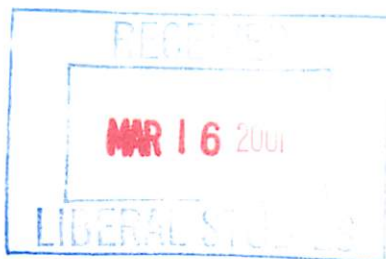


LSC Use Only
Number: _____
Submission Date: _____
Action-Date: _____



UWUCC USE Only *01-16c*
Number: *00-59c*
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 727 53
Department ACCOUNTING

II. PROPOSAL TYPE (Check All Appropriate Lines)

COURSE INTER ACCTG II
Suggested 20 character title

____ New Course* _____
Course Number and Full Title

Course Revision ACCT 305 INTERMEDIATE ACCOUNTING II
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 302 INTERMEDIATE ACCOUNTING II
Old Number and/or Full Old Title

ACCT 305 INTERMEDIATE ACCOUNTING II
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] 7/29/02
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

ACCT305: Intermediate Accounting II	3 credit hours
Prerequisite: "C" or better in ACCT304 – Intermediate Accounting I	0 lab hours
	3 semester hours (3c-0l-3sh)

This course will concentrate on financial reporting of creditor and investor claims on business assets in the form of liabilities and equity. Specialized financial reporting topics such as earnings per share, stock options, income tax, pension and lease accounting will also be covered.

II. Course Objectives

1. Students will review generally accepted accounting principles as they apply to financial reporting of creditor and shareholder interests in a corporation;
2. Students will be introduced to current financial reporting requirements for specialized financial areas, such as company pensions, capital leasing, and income tax liabilities;
3. Students will prepare journal entries and financial statements based upon an analytical review of business transactions.

III. Course Outline (42 semester hours)

I. Current Liabilities (4 hours)

- A. Accounts Payable
- B. Notes Payable
- C. Refinancing of Short-Term Debt
- D. Taxes Payable
- E. Payroll
- F. Compensated Absences
- G. Contingencies
 1. Categories
 2. Litigation
 3. Warranty Costs
 4. Environmental Liabilities
- H. Accounting for Employee Bonuses
- I. Financial Statement Presentation of Current Liabilities and Contingencies



II. Long-Term Corporate Bonds and Notes (5 hours)

- A. Types of Corporate Bonds
- B. Valuation of Corporate Bonds
 - 1. Present-Value Concepts
 - 2. Bond Discounts and Premiums
 - 3. Bonds Issued Between Interest Payment Dates
- C. Bond Amortization
 - 1. Straight-Line Method
 - 2. Effective-Interest Method
- D. Early Retirement of Bonds
- E. Long-Term Notes Payable
 - 1. Issued for Property or Services
- F. Troubled-Debt Restructurings
 - 1. Loan Impairments
 - 2. Alternative Settlement of Debt
 - 3. Modification of Terms
 - a. Debtor's Books
 - b. Creditor's Books
- G. Financial Statement Presentation of Long-Term Debt

III. Accounting for Income Tax Liabilities (5 hours)

- A. Financial Reporting Objectives for Income Taxes
- B. Temporary Differences
 - 1. Deferred Tax Liabilities - Future Taxable Amounts
 - 2. Deferred Tax Assets -Future Deductible Amounts
- C. Permanent Differences
- D. Deferred Tax Asset Valuation Account
 - 1. Negative and Positive Evidence for Recognition
- E. Changes in Tax Rates
- F. Accounting for Net Operating Losses
 - 1. Loss Carrybacks
 - 2. Loss Carryforwards
 - 3. Valuation Account
- G. Financial Statement Presentation of Deferred Tax Assets and Liabilities
 - 1. Balance Sheet – Current vs. Noncurrent
 - 2. Income Statement – Current vs. Deferred Tax Expense
 - 3. Income Statement – Operating Loss Carrybacks and Carryforwards
- H. Conceptual Aspects of Accounting for Income Taxes
 - 1. Flow-Through Method
 - 2. Comprehensive vs. Partial Allocation
 - 3. Deferred vs. Asset-Liability Approach

