



This course supports the assessments for Concepts in Financial Accounting and Tax. The course covers 13 competencies and represents 8 competency units.

Introduction

Overview

This course is a vital component of your new career as an accountant. Some students choose to practice alone, some in the public sector, and some in an industrial setting. The study of intermediate accounting and income tax is relevant to each career option. Providing information about what a business owns, what they owe, and how they are performing is a critical aspect of accounting information.

Accounting is an information and measurement system that identifies, records, and communicates relevant, reliable, and comparable information about an organization's activities and investments.

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.

Imagine that you are a new employee with a regional accounting firm. You know that much of your work from January to April will be tax work for businesses and individuals; however, the rest of the year will be devoted to client accounting and statement preparation. One of the firm's clients comes in to discuss the self-construction of a new building on some land that was just purchased for \$500,000. The land has some old structures on it that will be removed. The new building is expected to cost \$3 million. The client wants to maximize the depreciation for the first four years. How would you advise the client?

Watch the following welcome video for this course:

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

Competencies

This course provides guidance to help you demonstrate the following 13 competencies:

- **Competency 302.2.1: Current Tax System**
The student understands the nature, purpose, and scope of the current U.S. tax system.
- **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 302.3.1: Accounting Standards**
The student understands the scope and purpose of accounting standards.
- **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 302.3.5: Bonds**
The student can account for the issuance of bonds.
- **Competency 302.3.6: Liabilities**
The student can value liabilities.
- **Competency 302.3.7: Stock and Retained Earnings**
The student accounts for the effects of stock and retained earnings on stockholder's equity.
- **Competency 302.3.8: Recording for Investments**
The student understands recording for investments.
- **Competency 302.3.9: Income**
The student can account for income.
- **Competency 302.3.10: Differentiating Accounting and Income Tax Rules**
The student reconciles the differences between rules for accounting and rules for income tax.
- **Competency 302.3.11: Lease and Pension Recording**
The student can record leases and pensions.

Course Instructor Assistance

As you prepare to successfully 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 video on Using Your Learning Resources:



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/A6GN-T7MF-UZ5D>
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 Learning Resources

You can access the learning resources listed in this section by clicking on the links provided throughout the course. You may be prompted to log in to the WGU student portal to access the resources.

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

SkillSoft

You will access SkillSoft items at the activity level within this course. For more information on accessing SkillSoft items, please see the "[Accessing SkillSoft Learning Resources](#)" page.

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](#)

Minimum Technical Requirements

Obtain a Calculator

You will need a financial calculator or access to spreadsheet software, such as Microsoft Excel, for computational problems throughout this course. The recommended financial calculator is the Texas Instruments BA-II Plus. You may only use an approved financial calculator during the pre-assessment and assessment for this course. You are unable to use Excel during the assessments.

Other Learning Resources

You will use the following learning resources for this course.

Financial Accounting Financial Boards Database

Activities within this course will direct you to utilize the Financial Accounting standards Board (FASB) database. Here is the log-in information for access to the [FASB Codification database](#).

Log in at the link above using the following:

- Username: AAA52071
- Password: JIGSV7C

Pacing Guide

The pacing guide 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 the pacing guide carefully to complete the course in the suggested timeframe.



- [Pacing Guide: Concepts in Accounting and Tax](#)

Note: This pacing guide does not replace the course. Please continue to refer to the course for a comprehensive list of the resources and activities.

Federal Income Tax? Income Tax and the Law

In your study of income tax concepts, focus on the broad picture. There are many special circumstances that have special tax rules. It is not possible to know them all.

One of the skills you will need to build in your study is the ability to research the tax law. This research will allow you to provide value-added services to your clients. After you have completed an accounting degree, you should be familiar with the law, but the law is changed usually annually. Your clients will expect you to apply the law and the changes when they come to you for your services.

Current Tax System

After completing this section, you should be able to do the following:

- Understand why we have an income tax, its legal basis, and how congress uses tax law
- Understand the audit process utilized by the IRS as part of the administration of tax law
- Understand the ethical guidelines that will apply to you in your tax practice

This topic addresses the following competency:

- **Competency 302.2.1: Current Tax System**

The student understands the nature, purpose, and scope of the current U.S. tax system.

