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SYLLABUS
ACCOUNTING 46 - ADVANCED FINANCIAL ACCOUNTING
SUMMER TERM – 2006

COURSE DESCRIPTION: Study of business combinations, and related consolidated financial statement issues, accounting for foreign operations, and accounting problems of partnerships.

REQUIRED TEXT: Advanced Accounting, Hoyle, Schaefer, & Douppnik, 8th, Irwin McGraw Hill Publishing Company. ISBN – 13: 978-0-07-299188-8 (ISBN – 10: 0-07-299188-7)

LEARNING OUTCOMES:

Having completed Chapter One, students should be able to Identify the sole criterion for applying the equity method of accounting; Understand the purpose of the 20 to 50 percent guideline as it is to be used by an investor; Prepare the basic equity method journal entries for an investor; and Understand the appropriate means of recording a change from the market-value method to the equity method and the rationale for this handling.

Having completed Chapter Two, students should be able to Understand the term "business combination"; Differentiate between a statutory merger, a statutory consolidation, and a business combination formed when one company acquires control over another and both remain incorporated; Determine the total cost of the acquisition and allocate that cost to specific subsidiary accounts, goodwill, or an extraordinary gain; and Using the purchase method, prepare a worksheet to consolidate the accounts of two companies that form a business combination if dissolution is not to take place.

Having completed Chapter Three, students should be able to Identify and describe the three basic methods that an acquiring company can use in accounting for its investment in an acquired company; Discuss the advantages and disadvantages of each of the three accounting methods that an acquiring company can use in recording its investment; Determine consolidated balances for any period subsequent to the year in which a purchase combination is formed if the parent uses either the cost method, the equity method, or the partial equity method; and Realize that amortization must be recognized in connection with the reductions established in a bargain purchase but this amortization actually decreases expense (thus increasing reported income).

Having completed Chapter Four, students should be able to Understand the meaning of the term "noncontrolling interest"; Identify three different theories or approaches that can be applied to the valuation of subsidiary accounts when a noncontrolling interest is present; Describe the underlying assumptions of each valuation concept and the method by which individual subsidiary asset and liability values are established for consolidation purposes under each of these theories; and Identify and calculate the four noncontrolling interest figures that must be included within the consolidation process and be able to enter each balance on a consolidation worksheet.

Having completed Chapter Five, students should be able to Understand that intercompany asset transfers often create accounting effects within the financial records of the individual companies that must be eliminated or adjusted prior to production of consolidated financial statements; Eliminate the sales and purchases balances that are created by the intercompany transfer of inventory (Entry T1); Compute the amount of unrealized gain included in the recorded value of any transferred inventory that is still being held by the buyer at the end of a fiscal period; Prepare the consolidation entry (Entry G) to eliminate any intercompany inventory gain that remains unrealized at the end of the year of transfer; and Make the consolidation entry (Entry *G) to eliminate unrealized intercompany gains from beginning retained earnings (or in one specific instance from the Equity in Subsidiary Earnings account) and from the cost of goods sold for the period following the year of transfer.

Having completed Chapter Six, students should be able to describe a variable interest entity and primary beneficiary. Also should know when a variable interest entity is subject to consolidation; Recognize that intercompany debt transactions require a constantly changing consolidation entry to be prepared for each subsequent period until the debt is formally retired; Understand that preferred stocks can resemble either debt or equity issues and identify the characteristics of each type; Compute basic and diluted earnings per share for a business combination in which the subsidiary has dilutive convertible securities; and Identify subsidiary stock transactions that can impact the underlying book value figure recorded within the parent's Investment account.

Having completed Chapter Seven, students should be able to Differentiate between a father-son-grandson ownership configuration and a connecting affiliation; Prepare a consolidation worksheet for both a father-son-grandson ownership pattern and a connecting affiliation; Eliminate a subsidiary's ownership interest in its parent when either the treasury stock approach or the conventional approach is being applied; When mutual

ownership exists, determine realized income figures under the conventional approach for both the parent and the subsidiary by solving two simultaneous equations; and Determine the deferred tax liability that is created when the tax bases of a subsidiary's assets and liabilities are below consolidated values.

