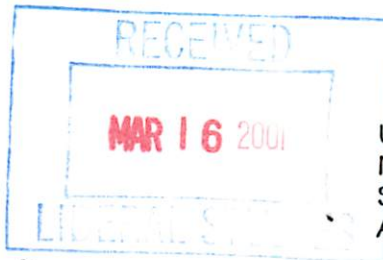


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Number: \_\_\_\_\_  
Submission Date: \_\_\_\_\_  
Action-Date: App 11/27/01  
Senate App 2/26/02

**CURRICULUM PROPOSAL COVER SHEET**  
University-Wide Undergraduate Curriculum Committee

**I. CONTACT**

Contact Person DR. THOMAS PRESSLY Phone 72753  
Department ACCOUNTING

**II. PROPOSAL TYPE (Check All Appropriate Lines)**

**COURSE** INTER ACCTG I  
Suggested 20 character title

**New Course\*** \_\_\_\_\_  
Course Number and Full Title

**Course Revision** ACCT 304 INTERMEDIATE ACCOUNTING I  
Course Number and Full Title

**Liberal Studies Approval+** \_\_\_\_\_  
for new or existing course Course Number and Full Title

**Course Deletion** \_\_\_\_\_  
Course Number and Full Title

**Number and/or Title Change** ACCT 301 INTERMEDIATE ACCOUNTING I  
Old Number and/or Full Old Title

ACCT 304 INTERMEDIATE ACCOUNTING I  
New Number and/or Full New Title

**Course or Catalog Description Change** \_\_\_\_\_  
Course Number and Full Title

**PROGRAM:** \_\_\_\_\_ Major \_\_\_\_\_ Minor \_\_\_\_\_ Track

**New Program\*** \_\_\_\_\_  
Program Name

**Program Revision\*** \_\_\_\_\_  
Program Name

**Program Deletion\*** \_\_\_\_\_  
Program Name

**Title Change** \_\_\_\_\_  
Old Program Name

\_\_\_\_\_  
New Program Name

**III. Approvals (signatures and date)**

T. Pressly 3/18/99  
Department Curriculum Committee

[Signature] 3/18/99  
Department Chair

[Signature]  
College Curriculum Committee

[Signature] 2/28/01  
College Dean

+ Director of Liberal Studies (where applicable)

\*Provost (where applicable)



## Part II. Description of Curriculum Change

### 1. New Syllabus of Record

#### I. Catalog Description

ACCT304: Intermediate Accounting I	3 credit hours
Prerequisite: "C" or better in ACCT303 – Financial System Analysis	0 lab hours
	3 semester hours (3c-0l-3sh)

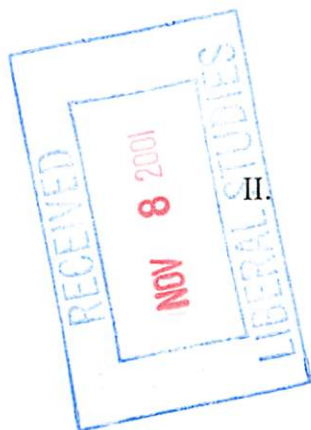
This course primarily focuses on financial reporting for asset wealth typically found in business environments. Coverage will include recognition and measurement of such assets as cash, receivables, investments, inventories, plant assets, and intangible assets. Present value concepts in financial reporting will also be emphasized.

#### II. Course Objectives

1. Students will be introduced to time value of money concept applications in financial reports, business decision-making, and personal situations;
2. Students will review generally accepted accounting standards for financial statement reporting of corporate assets;
3. Students will prepare journal entries and financial statements through analysis of business transactions.

