

JAN 16 1997

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

COURSE OUTLINE

COURSE NAME <u>Advanced Accounting</u>	
COURSE NUMBER <u>FMGT 7120</u>	DATE <u>APRIL</u> January , 1995
Prepared by <u>J. E. May</u>	Taught to _____ Year
School <u>Business</u>	School <u>Business</u>
Program <u>Financial Management</u>	Program <u>Financial Management</u>
Date Prepared <u>April, 1995</u>	Option <u>Advanced Accounting</u>
Term <u>Spring</u> Hrs/Wk <u>6</u> Credits _____	
No. of Weeks <u>9</u> Total Hours <u>54</u>	
Instructor(s) _____ Office _____ Local _____	
Office Hours _____	

PREREQUISITES

FMGT 4110 or 4190

COURSE OBJECTIVES

Upon successful completion of this course, the student should be able to perform the following functions or show mastery of the following skills:

1. Explain and discuss the application of GAAP as it relates to objectives and criteria of financial reporting and the characteristics of the industry being reported on.
2. Explain the objectives and criteria of financial reporting and the impact of the characteristics of the industry.
3. Be able to determine the effects of various partnership profit or loss distribution agreements and to record such distributions.
4. Be able to determine the effects of various agreements to admit new partners and record such admittance.
5. Be able to determine the effects of various agreements of withdrawals of a partner and to record such withdrawals.

COURSE OBJECTIVES (cont'd.)

6. Be able to record the liquidation of a partnership under various financial positions of the partners within the partnership and outside the partnership.
7. Be able to discuss GAAP for nonprofit organizations and to explain the characteristics of such organizations.
8. Be able to identify reporting objectives of nonprofit organizations and their primary and secondary reporting issues.
9. Be able to maintain and report on fund accounting basis of record maintenance as may be maintained by a municipality.
10. Explain and account for the problems of accounting for international activities and foreign currency transactions.
11. Be able to record foreign currency transactions including the effect of fluctuating and continuous trend exchange rates and hedging transactions.
12. Be able to translate foreign operations using each of the following methods: Temporal; Current-Rate; Current/Non-current as they relate to monetary/nonmonetary items.
13. Be able to report translation gains and losses under GAAP.
14. Explain and discuss the problems of intercorporate investment and the reporting of investments in affiliates and subsidiaries.
15. Be able to prepare consolidation worksheets and consolidated financial statements at the time of acquisition and for subsequent periods for a parent and subsidiary(ies) based on cost-method accounting and on equity-method accounting by the parent.
16. Be able to explain business combinations through purchase of net assets and purchase of shares, estimation of fair value and the handling of negative goodwill.
17. Be able to prepare reports on wholly-owned subsidiaries subsequent to the date of acquisition.
18. Be able to report on non wholly-owned subsidiaries on dates subsequent to the date of acquisition.
19. Be able to record and report on: intercompany sale of assets on the books of both the parent and subsidiary; extraordinary items between companies; tax effect of intercompany dividends; intercompany bond holdings.
20. Be able to account for changes in the parent company's share of ownership in the subsidiary.

EVALUATION

Mid-Term Examinations (3)	<u>90</u>	%
Weekly Assignments	<u>10</u>	%
Total	<u>100</u>	%

REQUIRED TEXT

Canadian Advanced Financial Accounting — Third Edition
Thomas H. Beechy
Dryden — Harcourt Brace & Company, Canada

REFERENCE TEXTS AND RECOMMENDED EQUIPMENT

COURSE SUMMARY

COURSE OUTLINE
(continued)

Week Ending	Lecture Topics	Text References	Assignments
May 1	Professional judgement and accounting policy choices Financial reporting – Objectives: users versus preparers objectives	Chapter 1 Chapter 2	No assignment due.
May 4	Reporting for Nonprofit Organizations: GAAP: Objectives; Primary reporting issues; Secondary reporting issues Public sector reporting; Public sector reporting standards; Objectives of governmental reporting; Qualitative characteristics; Types of financial statements; Major reporting issues Fund Accounting: Types of financial statements	Chapter 4 Chapter 5 Chapter 6	To be assigned.
May 8	Fund Accounting (cont'd): Segregation of funds; Expenditure controls; Encumbrance system; Budgetary accounts	Chapter 6	
May 11	Accounting for International Operations: Foreign currency transactions; Transactions and balances; Long-term balances Accounting for hedges	Chapter 16	Problems 6-4, 6-6 and 6-9.
May 15	Accounting for International Operations (cont'd): Temporal method; Current rate method	Chapter 17	Problems 16-9, 16-10 and 16-12.
May 18	Partnerships: Organization; Income sharing and changes in ownership	No text Handout	Problems 17-6 and 17-8.
May 22	Examination #1		
May 25	Partnerships (cont'd): Liquidation and disposal of assets	No text Handout	Several handouts.
May 29	Intercompany Investment: Accounting for portfolio investments; Subsidiaries; Significant influence; Joint ventures; Reporting	Chapter 7	

COURSE OUTLINE (continued)

Week Ending	Lecture Topics	Text References	Assignments
June 1	Business Combinations: Purchase of net assets; Consolidation at date of acquisition - pooling, purchase method, new entity method; Estimating fair values; Negative goodwill	Chapter 8	Problem 7-7.
June 5	Report Subsequent to Acquisition: Wholly-owned subsidiary - after one year, after two years; Acquisition adjustments, Amortization of increments and goodwill; Elimination of intercompany transactions; Completing the worksheet	Chapter 9	Problems 8-4 and 8-5.
June 8	Consolidated Financial Statements (cont'd): Consolidation of non wholly-owned subsidiary; Alternative approaches; Consolidation at date of acquisition	Chapter 10	Problems 9-4, 9-5, and 9-10.
June 12	Examination #2		
June 15	Consolidated Financial Statements (cont'd): Non wholly-owned subsidiary (cont'd): Consolidation after one year - cost basis; Consolidation after two years - cost basis	Chapter 10	Problems 10-7 and 10-8.
June 19	Consolidated Financial Statements (cont'd): Non wholly-owned subsidiary (cont'd): Consolidation using equity basis	Chapter 10	Problem 10-11 Handout.
June 22	Consolidated Financial Statements (cont'd): Intercompany profits on depreciable assets	Chapter 11	To be assigned.
June 26	Consolidated Financial Statements (cont'd): Intercompany bond holdings	Chapter 11	
June 29	Examination #3		

NOTE:

The questions on the assignments are not to be written out and handed in. You will be asked to participate in class in discussing the answers to the questions — so be prepared. The questions relate to the chapter to be covered so read the questions before as well as after reading the chapter in advance of the class so that you know what to concentrate on. These questions will also be a basis for the exam questions.

However, the problems assigned must be completed and handed in for marking on the first class following the lecture.

The above course outline and assignments are a guideline only and are subject to changes as conditions dictate. Such changes are at the discretion of the instructor with the approval of the associate dean.

NOTICE:

Acts of cheating, plagiarism and dishonesty are not tolerated; the degree of punitive action may range from a written warning to withdrawal from the program. These penalties may also be applied to students who knowingly contribute to the act of dishonesty, cheating and plagiarism. (Refer to pages 1 and 2 of the current calendar.)