Advanced Accounting I  
ACC 331, 3 credit hours  
Autumn Term, 2012  
Instructor: Doug Johnson

TEXTBOOK: Modern Advanced Accounting, 10th Ed. Larsen, pub: McGraw-Hill, Irwin  
ISBN 0-07-292255-9, date of publication -2006

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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.

TOPIC:

- Chapters 4 and 5 – Branch accounting and business combinations  
- Chapter 6 - Purchase combinations, Test  
- Chapter 7- Consolidations subsequent to, Test (spreadsheet)  
- Chapter 8- Inter-company transactions  
- Chapters 9 and 10- Taxes and special problems  
- Test, Ch 11- Foreign currency transactions, Chapter 12-FC translations  
- Chapter 12-FC translations  
- Chapter 13-Interim Reports  
- 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

I. Student will be able to:

Establish branch office

Accounting system

Record

Revenue transactions

Expense transactions

Billing branch for inventory shipments

Prepare combined financial statements

Eliminate reciprocal accounts

Investment in branch

Home office

Combine trial balance accounts

Record business combination:

Statutory merger

Statutory consolidation

Acquisition of common stock

Acquisition of assets

Journalize:

Stock for stock

New company stock replaces stock

Issue stock for controlling interest

Issue stock for assets of company

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

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
  - Sub’s common stock

Subsequent to date of purchase
  - Sub’s additional paid in capital

Using equity method
  - 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
  - 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
  - Journalize
    - Foreign currency transactions

VI. Student will be able to
- Prepare international statements
  - Prepare consolidated foreign company statements