#### III. Course Outline (42 semester hours)

- I. Accounting and the Time Value of Money (4 hours)
  - A. Present Value of a Single Sum
  - B. Future Value of a Single Sum
  - C. Present Value of an Ordinary Annuity
  - D. Future Value of an Ordinary Annuity
  - E. Present Value of an Annuity Due
  - F. Future Value of an Annuity Due
  - G. Deferred Annuities
- II. Cash (1 hour)
  - A. Internal Control of Cash
    1. Cash Funds (including petty cash)
  - B. Restricted Cash
  - C. Cash Equivalents



- III. Receivables (5 hours)
  - A. Trade Discounts
  - B. Cash Discounts
  - C. Uncollectible Receivables
  - D. Receivable Financing Arrangements
    - 1. Securitizations
    - 2. Factoring
      - a. Without Recourse
      - b. With Recourse
  - E. Notes Receivable
    - 1. Interest vs. Non-interest-Bearing Notes
    - 2. Notes Issued for Property or Services
  - F. Financial Statement Presentation of Receivables
  
- IV. Investments (6 hours)
  - A. Classification
    - 1. Trading Securities
    - 2. Available-for-Sale Securities
    - 3. Held-to-Maturity Securities
  - B. Debt Securities
    - 1. Classification
    - 2. Acquisition Costs
    - 3. Acquisition Between Interest Periods
    - 4. Amortization of Bond Discounts
      - a. Effective-Interest Method
      - b. Straight-Line Method
    - 5. Financial Statement Reporting
      - a. Balance Sheet
      - b. Income Statement
  - C. Equity Securities
    - 1. Classification
    - 2. Acquisition Costs
    - 3. Financial Statement Reporting
      - a. Balance Sheet
      - b. Income Statement
  - D. Accounting for Transfers Between Investment Categories
  - D. Equity Method
  - E. Impairment of Value
  - F. Accounting for Financial Instruments
    - 1. Derivatives - Definition and Examples
    - 2. Fair Market Value Reporting

- V. **Inventory Costing (4 hours)**
  - A. Retail vs. Manufacturing Inventory
  - B. Periodic vs. Perpetual Inventory Methods
  - C. Accounting for Physical Inventory
    - 1. Goods in Transit
    - 2. Consigned Goods
    - 3. Product Financing Arrangements
    - 4. Effects of Inventory Errors on Financial Statements
  - D. Inventory Classifications
    - 1. Product vs. Period Costs
    - 2. Manufacturing Costs
  - E. Cost Flow Assumptions
    - 1. Specific Identification
    - 2. Average Cost
    - 3. First-In, First-Out (FIFO)
    - 4. Last-In, First-Out (LIFO)
  - F. Last-In, First-Out Issues
    - 1. LIFO Reserves and Liquidation
    - 2. Dollar-Value LIFO
    - 3. Advantages and Disadvantages of LIFO Valuation
  
- VI. **Valuation and Estimation of Inventory (5 hours)**
  - A. Lower of Cost or Market Valuation Method
  - B. Purchase Commitments
    - 1. Hedging on Commodity Purchase Commitments
  - C. Gross Profit Method of Estimating Inventory
    - 1. Methodology and Uses
  - D. Retail Inventory Method
    - 1. Retail Pricing Terminology
    - 2. Conventional Method
    - 3. Dollar-Value LIFO Retail Method
  - E. Financial Statement Presentation of Inventories
  
- VII. **Property, Plant, and Equipment (PP&E) (5 hours)**
  - A. Acquisition Costs
  - B. Interest Capitalization Methodology
  - C. Disposition of Property, Plant, and Equipment
    - 1. Exchanges
    - 2. Sales
    - 3. Abandonment
  - D. Accounting for PP&E Costs Subsequent to Acquisition
    - 1. Additions
    - 2. Improvements and Replacements
    - 3. Repairs

- VIII. Depreciation, Depletion, and Impairment of Long-Term Assets (4 hours)
  - A. Depreciation
    - 1. Rationale for Depreciation
    - 2. Depreciation Variables
      - a. Obsolescence vs. Deterioration
      - b. Estimated Useful Life
      - c. Residual Value
  - B. Depreciation Methods
    - 1. Straight-Line
    - 2. Declining-Balance
    - 3. Activity
    - 4. Group Depreciation
  - C. Other Depreciation Issues
    - 1. Depreciation for Partial Periods
    - 2. Revision of Depreciation Rates (Changes in Estimate)
  - D. Impairments
    - 1. Recognition Issues
    - 2. Measurement Issues
  - E. Depletion of Natural Resource Assets
    - 1. Depletion Base
      - a. Acquisition Costs
      - b. Exploration Costs
      - c. Development Costs
      - d. Restoration Costs
    - 2. Depletion Methodology
  - F. Financial Statement Presentation of Property, Plant, and Equipment Assets
- IX. Intangible Assets (5 hours)
  - A. Characteristics
  - B. Valuation – Intellectual Capital
  - C. Amortization
  - D. Impairment Issues
  - E. Specific Intangible Assets
    - 1. Patents
    - 2. Copyrights
    - 3. Trademarks
    - 4. Franchises
    - 5. Organization Costs
  - F. Goodwill
    - 1. Definition
    - 2. Measurement and Amortization
    - 3. Impairment
    - 4. Estimation Methods
      - a. Excess Earnings Approach
      - b. Other Methods

