

**UNIVERSITY OF PUERTO RICO
RIO PIEDRAS CAMPUS
SCHOOL OF BUSINESS ADMINISTRATION
ACCOUNTING DEPARTMENT**

**INTERMEDIATE ACCOUNTING III
(CONT 4003)**

DESCRIPTION: Discussion of accounting standards, methods and procedures relevant for the preparation, registration, analysis and dissemination of financial information related to complex transactions such as: accounting for income taxes, accounting for pension expense, revenue recognition, changes in accounting principles and leases.

Analysis of new FASB Pronouncements and Accounting Standards Updates and its impact to business transactions and presentation in the financial statements.

NUMBER OF HOURS/credits: 3 hours / 3 credits

PREREQUISITES: Intermediate Accounting II (CONT 4002)

COURSE DESCRIPTION: discussion of the standards, methods and procedures for the preparation, registration, analysis and dissemination of financial information related to items and complex transactions. Analysis of the most recent regulations issued by the governing bodies of the profession and its impact on the accounting information systems.

INSTRUCTOR _____

SUGGESTED TEXT:

Spiceland, J.D., Nelson, M.W. and Thomas, W.B. (2016). *Intermediate Accounting*. 9thE, New York: McGraw-Hill Education

OTHER RESOURCES: FASB Accounting Standards Codification - <http://aaahq.org/asclogin.cfm>

OBJECTIVES:

During the course, students will

1. critically assess accounting principles and standards related to the registration of various transaction and the preparation and dissemination of financial information applicable to national and international scenarios.
2. discriminate, from an ethical point of view, between favorable and unfavorable decisions so that they can learn to hold a great sense of public and professional responsibility in the practice of accounting,
3. interact with other colleagues in team work allowing them to recognize the value of reaching consensus when faced with complex situations and unstructured problems.
4. consult electronic resources and databases (including the FASB ASC) to conduct research in the discipline.

TOPICS

• INTRODUCTION (Discussion of syllabus and other topics.)	1.5
• ACCOUNTING FOR PENSION EXPENSE (Chapter 17)	6.0
C17: Questions: Q17-1 hasta Q17-26 Brief Exercises: BE17-1 hasta BE17-13 Exercises: E17-1 hasta E17-8, E17-13, E17-914, E17-16 Problems: P17-8	
• REVENUE RECOGNITION (Chapter 5)	5.5
Suggested Practice: C5: Brief Exercises: BE5-1 al BE5-34 Brief Exercises: E5-2, E5-3, E5-5, E5-6, E5-7, E5-8, E5-9, E5-17, E5-18, E5-19, E5-21 Problems: P5-2 Cases: Case5-2, Case5-3, Case5-4 (ethics), Case 5-5.	
TEST #1 (outside the class hours)	2.0
PENSIONS & REVENUE RECOGNITION	
Test discussion	1.5
• ACCOUNTING FOR INCOME TAX EXPENSE (Chapter 16)	6.0
C16: Questions: Q16-1 hasta Q16-10 Brief Exercises: BE16-1 hasta BE19-15 Exercises: E19-1 hasta E16-13 y E16-15 Exercises: E16-1, E16-2, E16-6, E16-7, E16-8.	
• ACCOUNTING PRINCIPLES, ESTIMATES & ERRORS (Chapter 20)	6.0
C20: Questions: Q20-1 hasta 20-17 (EXCEPTO Q20-11) Brief Exercises: BE20-1 hasta BE20-12 Exercises: E20-1, E20-2, E20-7, E20-8, E22-10, E20-15, E20-16, E20-17, E20-18, E20-19, E20-21, E20-22, E20-23, E20-24, E20-25 Problems: P20-8.	
TEST #2 (outside the class hours)	2.0
ACCOUNTING FOR INCOME TAX EXPENSE & ACCOUNTING PRINCIPLES, ESTIMATES & ERRORS	
Test discussion	1.5
• ACCOUNTING FOR DERIVATIVES (Appendix 17A)	5.0
APPENDIX A: Questions: Q A-1 hasta Q A-7 Exercises: EA-1.	
• ACCOUNTING FOR LEASES (Chapter 15)	6.0
C15: Questions: Q 15-1 hasta Q 15-14 Brief Exercises: BE15-1 BE15-10 y BE15-13 hasta Be15-15 Exercises: E 15-1, E15-6, E15-7, E15-8, E15-9, E15-11, E15-16, E15-18, E15-26 Problems: P15-3 y P15-7.	
• DISCUSSION OF RECENT DEVELOPMENTS IN ACCOUNTING (oral presentations)	6.0
TEST #3 (FINAL)	

EVALUATION OF STUDENT PERFORMANCE: Course requirements include exams, homework assignments and oral presentations. The weighting on the course requirements follows.