Having completed Chapter Twelve, students should be able to fulfill each of the following learning objectives: Understand the essential role that the availability of information plays in stimulating the capital markets in the United States; Describe the responsibilities and objectives of the Securities and Exchange Commission (SEC); Indicate the purposes of Regulation S-K and Regulation S-X; Discuss the methods by which the SEC has applied its authority over financial reporting in this country; and Identify the major provisions of the Sarbanes-Oxley Act of 2002; Describe how this legislation is impacting and will continue to impact the public accounting profession in the future; and Describe the purpose and general content of requiring registration statements.

Having completed Chapter Fourteen, students should be able to fulfill each of the following learning objectives: Describe the purpose of an Articles of Partnership and list specific items that should be included in this agreement; Use both the bonus method and the goodwill method to record a capital investment made by a partner who is contributing an attribute such as a specific expertise or an established clientele; Allocate income to partners when interest and/or salary factors are included; Discuss the meaning of a partnership dissolution and understand that a dissolution will often have little or no effect on the operations of the partnership business; Prepare journal entries to record the acquisition by a new partner of a current partner's interest. These entries should be made both as a reclassification as well as by means of the goodwill approach; Prepare journal entries to record a new partner's admission by a contribution made directly to the partnership. These entries should be made both by the bonus method as well as by the goodwill method; and Prepare journal entries to record the withdrawal of a current partner.

Having completed Chapter Fifteen students should be able to Discuss the roles played by the accountant in the termination and liquidation of a partnership; Produce journal entries to record the transactions incurred in the liquidation of a partnership; Prepare a schedule of liquidation; Determine the appropriate distribution of any cash that remains at the end of a liquidation when one or more of the partners has a deficit capital balance; Discuss "marshaling of assets" and explain how this doctrine is applied in distributing the assets of an insolvent partnership; and Prepare a proposed schedule of liquidation to determine an equitable preliminary distribution of available partnership assets.

PREPARATION: To facilitate your learning process, assigned readings and homework problems should be completed before each class. Both attendance and class participation are strongly recommended, as they are essential to a successful learning process.

STUDENTS WITH DISABILITIES: If a student with a disability desires an accommodation, it is the student's responsibility to identify himself or herself as having a disability and to make a formal request for appropriate accommodations. The Disabilities Service Coordinator at Furman is 294-2322.

ACADEMIC DISHONESTY: Academic dishonesty in any form is a fundamental offense against the entire academic community and is always a threat to the standards of the college and to the standing of every student. In taking tests, examinations, doing homework, laboratory work, and writing papers, students are expected to perform with honor.

One of the most common forms of academic dishonesty is plagiarism. Plagiarism is the use of another's words or ideas as if they were one's own. To avoid plagiarism, students should acknowledge their sources, using whatever documentation is appropriate to the discipline in which their work is being done.

GRADING: The course grade will consist of the following items:

Exam 01 – 25%

Exam 02 – 25%

Exam 03 – 25%

Exam 04 – 25%

The following grade scale is used:

A = 90 - 100

B = 80 - 89

C = 70 - 79

D = 60 - 69

F = 0 - 59

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SCHEDULE OF CLASS MEETINGS AND ASSIGNMENTS:

<u>Date</u>	<u>Chapter</u>	<u>Homework Assignment</u>
May 2	1	Questions, problems, and research cases.
May 9	2	Questions, problems, and research cases.
May 16		Exam 01 – Chapters 1 and 2.
May 23	3	Questions, problems, and research cases.
May 30	4	Questions, problems, and research cases.
June 06	5	Questions, problems, and research cases.
June 13		Exam 02 – Chapters 3 and 5.
June 20	6	Questions, problems, and research cases.
June 27	7	Questions, problems, and research cases.
July 4		Furman Holiday Observed
July 11		Exam 03 – Chapters 6 and 7.
July 18	12	Questions, problems, and research cases.
July 25	14	Questions, problems, and research cases.
Aug 01	15	Questions, problems, and research cases.
Aug 08		Exam 04 – Chapters 12, 14, and 15.

It is very UNLIKELY these assignments will be modified during the term. Any changes will be announced in class and distributed in writing.

COURSE: ACC 46

SECTION: A

SEMESTER: Summer, 2006

I, _____, have received and read a copy of the course syllabus
(Print your name)

for this course. This syllabus includes the cover sheet, course description, required text(s), learning outcomes, grading and grading scale, schedule of class meetings and assignments.

Student Initials

Date