- G. Research and Development Costs
  - 1. Identification and Measurement
  - 2. Recognition Issues
- H. Financial Statement Presentation of Intangible Assets

X. Semester Examinations (3 hours)

#### **IV. Evaluation Methods**

The final grade for the course will be determined as follows:

- 70% Examinations. Three hours of semester examinations and a two-hour final exam will contain questions predominantly consisting of multiple choice, short essay, and short quantitative problems.
- 15% Required research paper. Research could take the form of preparing business reports on current accounting standards, the accounting profession, or controversial financial reporting methods used by businesses. This research could also be applied to computer projects using financial information or reviews of recent publications on business practices.
- 10% Quizzes. Five short quizzes, which could take the form of randomly collected homework assignments, will be conducted during the semester.
- 5% Class participation. Student willingness to respond to solving problem assignments and other issues discussed in class will be documented throughout the semester.

Semester grades should be based upon a weighted-average of the above-mentioned evaluation content under a traditional 100-point scale (i.e., 90-100 = "A", 80-90 = "B", 70-80 = "C", 60-70 = "D", below 60 = "F")

#### **V. Required textbooks, supplemental books and readings**

##### **Required Textbook:**

Kieso, D. E., and Weygandt, J. J. (2001). Intermediate Accounting (10<sup>th</sup> edition). New York: John Wiley and Sons, Inc.

##### **Supplemental Textbook:**

Wiley GAAP: Interpretation and Application of Generally Accepted Accounting Principles. (2001). New York: John Wiley and Sons, Inc.

## **VI. Special Resource Requirements**

Each student will be required to purchase a resource CD coordinated with the 10<sup>th</sup> edition Kieso textbook mentioned above.

Each student will be required to purchase a semester subscription to the Wall Street Journal.

## **VII. Bibliography**

- Braun, S., Rohan, P., and Yospe, J. F. (1991, April). Asset Writeoffs: A Matter of Grouping? Journal of Accountancy, 63-68.
- Burnett, T. (1996, July 15). Twin Towers. Barron's, 20.
- Cron, W. R., and Hayes, R. B. (1989, December). The Dollar Value LIFO Pooling Decision: The Conventional Wisdom Is Too General. Accounting Horizons, 57-70.
- Davies, M., and Davies, P. (1996, October). An Impairment Measurement that's Seriously Impaired. Accountancy, 77.
- Davis, M. (1992, June). Goodwill Accounting: Time for An Overhaul. Journal of Accountancy, 75-83.
- Gage, T. U. (1993, June). Linking Lockbox to Accounts Receivable Saves One Firm 35%. Corporate Cashflow Magazine, 11-13.
- Johnson, J. D. (1993, April). Goodwill – An Eternal Controversy. The CPA Journal, 58-62.
- Lampe, J. C., and Ricketts, R. C. (1991, November). Choices in LIFO Pooling Can Affect Tax and Book Results. Taxation for Accountants, 201-207.
- Scofield, B. W. (1994, April). Full Disclosure of Interest Capitalization Decisions. National Public Accountant, 20-25.
- Seago, W. E., and Davis, R. O., (1994, June). Benefits Available Under the Retail Dollar Value LIFO Method Despite Many Obstacles. Journal of Taxation, 344-354.
- Stevens, M. G. (1994, June). Finding Clients Alternative Sources of Financing. The Practical Accountant, 30-36.
- Titard, P. L., and Pariser, D. B. (1996, December). Impaired Assets: Meeting Users' Information Needs. Journal of Accountancy, 55-61.

