Current as of August 15, 2022
School of Administrative Studies
Faculty of Liberal & Professional Studies
York University
Fall 2022 Course Outline – All sections
AP/ADMS 3585 3.0 Intermediate Financial Accounting I

Course Director: **Instructor:**	**Liona Lai, CPA CA, PH.D and Alla Volodina, CPA CA**
Section :	**All Sections**
Course website:	**eClass (available one week prior to class starts)**
Official Date/Time based on Registrar's Office's Schedule:	**A: Friday 2:30pm to 5:30pm Keele DB0005**
	B: Friday 11:30am to 2:30pm Keele DB0005
	D: Online section – recorded lectures on eClass
	K: Wednesday 9:30am to 12:30am IBM/Markham D109
Instructors Office Hours:	TBA
Email:	liona@yorku.ca (Section A/D/K/) avolodin@yorku.ca (Section B)

IMPORTANT MESSAGE FROM YOUR INSTRUCTORS :

ADMS 3585 is a very difficult course to do well in, because of both the depth and the breadth of materials that are covered. The course also forms a foundation for your 4th year accounting studies. Your instructors will try their best to help you succeed in this course, and you must also be prepared to invest sufficient time to learn all the materials. Do not take this course with other difficult courses unless you are determined to invest in sufficient time and effort to do well in them.

Attendence and in-person component:

Please note that Section A and B hold in-person classes at Keele and section K holds in-person classes at IBM Markham. In-person class students will NOT get access to pre-recorded lectures. Section D students will have access to pre-recorded lectures through eClass.

Click here for link to IBM/Markham to learn more about the site.

Quizzes are to be completed online through eClass for ALL SECTIONS.
Both the midterm and final exams are to be done in-person at Keele for ALL SECTIONS (including section D)

Instructors will not be providing accommodations for online exam, therefore, if you cannot attend

in-person for exams, you should not take this course.

Calendar Description

This course, in conjunction with AP/ADMS 3595 3.00, develops thorough knowledge and understanding of generally accepted accounting principles and financial statement analytical skills by examining various technical areas of financial accounting. Prerequisite: AP/ADMS 2500 3.00. Prior to Fall 2009 Prerequisite: AK/ADMS 2500 3.0. Course credit exclusion: AK/ADMS 3585 3.00.

Learning Outcomes

After completion of the course, apart from mastering the technical knowledge of the revenue cycle and asset side of the financial statements, students should also

1. Understand the importance of ethics in the accounting profession and realize potential conflicts of interest that one may encounter in the profession.
2. Begin to learn how to see the inter-relationship between accounting issues, analyse them, and integrate the findings to draw reasonable conclusions.
3. Begin to learn the basics of case writing and communicate effectively using the CPA Way.
4. Understand the importance of teamwork and learn how to develop work plans and resolve conflicts.

Textbook

Required

Intermediate Financial Accounting, 13th Canadian Edition, Volume 1, By Donald E. Kieso, Jerry J. Weygandt, Terry D. Warfield, Irene M. Wiecek, and Bruce McConomy

Recommended

CPA Canada Standards and Guidance Collection, CPA Canada, available through eResources at York University library.

Course Support – eClass Tutorial Forum

A tutorial forum will be set up on eClass for you to post questions. The TA will answer all questions within 48 hours, except for on weekends and holidays.

Common Grade Components (tentative)

	Weighting	Date	Notes
Data analytics assignment	5%	Oct 28	
Group case assignment	10%	Dec 2	
Peer evaluation	5%		
Quizzes	3% each x 5 = 15%	See detailed schedule on eClass	Best 5 out of 8
Midterm	25%	October 16 2-4pm	Chapter 1,2,4,5,6,8 (appendix 5A and 6A)

Final Exam	40%	During Official Final exam period (3 hours)	Theory – comprehensive (Chapter 1-12, appendix 5A, 6A, 10B) Calculations – comprehensive for those who did not write the midterm. Otherwise Chapter 3,7,9-12, appendix 10B)
Total	**100%**		

Quizzes

There will be eight quizzes throughout the term on eClass and only the best 5 counts. All quizzes missed will be recorded as zero and will count towards those lowest marks to be dropped. There is no make-up for quizzes. All quizzes will be roughly 20-30 minutes in duration and you have access in a 24-hour window.

Tentatively, all quizzes will be available on Saturdays from 10am to Sundays 9:59am.