IV. Pension and Postretirement Benefits Liability Accounting (5 hours)

- A. Defined Contribution Plans**
 - 1. 401(k) Plans (Employee)
 - 2. Keogh Plans (Small Business Owner)
 - 3. Third-Party Trustees
- B. Defined Benefit Plans - Large Corporations**
- C. Measurement of the Pension Liability**
 - 1. Vested Benefit Obligation
 - 2. Accumulated Benefit Obligation
 - 3. Projected Benefit Obligation
- D. Components of Pension Expense**
 - 1. Annual Service Cost
 - 2. Interest on Projected Benefit Obligation
 - 3. Actual Return on Plan Assets
 - 4. Amortization of Unrecognized Prior Service Cost
 - 5. Unexpected Actuarial Gains and Losses
 - a. Actual vs. Expected Return on Plan Assets
 - b. Changes in Projected Benefit Obligation Actuarial Assumptions
 - c. Amortization of Cumulative Unexpected Gains and Losses
 - 6. Minimum Pension Liability Measurement
 - 7. Deferred Pension Cost Intangible Asset
 - 8. Contra Stockholders' Equity Account
 - a. Measurement
 - b. Financial Statement Presentation – Other Comprehensive Income
 - 9. Financial Statement Presentation of Pension Plans
 - a. Schedule of Components of Pension Expense
 - b. Reconciliation Schedule
 - 10. Accounting for Postretirement Benefits
 - a. Expected vs. Accumulated Postretirement Benefits Obligations
 - b. Postretirement Benefit Expense
 - i. Service Cost
 - ii. Interest Cost on Accumulated Postretirement Benefits Obligations
 - iii. Actual Return on Plan Assets
 - iv. Amortization of Prior Service Cost
 - v. Amortization of Unexpected Actuarial Gains and Losses

V. Accounting for Leases (5 hours)

- A. Lease vs. Buy Decisions
- B. Capital vs. Operating Lease Criteria
- C. Lease Terminology
 - 1. Bargain Purchase Options
 - 2. Minimum Lease Payments
 - 3. Guaranteed vs. Unguaranteed Residual Values
 - 4. Executory Costs
 - 5. Interest Rates
 - a. Incremental Borrowing Rate – Lessee
 - b. Implicit Interest Rate – Lessor
- D. Accounting for Capital Leases – Lessee
 - 1. Inception of Lease
 - 2. Accrual of Interest
 - 3. Depreciation
 - 4. Lease Payments
 - 5. Residual Values
 - 6. Financial Statement Reporting
- E. Accounting for Capital Leases – Lessor
 - 1. Direct Financing vs. Sales-Type Lease
 - 2. Inception of Lease
 - 3. Interest Earned
 - 4. Lease Payment Receipts
 - 5. Residual Values
 - 6. Financial Statement Reporting
- F. Accounting for Operating Leases
 - 1. Lessee
 - 2. Lessor
- G. Sale-Leaseback Agreements

VI. Stockholders' Equity: Contributed Capital (3 hours)

- A. General Shareholder Rights
- B. Common Stock Issuance
 - 1. Par Value vs. No Par Value Stock
 - 2. Stock Subscriptions
 - 3. Multiple Security Issuances
 - 4. Noncash Stock Issuances
- C. Stock Buybacks (Treasury Stock)
 - 1. Corporate Rationale
 - 2. Cost Method
 - 3. Reissuance of Treasury Stock
 - 4. Retirement of Treasury Stock

- D. Preferred Stock
 - 1. Common Characteristics
 - a. Cumulative
 - b. Participating
 - c. Convertible
- E. Financial Statement Presentation of Contributed Capital

VII. Stockholders' Equity: Retained Earnings (3 hours)

- A. Dividends
 - 1. Cash
 - 2. Stock – Large vs. Small
 - 3. Other
- B. Stock Splits
 - 1. Rationale
 - 2. Effect on Stockholders' Equity
 - 3. Stock Split vs. Stock Dividend Differentiation
- C. Appropriations of Retained Earnings
- D. Statement of Changes of Stockholders' Equity

