



This course supports the assessment for Intermediate Accounting II. The course covers 10 competencies and represents 3 competency units.

Introduction

Overview

Intermediate Accounting II is the second of two intermediate accounting courses. This course provides a more comprehensive treatment of concepts learned in Fundamentals of Accounting and covers stockholders' equity, dilutive securities, investments, revenue recognition, accounting for income taxes, pensions and post-retirement benefits, leases, financial disclosures, and the preparation of the statement of cash flows.

Getting Started

Welcome to Intermediate Accounting II. Intermediate Accounting II is an important course in the Accounting program. It's important to spend time reading about and working through all of the course concepts. This course uses a VitalSource e-text, as well as WileyPLUS. Activities in WileyPLUS include readings, videos, exercises, practice questions, and self-assessment quizzes. Each of these activities have been selected specifically for this course; it's important for you to complete all of them in preparation for the objective assessment. WileyPLUS resources also include ORION, which provides additional practice questions by chapter and objective. You will utilize ORION once you have completed the other activities. As you work through each topic, you will use links to access the VitalSource e-text along with the WileyPLUS activities.

The pacing guide is a great resource to help you stay on track and a printable checklist will enable you to track your progress through the course. Be sure to reach out to your course instructor for support and guidance.

Watch the following welcome video for an introduction to 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 10 competencies:

- **Competency 3022.1.1: Stockholder Equity**
The graduate accounts for stockholders' equity.
- **Competency 3022.1.2: Investments**
The graduate accounts for investments.
- **Competency 3022.1.3: Revenue Recognition**
The graduate accounts for revenue.
- **Competency 3022.1.4: Income Taxes**
The graduate accounts for income taxes.
- **Competency 3022.1.5: Pensions and Post-Retirement Benefits**



The graduate accounts for pensions and post-retirement benefits.

- **Competency 3022.1.6: Leases**

The graduate accounts for leases.

- **Competency 3022.1.7: Accounting Changes and Error Analysis**

The graduate accounts for accounting changes and performs error analysis.

- **Competency 3022.1.8: Cash Flow Statements**

The graduate prepares a statement of cash flows.

- **Competency 3022.1.9: Financial Statement Analysis**

The graduate analyzes financial statements.

- **Competency 3022.1.10: Financial Reporting**

The graduate explains full disclosure financial reporting.

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 help you prepare for another attempt. You should expect to work with course instructors for the duration of your coursework, and you are encouraged 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 enroll manually in or acquire other resources independently. Read the full instructions provided to ensure that you have access to all of your resources in a timely manner.

Automatically Enrolled 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.

VitalSource E-Text

The following textbook is available to you as an e-text within this course. You will be directly linked to the specific readings required within the activities that follow. You can also download the text to read it while offline.



- Kieso, D. E, Weygandt, J. J., & Warfield, T. D. (2013). *Intermediate accounting* (15th ed.). New Jersey: Wiley. ISBN: 978-1118147290

For further information about using a VitalSource text, visit the following help page:

- [VitalSource: Help](#)

Note: This e-text is available to you as part of your program tuition and fees, but you may purchase hard copies at your own expense through a retailer of your choice. If you choose to do so, please use the ISBN listed to ensure that you receive the correct edition.

WileyPLUS

WileyPLUS is a research-based online environment for effective teaching and learning. WileyPLUS includes a digital text, videos, study resources, auto-graded assessments, and a grade book. All of the content in WileyPLUS, including the rich multimedia resources, is mapped to learning objectives. WileyPLUS reports students' grades, progress, and results by learning objective for each course, which both mentors and students can view.

View the "WileyPLUS Navigational Video" to become familiar with using WileyPLUS and ORION.

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

Navigating WileyPLUS

The links provided throughout this course will take you to the WileyPLUS assignment page. The links in the assignment page give you access to the different assignments that you will need to complete for this course.

Question Help in WileyPLUS

Assignments in WileyPLUS include a variety of learning aides to support you as you work through the problems. You can access these learning aides directly below the question or problem text. Below is a description of the learning aides. The available learning aides vary depending on the question.

Show List of Accounts provides a list of accounts related to the question.