Weekend of (Sat 10am to Sun 9:59am)	Quiz	Coverage (tentative)	Format (tentative)
Sept 24	Quiz #1	Chapter 4	MCQ
Oct 1	Quiz #2	Chapter 5	MCQ
Oct 8	Quiz #3	Chapter 6 Part 1	MCQ
Nov 5	Quiz #4	Chapter 7	MCQ
Nov 12	Quiz #5	Chapter 9 Part 1	MCQ
Nov 19	Quiz #6	Chapter 9 Part 2	MCQ
Nov 26	Quiz #7	Selected topics Chapter 10-12 TBA	MCQ
Dec 3	Quiz #8	Selected topics Chapter 10-12 TBA	MCQ

Midterm and Final Exam

Midterm and final exam are closed book and will be conducted in-person at Keele. There will be problem solving and short answer type questions in the midterm exam. The final exam may contain MCQ, a case, in addition to problem solving and short answer type questions.

Data analytics assignment and group case assignment

TBA

ADMINSTRATIVE INFORMATION

ENROLMENT

Prerequisites

Students are personally responsible for ensuring that they have the necessary prerequisites. The School of Administrative Studies reserves the right to de-enrol any student when it is determined that a student has requested a course without having the necessary listed prerequisites. The School will not be responsible for refunds resulting from students being dropped from a course due to a lack of a prerequisite. Students with outstanding deferred exams in the prerequisite course **may not enrol** in this course.

QUIZZES AND EXAMINATION

Conflicts

Since quizzes are spread over 2 days within a 24-hour window, only lasts for 20-30 minutes, and only 5 best quizzes count, there will not be any accommodations for conflicts and there is no weight transfer to other grade components. You are also responsible for a stable internet connection for quizzes, as we will not provide accommodation for technical difficulties unless it is an University-wide issue. As such, it is important that you attempt all quizzes if possible.

For the midterm exam, please contact your professor as soon as possible if you have a **direct** conflict (i.e. 2 exams at the same time).

For the final exam, if you have two or more exams scheduled at the same time on the same day or 3 exams in 24 hours, please contact the course director to make alternate arrangements in advance. Back-to-back exams are not considered exam conflicts.

Absence from quizzes and exams

A mark of zero will be recorded for any missed quizzes.

Midterm Exam:

There are two types of absences from the midterm:

1) Authorized
2) Unauthorized – you get zero on the midterm

You have to notify the instructor within 5 business days of missing the midterm. Unless suspended by the University, you will need to provide an Attending Physician's Statement. Upon approval, weight will be transferred to the final exam and you will be writing a final exam comprehensive in both theory and calculations.

Final Exam:

Deferred Exams: Deferred standing may be granted to students who are unable to write their final examination at the scheduled time or to submit their outstanding course work on the last day of classes. In order to apply for deferred standing, please follow instructions via the link below:

https://www.yorku.ca/laps/sas/academic-resources/deferred-exam-requests/

No individualized communication will be sent by the School to the students (no letter or e-mails). Use the login system as described in the link above to retrieve information about your deferred exam status.

Students with approved DSA will be able to write their deferred examination during the School's deferred examination period(s). No further extensions of deferred exams shall be granted. The format and covered content of the deferred examination may be different from that of the originally scheduled examination. The deferred exam will be closed book, cumulative and comprehensive.
Any request for deferred standing on medical grounds must include an Attending Physician's Statement form (if not temporarily suspended due to COVID-19); a "Doctor's Note" will not be accepted.
DSA Form: http://www.registrar.yorku.ca/pdf/deferred_standing_agreement.pdf
Attending Physician's Statement form: https://secure.students.yorku.ca/pdf/attending-physicians-statement.pdf

Under no circumstances is the result of an examination changed once it is written.

Academic Honesty
Cheating on exams and other forms of academic dishonesty are absolutely not acceptable. Any attempts of cheating will result in substantial penalties. Suspected breaches of academic honesty will be investigated and charges shall be laid if reasonable and probable grounds exist. It is assumed that you have read and are familiar with these regulations.