Chapter 1

Read the following in *South-Western Federal Taxation 2013*:

- chapter 1 ("An Introduction to Taxation and Understanding the Federal Tax Law")

Complete the selected problems in [Alpia](#) for chapter 1.

Chapter 1 Concept Review

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities:

- Review the key terms.
- Take the interactive quiz.

Tax Law

After completing this section, you should be able to do the following:

- Recognize the economic, social, equity, and political considerations that justify various aspects of the tax law
- Describe the role played by the IRS and the courts in the evolution of the federal tax



system

- Describe the purpose of each of these three sources of tax law: statutory, administrative, and judicial

This topic addresses the following competency:

- **Competency 302.2.1: Current Tax System**

The student understands the nature, purpose, and scope of the current U.S. tax system.

Chapter 2

Read the following in *South-Western Federal Taxation 2013*:

- chapter 2 ("Working with the Tax Law")

Complete the selected problems in [Aplia](#) for chapter 2.

Chapter 2 Concept Review

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms
- Take the interactive quiz.

Federal Income Tax? Individual (Part 1)

The Federal 1040 Individual Income Tax form is divided into sections based on the federal income tax formula. This course is divided into coverage according to the formula. This section discusses tax status and provides an overview of the property transactions. More intensive property rules are discussed later.

Deductions and Exemptions

After completing this section, you should be able to do the following:

- Define all parts of the federal income tax formula
- Arrive at the correct number of personal exemptions
- Apply dependency exemption rules
- Calculate the tax liability
- Determine the correct filing requirement and status for a taxpayer
- Understand basic property transaction rules

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.

Chapter 3



Read the following in *South-Western Federal Taxation 2013*:

- chapter 3 ("Computing the Tax")

Complete the selected problems in [Aplia](#) for chapter 3.

Chapter 3 Concept View

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

Gross Income - Concepts and Inclusions

After completing this section, you should be able to do the following:

- Distinguish between the economic, accounting, and tax concepts of gross income
- Determine if a taxpayer should pay the tax on a particular item of income
- Determine if certain items are considered income by applying the Internal Revenue Code rule

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.

Chapter 4

Read the following in *South-Western Federal Taxation 2013*:

- chapter 4 ("Gross Income: Concepts and Inclusions")

Complete the selected problems in [Aplia](#) for chapter 4.

Chapter 4 Concept Review

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

Exclusions from Gross Income

After completing this section, you should be able to do the following:

- Identify when to exclude an item from gross income
- Identify when receipts can be excluded under the tax-benefit rule
- Describe when income must be reported from the discharge of indebtedness



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.

Chapter 5

Read the following in *South-Western Federal Taxation 2013*:

- chapter 5 ("Gross Income: Exclusions")

Chapter 5 Concept Review

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

Federal Income Tax? Individual (Part 2)

Congress sometimes passes tax laws that have special incentives for particular groups of taxpayers. Finding an applicable law could provide a significant tax advantage for your client.

In this section, you will study deductions.

Deductions and Losses in General

After completing this section, you should be able to do the following:

- Determine the benefit derived from deductions for and from adjusted gross income
- Determine the special rules that apply to the following items: public policy limitations, political activities, excessive executive compensation, investigation of business opportunities, hobby losses, vacation-home rentals, payment of others' expenses, personal expenditures, capital expenditures, related-party transactions, and expenses related to tax-exempt income

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.

Chapter 6

Read the following in *South-Western Federal Taxation 2013*:

- chapter 6 ("Deductions and Losses: In General")

Complete the selected problems in [Aplia](#) for chapter 6.

Chapter 6 Concept Review



Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

Business Expenses

After completing chapter 7 of *West Federal Taxation 2011, Comprehensive*, you should be able to do the following:

- Determine how to apply a bad debt deduction
- Determine the tax effects of worthless securities, including §1244 stock
- Correctly apply the tax rules for deductible and nondeductible losses of individuals
- Determine the proper application of a casualty loss deduction
- Calculate the domestic production activities deduction
- Determine the effect of the carry back and carryover provisions

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.

Chapter 7

Read the following in *South-Western Federal Taxation 2013*.