VIII. Dilutive Bond and Equity Securities (6 hours)

- A. Convertible Bonds
 - 1. Book Value Method
- B. Convertible Preferred Stock
- C. Stock Warrants Attached to Other Securities
 - 1. Proportional Method
 - 2. Incremental Method
- D. Long-Term Compensation Plans (Stock Options)
 - 1. Rationale and Financial Reporting Controversy
 - 2. Incentive vs. Nonqualified Plans
 - 3. Current Reporting Standards
 - a. Intrinsic Method
 - b. Fair-Value Method
 - c. Noncompensatory Plans
 - 4. Accounting for Stock Appreciation Rights
 - 5. Performance-Based Bonus Plans
 - a. Return on Investment
 - b. Percentage Growth in Sales
 - c. Percentage Growth in Earnings Per Share

IX. Earnings Per Share (EPS) – (3 hours)

- A. Definitions
 - 1. Basic
 - 2. Diluted
- B. Weighted-Average Common Shares Outstanding
- C. Stock Splits and Dividends
- D. Diluted EPS Computations
 - 1. Convertible Securities
 - 2. Stock Options – Treasury Stock Method
- E. Financial Statement Presentation of Earnings Per Share

X. Semester Exams (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 using financial reporting databases to review current financial reporting standards, computer preparation of financial statements, or reviews of recent accounting publications. |
| 10% | Quizzes. Five short quizzes, which could be randomly collected homework assignments, will be graded during the semester. |
| 5% | Class participation. Student willingness to respond to questions regarding assignments and current accounting issues 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 Weygant, J. J. (2001). Intermediate Accounting (10th 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 semester subscription to the Wall Street Journal.

Each student will be required to purchase the CD resource accompanying the recommended Kieso textbook mentioned above.

VII. Bibliography

Akresh, M. S., Dankner, H., and Latta, J. E. (1993, December). How to Handle FASB 112. Journal of Accountancy, 71-73.

Bartsch, R. A. J., Read W. J., and Raghunandan, K. (1994, July). Accounting for Impaired Loans Under SFAS No. 114. The CPA Journal, 48-51.

Elgin, P. R. (1994, March). Fine-Tuning FAS 106 Assumptions Can Help Balance Sheet. Corporate Cashflow Magazine, 21-23.

Epstein, M. J., and Pava, M. L. (1992, July). How Useful is the Statement of Cash Flows? Management Accounting, 52-56.

Hall, J. O., and Aldrige, R. (1992, August). Illustrations of Leases Involving Land and Buildings. The CPA Journal, 58-61.

Harper, R. M. Jr., and Strawser, J. R. (1993, November). The Effect of SFAS 87 on Corporate Funding of Defined Benefit Pension Plans. Journal of Business Finance and Accounting, 815-834.

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Leahey, A. L. (1993, October). Grasping the Fundamentals of SFAS 109 – Accounting for Income Taxes. The CPA Journal, 54-57.

Leffelman, T. L. (1993, August). Accounting for Income Taxes: New Standards. National Public Accountant, 28-35.

Leonard, K. V. (1994, January). Protecting Financial Statements From SFAS 112 Arrows. Corporate Cashflow Magazine, 18-19.

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Nouri, H. (1996, May). SFAS 115: A Flowchart Approach. National Public Accountant, 36-39.

- Peterson, C. A., Miller J. A., and Rimbey, J. N. (1996, April). The Economic Consequences of Accounting for Stock Splits and Large Stock Dividends. The Accounting Review, 241-253.
- Roberts, M. L., Samson, W. D., and Dugan, M. T. (1990, December). The Stockholders' Equity Section: Form Without Substance? Accounting Horizons, 35-46.
- Stevens, M. G. (1997, May). Earnings Per Share Made Easier, Relatively Speaking. Practical Accountant, 44-48.
- Strotman, R. J. (1991, April). Sale/Leaseback: Financing Tool for the '90s. The CPA Journal, 48-51.
- Swenson, D. W., and Buttross, T. E. (1993, January). A Return to the Past: Disclosing Market Values of Financial Instruments. Journal of Accountancy, 71-77.
- Thompson, J. H., and Bitter, M. E. (1993, March). The Imperfect Standard: Why All Cash Flow Statements Still Aren't Created Equal. National Public Accountant, 18-22.
- Wampler, B. W., and Philips, T. J. (1994, March). A Case for Fair Value Accounting for Debt Securities. Management Accounting, 46-49.
- Young, A. D. G. (1995, February). So You Have a Client Who Wants to Incorporate? National Public Accountant, 10-11.
- Young, A. D. G. (1995, April). Sources of Stockholders' Equity: Retained Earnings and Dividends. National Public Accountant, 9, 12.

