

Advanced Accounting I  
ACC 331, 3 credit hours  
Autumn Term, 2016  
Tuesday (6PM-10:30PM)  
Instructor: Doug Johnson

TEXTBOOK: Modern Advanced Accounting, 10<sup>th</sup> Ed. Larsen, pub: McGraw-Hill, Irwin  
ISBN0-07-292255-9, date of publication -2006

OFFICE HOURS: M AND W 1-2PM at SCC, Telephone: 437-2421, home 423-7940  
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COURSE OBJECTIVE: Advanced Accounting I focuses primarily on financial accounting concepts and methods of analysis applicable to accounting for (1) combined, consolidated financial statements, and (2) multinational accounting issues (foreign currency transactions and financial instruments, and translation of foreign entity financial statements). Upon completion of this course, students will recognize the ethical implications and understand the precise accounting terminology and rules and procedures related to combined and/or consolidated corporations, and issues related to accounting for transactions with foreign countries that have currencies other than U.S. dollars (foreign currency exchange rate differences). Prerequisite: Accounting 232 with a C or higher or permission. .Course needed for graduation with accounting major.

GRADE BREAKDOWN: Your grade will consist of 4 tests using grading system below:

95-100% = A+	80-84% = B	65-69% = D+
90-94% = A	75-79% = C+	60-64% = D
85-89% = B+	70-74% = C	Below 60%=U

ATTENDANCE: Student attendance in each class session is required. It is the responsibility of each instructor to take role in each session and record absences.

CLASS PARTICIPATION: Class participation is welcome.

TESTS: Contents will be announced before the test.

ASSIGNMENTS: You are expected to read the appropriate chapter before class.

Date:	TOPIC:
August	16 Chapters 4 & 5 – Branch accounting and business combinations
	23 Chapter 6 - Purchase combinations, Test
	30 Chapter 7- Consolidations subsequent to, Test (spreadsheet)
September	6 Chapter 8- Inter-company transactions
	13 Chapters 9 and 10- Taxes and special problems
	20 Test, Chapter 11-FC transactions, Chapter 12-FC translations
	27 No class
October	4 Chapter 13-Interim reports
	15 Chapter 13-Segmented reporting, Test

The Doane Academic Integrity Policy will be adhered to in this class. All projects and tests will represent your own work. Any use of other ideas and words without proper citation of sources is plagiarism and will result in penalties to be determined by the instructor and/or dean of undergraduate studies.

Learning strategy will be lecture method.

## CURRICULUM COUSE OUTLINE

### Objectives

### Course content

#### I. Student will be able to:

#### I. Establish branch accounts

<ul style="list-style-type: none"> <li>Establish branch office</li> <li>Accounting system</li> </ul>	<ul style="list-style-type: none"> <li>Home office</li> <li>Branch Revenue</li> </ul>
<ul style="list-style-type: none"> <li>Record</li> <li>Revenue transactions</li> <li>Expense transactions</li> <li>Billing branch for inventory shipments</li> </ul>	<ul style="list-style-type: none"> <li>Branch expenses</li> <li>Home office ship inventory</li> </ul>

<ul style="list-style-type: none"> <li>Prepare combined financial statements</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate reciprocal accounts</li> <li>Investment in branch</li> <li>Home office</li> <li>Combine trial balance accounts</li> </ul>
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#### Record business combination:

#### Journalize:

<ul style="list-style-type: none"> <li>Statutory merger</li> <li>Statutory consolidation</li> <li>Acquisition of common stock</li> <li>Acquisition of assets</li> </ul>	<ul style="list-style-type: none"> <li>Stock for stock</li> <li>New company stock replaces stock</li> <li>Issue stock for controlling interest</li> <li>Issue stock for assets of company</li> </ul>
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#### Define purchase method for

- Business combinations
- A Statutory merger

#### Journal entries for Investment

- Combinor issues stock
- FMV of stock
- Non SEC accounting fees
- Non SEC legal fees
- Decrease in premium for  
SEC charges

#### Recording

- Assets, liabilities, GW
- Close books of combine

bStatutory consolidation	Journal entries for Investment Company designated new company issues stock Recording Assets, Liabilities, GW  Goodwill excess of amount paid over Book value of subsidiary Excess FMV over book value
II. Students will be able to prepare	II. Journalize eliminating entries
Consolidated financial Statements Define conditions for consolidation	Combine parent and sub's trial balance Consolidations Ownership more than 50% Decision making ability
Consolidated financial statements Subsequent to date of purchase Using equity method	Sub's common stock Sub's additional paid in capital Sub's RE balance at date of purchase Parent's investment account Initial purchase plus parent's share sub's income Less dividends from sub Sub's assets increased to FMV Goodwill established Sub's net income included Parent's net income include depre/amortize of write up's Sub's dividends eliminated Parent and sub's trial balance Combined Parent/sub's payables/receivables offset
Student able to compute minority share	Minority percent of sub's equity

III. Student will be able to adjust  
intercompany transactions

III. Journal entries  
Discount intercompany  
Notes payable  
Eliminate intercompany  
Revenue and expenses  
Intercompany  
Sale of merchandise  
Sale of equipment  
Capital lease-purchases  
Bonds

IV. Student will be able to adjust  
Compute intercompany transactions

IV. Journalize  
Income tax expense

Student will be able to prepare  
Financial statements

Statement of cash flows

Student will be able to recognize  
Intercompany transactions

Installment acquisitions

Sub equity changes

Change in parent's ownership  
Change in sub's preferred stock  
Stock dividends  
Treasury stock transactions

V. Student will be able to adjust  
For international transactions

V. Journalize  
Foreign currency transactions

VI. Student will be able to  
Prepare international statements

VI. Prepare consolidated foreign  
company statements  
Prepare consolidated foreign company  
statements

## HOMEWORK

## CHAPTER 4

Exercises 1-9, 11, 12, 13, 14, 15

Problems 2, 9

## CHAPTER 5

Exercises 1-12

Problems 1, 2, 4, 8, 10

## CHAPTER 6

Exercises 1-9, 13, 14

Problems 1-5, 7, 8