Link to Text directs you to the related topic in the textbook.

Video Similar Exercise provides a video that demonstrates solving a similar problem.

Video Applied Skills provides video support for answering the question.

Show Answer and **Show Solution** provide the correct answers for the question or exercise.



All of the assignments have multiple attempts. For longer problems, you can use the Submit button midway through to check your answers and see if you are on the right track.

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

Financial Accounting Standards Boards Database

For more general information on accounting concepts and your general reference, we have included the below link to the FASB database. Please contact your course instructor with more specific questions.

- [FASB Accounting Standards Codification database](#)

Log in at the link above using the following:

- Username: AAA52071
- Password: 2ExZr8V

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 time frame.

Use the printable checklist to track your progress through the course:

- [C249 Intermediate Accounting II Course Checklist](#)

Week 1

- Preparing for Success
- Stockholders' Equity

Week 2

- Dilutive Securities
- Basic Debt and Equity Securities

Week 3

- Derivatives



- Revenue Recognition

Week 4

- Income Taxes
- Pension and Post-Retirement Benefits

Week 5

- Leases

Week 6

- Accounting Changes and Error Analysis
- Cash Flow Statements

Week 7

- Financial Statements
- Financial Reporting
- Final Steps

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.

Intermediate Accounting

This course discusses advanced accounting topics, including stockholder equity, dilutive securities, basic debt and equity securities, derivatives, revenue recognition, and income taxes. Additional topics of discussion include pension and post-retirement benefits, leases, accounting for changes and error analysis, cash flow statements, financial statements, and financial reporting.

Stockholders' Equity

Stockholders' equity is the shareholders' residual interest in a corporation's assets. Items discussed in this topic are the essential features of a corporation, touching on such aspects as the key components of stockholders' equity of a corporation, how to account for the increase in corporate capital from the issuance of shares of stock, the decrease of corporate capital through the purchase of treasury stock, and the various types of corporate earnings distributions, including cash, stock, and property dividends and stock splits.

This topic addresses the following competency:

- **Competency 3022.1.1: Stockholder Equity**
The graduate accounts for stockholders' equity.

This topic highlights the following objectives:



- Describe the characteristics of the corporate form of an organization.
- Identify the key components of stockholders' equity.
- Explain the accounting for the issuance of stock.
- Explain why a company would reacquire stock.
- Explain the accounting for the acquisition and reissuance of treasury stock.
- Identify the key differences between preferred stock and common stock.
- Explain the accounting for various types of dividend distributions.
- Explain how to present stockholders' equity.
- Identify key differences in accounting for stockholders' equity under GAAP and IFRS.

Read: Chapter 15: "Stockholders' Equity"

As you complete the assigned material below, pay attention to the following key points:

- Corporate form of organization
- Corporate capital
- Issuance of stock
- Reacquisition of shares
- Preferred stock
- Types of dividends
- Financial statement
- Presentation of stockholders' equity

Read the following sections in *Intermediate Accounting*:

- Pages 822–850 and 874–877 in [Chapter 15: "Stockholders' Equity"](#)

Review the infographic and note the key similarities and differences of GAAP and IFRS:

- ["Stockholders' Equity Under GAAP and IFRS"](#)

Apply

Complete the following [WileyPLUS](#) activities:

- Chapter 15 (a) Readings and Resources
 - Review Study Guide
 - View Applied Skills and Solution Walkthrough videos
 - Review PowerPoint Review
 - The e-text has been included in this section for easy access.
- Chapter 15 (b) Exercises
- Chapter 15 (c) Self-Assessment Quiz
- Chapter 15 ORION

Dilutive Securities

Dilutive securities are a security type which, upon exercise, may reduce reported earnings per share. Dilutive securities include convertible securities as well as options, warrants, and other



securities. In this topic, we discuss the accounting for these dilutive securities and stock-based compensation plans. Additionally, the impact of dilutive securities and stock-based compensation plans on earnings per share is also discussed in this topic.

This topic addresses the following competency:

- **Competency 3022.1.1: Stockholder Equity**
The graduate accounts for stockholders' equity.