2. Summary of Proposed Course Revisions

The renumbering of Intermediate Accounting II from ACCT302 to ACCT305 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 II course contents from the previous version for administrative control purposes.

Proposed changes in course description follows from the revision of Intermediate Accounting II course contents brought about by the inclusion of the new ACCT303 Financial System Analysis course into the accounting major curriculum requirements, along with subsequent Intermediate Accounting I content revisions.

The topical order of presentation for Intermediate Accounting II will significantly change from the previous format. This change reflects a more logical grouping of subjects dealing with liability and equity financial statement reporting.

In addition, substantial changes in generally accepted accounting principles have occurred since the preparation of the previous course curriculum. The new syllabus incorporates these changes. Specifically, coverage will include:

- 1) accounting for a variety of short and long-term liabilities,
- 2) new forms of contingent liabilities (environmental and nuclear clean-up),
- 3) troubled debt restructuring and loan impairments,
- 4) accounting for differences in financial and taxable income,
- 5) differences in accounting for defined benefit and contribution pension plans,
- 6) accounting for other postretirement benefits (health care),
- 7) new reporting standards for stock option and other executive compensation plans, and
- 8) new reporting requirements for earnings per share disclosures.

Subjects eliminated from the previous ACCT302-Intermediate Accounting II syllabus of record include:

- 1) equity method for long-term investments (reviewed in ACCT304 – Intermediate Accounting I),
- 2) accounting for business combinations (extensively covered in ACCT401 – Advanced Accounting),
- 3) accounting for serial bonds,
- 4) reporting accounting errors and corrections, and
- 5) financial statement analysis (extensively covered in new ACCT303 – Financial System Analysis course)
- 6) social responsibility accounting, and
- 7) current value accounting.

3. Justification/Rationale for the Revisions

Although the old syllabus of record does not contain a specific preparation date, the textbook edition accompanying the old syllabus provides some indication of its preparation date. The current textbook used for intermediate accounting coursework Intermediate Accounting, 9th edition by Kieso and Weygandt (Wiley Publishing, 1998). The previous syllabus curriculum framework was based upon the fifth edition of the same textbook. Assuming a normal life of three years for many editions of accounting textbooks, the old syllabus of record must have been prepared at least twelve years ago.

During this period of time, new financial reporting standards have been developed for such issues as troubled debt restructurings and loan impairments, stock option plans, earnings per share disclosures, investments in debt and equity securities, income tax accounting, and pension accounting. These topics represent approximately 50% of the total course coverage for Intermediate Accounting II. These new standard requirements will be fully incorporated into the new syllabus to insure that IUP accounting majors are provided uniform instruction that reflects topical coverage that is comprehensive and relevant to contemporary financial reporting practices.

This new curricular format also represents part of a coordination of material anticipated to be covered in ACCT303 (New Course – Financial System Analysis) and ACCT304 (Course Revision – Intermediate Accounting I).

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

4. The Old Syllabus of Record – See Attached Document

The attached document is assumed to be the current syllabus of record in that the course description contained in the attachment is identical to the course description that appears in the 2000-2001 IUP undergraduate catalog.

Prerequisite: ~~SU 352~~ ^{AG} 301**Catalog Description:**

The course primarily covers application of generally accepted accounting principles to various areas such as accounting for corporations, long-term investments in securities, Bonds, Pension Costs, Leasesetc.

Course objectives:

- 1-To familiarize the student with the generally accepted accounting principles pertaining to the topics under discussion and how these principles are applied.
- 2-To expose the student to current issues and controversies in the field of Accounting.
- 3-To sharpen the student's ability to analyze accounting problems and to think critically and creatively about the issues involved.

