications listed in the *Intermediate Accounting* text.

### Cost Allocation of Long-Term Assets

Is it better to have more expense early in the life? Or is it better to just have a standard amount each accounting period? Consider the impact to the net income that will be reported each period.

This topic addresses the following competency:

- **Competency 302.3.3: Long-Term Assets**  
The student can perform accounting for long-term assets.

When you have completed your study and the performance task, you will be able to do the following:

- calculate depreciation using multiple methods,



- determine the correct historical cost of the asset that will be depreciated, and
- identify the depreciation method that will provide the taxpayer the best tax situation.

### Text Support

Complete the following assignments in WileyPLUS:

- [Chapter 11a: Reading](#)
- [Chapter 11b: Assignment](#)
- [Chapter 11c: Chapter Review](#)

Access the “Read, Study & Practice” section of WileyPLUS to review supplemental resources for this chapter, such as multimedia slide presentations and tutorials.

- [Read, Study & Practice](#)

*Note: Your use of the Read, Study & Practice resources will not be reported on the gradebook.*

### Connecting Terms

Identify the use of the following terms:

- Straight line
- Units of output
- Double declining balance
- Sum of the years' digits
- Partial year depreciation

### Problems in Accounting Performance Task

Complete the following task in Taskstream:

- Problems in Accounting: Task 302.3.4-01-05

For details about this performance assessment, see the "Assessment" tab in this course.

## Group/Composite Depreciation

It is not practical to depreciate every asset individually. Think about the average school classroom. Would it make sense to depreciate each desk on a separate depreciation record?

There are special depreciation methods that accountants need to compute and report. This task gives you a chance to practice one of these special methods.

### Special Method for Cost Allocation of Long-Term Assets

Depreciation methods go well beyond basic methods. You will have the opportunity in your tax preparation career to research and apply other methods as you serve your clients.

This topic addresses the following competency:



- **Competency 302.3.4: Depreciation**

The student can use various methods of depreciation.

When you have completed your study and the performance task, you will be able to do the following:

- calculate group depreciation, and
- calculate composite depreciation.

### **Text Support**

Complete the following assignments in WileyPLUS:

- [Chapter 11a: Reading](#)
- [Chapter 11b: Assignment](#)
- [Chapter 11c: Chapter Review](#)

Access the “Read, Study & Practice” section of WileyPLUS to review supplemental resources for this chapter, such as multimedia slide presentations and tutorials.

- [Read, Study & Practice](#)

*Note: Your use of the Read, Study & Practice resources will not be reported on the gradebook.*

Also read the information at the following websites:

- [Wikipedia: Depreciation](#)

### **Group Depreciation Versus Composite Depreciation**

Identify the differences between group depreciation and composite depreciation.

### **Problems in Accounting Performance Task**

Complete the following task in Taskstream:

- Problems in Accounting: Task 302.3.4-06-07

For details about this performance assessment, see the "Assessment" tab in this course.

## **Final Steps**

Congratulations on completing the activities in this course! This course has prepared you to complete the assessments associated with this course. If you have not already been directed to complete the assessments, schedule and complete your assessments now.