## **2. Summary of Proposed Course Revisions**

The numbering change of Intermediate Accounting I from ACCT301 to ACCT304 permits the proper sequencing of second-year accounting courses for accounting majors in the proposed revised curriculum framework, along with clearly differentiating the new Intermediate Accounting I course contents from the previous version for administrative control purposes. Proposed changes in course prerequisites and description also follow from the revision of Intermediate Accounting I course contents brought about by the inclusion of the new ACCT303 Financial System Analysis into the accounting major curriculum requirements.

Reviews of the financial reporting standard setting process, fundamental accounting concepts and financial statement structure and preparation have represented nearly 50% of the total content of this course in the past. Examination of these topics will be transferred to a new course (ACCT303 – Financial System Analysis) that will be designed to serve as a conduit between the first financial accounting course (ACCT201) required for all business majors and the revised ACCT304 required for accounting majors and minors. Specifically, objectives of financial reporting, financial accounting theory, financial statement compilation, income statement, balance sheet, and statement of cash flows coverage will be addressed in the new ACCT303 – Financial System Analysis course.

New topics that will be presented in the new ACCT304 format will include accounting for and reporting short and long-term investments; accounting for financial instruments such as derivatives; securitization of receivables; interest capitalization for construction projects; and impairment of asset value (investments, inventories, plant assets, and goodwill).

Subjects that will be eliminated from ACCT304 coverage include bank reconciliations covered in the introductory financial accounting course, accounting for construction contracts, special depreciation methods, the investment tax credit, deferred charges, and accounting for life insurance policies for executives. These topics were included in the previous syllabus of record accompanying this revision statement.

## **3. Justification/Rationale for the Course Revisions**

Most business programs in the United States, including IUP, require all undergraduate business majors to complete one year of accounting coursework to fulfill their business core requirements. Because of this requirement, first-year accounting courses ordinarily present general overviews of financial reporting practices commonly employed in profit-oriented business settings.



However, this overview approach often does not satisfy the specific analytical needs of prospective accounting majors as they progress to more detailed and complex financial reporting topics. Intermediate Accounting I students regularly encounter difficult adjustments in study habits from basic accounting fundamentals to comprehensive investigation of complex financial transactions and reporting. This learning transition from a general overview format to more detailed, precise financial interpretations requires a significant foundation in accounting fundamentals and analytical skills that is not frequently emphasized in introductory accounting courses designed for all business majors.

This analytical gap between first and second-year accounting courses creates significant learning adjustments, including consequential attrition for first-time Intermediate Accounting I students. To counteract these deficiencies, Intermediate Accounting I instructors have had to reserve increasingly greater time reviewing material presented in first-year accounting courses to the detriment of examination of new subject areas.

Within this accounting program revision, Financial System Analysis (ACCT303) will become the required prerequisite for the intermediate accounting series. Part of ACCT303 course coverage will shift the reexamination of the financial reporting process that typically appears in the opening 4-5 chapters of intermediate accounting textbooks. By moving these early intermediate accounting subjects to ACCT303, other adjustments must be made to subsequent intermediate accounting courses dependent on subject matter covered in ACCT303 in order to avoid redundancy of coverage.

The revised syllabi for Intermediate Accounting I and II (ACCT304 and 305, respectively) recognize this shift in instructional material to ACCT303. The revised ACCT304 intermediate accounting syllabus will permit more focused and efficient instruction of complex financial reporting issues previously shortchanged because of time constraints brought forth because of increasing emphasis on financial reporting fundamentals early in the semester.

Finally, an updated syllabus based upon currency with financial accounting reporting requirements represents an essential element of instructional quality in maintaining professional accreditation by the Eberly College of Business and Information Technology.

#### **4. Old Syllabus of Record (see following attachment)**

It is assumed that the attached ACCT301-Intermediate Accounting document is the effective syllabus of record because the course description matches the version appearing in the 2000-2001 IUP undergraduate course catalog.

Prerequisite: ~~BU~~251 16 202

## Catalog description:

The course gives an overview of the foundation of Accounting theory and deals with the application of generally accepted accounting principles as promulgated in professional pronouncements to the reporting process and to Accounting for various asset items in the financial statements.