This topic highlights the following objectives:

- Explain the accounting for the issuance, conversion, and retirement of convertible securities.
- Explain the accounting for stock warrants and accounting for stock warrants issued with other securities.
- Account for stock compensation plans under generally accepted accounting principles.
- Identify key issues that led to controversy involving stock compensation plans.
- Compute earnings per share.
- Explain the accounting for stock-appreciation rights plans.
- Identify key differences in the accounting for dilutive securities and earnings per share under GAAP and IFRS.

Read: Chapter 16: "Dilutive Securities and Earnings per Share"

As you complete the assigned material below, pay attention to the following key points:

- Dilutive securities
- Accounting for issuance, conversion, and retirement of convertible securities
- Convertible preferred stocks
- Stock warrants
- Earnings per share
- Stock-appreciation rights
- IFRS insights

Read the following sections in *Intermediate Accounting*:

- Pages 882–921 and 941–946 in [Chapter 16: "Dilutive Securities and Earnings per Share"](#)

Review the following infographic and note the key similarities and differences of GAPP and IFRS:

- ["Dilutive Securities and Earnings Per Share Under GAAP and IFRS"](#)

Apply

Complete the following ["WileyPLUS"](#) activities:



- Chapter 16 (a) Readings and Resources
 - Review Study Guide
 - View the Author Lecture, and the Applied Skills and Solution Walkthrough videos
 - Review PowerPoint Review
 - The e-text has been included in this section for easy access.
- Chapter 16 (b) Exercises
- Chapter 16 (c) Self-Assessment Quiz
- Chapter 16 ORION

Basic Debt and Equity Securities

Companies often invest in debt and equity securities issued by other companies. Accounting for such investments is based on the type of financial instrument held and their intent with respect to the investment. The various approaches used to account for these investments in debt and equity securities are discussed in this topic.

This topic addresses the following competency:

- **Competency 3022.1.2: Investments**
The graduate accounts for investments.

This topic highlights the following objectives:

- Account for each of the three categories of debt securities.
- Account for each category of equity securities.
- Identify the key differences between the equity method and the fair value method of accounting for equity securities.
- Explain how to account for impairments of debt and equity investments using the fair value and equity methods.
- Account for transfer of investment securities between categories.

Read: Chapter 17: "Investments"

As you complete the assigned material below, pay attention to the following key points:

- Investment in debt securities
- Time value of money
- Equity securities
- Fair value option
- Reclassification and transfers of investment securities
- IFRS insights

Read the following sections in Intermediate Accounting:

- Pages 313–315 in [Chapter 6: "Accounting and the Time Value of Money"](#)
- Pages 952–976 in [Chapter 17: "Investments"](#)

Apply



Complete the following ["WileyPLUS"](#) activities:

- Chapter 17A (a) Readings and Resources
 - Review Study Guide
 - View the Solution Walkthrough videos
 - Review PowerPoint Review
 - The e-text has been included in this section for easy access.
- Chapter 17A (b) Exercises
- Chapter 17A (c) Self-Assessment Quiz

Derivatives

Derivatives, or derivative financial instruments, are useful for managing risks faced by companies. These financial instruments are often created to hedge against risks created by other financial instruments or transactions. The accounting issues relating to derivative financial instruments, including financial forwards or financial futures, options and swaps are discussed in this topic.

This topic addresses the following competency:

- **Competency 3022.1.2: Investments**
The graduate accounts for investments.

This topic highlights the following objectives:

- Describe the uses of different types of derivatives.
- Account for derivative financial instruments.
- Describe special reporting issues related to derivative financial instruments.
- Explain the accounting for variable-interest entities.
- Identify examples of fair value disclosures.
- Identify the key differences in accounting procedures related to derivatives under GAAP and IFRS.