Course contents :**1-Corporations****A-Formation and contributed capital**

- 1-Nature of capital stock
- 2-Classes of capital stock
- 3-Accounting for issuance of stock for cash and on subscription basis
- 4-Noncash sale of stock

B-Retained Earnings and Dividends

- 1-Types of dividends
- 2-Dividends and Treasury Stock
- 3-legality of dividends
- 4-Appropriations of Retained Earnings for various purposes; to comply with a contractual agreement, as an aspect of financial planning, to meet possible future losses
- 5-Reporting Retained Earnings

C-Contraction and Expansion of Corporate Capital after formation; and Earnings per Share

- 1-Methods of Recording and Reporting Treasury stock transactions (Cost method, Par-value method)
- 2-Accounting for Nonpar Treasury stock
- 3-Treasury stock received through donations
- 4-Retirement of treasury stock
- 5-Restriction of Retained Earnings for treasury stock
- 6-Changing Par value
- 7-Stock rights
- 8-Accounting for stock issued to employees under compensatory and noncompensatory plans
- 9-Computing and Reporting Earnings per Share under fairly complex capital structure.

AG 302

~~BA 354~~ Intermediate Accounting II

2-Long-term investments in Equity securities

- a-Recording Long-term investments at date of acquisition
- b-Accounting and reporting for long-term investments in securities subsequent to acquisition using the cost method, the equity method the market value method (currently not in accordance with generally accepted accounting principles)
- b-Accounting for business combinations and preparation of simple consolidated statements at date of acquisition using the purchase method and the pooling-of-interests method
- d-Preparation of simple consolidated statements subsequent to acquisition using the purchase method and the pooling-of-interests method
- e-Special problems in accounting for long-term investment in securities such as stock dividends on investment shares, stock split of investment shares and stock rights on investment shares

3-Accounting for Bonds as long-term liabilities and investments

- a-Nature and classes of bonds
- b-Determination of bond prices
- c-Accounting and reporting of bonds from the point of view of the borrower and the investor
- d-Methods of amortization for bond premiums and discount (straight-line method and interest method)
- e-Accounting for semiannual interest payments
- f-Special problems in accounting for bonds
 - 1-bonds sold between interest dates at par and at premium or discount
 - 2-Accounting when the interest date and end of the accounting period do not coincide
 - 3-Amortization of premiums and discounts at year end versus at interest dates
 - 4-Accounting for extinguishment of debt
 - 5-Accounting for issuance of convertible bonds
 - 6-Accounting for conversion of convertible bonds
- g-Serial bonds
 - 1-Characteristics of serial bonds
 - 2-Determining selling price of serial bonds
 - 3-Amortization of premium and discount on serial bonds

4-Accounting changes, Error correction, and incomplete records

- a-Methods for recording and reporting accounting changes (change in accounting principle, change in estimate, and change in reporting entity)
- b-Methods for recording and reporting error corrections
- c-Preparation of balance sheet from single-entry records
- d-Preparation of Income statement and balance sheet from incomplete data

5-Accounting for Pension Costs

- a-Pension Plan fundamentals
- b-Measuring the amount of Pension cost
- c-Pension Plan accounting for pension cost and funding
- d-maximum and minimum provision for past service costs
- e-disclosure requirements

6-Accounting for leases

- a-Types of leases
- b-criteria for identifying types of leases
- c-Accounting for operating leases by lessor and lessee
- d-Accounting for financing leases by lessor and lessee
- e-Sale and leaseback
- f-Accounting for leveraged leases by lessor and lessee

7-Analysis of financial statements

- a-Examination of auditor's report
- b-Analysis of statement of Accounting policies
- c-Comparative financial statements
- d-Vertical (common size) analysis and horizontal analysis
- e-Ratio analysis (Ratios measuring the current position, ratios measuring the equity position, and ratios measuring the operating results)
- f-Use, interpretation and limitations of ratio analysis

8-Discussion of a current Accounting issue such as price-level Accounting, current value Accounting, Social responsibility Accounting (Accounting for the impact of the enterprise on the environment)etc.

When offered: Fall, Spring, and Summer