- chapter 7 ("Deductions and Losses: Certain Business Expenses and Losses")

Complete the selected problems in [Aplia](#) for chapter 7.

Chapter 7 Concept Review

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

Federal Income Tax?Individual (Part 3)

Many of your clients will be self-employed. They will have some items that impact their individual return if the business is being operated as a sole proprietorship. The three chapters covered in this subject discuss these potential tax issues.

You will do some further study on deductions later. This section covers depreciation, employee expenses, losses, and certain itemized deductions.

Depreciation



After completing this section, you should be able to do the following:

- Identify the time periods for the different tax depreciation methods
- Determine the cost recovery under MACRS
- Identify listed property and special rules for them
- Calculate the amortization amount for an intangible asset

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.

Chapter 8

Read the following in *South-Western Federal Taxation 2013*:

- chapter 8 ("Depreciation, Cost Recovery, Amortization, and Depletion")

Complete the selected problems in [Aplia](#) for chapter 8.

Chapter 8 Concept Review

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

Employee Expenses

After completing this section, you should be able to do the following:

- List the business and personal expenditures that are deductible either as miscellaneous itemized deductions or as other itemized deductions
- Calculate the moving expense deduction
- Calculate the contribution to a retirement account
- Identify limitations on itemized deductions

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.

Chapter 9

Read the following in *South-Western Federal Taxation 2013*:

- chapter 9 ("Deductions and Losses: Certain Business Expenses and Losses")

Complete the selected problems in [Aplia](#) for chapter 9.



Chapter 9 Concept Review

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

Certain Itemized Deductions

After completing this section, you should be able to do the following:

- Identify deductible and nondeductible, personal expenses
- Identify medical expenses and calculate the medical expense deduction
- Identify the deductibility of state and local income taxes and sales taxes
- Identify limitation on certain itemized deductions applicable to high-income taxpayers

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.

Chapter 10

Read the following in *South-Western Federal Taxation 2013*:

- chapter 10 ("Deductions and Losses: Certain Itemized Expenses")

Complete the selected problems in [Aplia](#) for chapter 10.

Chapter 10 Concept Review

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

Federal Income Tax? Individual (Part 4)

There was a small section added to the tax code that provided an investor a way to eliminate the application of the passive activity rules to the investment. The investor had to make management decisions and the property needed to have a central phone system. Other services could be provided by an onsite management company. This one area allowed some investors to apply losses against their regular income, providing a significant tax savings.

The Federal 1040 Individual Income Tax form is divided into sections based on the federal income tax formula. In this section, you will study passive activities and tax credits.

Passive Activities

After completing this section, you should be able to do the following:



- Explain why at-risk and passive loss limitations were put into tax law
- Identify the taxpayers subject to passive loss rules that limit deductions for losses
- Discuss the rules for identifying a passive activity
- Apply the rules for material participation
- Describe how passive loss rules apply to rental activities

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.

Chapter 11

Read the following in *South-Western Federal Taxation 2013*:

- chapter 11 ("Passive Activities")

Complete the selected problems in [Aplia](#) for chapter 11.

Chapter 11 Concept Review

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

Tax Credits

After completing this section, you should be able to do the following:

- Explain why congress creates tax credits that reduce federal tax collections
- Identify the difference between refundable and nonrefundable credits and how they are applied
- Identify business-related tax credits
- Identify tax credits that apply to individual taxpayers

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.

Chapter 12

Read the following in *South-Western Federal Taxation 2013*:



- chapter 12 ("Tax Credits")

Complete the selected problems in [Aplia](#) for chapter 12.

Chapter 12 Concept Review

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

Adding Tools to your ATO1 Toolbox

Review what you have learned in the unit activities so far. Write in your ATO1 Toolbox a summary of what you have learned. Have you discovered a new tool to go into your toolbox?

Federal Income Tax? Partnerships

Partnerships do not pay taxes. Any tax liability is passed through to the partners and is taxed at each partner's marginal tax rate.

The partnership form of business is chosen by many small businesses. The partners have significant legal and tax responsibilities. As a professional accountant, you will be expected to advise your clients on the advisability of using the partnership form by discussing some of the advantages and disadvantages. Your study here will highlight some of the tax implications. Partnerships do not pay taxes as entities, but there are still tax rules. The tax on partnership earnings is passed through to the partners.