Test 1*	100 points	CURVE <hr/> 90 - 100% A 80 - 89% B 70 - 79% C 60 - 69% D 0 - 59% F
Test 2*	100 points	
Test 3 (final)*	100 points	
Homeworks	50 points	
Oral presentation + Poster	50 points	
Total	350 points	
* <i>Differentiated evaluation for students with special needs</i>		

EXAMS: The exams are designed to measure your knowledge and understanding of the material presented in the textbook, the homework assignments and the class lectures and discussions. Exams will be a combination of multiple choice questions and work-out problems.

In the event you miss an exam, you will take a make-up exam. However, the make-up exam will be graded at the end of the semester along with the final test. You do not need to present any documented evidence indicating serious illness or family emergency. Do not ask me for your make-up exam grade during the semester.

SUGGESTED PRACTICE: Practice and reading are essential for your success in this course's exams. This syllabus includes a list of exercises, problems suggested for practice. These exercises and problems are only for practice. For the best learning, all problems should be attempted prior to the exams. This requires discipline on your part but it will pay off on exam days. None of these problems will be collected in class and therefore no score will be assigned to them.

Solutions to all practice exercises and problems will only be available through the course's online platform.

CERTIFICATION NUM. 112 (2014-15) BOARD OF TRUSTEES – Guía Para la Creación, Codificación Uniforme y el Registro de Cursos en la Universidad de Puerto Rico

According to Certification 112 (2014-15) of the Board of Trustees (p. 11, definition of “*classroom course*”), 25% of the contact hours of this course may be offered, at the discretion of the professor, using technology or other learning experiences of equal academic quality.

<https://tinyurl.com/CERT112JG>

ACADEMIC INTEGRITY: ARTICLE 6.2 OF THE UPR STUDENTS GENERAL BYLAWS (BOARD OF TRUSTEES CERTIFICATION 13, 2009-2010): [The University of Puerto Rico promotes the highest standards of academic and scientific integrity. Article 6.2 of the UPR Students General Bylaws \(Board of Trustees Certification 13, 2009-2010\) states that academic dishonesty includes, but is not limited to: fraudulent actions; obtaining grades or academic degrees by false or fraudulent simulations; copying the whole or part of the academic work of another person; plagiarizing totally or partially the work of another person; copying all or part of another person answers to the questions of an oral or written exam by taking or getting someone else to take the exam on his/her behalf; as well as enabling and facilitating another person to perform the aforementioned behavior. Any of these behaviors will be subject to disciplinary action in accordance with the disciplinary procedure laid down in the UPR Students General Bylaws.](#)

<https://tinyurl.com/UPR-BYLAWS>

REASONABLE ACCOMMODATION – Puerto Rico’s LAW 51: [Students who receive services from the Office of Vocational Rehabilitation must contact the professor at the beginning of the semester to make arrangements for reasonable accommodations and the necessary auxiliary equipment recommended by the “Oficina de Asuntos para las Personas con Impedimento \(OAPI\)” of the office of the Dean of Students. Other students with special needs who require any kind of assistance or reasonable accommodations should also contact the professor.](#)

<https://tinyurl.com/ACOMODO>

CERTIFICATION NUM. 39 (2018-19) ACADEMIC SENATE – DISCRIMINATION AND SEXUAL HARASSMENT: The University of Puerto Rico prohibits discrimination based on sex, sexual orientation, and gender identity in any of its forms, including that of sexual harassment, According to the Institutional Policy Against Sexual Harassment at the University of Puerto Rico, Certification Num. 130, 2014-2015 from the Board of Governors, any student subjected to acts constituting sexual harassment, must turn to the Office of the Student Ombudsperson, the Office of the Dean of Students, and/or the Coordinator of the Office of Compliance with Tit/e IX for an orientation and/or a formal complaint.

<https://tinyurl.com/CERTIFICACION39>

ELECTRONIC REFERENCES

Re: Balance by Jim Peterson:

http://www.jamesrpeterson.com/home/accounting_principles_and_standards/

The Accounting Onion by Tom Selling: <http://accountingonion.com/>

The Spirit of Accounting, Accounting

<https://www.accountingtoday.com/search?query=The+Spirit+of+Accounting>

Financial Accounting Standards Board (FASB): <http://www.fasb.org>

Accounting Education links: <http://www.accountingeducation.com/links/index.cfm>

Accounting Research and Career Information: <http://www.accountingnet.com>

AICPA Code of Professional Conduct: <http://www.aicpa.org/about/code/index.htm>

Colegio de Contadores Públicos Autorizados de Puerto Rico: <http://www.colegiocpa.com/>