Read: Chapter 17: "Investments"

As you complete the assigned material below, pay attention to the following key points:

- Defining derivatives
- Reporting issues related to derivatives
- Accounting for variable-interest entities
- Fair value disclosures

Read the following in Intermediate Accounting:

- Pages 977–1005 and 1026–1036 in [Chapter 17: "Investments"](#)

Review the infographic and note the key similarities and differences of GAAP and IFRS:



- ["Derivatives Under GAAP and IFRS"](#)

Apply

Complete the following [WileyPLUS](#) activities:

- Chapter 17B (a) Readings and Resources
 - Review Study Guide
 - View the Applied Skills videos
 - Review PowerPoint Review
 - The e-text has been included in this section for easy access.
- Chapter 17B (b) Exercises
- Chapter 17B (c) Self-Assessment Quiz
- Chapter 17 ORION

Revenue Recognition

Revenue is the inflow of net assets that occurs when a business provides goods or services to its customers through ongoing core operations. Proper recognition of revenue is important to ensure that the income statement reflects the actual performance of a company for the period. The accounting issues related to revenue recognition, including revenue recognition at the point-of-sale, revenue recognition before delivery, and revenue recognition after delivery, are discussed in this topic.

This topic addresses the following competency:

- **Competency 3022.1.3: Revenue Recognition**
The graduate accounts for revenue.

This topic highlights the following objectives:

- Explain the revenue recognition principle.
- Explain accounting issues for revenue recognition at the point-of-sale.
- Account for revenues from long-term contracts.
- Explain how to account for losses on long-term contracts.
- Account for revenues after the point-of-sale using various methods.
- Describe revenue recognition for franchises.
- Identify the key differences in the accounting procedures related to revenue recognition under GAAP and IFRS.

Read: Chapter 18: "Revenue Recognition"

As you complete the assigned material below, pay attention to the following key points:

- Revenue recognition principle
- Revenue recognition at the point-of-sale
- Revenue recognition before delivery
- Long-term contract losses
- Revenue recognition after delivery



- Revenue recognition for franchises
- IFRS insights

Read the following sections in Intermediate Accounting:

- Pages 1040–1085 and 1109–1113 in [Chapter 18: "Revenue Recognition"](#)

Review the infographic and note the key similarities and differences of GAAP and IFRS:

- ["Revenue Recognition Under GAAP and IFRS"](#)

Apply

Complete the following [WileyPLUS](#) activities:

- Chapter 18 (a) Readings and Resources
 - Review Study Guide
 - View the Applied Skills videos, the Demonstration Problem, and Solution Walkthrough videos
 - Review PowerPoint Review
 - The e-text has been included in this section for easy access.
- Chapter 18 (b) Exercises
- Chapter 18 (c) Practice Questions
- Chapter 18 (d) Self-Assessment Quiz
- Chapter 18 ORION
 - **Important note:** The ORION learning objectives for Chapter 18 are slightly different from the learning objectives in your text. Complete the practice questions for the following objectives:
 - Understand revenue recognition issues.
 - Identify the five steps in the revenue recognition process.
 - Identify the contract with customers.
 - Recognize revenue when the company satisfies its performance obligations.
 - Identify other revenue recognition issues.
 - Describe presentation and disclosure regarding revenue.

Income Taxes

Financial accounting and tax accounting have different objectives. The differences between financial accounting based on generally accepted accounting principles (GAAP) and tax accounting based on the tax code result in deferred tax assets and liabilities. This topic discusses the basic guidelines that companies must follow in the financial reporting of income taxes.

This topic addresses the following competency:

- **Competency 3022.1.4: Income Taxes**
The graduate accounts for income taxes.



This topic highlights the following objectives:

- Differentiate between pretax financial income and taxable income.
- Explain how a temporary difference results in future deductible amounts.
- Account for deferred tax asset and valuation allowances.
- Identify examples of various temporary and permanent differences.
- Explain the effect of various tax rates and tax rate changes on deferred income taxes.
- Account for a loss carryback and a loss carryforward.
- Describe the presentation of income tax expense and deferred taxes in the financial statements.
- Describe the basic principles of the asset-liability method.
- Account for interperiod tax allocation.
- Identify key differences in the accounting for income taxes under GAAP and IFRS.

