



A POLYTECHNIC INSTITUTION

School of Business

Program: Financial Management

Option: Accounting Degree

FMGT 7121
Advanced Accounting

Start Date: September 2004

End Date: December 2004

Total Hours: 54 **Total Weeks:** 14

Term/Level: Degree **Credits:** 4

Hours/Week: 3.75 **Lecture:** **Lab:**

Shop: **Seminar:** **Other:**

Prerequisites

Course No.	Course Name
FMGT 3110	Financial Accounting 1
FMGT 4110	Financial Accounting 2, or
FMGT 4190	Financial Accounting 1/2

FMGT 7121 is a Prerequisite for:

Course No.	Course Name
FMGT 8910	Integrative Business Mgmt. Practice

v **Course Description**

The professional accountant is required to deal with a number of complex and technical issues in his/her practice. Topics such as consolidations, foreign currency translations, partnerships and not-for-profit accounting have only been introduced in prior courses.

Students will be expected to acquire a good working knowledge of the current CICA Handbook recommendations as well as alternative approaches to each issue addressed. Due to the technical nature of the material, students must become comfortable reading and understanding the CICA Handbook in addition to applying their knowledge to situations presented in case studies or complex questions.

The accountant must exercise professional judgment in resolving many real life situations. In reviewing assignments and analyzing case studies, particular emphasis will be placed on how the accountant resolves a problem, what resources may be available to assist him/her in reaching an appropriate solution and finally how the results should be communicated to the client.

v **Evaluation**

Final Examination	50%
Mid-term Examination	<u>50%</u>
TOTAL	100%

v **Course Learning Outcomes/Competencies**

Upon successful completion, students should have obtained many skills which are necessary to become a public accountant. They are categorized as follows:

Intellectual Skills - the ability to:

- Analyze the environment surrounding a situation including the identification of: 1) the users of the financial information, and 2) the potential ramifications to each of those users resulting from the selection of a particular accounting policy.
- Solve problems in unfamiliar and changing situations.
- Develop alternative solutions to a problem.
- Recommend meaningful and practical solutions that respond to users' needs.
- Communicate clearly and effectively.

Technical Skills

- The student should be able to perform the following functions or show mastery of the following skills:
- Explain the application of GAAP as it relates to objectives and criteria of financial reporting and the characteristics of the industry being reported on.
- Determine the effects of various partnership profit or loss distribution agreements and record such distributions.
- Determine the effects of various agreements to admit new partners and record such admittance.
- Determine the effects of various agreements for the withdrawals of partners and record such withdrawals.
- Discuss GAAP for not-for-profit organizations and explain the characteristics of such organizations.
- Identify reporting objectives of not-for-profit organizations.
- Maintain and report financial information on a fund accounting basis.
- Explain and account for the problems of accounting for international activities and foreign currency transactions.
- Record foreign currency transactions including the effect of fluctuating and continuous trend exchange rates and hedging transactions.
- Translate foreign operations using each of the following methods: temporal; current rate; current/non-current as they relate to monetary/non-monetary items.
- Report transaction gains and losses under GAAP.

- Explain the problems of intercorporate investment and the reporting of investments in affiliates and subsidiaries.
- 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.
- Explain business combinations through the purchase of net assets and/or the purchase of shares, estimation of fair value and the handling of negative goodwill.
- Prepare reports on wholly-owned subsidiaries subsequent to the date of acquisition.
- Report on non-wholly-owned subsidiaries on dates subsequent to the date of acquisition.
- 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.
- Account for changes in parent company's share of ownership in the subsidiary.
- Account for segmented information.

v **Verification**

I verify that the content of this course outline is current.

James May, B.Comm, CA

July 12, 2004

Authoring Instructor

Date

I verify that this course outline has been reviewed.

Allan Cobbett, Dipl.T., LL.B., MBA, CMA

July 12, 2004

Program Head/Chief Instructor

Date

I verify that this course outline complies with BCIT policy.

Tim Edwards, Dipl.T., MBA, CMA

July 12, 2004

Dean/Associate Dean

Date

Note: Should changes be required to the content of this course outline, students will be given reasonable notice.

v **Instructor(s) Jim May**

Office Location:
Office Hrs.:

Office Phone: 604-926-7096
E-mail Address: jmay@bcit.ca

v **Learning Resources**

Required:

Beechy and Farrell *Advanced Financial Accounting (Fourth Edition)* Prentice Hall

The Canadian Institute of Chartered Accountants *CICA Handbook*

Selected Handouts

Recommended:

v **Information for Students**

I.D. Required In Exam Halls: Effective December 2000, students will be required to produce photo-identification for admittance to examination halls. Photo I.D. must be placed on the desk while writing the exam, for inspection by invigilators. Students should bring a BCIT OneCard or alternatively two pieces of identification, one of which must be government photo I.D. such as a drivers license. Please see BCIT Policy #5300, Formal Invigilation Procedures.

