



MAR 03 1997

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Course Outline **Part A**

School of Business

Program: Financial Management

Option: Accounting and Finance

**FMGT 4110****Financial Accounting 2**

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|                    |         |                     |    |                    |   |
|--------------------|---------|---------------------|----|--------------------|---|
| <b>Hours/Week:</b> | 5       | <b>Total Hours:</b> | 90 | <b>Term/Level:</b> | 4 |
| <b>Lecture:</b>    | 2 hours | <b>Total Weeks:</b> | 18 | <b>Credits:</b>    |   |
| <b>Sem:</b>        | 2 hours |                     |    |                    |   |
| <b>Lab:</b>        | 1 hour  |                     |    |                    |   |

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**Prerequisites****FMGT 4110 is a Prerequisite for:****Course No.    Course Name****Course No.    Course Name**

FMGT 3110

**Course Goals**

This is the second of two courses in intermediate accounting designed to prepare the student to enter a professional accounting program at the intermediate level. FMGT 4110 utilizes and builds on the student's knowledge of GAAP learned in FMGT 3110 by applying the principles to more specific areas of accounting such as income taxes, leases and pensions.

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**Course Description**

This course carries on from FMGT 3110 in preparing students for career advancement and advanced study in accounting. Topics cover development of financial information for external circulation from an analytical and critical standpoint. In the process, it specifically addresses the accounting issues involved in accounting for intangible assets, contingencies, long-term debt, equity and the accounting for income taxes, pensions and leases

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**Evaluation**

|                           |             |
|---------------------------|-------------|
| Midterm Examination #1    | 30%         |
| Midterm Examination #2    | 15%         |
| Quizzes and participation | 10%         |
| Final Examination         | 45%         |
| <b>TOTAL</b>              | <b>100%</b> |

### Course Outcomes and Sub-Outcomes

1. To understand the nature of the accounting for intangible assets, particularly goodwill and research and development.
2. To record current liabilities, particularly in such specific areas as short-term notes, contingencies and compensated absences.
3. To record the issue and retirement of long-term notes payable, mortgages and bonds, including the appropriate accrual of interest expenses. A thorough knowledge of present value concepts will be expected.
4. To fully understand disclosure requirements for shareholders' equity and the accounting for share capital transactions, including those affecting contributed surplus and retained earnings accounts. The latter will include accounting for stock rights, stock splits and dividends.
5. To account for stock warrants and stock compensation plans.
6. A detailed knowledge of computing and disclosing earnings per share for simple and complex capital structures involving a variety of dilutive securities.
7. To account for short- and long-term equity securities and the LCM rule as it applies to the former.
8. To gain a basic understanding of how to record income tax expense using the deferral approach including intra period allocations under both conditions of certainty and uncertainty.
9. To understand the nature of pensions and the complexities of accounting for them. To be able to prepare the worksheets and journal entries for more than one year for reasonably simple pension arrangements.
10. To appreciate the complexities of accounting for leases and to record basic direct financing and sales types. Here again, present value concepts will be stressed.
11. To gain proficiency in the recording and disclosure of accounting changes including the correction of prior period errors.

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### Course Record

|               |  |             |                       |
|---------------|--|-------------|-----------------------|
| Developed by: | <u>J. Hughes/C. Trunkfield</u><br>Instructor Name and Department (signature) | Date:       | <u>December, 1996</u> |
| Revised by:   | <u>J. Hughes/C. Trunkfield</u><br>Instructor Name and Department (signature) | Date:       | <u>December, 1996</u> |
| Approved by:  | <u>C. M. Briscall</u><br>Associate Dean / Program Head (signature)           | Start Date: | <u>January, 1997</u>  |



BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

School of Business

Program: Financial Management

Option: Accounting and Finance

Course Outline **Part B**

**FMGT 4110**

**Financial Accounting 2**

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### Effective Date

January, 1997

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### Instructor(s)

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|------------------|---------------------|-----------------|
| Jim Hughes       | Office No.: SE6 381 | Phone: 451-6753 |
| Chris Trunkfield | Office No.: SE6 383 | Phone: 451-6752 |

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### Text(s) and Equipment

Required:

*Intermediate Accounting* — 4th Canadian Edition — Kieso, Weygandt et al.

The following is a small selection only of interesting and useful supplementary reading and reference material.

1. Your first year accounting textbook.
2. *Intermediate Accounting* — Seventh Canadian Edition — Welsh, Zlatkovitch, Nelson & Zin
3. *C.I.C.A. Handbook*.
4. *Accounting Theory* — Hendriksen, E.S.
5. *Financial Reporting in Canada* — C.I.C.A..
6. *Canada Business Corporations Act*.
7. *B.C. Companies Act*.
8. Monthly magazines of C.A., C.G.A. and C.M.A. Associations.
9. Published financial reports of leading Canadian companies.