Partnership Distributions

After completing this section, you should be able to respond to the following prompts:

- What are the rules pertaining to partnership taxation?
- What tax impacts are there when forming a partnership with cash and property contributions?
- What accounting periods and accounting methods can partnerships use?
- Does a partnership have a taxable income?
- How is a partner's income tax return affected by specific partnership items?
- Determine a partner's basis in the partnership interest and explain how liabilities affect the basis computation.
- Are there limits on deductions for partnership losses?
- How are transactions between a partner and the partnership reported?
- What are the impacts to individual partners when liquidating a partnership?
- How is a selling partner's gain or loss on the sale or exchange of a partnership interest reported?
- Do partnership provisions also apply to limited liability companies (LLCs) and limited liability partnerships (LLPs)?

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.

Chapter 21

Read the following in *South-Western Federal Taxation 2013*:

- chapter 21 ("Passive Activities")

Complete the selected problems in [Aplia](#) for chapter 21.

Chapter 21 Concept Review

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

Trusts, Estates, etc.

After completing this section, you should be able to answer the following questions:

- What are trusts, estates, beneficiaries, and other parties?
- How are the accounting and taxable income of a trust or estate and the related taxable income of the beneficiaries determined?
- Illustrate the uses and implications of distributable net income.

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.

Chapter 28

Read the following in *South-Western Federal Taxation 2013*:

- chapter 28 ("Income Taxation of Trusts and Estates")

Complete the selected problems in [Aplia](#) for chapter 28.

Chapter 28 Concept Review

Use the text website [South-Western Federal Taxation 2013: Comprehensive, 36th Edition](#) to do the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

Accounting Standards

Your accounting study expands to a more theoretical approach in intermediate accounting.



Some new topics will be studied, and there will be some expansion of topics covered in your accounting principles course.

As an accounting professional, your accounting skills need to go well beyond the accounting principles with study of the accounting theory of why certain transactions are recorded a certain way and even in different but correct ways using different methods. Yes, different correct answers are possible.

Accounting Standards

After completing this section, you should be able to do the following:

- Identify the objectives of financial accounting
- Identify generally accepted accounting principles
- Identify if accountants have ethical rules to follow related to financial reporting

This topic addresses the following competency:

- **Competency 302.3.1: Accounting Standards**

The student understands the scope and purpose of accounting standards.

Chapter 1

Complete the following assignments in WileyPLUS:

- [Assignment Zero - An Introduction to WileyPLUS](#)
- [Chapter 01a Reading](#)
- [Chapter 01c 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.

Conceptual Framework

After completing this section, you should be able to answer the following questions:

- What are the basic assumptions used in accounting?
- What are qualitative characteristics of accounting information?
- What impact do constraints have on reporting accounting information?
- What is the rule-setting authority of the Financial Accounting Standards Board, the Securities and Exchange Commission with regard to accounting regulations and enforcement, and the International Accounting Standards Board?

This topic addresses the following competency:

- **Competency 302.3.1: Accounting Standards**



The student understands the scope and purpose of accounting standards.

Chapter 2

Complete the following assignments in WileyPLUS:

- [Chapter 02a Reading](#)
- [Chapter 02b Assignment](#)
- [Chapter 02c 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.

Chapter 3

Complete the following assignments in WileyPLUS:

- [Chapter 03a Reading](#)
- [Chapter 03b Assignment](#)
- [Chapter 03c 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.

Chapter 4

Complete the following assignments in WileyPLUS:

- [Chapter 04a Reading](#)
- [Chapter 04b Assignment](#)
- [Chapter 04c 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.

Chapter 5

Complete the following assignments in WileyPLUS:



- [Chapter 05a Reading](#)
- [Chapter 05b Assignment](#)
- [Chapter 05c 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.

Receivables and Inventory

Companies that sell their products to other businesses are obligated to offer credit terms. All companies should have good controls in place that allow for checks to ensure the goods ordered are received before payment is made. Upon receipt of goods, inventory must be updated but only after goods have been counted to ensure the amount ordered is received. Inventory valuation methods will be studied with some expansion of the theories you learned in the principles course.