Academic Honesty, Grading Scheme and Feedback Policy, In-Class Tests and Exams (20% rule), Reappraisals, and Accommodation Procedures can also be found on the school website: https://www.yorku.ca/laps/sas/academic-resources/common-course-policies/

Course schedule

Class	TOPIC
Class 1: Sept 7/9	Chapter 1: Canadian Reporting Environment; Chapter 2: Conceptual Framework
Class 2: Sept 14/16	Chapter 2: Conceptual Framework; Chapter 4: Reporting Financial Performance
Class 3: Sept 21/23	Chapter 5 Financial Position and Cash Flows; Chapter 6 Revenue Recognition
Class 4: Sept 28/30	Chapter 6: Revenue Recognition
Class 5: Oct 5/7	Chapter 8: Inventory
Oct 12/14	**No Class Reading week**
Class 6: Oct 16 2-4pm	**Midterm Exam**
Oct 19/21	**No class**
Class 7: Oct 26/28	Chapter 7: Cash and Receivables and Chapter 3
Class 8: Nov 2/4	Chapter 9: Investment (Passive Investments)
Class 9: Nov 9/11	Chapter 9: Investment (Strategic Investments)
Class 10: Nov 16/18	Chapter 10, 11, 12 See Detailed Class Schedules
Class 11: Nov 23/25	Chapter 10, 11, 12 See Detailed Class Schedules
Class 11: Nov 30/ Dec 2	Chapter 10, 11, 12 See Detailed Class Schedules

Detailed Class Schedules

Class 1:
Chapter 1: Canadian Reporting Environment

Learning objectives:
1. Understand the role of financial accounting in the capital allocation process
2. Understand the relationship between financial reporting and information asymmetry
3. Understand the relationship between legislation, accounting scandals, financial engineering, and ethics
4. Understand standard setting in Canada
5. Distinguish between rules vs. principles based GAAP.

Readings: Kieso Chapter 1 all pages

Case discussion: CA1.3, CA1.4, RA1.8

Review Questions: none

Chapter 2: Conceptual Framework

Learning objectives:

1. Understand the objectives of financial reporting in relation to various stakeholders, their needs and potential conflicts/biases.
2. Understand qualitative characteristics of accounting information and elements

Readings: Kieso Chapter 2 p. 2-1 to 2-19

Review Questions: Qualitative Characteristics BE2.1, BE2.4, E 2-3, Elements BE2.11, BE 2.12, BE 2.13, E2.5

Class 2:
Chapter 2: Conceptual Framework (Continue from last class)

Learning objectives:

1. Understand what Recognition, Measurement, and Presentation mean in financial reporting
2. Learn the case approach based on the conceptual framework.

Readings: Kieso Chapter 2 p. 2-19 to 2-37

Case discussion: CA2-2

Review Questions: Foundational Principles BE 2.16, E2-12, Accounting Decisions P 2-3, P2-5

Chapter 4: Financial Statements: Reporting Financial Performance

Learning objectives:

1. Determine what defines high earnings quality
2. Understand the purpose, usefulness, and limitations of the Statement of Financial Position
3. Prepare the Statement of Income and Comprehensive Income, the Statement of Financial Position, the Statement of Retained Earnings, and the Statement of Changes in Equity in the format required by IFRS and ASPE
4. Evaluates accounting treatment for discontinued operations and assets held for sale
5. Calculate earnings per share in accordance with IFRS and ASPE.
6. Evaluates disclosure for changes in accounting policies, contingencies, contractual situations, subsequent events

Readings: Kieso Chapter 4, no appendix

Review Questions: Single step vs Multi step statement BE4.15, BE4.16, Earnings quality BE4.7, Asset Held for Sale BE4.13, Discontinued Ops BE 4.17, E4-3, P EPS BE 4.22, E4-17, *Comprehensive P4-2, P4-13(Income Statement/Discontinued Ops*

<u>Class 3:</u>
<u>Chapter 5: Financial Position and Cash Flows</u>

Learning objectives:
1. Prepare the Statement of Financial Position
2. Understand the purpose and usefulness of the Statement of Cash Flows
3. Prepare the Statement of Cash Flows: Indirect method
4. Calculate and interpret ratios

Readings: Kieso Chapter 5, Appendix 5A

Review Questions: Balance Sheet Classifications BE5.6, BE5.7, BE5.8, Statement of Cash Flows BE5.14, BE5.18,BE 5.19, E5-14 E5-17 (a), Statement of Financial Position P5-5 (a&b) , Comprehensive P5-7

<u>Chapter 6: Revenue Recognition</u>

Learning objectives:
1. Evaluate treatment for revenue under IFRS 15: 5-step approach
2. Evaluate treatment for revenue under ASPE