Read: Chapter 19: "Accounting for Income Taxes"

As you complete the assigned material below, pay attention to the following key points:

- Accounting for income taxes
- Future taxable amounts
- Deferred taxes
- Future deductible amounts
- Special differences
- Tax rate consideration
- Net operating losses

Read the following sections in Intermediate Accounting:

- Pages 1117–1156 and 1175–1179 in [Chapter 19: "Accounting for Income Taxes"](#)

Review the infographic and note the key similarities and differences in GAAP and IFRS:

- ["Income Taxes Under GAAP and IFRS"](#)

Apply

Complete the following [WileyPLUS](#) activities:

- Chapter 19 (a) Readings and Resources
 - Review Study Guide
 - View Applied Skills and Solution Walkthrough videos
 - Review PowerPoint Review
 - The e-text has been included in this section for easy access.
- Chapter 19 (b) Exercises
- Chapter 19 (c) Self-Assessment Quiz
- Chapter 19 ORION

Pension and Post-Retirement Benefits



Employee benefits payable after retirement, including pension and other post-retirement benefits, are an important part of an employee's compensation. The cost of these benefits is a significant liability to the employer. This topic discusses the accounting and reporting of pension and post-retirement benefits for the employer as the sponsor of a pension plan.

This topic addresses the following competency:

- **Competency 3022.1.5: Pension and Post-Retirement**

The graduate accounts for pensions and post-retirement benefits.

This topic highlights the following objectives:

- Describe the accounting for the employer's pension plan and the pension fund.
- Differentiate types of pension plans and their characteristics.
- Explain alternative measures for valuing the pension obligation.
- Explain the components of pension expense.
- Account for an employer's pension plan.
- Describe the requirements for reporting pension plans in financial statements.
- Differentiate between the accounting for pensions and post-retirement healthcare benefits.
- Identify the key differences in the accounting for pensions under GAAP and IFRS.

Read: Chapter 20: "Accounting for Pensions and Postretirement Benefits"

As you complete the assigned material below, pay attention to the following key points:

- Nature of pension plan
- Contribution plan
- Benefit plan
- Accounting for pensions
- Pension worksheet
- Reporting pension plans
- IFRS focus

Read the following sections in Intermediate Accounting:

- Pages 1184–1229 and 1250–1263 in Chapter 20: "[Accounting for Pensions and Postretirement Benefits](#)"

Review the infographic and note the key similarities and differences of GAAP and IFRS:

- "[Pensions Under GAAP and IFRS](#)"

Apply

Complete the following [WileyPLUS](#) activities:

- Chapter 20 (a) Readings and Resources



- Review Study Guide
- View Applied Skills and Solution Walkthrough videos
- Review PowerPoint Review
- The e-text has been included in this section for easy access.
- Chapter 20 (b) Exercises
- Chapter 20 (c) Practice Questions
- Chapter 20 (d) Self-Assessment Quiz
- Chapter 20 ORION

Leases

A lease is a contractual arrangement between a lessor (owner of the leased asset) and a lessee (user of the leased asset) for the right to use an asset or assets over a specific period of time. A lease can be a simple rental agreement or a purchase/sale accompanied by debt financing. This topic discusses the accounting issues for lessors and lessees.

This topic addresses the following competency:

- **Competency 3022.1.6: Leases**
The graduate accounts for leases.

This topic highlights the following objectives:

- Describe the nature, economic substance, and advantages of lease transactions.
- Account for lease transactions by the lessee.
- Account for operating leases by lessee and lessor.
- Identify the classifications of leases for the lessor.
- Account for direct-financing and sales-type leases for the lessor.
- Identify special features of lease arrangements that cause unique accounting problems.
- Explain the effect of residual values on lease accounting.
- Describe the disclosure requirements for leases.
- Explain the accounting for the lessee's sale-leaseback transactions.
- Identify the key differences in the accounting for leases under GAAP and IFRS.