## Course objectives:

- 1-To provide the student with a sound knowledge of the theoretical foundations of financial Accounting
- 2-To familiarize the student with the standards prescribed for reporting on the financial position, results of operations, and changes in financial position of a business enterprise
- 3-To discuss Accounting for various asset items in accordance with generally accepted accounting principles
- 4-To introduce the concepts of future and present value of money and make the student aware of situations of possible application
- 5-To develop ability on the part of the student to analyze accounting problems and to think critically and creatively about the issues involved.

## Course contents:

- 1-An introduction to objectives of financial accounting and reporting, professional Accountants, Accounting Organizations and Accounting Literature
- 2-Theoretical Foundations of Financial Accounting and Reporting
- 3-The Income Statement and the Statement of Retained Earnings
  - a-Definition, forms, contents and disclosure problems of Income Statement
  - b-Definition, forms, contents and disclosure problems of the Statement of Retained Earnings
  - c-Earnings per share (primary and fully diluted)
- 4-The Balance Sheet
  - a-Definition
  - b-Classifications
  - c-Contents
  - d-disclosures
  - e-forms
- 5-The Statement of Changes in Financial Position
  - a-significance of the Statement
  - b-preparation of the statement on Working Capital basis
  - c-preparation of the statement on Cash basis

6-Concepts of future and present value of money and possible applicati

- a-Amount and present value of a single payment or contributio
- b-Amount and present value of Annuities both ordinary and due
- c-examples of Accounting application

7- Cash, Short-term investments and Receivables.

A-Cash

- 1. Definition and Classification
- 2. Control
- 3. Reconciliation

B-Short-Term Investments

- 1. Definition
- 2. Valuation

C-Receivables

- 1. Accnts Receivable and methods of estimating and accounting for allowance for doubtful accounts
- 2. Notes Receivable ; review of accounting for interest bearing and non-interest bearing notes receivable and their discount transactions
- 3. Special Receivables
- 4. Use of Receivables to secure immediate cash through Assignment, Factoring, Outright Sale and Pledging

8-Inventories

- a-The Nature of Inventories
- b-Classification of Inventories
- c-Items that should be included or excluded
- d-Periodic Inventory system and perpetual inventory system
- e-Effect of inventory Errors
- f-Valuation of Inventories
- g-Flow and matching procedures
- h-Special Valuation procedures (Gross margin method, Retail method, Dollar value life Retail method)
- i-Accounting for Construction contracts

9-Operational Assets: Property Plant and Equipment:

A-Acquisition, Utilization, and Retirement

- 1-Nature and definition of operational Assets
- 2-Capital and Revenue Expenditure
- 3-Acquisitcn (in cash, on Deferred Payment Plan, in exchange for securities, similar and dissimilar exchange, for a lump sum cost, by construction for own use , by way of donation)
- 4-Acquisition cost of specific property such as land, Buildings, machinery, Returnable Containers, leasehold imprvemnts )
- 5-Ordinary Repairs and Maintenance and Extraordinary Repairs
- 6-Replacements and Betterments
- 7-Retirement of operational assets
- 8-Control of operational assets

BU 352 Intermediate Accounting I.

B-Depreciation and Depletion

- 1-Causes of Depreciation
- 2-Purpose and effect of recognizing depreciation
- 3-Depreciation Disclosures
- 4-methods of depreciation including Annuity and sinking fund methods
- 5-Special depreciation systems (Inventory system, Retirement and Replacement systems, Group and composite-life systems)
- 6-Changes and Correction of depreciation
- 7-The investment Tax credit
- 8-Depletion of Natural Resources

10-Intangible Assets, Deferred Charges, and Insurance

- a-Nature of Intangible Assets
- b-Measuring and Recording Intangible Assets at acquisition
- c-Amortization of Intangible Assets
- d-Disposition of Intangible Assets
- e-Specific types of identifiable Intangible assets (Patents, Copyrights, Franchises, Trademarks ...etc.)
- f-Unidentifiable Intangible Assets with special emphasis on Goodwill, its definition, various estimation methods and amortization)
- g-The Accounting treatment of Research and Development Costs
- h-Deferred Charges and Prepaid expenses
- i-Accounting for Casualty Insurance and life Insurance policies for officers

When offered: Fall, Spring, and Summer .