Readings: Kieso Chapter 6 p. 6-1-39

Review Questions: ASPE earnings approach BE 6.27, IFRS 15 5-steps BE 6.7, BE6.9, BE6.11, BE6.13, E6-23, E6.4(Loyalty program), E6.5 (Warranties), E6.11 (Returns), E6.14(Gift cards), E6-19 (Allocate Transaction Price), P6-3 (IFRS 15), P6-4 (IFRS 15)

<u>Class 4: Revenue Recognition (continued)</u>

Learning objectives:
1. Evaluate treatment for specific revenue recognition issue: right of return, repurchase agreements, bill and hold, principal-agent relationship, consignments, warranties, non-refundable upfront fees
2. Presentation and Disclosure requirements for revenue recognition (IFRS and ASPE)
3. Accounting for long term contracts in profitable, interim loss, and overall loss situations.

Readings: Kieso Chapter 6 p. 6-39-61

Case Discussion: CA 6-1

Review Questions: E6.26 (Repurchase), E6.27 (Bill and Hold), E6.28(Principal Agent), E6-30(Consignment Sales) Long term contract E6-33, E6.36, E6.40, P6.9, P6.10

Class 5: Inventory

Learning objectives:

1. Evaluate treatment for inventory transactions: definition and recognition, measurement, and disclosure.
2. Evaluate the impact of inventory errors on the accuracy of financial statements
3. Understand the differences and evaluate the appropriateness of the choice of cost formula.
4. Calculate and analyse inventory impairment loss: lower of cost and net realizable value
5. Understand accounting for other types of inventory excluded from the LCNRV rule (e.g. biological assets and agricultural produce at point of harvest)
6. Estimate inventory using the gross profit method

Readings: Kieso Chapter 8, no appendix

Case Discussion: IC8-1

Review Questions: E8-3(Inventoriable costs), E8-7(Inventory errors), E8-9, E8.10 (Inventory errors), E8-17(cost formula - periodic), E8-18(cost formula – perpetual), E8-11(Gross Profit method), P8-12 (LCNRV)

Class 6: midterm

Class 7: Measurement – Present value concepts

Learning objectives:

1. Apply present value concepts in measuring financial instruments.

Readings: Kieso Chapter 3

Cash and Receivables

Learning objectives:

1. Evaluate treatment for cash and receivables: definition, recognition, measurement, and disclosure
2. Determine and analyse allowance for doubtful account balance and related bad debt expense account.
3. Determine note receivables balance using the effective interest and straight- line method
4. Determine amounts to be recorded when notes are received for property, goods, or services
5. Evaluate appropriate treatment for sale of receivables with or without recourse, receivables securitization, and secured borrowings under ASPE and IFRS

Readings: Kieso Chapter 7

Case Discussion: IC 7-1

WileyPlus Assignment: Reporting Cash BE7.3, AFDA BE7.7, Notes Receivables BE7.12, Sale/Transfer of Receivables BE7.15&16

Review Questions:, E7-5(Various), E7-9(Bad debts), E7-11 (Notes receivable), E7-14(Notes receivable), E7-17(Transfer of A/R), P7-2(Bad debts), P7-5(Bad debts), P7-6(Bad debts), P7-13(Transfer of A/R, Ratios)

Class 8:
Chapter 9: Investment Part 1 Non-Strategic Investments

Learning objectives:

1. Accurately determine and apply the appropriate measurement model (cost/amortized cost, FV-NI, FV-OCI) for non-strategic investments depending on the facts surrounding their acquisition.
2. Accurately calculate balances for the above investments using the effective interest and straight line method.
3. Accurately calculate any realized and unrealized gain or losses and the appropriate presentation.
4. Understand and interpret the implication of each measurement model as applied to the investments on decision making.

Readings: Kieso Chapter 9 9-1-28

Review Questions: E9.6(FVNI Bonds), E9.10(FVNI FVOCI Equity), E9.11(FVNI FVOCI-Equity), E9.18(Cost, FVNI FVOCI),), P9.2(FVNI Bonds and Equity), P9.7(FVOCI bonds), P9.13, (FVOCI equity)

Class 9:
Chapter 9: Investment Part 2 Strategic Investments

Learning objectives:

1. Accurately determine investments that fall into the categories of significant influence or control
2. Apply and understand the use of equity method
3. Comprehend the basic concept of consolidation
4. Interpret the implication of the equity method on decision making
5. Accurately recognize, measure, and disclose impairment loss on non-strategic and strategic investments
6. Comprehend the three levels of fair value input

