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-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: This course focuses primarily on financial accounting concepts and methods of  
analysis applicable to accounting for partnerships, branches, and combined, consolidated financial  
statements. 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:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+</td>
<td>95-100%</td>
</tr>
<tr>
<td>A</td>
<td>90-94%</td>
</tr>
<tr>
<td>B+</td>
<td>85-89%</td>
</tr>
<tr>
<td>B</td>
<td>80-84%</td>
</tr>
<tr>
<td>C+</td>
<td>75-79%</td>
</tr>
<tr>
<td>C</td>
<td>70-74%</td>
</tr>
<tr>
<td>D</td>
<td>65-69%</td>
</tr>
<tr>
<td>D+</td>
<td>60-64%</td>
</tr>
<tr>
<td>U</td>
<td>Below 60%</td>
</tr>
</tbody>
</table>

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. How your attendance or lack of attendance  
affects your grade is left to the discretion of each instructor. If you will be absent a class you may leave a  
message on my answering service.

CLASS PARTICIPATION: Class participation is welcome. If you have questions, this may mean that I or  
the text have not explained the concept, and I need to know. Questions indicate you are thinking and  
learning.

TESTS: Purpose of each test is to see if you understand what is in the text and the lectures. Contents will be  
announced before the test. If any test is emailed, include your name in file name.

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

TOPIC:

AUGUST  
24  
Chapter 6 - Purchase combinations, Test
31  
Chapter 7- Consolidations subsequent to, Test (spreadsheet)

SEPTEMBER  
7  
Chapter 8- Inter-company transactions
14  
Chapters 9 and 10- Taxes and special problems
21  
Test, Chapter 11- Foreign currency transactions
28  
Chapter 12- Foreign currency translations

OCTOBER  
5  
Chapter 13-Interim Reports & segmented reporting Test
Learning strategy will be lecture method.

CURRICULUM COURSE OUTLINE

Objectives

Ch 4 Student will be able to:

- Establish branch office
- Accounting system
- Record
  - Revenue transactions
  - Expense transactions
  - Billing branch for inventory shipments

Course content

- Establish branch accounts
- Home office
- Branch Revenue
- Branch expenses
- Home office ship inventory

Ch 5 Student will be able to

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

Student will be able to:

- 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
Statutory consolidation

Journal entries for Investment

Company designated new company issues stock

Recording

Assets, Liabilities, GW

Student will be able to compute GW

Goodwill excess of amount paid over Book value of subsidiary Excess FMV over book value

Ch 6 Students will be able to prepare

Consolidated financial statements

Define conditions for consolidation

Combine parent and sub’s trial balance

Ownership more than 50%

Decision making ability

Ch 7 Students will be able to prepare

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
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Student will be able to adjust</th>
<th>Journalize</th>
<th><strong>Discount intercompany</strong></th>
<th>Notes payable</th>
<th>Eliminate intercompany</th>
<th>Revenue and expenses</th>
<th>Intercompany</th>
<th>Sale of merchandise</th>
<th>Sale of equipment</th>
<th>Capital lease-purchases</th>
<th>Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ch 8</td>
<td>intercompany transactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Student will be able to adjust</th>
<th>Journalize</th>
<th><strong>Income tax expense</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ch 9</td>
<td>Compute intercompany transactions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Student will be able to prepare</th>
<th>Journalize</th>
<th><strong>Statement of cash flows</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ch 9</td>
<td>Financial statements</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Student will be able to recognize</th>
<th>Journalize</th>
<th><strong>Installment acquisitions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ch 9</td>
<td>Intercompany transactions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Student will be able to adjust</th>
<th>Journalize</th>
<th><strong>Change in parent’s ownership</strong></th>
<th><strong>Change in sub’s preferred stock</strong></th>
<th><strong>Stock dividends</strong></th>
<th><strong>Treasury stock transactions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ch 10</td>
<td>Sub equity changes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Student will be able to adjust</th>
<th>Journalize</th>
<th><strong>Foreign currency transactions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ch 11</td>
<td>For international transactions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Student will be able to prepare</th>
<th>Journalize</th>
<th><strong>Prepare consolidated foreign company statements</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ch 12</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Student will be able to record partnership transactions</th>
<th>Journalize</th>
<th><strong>Formation of partnership</strong></th>
<th><strong>Change in partners</strong></th>
<th><strong>Allocation of income</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ch 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Student will be able to record transaction</th>
<th>Journalize</th>
<th><strong>Partnership liquidation</strong></th>
<th><strong>Incorporation of partnership</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ch 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>