Read: Chapter 21: "Accounting for Leases"

As you complete the assigned material below, pay attention to the following key points:

- Leasing environment
- Accounting by the lessee
- Comparison of capital leases and operating leases
- Accounting by the lessor
- Disclosing lease data
- Sale-leaseback transactions
- IFRS insights

Read the following sections in Intermediate Accounting:



- Pages 1269–1313 and 1331–1339 in [Chapter 21: "Accounting for Leases"](#)

Review the infographic and note the key similarities and differences of GAAP and IFRS:

- ["Leases Under GAAP and IFRS"](#)

Apply

Complete the following [WileyPLUS](#) activities:

- Chapter 21 (a) Readings and Resources
 - Review Study Guide
 - View the Author Lecture and the Applied Skills videos, the Demonstration Problem, and Solution Walkthrough videos
 - Review PowerPoint Review
 - The e-text has been included in this section for easy access.
- Chapter 21 (b) Exercises
- Chapter 21 (c) Self-Assessment Quiz
- Chapter 21 ORION

Accounting Changes and Error Analysis

In a dynamic business environment, changes in accounting are sometimes necessary so that accounting information can be more useful. There are four types of changes in accounting with which we are concerned in this topic: changes in accounting principles, changes in accounting estimates, changes in reporting entity, and corrections of errors in financial statements. This topic discusses the reporting of these changes in accounting in a reporting framework that helps preserve the comparability and consistency of financial reports.

This topic addresses the following competency:

- **Competency 3022.1.7: Accounting Changes and Error Analysis**
The graduate accounts for accounting changes and performs error analysis.

This topic highlights the following objectives:

- Identify types of accounting changes.
- Explain the accounting for changes in accounting principles.
- Account for changes in estimates.
- Explain accounting for changes in a reporting entity.
- Account for correction of errors in a financial statement.
- Explain economic motives for changing accounting methods.
- Identify the key differences in the procedures for accounting changes and error analysis under GAAP and IFRS.

Read: Chapter 22: "Accounting Changes and Error Analysis"

As you complete the assigned material below, pay attention to the following key points:



- Accounting changes
- Changes in accounting principle
- Changes in accounting estimates
- Reporting entity
- Account errors
- IFRS insight

Read the following sections in Intermediate Accounting:

- Pages 1343–1376 and 1404–1406 in [Chapter 22: "Accounting Changes and Error Analysis"](#)

Review the infographic and note the key similarities and differences of GAAP and IFRS:

- ["Changes and Error Analysis Under GAAP and IFRS"](#)

Apply

Complete the following [WileyPLUS](#) activities:

- Chapter 22 (a) Readings and Resources
 - Review Study Guide
 - View the Solution Walkthrough videos
 - Review PowerPoint Review
 - The e-text has been included in this section for easy access.
- Chapter 22 (b) Exercises
- Chapter 22 (c) Self-Assessment Quiz
- Chapter 22 ORION

Cash Flow Statements

The statement of cash flows provides information about a company's cash receipts, cash payments, and net change in cash resulting from operating, investing, and financing activities in a period. Creditors and investors may base important decisions from findings based on information regarding the cash inflows and outflows of a business. This topic covers the major classifications of cash flows, the purpose of the statement of cash flows, the differences between the direct method and the indirect method of preparing the statement of cash flows, as well as the preparation of the statement of cash flows using the indirect method.

This topic addresses the following competency:

- **Competency 3022.1.8: Cash Flow Statements**
The graduate prepares a statement of cash flows.

This topic highlights the following objectives:

- Explain the purpose of the statement of cash flows.



- Describe the major classifications of cash flows.
- Differentiate between net income and net cash flow from operating activities.
- Identify the differences between the direct and indirect methods of calculating net cash flow from operating activities.
- Identify sources of information for a statement of cash flows.
- Describe special problems in preparing a statement of cash flows.
- Prepare a statement of cash flows using the indirect method.
- Identify the key differences in the statement of cash flows under GAAP and IFRS.

Read: Chapter 23: "Statement of Cash Flows"

As you complete the assigned material below, pay attention to the following key points:

- Statement of cash flows
- Classifications of cash flows
- Net income vs. net cash flow
- Direct and indirect methods of calculating net cash
- Sources of information
- Special problems in statement preparation
- Preparation of financial statement (indirect method)
- IFRS insight

Read the following sections in Intermediate Accounting:

- Pages 1411–1419, 1426–1443, 1451, and 1480–1483 in [Chapter 23: "Statement of Cash Flows"](#)

Review the infographic and note the key similarities and differences of GAAP and IFRS:

- ["Statement of Cash Flows Under GAAP and IFRS"](#)

