

**JOSEPH M. KATZ GRADUATE SCHOOL OF BUSINESS AND COLLEGE OF
BUSINESS ADMINISTRATION**

UNIVERSITY OF PITTSBURGH

Spring 2014

**Advanced Financial Accounting -- BUSACC 1216 – 1040 or 1060 / BACC
2254 – 1040 or 1050**

Heidi K. Bartholomew, CPA, MTax
Clinical Assistant Professor of Business Administration
Interim Director, David Berg Center for Ethics and Leadership

Class meeting time: Mondays and Wednesdays – from 12:30 pm until 1:45 pm or
from 2:00 pm until 3:15 pm.

Classroom: 2500 Sennott Square

Office: 212 Mervis Hall
(412) 648-1679 (office)
(330) 329-3561 (mobile)
Email: hkb2@pitt.edu

Office Hours: Tuesday or Thursday afternoons 2:00 PM – 3:00 PM and by
appointment.

Text: Baker, Christiansen, Cottrell Advanced Financial Accounting,
Tenth Edition, McGraw-Hill Irwin (required)

COURSE DESCRIPTION

Advanced Financial Accounting covers several complex topics including
accounting for business combinations, consolidations, inter-company
transactions, foreign currency transactions, translation of foreign financial
information, and the organization, expansion, and dissolution of partnerships.

CONDUCT OF THE CLASS

Class time will be devoted to lectures, discussions of readings and homework assignments. Class participation will be included as part of your final grade.

STUDENTS WITH DISABILITIES

If you have a disability for which you are or may be requesting an accommodation, you are encouraged to contact both the instructor and Disability Resources and Services (DRS), 140 William Pitt Union, (412) 648-7890/(412) 383-7355 (TTY), as early as possible in the term. DRS will verify your disability and determine reasonable accommodations for this course.

ASSIGNMENTS

The reading of the text material and completion of the homework assignments should be done prior to each class session. A take-home project (group research paper) will be assigned during the semester. The project will require each student as a participant in a learning group to research and report on complex accounting issues found in public company annual reports.

EXAMINATIONS

Two exams will be given during the semester and a comprehensive final examination will be given. Numerous quizzes will be given during the semester.

ACADEMIC INTEGRITY

As academic integrity is the goal of the University, students who are suspected of academic dishonesty will be dealt with severely in accordance with University policies.

COURSE GRADING – POINT DISTRIBUTION

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| Exam on Chapters 1, 2, 3, 4 and 5 (exam over 2 days) | 125 |
| Exam on Chapters 6, 7 and 8 | 75 |
| Comprehensive Final Exam | 200 |
| Acquisition paper (35 points as a group, 15 points 360 evaluation) | 50 |
| Quizzes on selected chapters | 25 |
| Class attendance and participation | 25 |
| Total Points Possible | <hr/> 500 |

COURSE SCHEDULE

| Date | Chapter | Description/Assignment |
|-----------------------|---------|--|
| Week 1 – Jan 6/8 | 1 | <i>Inter-Corporate Acquisitions and Investments in Other Entities</i> (Homework E1-3, 5, 8, 9, 10, 12, 16) |
| Week 2 – Jan 13/15 | 2 | <i>Reporting Inter-Corporate Investments and Consolidation of Wholly Owned Subsidiaries with No Differential</i> (Homework E2-3, 4, 6, 9, 15) |
| Week 3 – Jan 22 | 3 | <i>The Reporting Entity and Consolidation of Less-than-Wholly-Owned Subsidiaries with No Differential</i> (Homework E3-4, 6, 11, 13, 15) |
| Week 4 – Jan 27 | 3 | <i>Continued from Jan 22nd</i> |
| Jan 29 | 4 | <i>Consolidation of Wholly Owned Subsidiaries Acquired at More than Book Value</i> (Homework E4-1, 4, 10, 12, 18, 20, 22) |
| Week 5 – Feb 3 | 4 | <i>Continued from Jan 29th</i> Groups will be announced |
| Feb 5 | 5 | <i>Consolidation of Less-than-Wholly Owned Subsidiaries Acquired at More than Book Value</i> (Homework E5-11, 15, 16, 17, 18, 20) |
| Week 6 - Feb 10 | 5 | <i>Continued from Feb 5th</i> |
| Feb 12 | | <u>EXAM on Chapters 1 – 5, day one (objective format)</u> |
| Week 7 – Feb 17 | | <u>EXAM on Chapters 1 – 5, day two (consolidation problem)</u> |
| Feb 19 | 6 | <i>Intercompany Inventory Transactions</i> (Homework E6-7, 10, 11, 13, 16) |
| Week 8 – Feb 24 | 6 | <i>Continued from Feb 19th</i> |
| Feb 26 | | No Class |
| Week 9 – Mar 3 / 5 | 7 | <i>Intercompany Transfers of Services and Noncurrent Assets</i> (Homework E7-2, 3, 5, 8, 9, 15, 17) |
| Week 10 – Mar 17 / 19 | 8 | <i>Intercompany Indebtedness</i> (Homework E8-1, 3, 5a, 6, 7) |
| Week 11 –Mar 24 | | <u>EXAM on Chapters 6, 7 and 8</u> |
| Mar 26 | 11 | <i>Multinational Accounting: Foreign Currency Transactions and Financial Instruments</i> (Homework E11-1, 3, 6, 9, 16A a. and b.) |
| Week 12 – Mar 31 | 11 | <i>Continued from March 26th</i> |
| Apr 2 | 12 | <i>Multinational Accounting: Issues in Financial Reporting and Translation of Foreign Entity Statements</i> (Homework E12-3, 5, 6, 7) and Group written papers are due on this day |

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| Week 13 – Apr 7 | 12 | <i>Continued from April 2. And, 360 evaluation forms are due on this day</i> |
| Apr 9 | 15 | <i>Partnerships: Formation, Operation and Changes in Membership (Homework E15-4, 5, 6, 8, 9)</i> |
| Week 14 - Apr 14 | 15 | <i>Continued from April 9th</i> |
| Apr 16 | 16 | <i>Partnerships: Liquidations (Homework E16-1, 5, 8)</i> |
| Week 15 – Apr date TBD | | <u>Comprehensive FINAL EXAM – see Final Exam Schedule</u> |

DETAILS ON ACQUISITION PAPER – GROUP PROJECT

This group project is intended for students to apply the theoretical knowledge gained in the text book regarding business acquisitions and other complex accounting issues and to use that knowledge in the research of a public company.

Requirements for the assignment:

- Each learning group will choose a public company that has made an acquisition and subsequently impaired the acquisition's goodwill within the past 5 - 7 years. This assignment is a written research project and the primary sources for research should be company SEC filings. The length of the paper should be no more than 5 to 7 typed pages with a listing of Works Cited at the end of the paper. The paper should be single spaced with double spacing between paragraphs, 1 inch margins, 12 point font.
- The paper should include the following sections:
 - o Discussion of the acquisition (why and what was the goal).
 - o Analysis of the acquisition accounting and goodwill.
 - o Discussion of analysis of the subsequent impairment of the goodwill.
 - o Analysis of the benefits or negative effects of the acquisition on the entity as a whole. Do you think the acquisition was successful?
 - o Discussion of any other complex accounting matters or special items of interest in the financial statements (pay special attention to the critical accounting policies in the MD&A of the financial statements).
 - o Conclusions
- 360 Evaluation – each learning group will be awarded the same grade on 35 points of the 50 points available for the assignment. The other 15 points will be awarded individually based on 360 feedback from the other members of the learning group.
- **Due date for the written paper is April 2nd and the due date for the 360 evaluations is April 7th.**