

ACTG 52: ADVANCED ACCOUNTING

Foothill College Course Outline of Record

Heading	Value
Effective Term:	Summer 2024
Units:	5
Hours:	5 lecture per week (60 total per quarter)
Prerequisite:	ACTG 51A.
Advisory:	Elementary Algebra or equivalent; demonstrated proficiency in English by placement via multiple measures OR through an equivalent placement process OR completion of ESLL 125 & ESLL 249.
Degree & Credit Status:	Degree-Applicable Credit Course
Foothill GE:	Non-GE
Transferable:	CSU
Grade Type:	Letter Grade (Request for Pass/No Pass)
Repeatability:	Not Repeatable

Student Learning Outcomes

- Explain advanced accounting terminology, concepts, principles, and frameworks.
- Perform related calculations and demonstrate the ability to use methods and /or procedures to solve advanced accounting problems.

Description

Presents financial accounting theories and practices related to business combinations and consolidated financial reporting. This includes the development of complex business structures and forms of business combinations; consolidated financial reporting for intercorporate acquisitions and operations; and the accounting for transactions of affiliated companies. Also includes accounting and reporting issues in the multinational business environment. Accounting theory and practice related to the formation, operation, and liquidation of partnerships is covered.

Course Objectives

The student will be able to:

1. Define, describe, and compare forms of business combinations
2. Define, compare, and differentiate forms of accounting for business combinations
3. Describe, distinguish, and assess methods of accounting for investments in common stock, including the cost and equity methods
4. Recognize and evaluate the advantages and limitations of consolidated financial statements
5. Examine and compare traditional concepts of corporate control with changing definitions of the financial reporting entity
6. Define and examine the consolidation process
 - a. Intercompany stockholdings
 - b. Intercompany receivables and payables
 - c. Intercompany sales
 - d. Minority interest
 - e. Proprietary theory, parent company theory, and entity theory
 - f. Definition of consolidated net income and consolidated retained earnings
7. Prepare elimination entries, consolidation worksheets, and financial statements at the point of acquisition of a corporate subsidiary
8. Prepare elimination entries, consolidation worksheets, and financial statements for ongoing operations of affiliated companies
9. Analyze, calculate, and assess the impact of the transfer of noncurrent assets between affiliated parties
10. Define, examine, and evaluate multinational accounting issues, including foreign currency transactions and the management of international currency risks
11. Identify, examine, and assess the impact of multinational operations on financial reporting, including issues of the translation of foreign entity statements
12. Define, describe, and compare accounting methods for partnership formation, operation, and liquidation

Course Content

1. Define, describe, and compare forms of business combinations
 - a. Reasons for and methods of business combinations
 - b. Definitions of consolidated entity and discussion of Special Purposes Entities (SPEs) in the "post-Enron" world
 - c. Purchase vs. Pooling of Interest accounting approaches
2. Define, compare, and differentiate forms of accounting for business combinations
 - a. Determination of purchase price
 - b. Purchase of net assets
 - c. Purchase of common stock
 - d. Goodwill
3. Describe, distinguish, and assess methods of accounting for investments in common stock, including the cost and equity methods
 - a. Cost method
 - b. Equity method
 - c. Amortization of differential under equity method
4. Recognize and evaluate the advantages and limitations of consolidated financial statements
 - a. Long term investor, long term creditor, and short term creditor perspectives
 - b. Advantages such as ability to evaluate total resources of consolidated entity
 - c. Disadvantages such as information loss due to aggregation of data
5. Examine and compare traditional concepts of corporate control with changing definitions of the financial reporting entity
 - a. FASB Statement 94 rules regarding consolidation of majority owned subsidiaries
 - b. Direct and indirect control
 - c. Recent developments regarding Special Purpose Entities and Variable Interest Entities
6. Define and examine the consolidation process
 - a. Intercompany stockholdings
 - b. Intercompany receivables and payables
 - c. Intercompany sales
 - d. Minority interest
 - e. Proprietary theory, parent company theory, and entity theory
 - f. Definition of consolidated net income and consolidated retained earnings

7. Prepare elimination entries, consolidation worksheets, and financial statements at the point of acquisition of a corporate subsidiary
 - a. One hundred percent ownership at book value
 - b. One hundred percent ownership at more than book value—differential and goodwill
 - c. One hundred percent ownership at less than book value
 - d. Less than 100% ownership at book value—minority interest
 - e. Less than 100% ownership at other than book value—minority interest
8. Prepare elimination entries, consolidation worksheets, and financial statements for ongoing operations of affiliated companies
 - a. One hundred percent ownership at book value—first and subsequent years
 - b. Less than 100% ownership at book value—first and subsequent years
 - c. Less than 100% ownership at more than book value—first and subsequent years
9. Analyze, calculate, and assess the impact of the transfer of noncurrent assets between affiliated parties
 - a. Elimination of intercorporate transfers and unrealized profits and losses
 - b. Upstream sale of land and depreciable assets—first and subsequent years
 - c. Downstream sale of land and depreciable assets—first and subsequent years
10. Define, examine, and evaluate multinational accounting issues, including foreign currency transactions and the management of international currency risks
 - a. Foreign currency exchange rates
 - b. Foreign currency transactions
 - c. Managing international currency risk
 - d. Derivatives designated as hedges
 - e. Forward exchange contracts
11. Identify, examine, and assess the impact of multinational operations on financial reporting, including issues of the translation of foreign entity statements
 - a. Differences in accounting principles
 - b. Determining functional currency
 - c. Translation of foreign currency statements
 - d. Remeasurement of the books of record into the functional currency
 - e. Foreign investments
 - f. Disclosure requirements
12. Define, describe, and compare accounting methods for partnership formation, operation, and liquidation
 - a. Nature of partnership entity
 - b. Partnership formation
 - c. Partnership operation
 - d. Allocation of profit and loss
 - e. Changes in membership
 - f. Lump-sum liquidation
 - g. Installment liquidation
 - h. Partnership financial statements

Lab Content

Not applicable.

Special Facilities and/or Equipment

When taught via Foothill Global Access, on-going access to computer with email software and hardware; email address.

Method(s) of Evaluation

Methods of Evaluation may include but are not limited to the following:

Midterm exam
 Final exam
 Quizzes
 Projects
 Computerized assignments
 Research activities (online and traditional)
 Presentations
 Writing assignments
 Student participation
 Group work

Method(s) of Instruction

Methods of Instruction may include but are not limited to the following:

Lecture
 Discussion
 Cooperative learning exercises
 Electronic discussions/chat
 Independent study

Representative Text(s) and Other Materials

Hoyle, Joe Ben, Thomas Schäfer, and Timothy S. Douppnik. Advanced Accounting. 2020.

Types and/or Examples of Required Reading, Writing, and Outside of Class Assignments

1. Reading of corporate annual reports
2. Reading and written analysis of Financial Accounting Standards Board Statements (FASB) and other Generally Accepted Accounting Principles (GAAP) literature (e.g., the FASB codification)
3. Reading of internet articles and writing on accounting topics or accounting-related current events and/or careers (e.g., journal of accountancy)

Discipline(s)

Accounting