Apply

Complete the following [WileyPLUS](#) activities:

- Chapter 23 (a) Readings and Resources
 - Review Study Guide
 - View the Applied Skills and Solution Walkthrough videos
 - Review PowerPoint Review
 - The e-text has been included in this section for easy access.
- Chapter 23 (b) Exercises
- Chapter 23 (c) Self-Assessment Quiz
- Chapter 23 ORION

Financial Statements

Analyzing the relationships between financial statement items and identifying the trends in these relationships can provide important information for investors and creditors, as well as business managers. This topic covers the basic techniques in financial statement analysis including



analyzing financial statement data using various financial ratios, comparative data from two or more different dates, and percentage analysis.

This topic addresses the following competency:

- **Competency 3022.1.9: Financial Statement Analysis**
The graduate analyzes financial statements.

This topic highlights the following objectives:

- Describe the purpose of financial statement analysis.
- Identify sources of financial information for financial statement analysis.
- Calculate (perform) a ratio analysis.
- Describe key differences in techniques used to analyze financial statements.

Read: Chapter 24: "Full Disclosure in Financial Reporting"

As you complete the assigned material below, pay attention to the following key points:

- Financial statement analysis
- Ratio analysis
- Comparative analysis
- Percentage (common-size) analysis

Read the following section in Intermediate Accounting:

- Pages 1522–1528 in [Chapter 24: "Full Disclosure in Financial Reporting"](#)

Read the following document to learn more about the sources of data for financial statement analysis.

- ["Sources of Data for Financial Statement Analysis"](#)

Apply

Complete the following [WileyPLUS](#) activities:

- Chapter 24A (a) Readings and Resources
 - Review Study Guide
 - View the Solution Walkthrough videos
 - Review PowerPoint Review
 - The e-text has been included in this section for easy access.
- Chapter 24A (b) Exercises
- Chapter 24A (c) Self-Assessment Quiz

Financial Reporting

The full disclosure principle requires companies to report any financial facts significant enough to influence the judgment of an informed reader. This topic examines the use of disclosure



notes to explain and supplement the information presented in the main body of financial statements, GAAP requirements to disclose related-party transactions and significant financial events occurring after the financial statements date, the reporting of business segments, and the reporting of interim financial information. Additionally, major disclosures in the auditor's report, management's discussion and analysis of financial results, and issues relating to fraudulent financial reporting are also discussed in this topic.

This topic addresses the following competency:

- **Competency 3022.1.10: Financial Reporting**
The graduate explains full disclosure financial reporting.

This topic highlights the following objectives:

- Explain the full disclosure principle and problems with implementation.
- Identify information to be disclosed in the notes to financial statements.
- Explain the disclosure requirements for major business segments.
- Explain accounting problems associated with interim reporting.
- Identify the different types of auditors' opinions in the auditor's report.
- Describe management's responsibilities for financial reporting.
- Describe the accounting profession's response to fraudulent financial reporting.
- Identify the key differences in the disclosure requirements under GAAP and IFRS.

Read: Chapter 24: "Full Disclosure in Financial Reporting"

As you complete the assigned material below, pay attention to the following key points:

- Full disclosures
- Notes to the financial statements
- Disclosure issues
- Interim reporting
- Auditor's and management's reports
- Fraudulent financial reporting
- IFRS insights

Read the following sections in Intermediate Accounting:

- Pages 1486–1520 and 1548 in [Chapter 24: "Full Disclosure in Financial Reporting"](#)

Review the infographic and note the key similarities and differences of GAAP and IFRS:

- ["Full Disclosure in Financial Reporting"](#)

Apply

Complete the following [WileyPLUS](#) activities:

- Chapter 24B (a) Readings and Resources



- Review Study Guide
- View the Solution Walkthrough videos
- Review PowerPoint Review
- The e-text has been included in this section for easy access.
- Chapter 24B (b) Exercises
- Chapter 24B (c) Practice Questions
- Chapter 24 ORION

Final Steps

Congratulations on completing the activities in this course! You are now prepared to complete the associated assessment. If you have not already been directed to complete it, schedule and complete the assessment now.