Maximizing sales in a business creates a potential situation of selling to customers who are poor credit risks. This situation can be resolved by not selling on credit, but then sales will decrease. A decision must be made about the amount of risk to accept, and entries must be made to record this risk assessment.

Inventory must be assigned a value on the balance sheet. This value can be determined in many ways, but once a business makes the determination of the method it will use, there must be consistent application over time.

Receivables-Valuation Methods

After completing this section, you should be able to do the following:

- Use any of the methods to determine the allowance for bad debt
- Record receivables sold with recourse and without recourse
- Explain how discounts offered to customers have on the value of receivables

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.

Chapter 7

Complete the following assignments in WileyPLUS:

- [Chapter 07a Reading](#)
- [Chapter 07b Assignment](#)
- [Chapter 07c 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.

Inventory-Valuation methods

After completing this section, you should be able to answer the following questions:

- What impact do free on board (FOB) terms have on inventory valuation?
- What is the effect of the dollar-value last-in, first-out (LIFO) on income and asset valuation?

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.

Chapters 8 and 9

Complete the following assignments in WileyPLUS:

- [Chapter 08a Reading](#)
- [Chapter 08b Assignment](#)
- [Chapter 08c Chapter Review](#)
- [Chapter 09a Reading](#)
- [Chapter 09b Assignment](#)
- [Chapter 09c Chapter Review](#)

Access the “Read, Study & Practice” section of WileyPLUS to review supplemental resources for these chapters, 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.

Long-Term Assets

Long-term assets all provide economic benefit to a firm over a number of accounting periods. Accrual accounting requirements stipulate that the amount of expense allocated to an accounting period must be matched against the revenue of the period.

Different methods are used for the three types of assets, and there are special rules for some items.

Chapter 6 is an important supporting chapter for every concept in the text that applies the time value of money. In chapter 10, deferred-payment contracts are covered. Chapters 13 and 14



cover liabilities, and there is further use of the concepts in the pensions and leases chapters.

Acquisition and Disposition

After completing this section, you should be able to answer the following questions:

- What is the cost of property, plant, and equipment?
- How are construction-project interest costs recorded?
- What is a lump-sum purchase of assets, and how is each asset valued?

This topic addresses the following competency:

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

Chapter 10

Complete the following assignments in WileyPLUS:

- [Chapter 10a Reading](#)
- [Chapter 10b Assignment](#)
- [Chapter 10c 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.

Chapter 6

The time value of money concepts covered in Chapter 6 are used when valuing assets, liabilities, pensions, and leases. The chapter is added here to ensure you have a chance to practice the methods before having to apply them in this and coming chapters.

Complete the following assignments in WileyPLUS:

- [Chapter 06a Reading](#)
- [Chapter 06b Assignment](#)
- [Chapter 06c 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.

Depreciation and Depletion



After completing this section, you should be able to answer the following questions:

- What is depreciation?
- What is the best method to use for depreciation based on given circumstances?
- What method is used to calculate depletion?

This topic addresses the following competency:

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

Chapter 11

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.

Intangible Assets

After completing this section, you should be able to answer the following questions:

- What is the difference between a tangible and intangible asset?
- What is *goodwill*?
- What is the estimated useful life of a trademark, copyright, and patent?
- What method is used to cost allocate an intangible asset?
- How are research and development costs accounted for?
- How do the impairment rules impact asset value?

This topic addresses the following competency:

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

Chapter 12

Complete the following assignments in WileyPLUS:

- [Chapter 12a Reading](#)
- [Chapter 12b Assignment](#)
- [Chapter 12c 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.

Short and Long-Term Liabilities

There are some liabilities that require special adjusting entries. Payroll and warranties both have some liability issues when an accounting period ends.

Large corporations raise capital from two primary sources: investments by shareholders for stock in the firm and debt-using bonds. There is a market for trading both types of investments. In this subject you will discover how debt is used and recorded.

Liabilities are a fact of life for all business entities. Short-term payables are a regular occurrence as goods are purchased on credit for use in the business. A good internal control system will discourage the use of cash purchases. There are other liabilities that have some special rules. You will even find there is a class of liability that is recorded because it is anticipated even though it hasn't happened yet.