Assignments: Late assignments, lab reports or projects will **not** be accepted for marking. Assignments must be done on an individual basis unless otherwise specified by the instructor.

Makeup Tests, Exams or Quizzes: There will be **no** makeup tests, exams or quizzes. If you miss a test, exam or quiz, you will receive zero marks. Exceptions may be made for **documented** medical reasons or extenuating circumstances. In such a case, it is the responsibility of the student to inform the instructor **immediately**.

Ethics: BCIT assumes that all students attending the Institute will follow a high standard of ethics. Incidents of cheating or plagiarism may, therefore, result in a grade of zero for the assignment, quiz, test, exam, or project for all parties involved and/or expulsion from the course.

Attendance: The attendance policy as outlined in the current BCIT Calendar will be enforced. Attendance will be taken at the beginning of each session. Students not present at that time will be recorded as absent.

Illness: A doctor's note is required for any illness causing you to miss assignments, quizzes, tests, projects, or exam. At the discretion of the instructor, you may complete the work missed or have the work prorated.

Attempts: Students must successfully complete a course within a maximum of three attempts at the course. Students with two attempts in a single course will be allowed to repeat the course only upon special written permission from the Associate Dean. Students who have not successfully completed a course within three attempts will not be eligible to graduate from the appropriate program.

Course Outline Changes: The material or schedule specified in this course outline may be changed by the instructor. If changes are required, they will be announced in class.

v **Assignment Details**

Primarily problems from the text as outlined below. Supplementary problems and cases will be provided.

Schedule

Lesson	Outcome/Material Covered	Reference/Reading	Assignment	Due Date
1	Professional Judgment and financial reporting	Handbook Sections 1000,1100, 1300, 1400 & 1505 Chapter 1	Case 1-5 Case 1-9	Lesson 2
2	Consolidated Balance Sheet at Date of Acquisition	Handbook Sections 1581,1590, 1600, 3010, 3050 & 3062 Chapters 2 & 3	Problems: 2-5, 2-7, 3-6, 3-7 & 3-8	Lesson 3
3	Consolidated Financial Statements: Subsequent to Acquisition – Wholly-owned-subidiaries: Acquisition Adjustments; Amortization of Increments and Goodwill; Elimination of Intercompany Transactions; Unrealized profits	Chapter 4	Problems: 4-4 & 4-9	Lesson 4
4	Consolidated Financial Statements: At acquisition – Non-wholly-owned subsidiaries: unrealized profits: Acquisition Adjustments; Amortization of Increments and Goodwill; Elimination of Intercompany Transactions; Unrealized profits; Income Tax Allocation	Chapters 5	Problems: 5-8, 5-11, & 5-12	Lesson 5
5	Consolidated Financial Statements: Subsequent to Acquisition – Non-wholly-owned subsidiaries: unrealized profits: Acquisition Adjustments; Amortization of Increments and Goodwill; Elimination of Intercompany Transactions; Unrealized profits; Income Tax Allocation	Chapter 6	Problems: 6-2, 6-3, 6-5, 6-14, & 6-19	Lesson 6
6	Lesson 6 Continued with Income Tax	Chapter 6	Problems: 6-17 (Tax), 6-18 (Tax)	Lesson 7

Lesson	Outcome/Material Covered	Reference/ Reading	Assignment	Due Date
7	Consolidated Financial Statements: Subsequent to Acquisition – Non- wholly-owned subsidiaries: unrealized profits: Inter-company Bond Transactions; Preferred Shares; Changes in Ownership	Chapter 7		
8	Examination #1 (3 hours)		Lessons 1 to 7	
9	Foreign Currency Transactions; Transactions and Balances; Accounting for Hedges	Handbook Section 1650 Chapter 9	Problems: 9-8, 9-9, & 9-12	Lesson 10
10	Foreign Current Transactions; Temporal Method; Current Rate Method	Chapter 10	Problems: 10-2, 10-4, 10-8, & 10-10	Lesson 11
11	Partnerships; Organization; Income Sharing and Changes in Ownership		Handout	Lesson 12
12	Not-for-Profit Organizations - Fund Accounting; Segregation of Funds; Revenue Recognition: Capital Assets	Handbook Sections 4400 to 4430 Chapter 11	Handout	Lesson 13
13	Not-for-Profit Organizations - Fund Accounting; Segregation of Funds; Revenue Recognition: Capital Assets; and Segmented Reporting	Handbook Sections 1701 and 1750 Chapter 8		
14	Examination #2 (3 hours)		Lessons 9 to 13	