Governmental Accounting Standards Board (GASB): <http://www.gasb.org>

International Accounting Standards Board (IASB): <http://www.iasc.org.uk>

Journal of Accountancy: <http://www.aicpa.org/pubs/jofa/>

National Association of State Boards of Accountancy (NASBA): <http://www.nasba.org/nasbaweb.nsf/nasbahome>

Public Oversight Board: <http://www.pcaobus.org/>

The American Accounting Association: <http://aaahq.org/index.cfm>

The CPA Exam: <http://www.cpa-exam.org/>

U.S. Securities and Exchange Commission: <http://www.sec.gov/info/edgar/forms.htm>

REFERENCES (BY TOPIC)

I. REVENUE RECOGNITION

Biondi, Y., Tsujiyama, E., Glover, J., Jenkins, N. T., Jorgensen, B., Lacey, J., & Macve, R. (2014). ‘Old Hens Make the Best Soup’: Accounting for the Earning Process and the IASB/FASB Attempts to Reform Revenue Recognition Accounting Standards. *Accounting in Europe*, 11(1), 13–33. <https://doi.org/10.1080/17449480.2014.903718>

Savage, A., Cerf, D. C., & Barra, R. A. (2013). Accounting for the Public Interest: A Revenue Recognition Dilemma. *Issues in Accounting Education*, 28(3), 691–703. <https://doi.org/10.2308/iace-50463>

II. PENSIONS:

Bauman, M. P., & Shaw, K. W. (2014). An Analysis of Critical Accounting Estimate Disclosures of Pension Assumptions. *Accounting Horizons*, 28(4), 819–845. <https://doi.org/10.2308/acch-50823>

Kun Yu. (2013). Does Recognition versus Disclosure Affect Value Relevance? Evidence from Pension Accounting. *Accounting Review*, 88(3), 1095–1127. <https://doi.org/10.2308/accr-50381>

Long, N. (2018). Economic trends: it is time to transfer defined benefit pensions? *Accountancy*, (1500), 1–3.

MILLER, P. B. W., & BAHNSON, P. R. (2016). An encore: Using truth to untangle the Gordian Knot of pension accounting. *Accounting Today*, 30(7), 16–45.

Thornburg, S. W., & Rosacker, K. M. (2018). Accounting, Politics, and Public Pensions. *CPA Journal*, 88(4), 28–30.

III. LEASES:

Anderson, G., Galaini, B., Gill, A., & Thacker, S. (2016). Considerations for the Implementation of the New Lease-Accounting Standard: Internal Preparation for Lessors. *Equipment Leasing & Finance*, 32(1), 48–49.

Anderson, G., Elken, K., & Lezinski, J. (2016). Considerations for the Implementation of the New Lease-Accounting Standard: System Application Impacts. *Equipment Leasing & Finance*, 32(2), 50–51.

Azores, P. (2018). Ensure Compliance: New accounting standards may bring vehicles' leases on your balance sheet. *Food & Drink*, 18(1), 145–147.

Bascom, K., Elken, K., & Halladay, S. (2016). Considerations for Implementing the New Lease Accounting Standard: Lease/Non-Lease Components. *Equipment Leasing & Finance*, 32(6), 44–47.

Beckman, J. K. (2016). FASB and IASB diverging perspectives on the new lessee accounting. *International Journal of Managerial Finance*, 12(2), 161–176. <https://doi.org/10.1108/IJMF-08-2015-0161>

Berman, M., & Hurd, R. (2016). A Preview of the New Accounting for Sale and Leasebacks. *Equipment Leasing & Finance*, 32(5), 48–50.

Casabona, P. A., & Coville, T. G. (2018). FASB's New Accounting Standard on Leases: Overview of Some Key Requirements for Lessees and Implementation Considerations. *Review of Business*, 38(1), 59–73.

Cornaggia, K. J., Franzen, L. A., & Simin, T. T. (2013). Bringing leased assets onto the balance sheet. *Journal of Corporate Finance*, 22, 345–360. <https://doi.org/10.1016/j.jcorpfin.2013.06.007>

Hunt, K. G. (2017). Balancing Act: How the Fasb's New Lease Accounting Standard Could Affect Business Practices. *Journal of Property Management*, 82(6), 32–35.

Porter, J. C. (2016). A Refresher on Accounting for Leases. *CPA Journal*, 86(1), 24–33.