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### Course Notes (Policies and Procedures)

*All outlines, schedules, and mark allocations are subject to change if the instructor determines that a change is required.*

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### Assignment Details

Attendance requirements will be enforced as per the BCIT policy on page 3 of the calendar. Excessive absence will be deemed to be missing more than 2 seminars for reasons within the student's control. Upon notification of excessive absence and failure to provide adequate explanation, the student will be *disqualified from writing the final examination*.



BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Schedule

School of Business

Program: Financial Management

Option: Accounting and Finance

**FMGT 4110**

**Financial Accounting 2**

| Week of/<br>Number | Outcome/Material Covered   | Text<br>References               | Suggested<br>Weekly<br>Problems                                   |
|--------------------|--|----------------------------------|---|
| Jan. 10            | Factors in determining amortization of assets.   | Chap. 11                         |   |
| Jan. 17            | Special depreciation systems and cost allocation.  | Chap. 11                         | E. 11-3, p. 566<br>P. 11-1, p. 572<br>(omit 4)<br>P. 11-3, p. 573 |
| Jan. 24            | Acquisition, amortization and disposal of intangible assets including Goodwill and R & D.                              | Chap. 12                         | E. 11-6, p. 567<br>E. 11-15, p. 570<br>P. 11-8, p. 576            |
| Jan. 31            | Accounting for and reporting current and contingent liabilities with special attention given to estimated liabilities. | Chap. 13                         | P. 12-3, p. 619<br>P. 12-7, p. 621<br>E. 12-25, p. 617            |
| Feb. 07            | Bond issues and retirements.   | Chap. 14                         | E. 13-6, p. 663<br>E. 13-13, p. 665<br>P. 13-7, p. 671            |
| Feb. 14            | Long term notes and mortgages payable.   | Chap. 14                         | E. 14-3, p. 718<br>P. 14-3, p. 723<br>E. 14-4, p. 719             |
| Feb. 21            | Corporations.<br>- issue of shares for cash and other considerations<br>- reacquisition of shares.                     | Chap. 15                         | E. 14-8, p. 720<br>P. 14-6, p. 724<br>P. 14-11, p. 726            |
| Feb. 28            | Accounting related to retained earnings and various kinds of dividends.<br><br>Stock options and rights.               | Chap. 16<br><br>Chap. 17         | P. 15-2, p. 768<br>P. 15-3, p. 768<br>E. 15-9, p. 766             |
| Mar. 07            | MID TERM EXAM  | Chaps. 11,<br>12, 13, 14 &<br>15 |   |
| Mar. 14            | SPRING BREAK   |                                  |   |

| Week of/<br>Number | Outcome/Material Covered  | Text<br>References         | Suggested<br>Weekly<br>Problems                           |
|--------------------|---|----------------------------|---|
| Mar. 21            | Further complexities in computing E.P.S.  | Chap. 17                   | E. 16-6, p. 804<br>P. 16-4, p. 810<br>P. 17-1, p. 865     |
| Mar. 28            | Temporary investments in equity securities.<br>Cost and equity methods of accounting for long term investments. | Chap. 18                   | E. 17-15, p. 860<br>P. 17-3, p. 866<br>P. 17-7, p. 869    |
| Apr. 04            | Inter period tax allocations.<br>Timing and permanent differences.  | Chap. 19                   | E. 18-2, p. 916<br>E. 18-15, p. 921<br>P. 18-9, p. 930    |
| Apr. 11            | Review.<br><br>Mid Term Exam..  | Chaps. 16,<br>17, & 18     |   |
| Apr. 18            | Income tax loss carry backs and carry forward with and without "virtual certainty."                             | Chap. 19                   | E. 19-1, p. 974<br>P. 19-1, p. 981<br>P. 19-3, p. 982     |
| Apr. 25            | Pension liabilities and expense allocations.<br><br>Pension Worksheets.   | Chap. 20                   | E. 19-8, p. 977<br>E. 19-13, p. 979<br>P. 19-8, p. 985    |
| May 02             | Accounting for leases – operating capital, financing and sales types.   | Chap. 21                   | E. 20-4, p. 1020<br>E. 20-12, p. 1023<br>P. 20-1, p. 1027 |
| May 09             | Cash flow and methods of preparing the S.C.F.P.   | Chap. 23                   | E. 21-3, p. 1081<br>E. 21-4, p. 1081<br>P. 21-3, p. 1087  |
| May 16             | REVIEW.   |                            | E. 23-5, p. 1198<br>E. 23-9, p. 1201<br>P. 23-8, p. 1214  |
| May 23             | FINAL EXAMINATION.  | Chaps. 19,<br>20, 21 & 23. |   |