Current Liabilities

After completing this section, you should be able to answer the following questions:

- How are short-term payables recorded?
- How are dividends payable recorded?
- What are unearned (or deferred) revenues, and how are they recorded?
- What items are included in payroll and the associated payables?
- What is a contingency, and when do the disclosure requirements require recording in the accounting records?
- What is an imputed interest rate, and how is it used?

This topic addresses the following competencies:

- **Competency 302.3.5: Bonds**
The student can account for the issuance of bonds.
- **Competency 302.3.6: Liabilities**
The student can value liabilities.

Chapter 13

Complete the following assignments in WileyPLUS:

- [Chapter 13a Reading](#)
- [Chapter 13b Assignment](#)
- [Chapter 13c 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.

Long Term Liabilities

After completing this section, you should be able to answer the following questions:

- What are the characteristics of different types of corporate bonds?
- Why are bonds issued at a price different from face value?
- How is a bond issue-price determined?
- How are the accounting entries different for straight-line and effective interest amortization?
- How is the accounting different for a bond issuance between interest dates?
- How is the value of long-term notes payable calculated?
- How is off-balance-sheet financing used?

This topic addresses the following competencies:

- **Competency 302.3.5: Bonds**
The student can account for the issuance of bonds.
- **Competency 302.3.6: Liabilities**
The student can value liabilities.

Chapter 14

Complete the following assignments in WileyPLUS:

- [Chapter 14a Reading](#)
- [Chapter 14b Assignment](#)
- [Chapter 14c 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.

Expanding Your Knowledge With SkillSoft

Review the following lesson in SkillSoft with the relevant accompanying Job Aids and SkillBriefs:

- [FIN0213 Raising Capital and Financing Decisions](#)

Corporate Equity



This subject is all about invested capital in a corporation, such as how it is accounted for, the types of stock offered, and return expected by the owners.

Corporate equity reporting must be different from the sole proprietorship and partnership accounting since a corporation can have infinite life. The contributed capital and earned capital are accounted for and reported separately.

Capital Acquisition from Investors

After completing this section, you should be able to answer the following questions:

- How are stock issuances recorded?
- How are stock splits accounted for?
- How does the accounting change if a stock dividend is large vs. small?
- Does the income statement reflect gains from treasury stock reissuance?
- How do common and preferred stock differ?
- Do stock options have any effect on the balance sheet?
- What is done on each of the dates associated with a dividend?

This topic addresses the following competency:

- **Competency 302.3.7: Stock and Retained Earnings**

The student accounts for the effects of stock and retained earnings on stockholder's equity.

Chapter 15

Complete the following assignments in WileyPLUS:

- [Chapter 15a Reading](#)
- [Chapter 15b Assignment](#)
- [Chapter 15c 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.

Expanding Your Knowledge with SkillSoft

Review the following lesson in SkillSoft with the relevant accompanying Job Aids and SkillBriefs:

- [FIN0222 Accounting for Corporations](#)

Dilutive Securities and Earnings per Share

After completing this section, you should be able to answer the following questions:



- How are stock options recorded?
- How is a conversion from debt to common stock recorded?
- What impacts does a convertible preferred class of stock have on earnings per share?
- Do stock dividends and stock splits impact earnings per share calculations?
- What is the difference between basic earnings per share and diluted earnings per share?

This topic addresses the following competency:

- **Competency 302.3.7: Stock and Retained Earnings**

The student accounts for the effects of stock and retained earnings on stockholder's equity.

Chapter 16

Complete the following assignments in WileyPLUS:

- [Chapter 16a Reading](#)
- [Chapter 16b Assignment](#)
- [Chapter 16c 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.

Investments and Income

In this subject, you will study investments and how they are recorded in the accounting records depending on the ownership percentage and the intent of management.

Revenue is generally recognized and earned when a sale is made. However, there are many special circumstances when a business delays the recognition. You will study eight different methods. There are some dramatic changes to the income statement discussed in chapter 4 of Intermediate Accounting. Be sure to review the content for discontinued operations, the rules for extraordinary items, and how accounting principle changes are accounted for.