IV. DERIVATES:

Abdel-khalik, A. R., & Chen, P.-C. (2015). Growth in financial derivatives: The public policy and accounting incentives. *Journal of Accounting & Public Policy*, 34(3), 291–318. <https://doi.org/10.1016/j.jaccpubpol.2015.01.002>

ALALI, F., SIREGAR, D., & ANANDARAJAN, A. (2018). A Test of the Functional Fixation Hypothesis Using Derivative Financial Instruments. *Quarterly Journal of Finance & Accounting*, 56(1/2), 1–28.

Anbil, S., Saretto, A., & Tookes, H. (2016). Does hedging with derivatives reduce the market's perception of credit risk? Working Papers -- U.S. Federal Reserve Board's Finance & Economic Discussion Series, 1–24. <https://doi.org/10.17016/FEDS.2016.100>

Arias Moya, J., & Yáñez Andrades, V. (2016). Análisis y comparación de la norma contable local, americana e internacional en el tratamiento de activos derivados. *Activos*, 13(25), 107–134.

Beneda, N. L. (2016). Does Hedge Accounting Under SFAS 133 Increase the Information Content of Earnings: Evidence From the U.S. Oil and Gas Industry. *Journal of Corporate Accounting & Finance* (Wiley), 27(5), 11–20. <https://doi.org/10.1002/jcaf.22174>

Burgard, C., & Kjaer, M. (2017). Derivatives funding, netting and accounting. *Risk*, 30(3), 100–104.

Kawaller, I. G. (2015). Evolution of Over-the-Counter Derivatives and Associated Accounting Considerations. (cover story). *Bank Asset/Liability Management*, 31(1), 1–4.

Lin, J., Pantzalis, C., & Park, J. (2017). Corporate derivatives use policy and information environment. *Review of Quantitative Finance & Accounting*, 49(1), 159–194. <https://doi.org/10.1007/s11156-016-0586-9>

Marabel-Romo, J., Guiral, A., Crespo-Espert, J. L., Gonzalo, J. A., & Moon, D. (2017). Fair value accounting in the absence of prudence in accounting standards: an illustration with exotic derivatives. *Spanish Journal of Finance & Accounting / Revista Espanola de Financiacion y Contabilidad*, 46(2), 145–167. <https://doi.org/10.1080/02102412.2016.1258027>

Schulman, A. (2014). Diversity of Practice in Accounting for Derivatives Related to Credit Risk Retention. *Journal of Structured Finance*, 20(3), 71–75. <https://doi.org/10.3905/jsf.2014.20.3.071>

Siregar, D., Anandarajan, A., & Hasan, I. (2013). Commercial Banks and Value Relevance of Derivative Disclosures after SFAS 133: Evidence from the USA. *Review of Pacific Basin Financial Markets & Policies*, 16(1), 1. <https://doi.org/10.1142/S0219091513500045>

Tessema, A. M. (2016). Accounting for derivatives and risk management activities. *International Journal of Accounting & Information Management*, 24(1), 82–96. <https://doi.org/10.1108/IJAIM-05-2015-0028>

V. ERRORS, CHANGES IN PRINCIPLES :

Files, R., Sharp, N. Y., & Thompson, A. M. (2014). Empirical Evidence on Repeat Restatements. *Accounting Horizons*, 28(1), 93–123. <https://doi.org/10.2308/acch-50615>

McCANN, D. (2017). Estimates Change at Record Pace: A change in pension accounting is responsible for many of the revised assumptions. *CFO*, 33(10), 16.

Newton, N. J., Wang, D., & Wilkins, M. S. (2013). Does a Lack of Choice Lead to Lower Quality? Evidence from Auditor Competition and Client Restatements. *Auditing: A Journal of Practice & Theory*, 32(3), 31–67. <https://doi.org/10.2308/ajpt-50461>

Weng, T.-C., Chen, G.-Z., & Chi, H.-Y. (2017). Effects of directors and officers liability insurance on accounting restatements. *International Review of Economics & Finance*, 49, 437–452. <https://doi.org/10.1016/j.iref.2017.02.010>

Xu, Y., & Zhao, L. (2016). An investigation of financial expertise improvement among CFOs hired following restatements. *American Journal of Business (Emerald Group Publishing Limited)*, 31(2), 50–65. <https://doi.org/10.1108/AJB-07-2015-0022>

VI. INCOME TAX EXPENSES:

Morris, J. L. (2017). Classification of Deferred Tax Assets and Deferred Tax Liabilities: An Evaluation of FASB's Attempt at Standards Simplification. *Journal of Accounting & Finance (2158-3625)*, 17(8), 198–208.

Tysiac, K. (2015). Changes Are Proposed for Accounting for Income Taxes Under FASB ASC. *Tax Adviser*, 46(4), 1–3.