Readings: Kieso Chapter 9, p.9-28 to 9-49

Case Discussion: CA 9-1

Review Questions: E9.19(Impairment debt), E9.20(Impairment bonds), E9.21 (impairment equity), E9.24(FVOCI vs Equity), E9-25(Long term equity-Equity method, impairment), , P9-15(FVOCI, Equity method, IFRS, ASPE)

Class 10 through Class 12

Starting this class, we will be going through Chapter 10, 11, and 12 simultaneously. In the first class, we will study the criteria for PPE, Investment Properties, Biological Assets, Intangibles, and Goodwill. Then, we will go through the measurement models and depreciation methods of these assets. In the second class, we will go into details of issues surrounding the initial recognition of these assets and study different impairment models. In the last class, we will study costs incurred after acquisition and disposals of long-lived assets.

Chapter 10: Acquisition of Property, Plant and Equipment

Learning objectives:

1. Evaluate treatment for PPE: recognition criteria, measurement and disclosure
2. Understand and apply the concept of componentization
3. Understand specific cost elements: borrowing costs, dismantling and restoration costs
4. Understand and evaluate treatment for nonmonetary exchanges, contributed assets, and government assistance.
5. Accurately calculate year end balances using appropriate measurement model (cost, revaluation, fair value)
6. Evaluate appropriate treatment for costs incurred after acquisition

Chapter 11: Amortization, Impairment, and Disposition

Learning objectives:

1. Evaluate different depreciation policies and accurately calculate depreciation expense
2. Understand depletion of natural resources
3. Evaluate treatment for other depreciation issues: change in estimates and policy, partial year depreciation
4. Understand and apply different impairment models.
5. Understand and apply impairment models to asset groups and cash-generating units
6. Evaluate treatment for held for sale and derecognition of PPE

Chapter 12: Goodwill and Other Intangible Assets

Learning objectives:

1. Evaluate treatment for intangible assets: recognition, measurement, and disclosure
2. Evaluate treatment for research and development costs and impact on decision making
3. Understand and apply impairment models to intangibles assets
4. Evaluate treatment for goodwill: recognition, measurement, and disclosure.

5. Understand and apply impairment model to goodwill

<u>*Class 10*</u>

Readings:

On criteria: Kieso Chapter 10, p. 10-4 to 10-6 (general PPE), p. 10-19 to 10-24 (Investment properties, natural resource properties, biological assets); Chapter 12 p. 12-3 to 12-6 (Intangibles and goodwill)

On measurement model: Kieso Chapter 10, p. 10-24 to 10-30, 10-42 to 10-43 Chapter 12, 12-12 to 12-16

On depreciation: Kieso, Chapter 11, p. 11-1 to 11-22

Review Questions: E10-24(FV vs Cost), E10-26 (Revaluation - PPE), , P10-11(Revaluation - PPE), P12-7 (Revaluation -Intangibles)(Tutorial), E11.16 Depreciation – change in estimate, E11.15(Minerals), P10.12 (Investment Properties) more exercises will be added

<u>*Class 11*</u>

Readings:

On initial recognition: Chapter 10 p. 10-6 to 10-24; Chapter 12 p. 12-6 to 12-12, 12-16 to 12-22, p. 12-25 to 30

On Impairment: Chapter 11 p. 11-22 to 11-30; Chapter 12 p. 12-23 to 12-25; p. 12-31 to 12-41

Review Questions: *E10.9(Acquisition cost of realty), E10.13(Equipment purchase), P12.1(Various costs), E12.9(R&D), E12-20(Goodwill), E10.21(Government assistance), P10-9(Non-monetary Exchange), E10.22(Biological assets), E11.19(Impairment cost recovery - PPE), E11.21(Impairment both models - PPE), E12.14 (Impairment- Intangibles), E12-18(Impairment-Intangibles), E12.22(Goodwill Impairment), P11.14(Impairment-PPE)*

<u>*Class 12*</u>

Readings:

On costs after acquisition: Chapter 10 p. 10-31 to 10-39

On derecognition: Chapter 11 p. 11-30 to 11-40

Review Questions: E10.28 &29 (Subsequent cost – PPE), P12.5 (Subsequent costs – intangibles), E11-26(Disposal of Assets), P11-15(Disposal of Assets),

Case Discussion: IC 6-1, IC 10-1