Investments

After completing this section, you should be able to answer the following questions:

- What are the different types of securities?
- How do the accounting entries change for securities at cost and at equity?
- What effect did the Securities Act of 1933 have on investments?
- What effect did the Securities Exchange Act of 1934 have on investments?

This topic addresses the following competencies:



- **Competency 302.3.8: Recording for Investments**
The student understands recording for investments.
- **Competency 302.3.9: Income**
The student can account for income.

Chapter 17

Complete the following assignments in WileyPLUS:

- [Chapter 17a Reading](#)
- [Chapter 17b Assignment](#)
- [Chapter 17c 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.

Securities Act

Read about the Securities Acts of 1933 and 1934 on the following US Securities and Exchange Commission web page:

- [The Laws That Govern the Securities Industry](#)

Revenue Recognition

After completing this section, you should be able to answer the following questions:

- What are the eight ways to recognize revenue?
- What is *channel stuffing*, and how does the practice affect revenue recognition?
- What methods can be used to report revenue on long-term construction projects?
- How do the rules change when accounting for discontinued operations?
- What are *extraordinary items*?
- How does a change in accounting principle affect the income statement?

This topic addresses the following competencies:

- **Competency 302.3.8: Recording for Investments**
The student understands recording for investments.
- **Competency 302.3.9: Income**
The student can account for income.

Chapter 4 and 18 Concept Review

Complete the following assignments in WileyPLUS:

- [Chapter 18a Reading](#)



- [Chapter 18b Assignment](#)
- [Chapter 18c 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.

In [chapter 4](#), review earnings per share and other items reported on the income statement.

Accounting and Income Tax Rule Differences

In this subject, you will find that the income statement and the corporate tax return seldom report the same income. Why? The rules are different.

The rules for recording income taxes differ between the IRS rules and accounting rules. The content in this chapter highlights some permanent and temporary differences along with the creation of a tax asset or tax liability, depending on the company's situation.

Accounting and Income Tax Rule Differences

After completing this section, you should be able to answer the following questions:

- Using given data, what is deferred tax asset or deferred tax liability?
- Identify temporary and permanent tax differences.
- How are deferred taxes over multiple years affected based on the marginal-rate tax system?
- How do the rules for tax loss carry backs and carry forwards differ?
- What are intra-period tax allocations?

This topic addresses the following competency:

- **Competency 302.3.10: Differentiating Accounting and Income Tax Rules**
The student reconciles the differences between rules for accounting and rules for income tax.

Chapter 19

Complete the following assignments in WileyPLUS:

- [Chapter 19a Reading](#)
- [Chapter 19b Assignment](#)
- [Chapter 19c 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.

Accounting for Pensions and Leases

Leases have been used by companies as off-balance sheet financing. Rules were put in place to curb this use. Be sure to study the rules as you work.

Pensions have evolved so that most retirement plans include a 401K. The employee is given choices, but the employee incurs the risk that the plan will not grow. During your study, you will find that one of the older style plans provided a guaranteed amount during the retirement years.

Leases come in two forms. In this section, you will find a set of rules that define the type of lease a company is using.

Pensions also come in two forms. You will discover that little accounting is required for one type, but the other is quite complex.

Pensions

After completing this section, you should be able to do the following:

- Record pension expense
- Identify a defined benefit plan compared to a defined contribution plan

This topic addresses the following competency:

- **Competency 302.3.11: Lease and Pension Recording**
The student can record leases and pensions.

Chapter 20

Complete the following assignments in WileyPLUS:

- [Chapter 20a Reading](#)
- [Chapter 20b Assignment](#)
- [Chapter 20c 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.

Leases

After completing chapter this section, you should be able to do the following:

- Use the four capitalization rules to classify a lease as a capital lease or an operating



lease

- Calculate the minimum lease payment
- Record a lease payment when a residual value is present

This topic addresses the following competency:

- **Competency 302.3.11: Lease and Pension Recording**

The student can record leases and pensions.

Chapter 21

Complete the following assignments in WileyPLUS:

- [Chapter 21a Reading](#)
- [Chapter 21b Assignment](#)
- [Chapter 21c 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.

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.