Advanced Accounting I
ACC 331, 3 credit hours
Autumn Term, 2015
Tuesday (6PM-10:30PM)
Instructor: Doug Johnson

TEXTBOOK: Modern Advanced Accounting, 10th Ed. Larsen, pub: McGraw-Hill, Irwin
ISBN 0-07-292255-9, 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+
- 90-94% = A
- 85-89% = B+
- 80-84% = B
- 75-79% = C+
- 70-74% = C
- 65-69% = D+
- 60-64% = D
- 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 18 Chapters 4 & 5 – Branch accounting and business combinations
25 Chapter 6 - Purchase combinations, Test
September 1 Chapter 7- Consolidations subsequent to, Test (spreadsheet)
8 Chapter 8- Inter-company transactions
15 Chapters 9 and 10- Taxes and special problems
22 Test, Chapter 11-FC transactions, Chapter 12-FC translations
29 No class
October 6 Chapter 13-Interim reports
13 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 COURSE OUTLINE

Objectives

<table>
<thead>
<tr>
<th>Student will be able to:</th>
<th>Course content</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Establish branch accounts</td>
<td>I. Establish branch accounts</td>
</tr>
<tr>
<td>Establish branch office</td>
<td>Home office</td>
</tr>
<tr>
<td>Accounting system</td>
<td>Branch Revenue</td>
</tr>
<tr>
<td>Record</td>
<td>Branch expenses</td>
</tr>
<tr>
<td>Revenue transactions</td>
<td>Home office ship inventory</td>
</tr>
<tr>
<td>Expense transactions</td>
<td></td>
</tr>
<tr>
<td>Billing branch for inventory shipments</td>
<td></td>
</tr>
</tbody>
</table>

Prepare combined financial statements
Eliminate reciprocal accounts
Investment in branch
Home office
Combine trial balance accounts

Record business combination:
Journalize:

<table>
<thead>
<tr>
<th>Statutory merger</th>
<th>Stock for stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory consolidation</td>
<td>New company stock replaces stock</td>
</tr>
<tr>
<td>Acquisition of common stock</td>
<td>Issue stock for controlling interest</td>
</tr>
<tr>
<td>Acquisition of assets</td>
<td>Issue stock for assets of company</td>
</tr>
</tbody>
</table>

Define purchase method for

<table>
<thead>
<tr>
<th>Business combinations</th>
<th>Journal entries for</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Statutory merger</td>
<td>Investment</td>
</tr>
<tr>
<td>Combionor issues stock</td>
<td></td>
</tr>
<tr>
<td>FMV of stock</td>
<td></td>
</tr>
<tr>
<td>Non SEC accounting fees</td>
<td></td>
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<tr>
<td>Non SEC legal fees</td>
<td></td>
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<tr>
<td>Decrease in premium for SEC charges</td>
<td></td>
</tr>
<tr>
<td>Recording</td>
<td></td>
</tr>
<tr>
<td>Assets, liabilities, GW</td>
<td></td>
</tr>
<tr>
<td>Close books of combine</td>
<td></td>
</tr>
</tbody>
</table>
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
Consolidated financial Statements
Define conditions for consolidation

II. Journalize eliminating entries
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
- Statement of cash flows
- Installment acquisitions
- 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