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

TEXTBOOK: Modern Advanced Accounting, 10th 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  
E mail: office:djohnson@Southeast.edu

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+  
- 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  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 COURSE OUTLINE**

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Course content</th>
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<tbody>
<tr>
<td>I. Student will be able to:</td>
<td>I. Establish branch accounts</td>
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<tr>
<td>Establish branch office</td>
<td>Home office</td>
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<tr>
<td>Accounting system</td>
<td>Branch Revenue</td>
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<td>Record</td>
<td>Branch expenses</td>
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<td>Revenue transactions</td>
<td>Home office ship inventory</td>
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<td>Expense transactions</td>
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<td>Billing branch for inventory shipments</td>
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<td>Prepare combined financial statements</td>
<td>Eliminate reciprocal accounts</td>
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<td>Investment in branch</td>
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<td></td>
<td>Home office</td>
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<td></td>
<td>Combine trial balance accounts</td>
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<tr>
<td>Record business combination:</td>
<td>Journalize:</td>
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<tr>
<td>Statutory merger</td>
<td>Stock for stock</td>
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<td>Statutory consolidation</td>
<td>New company stock replaces stock</td>
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<tr>
<td>Acquisition of common stock</td>
<td>Issue stock for controlling interest</td>
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<td>Acquisition of assets</td>
<td>Issue stock for assets of company</td>
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<td>Define purchase method for</td>
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<td>Business combinations</td>
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<tr>
<td>A Statutory merger</td>
<td>Journal entries for</td>
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<td></td>
<td>Investment</td>
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<td></td>
<td>Combinor issues stock</td>
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<td>FMV of stock</td>
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<td>Non SEC accounting fees</td>
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<td>Non SEC legal fees</td>
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<td>Decrease in premium for</td>
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<td>SEC charges</td>
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<td>Recording</td>
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<td>Assets, liabilities, GW</td>
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<td>Close books of combine</td>
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| 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  

| 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  

Consolidated financial statements  
Subsequent to date of purchase  
Using equity method
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